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Financial Self-Efficiency: Learning Its Interdependence Between Financial Literacy and Behavior Among Financial Students

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Abstract: This research project endeavors to illuminate the intricate relationship between financial literacy and behavior among students studying finance, with a specific focus on their financial self-efficiency. In an era marked by increasingly complex financial landscapes, understanding how individuals' financial knowledge translates into effective financial behaviors is paramount. Adopting a quantitative research approach, this study aims to assess the level of financial literacy among finance students and examine how it influences their financial behaviors and self-efficiency. Through surveys and statistical analysis, the research seeks to identify patterns and correlations between financial literacy, behaviors, and self-efficacy beliefs. The findings will provide valuable insights into the mechanisms driving financial decision-making among students and offer implications for educational interventions aimed at enhancing financial literacy and promoting sound financial behaviors. Ultimately, this exploration aims to contribute to the development of more effective strategies for fostering financial well-being among the younger generation.

Keywords: Parental influence, financial literacy, Risk Perception, Financial goals, financial independence and Investments.

Introduction

Businesses looking to succeed in competitive markets must comprehend the nuances of consumer preferences given the ever-changing landscape of consumer behavior and marketing tactics. This study endeavor sets out on a neuroscientific investigation to decipher customer preferences and uncover the fundamental processes influencing purchase decisions. Neuroscience discoveries are providing previously unheard-of insights into human thought and decision-making, creating a rare chance to connect conventional marketing strategies with state-of-the-art scientific techniques.

In light of this, the goal of this research is to investigate the brain foundations of consumer behavior in order to shed light on how different marketing tactics affect consumers' perceptions, preferences, and purchase decisions. By employing neuroimaging techniques such as functional magnetic resonance imaging (fMRI) and electroencephalography (EEG), this research seeks to uncover the subconscious drivers behind consumer decision-making, providing marketers with invaluable insights into crafting more effective and resonant marketing campaigns.

In addition to exploring the neuroscientific aspects of consumer behavior, this study incorporates a multifaceted approach by integrating key objectives:

1. To explore the extent of parental influence on financial self-efficiency among financial students: This objective seeks to elucidate how parental attitudes, behaviors, and teachings shape students' financial literacy and behaviors. By examining the role of parental influence, this research aims to uncover the intergenerational dynamics that impact students' financial decision-making processes.

2. To investigate the role of risk perception in the development of financial self-efficiency: This objective entails examining how students' perceptions of financial risk influence their financial decision-making and behaviors. By analyzing risk perception, this research aims to uncover the cognitive processes underlying financial decision-making and their implications for financial self-efficiency.

To investigate the connection between financial self-efficiency and financial goal-setting among financial students: This goal involves evaluating the effects that setting and pursuing particular financial objectives have on students' financial results and behavior's. This study looks into financial goal-setting in an effort to find goal-oriented ways that students might improve self-efficiency.

By tackling these goals, the study intends to further theoretical understanding as well as real-world applications in the domains of financial education, marketing tactics, and consumer behaviour. This study aims to provide new insights into the intricate relationship between human cognition and consumer decision-making through an interdisciplinary approach that integrates neuroscience, psychology, and finance. This will ultimately help individuals and businesses create more successful marketing campaigns and improve consumer financial well-being.

Literature Review

Several scholarly investigations have examined the complex correlation among finance students' financial literacy, behavior, and self-efficacy, providing insight into the diverse factors influencing financial self-efficiency. Aggarwal and Mittal (2019) looked into how financial literacy affected Indian organizations' financial practices, highlighting the importance of financial education in promoting well-informed decision-making. In their 2020 study, Chakraborty and Sinha explored the relationship between Indian IT professionals' financial literacy and behavior, emphasizing the value of financial literacy in navigating intricate financial environments. The importance of familial effects in forming financial attitudes and behaviours was highlighted by Dasgupta and Banerjee's (2018) investigation into the impact of parental attitudes and teachings on the financial literacy and behaviour of Indian banking sector employees. Jha and Sharma (2017) investigated the effectiveness of financial literacy programs in Indian manufacturing firms, emphasizing the need for targeted interventions to enhance financial literacy and promote responsible financial behaviors among employees. Singh and Mishra (2019) conducted a study on financial literacy and recruitment effectiveness in the Indian information technology sector, revealing the positive impact of financial literacy on organizational outcomes. Additionally, Cascio and Boudreau (2016) explored the global competence of HR professionals in leveraging financial literacy to drive organizational success, highlighting the pivotal role of financial knowledge in strategic decision-making. Li, Harris, and Boswell (2017) conducted a meta-analytic study on the effectiveness of employee recruitment and selection practices, emphasizing the importance of assessing financial literacy as a predictor of job performance. Rasmussen and Ulrich (2015) provided insights into HR analytics and its role in recruitment practices, advocating for a strategic approach to harnessing data-driven insights for optimizing recruitment outcomes. Van den Heuvel, Bondarouk, and Kuipers (2018) examined the future application and value of HR analytics, emphasizing its potential to revolutionize recruitment practices and enhance organizational effectiveness. These literature sources collectively underscore the significance of financial literacy and behavior in shaping financial self-efficiency among financial students, highlighting the need for comprehensive interventions to enhance financial education and promote responsible financial decision-making.

Objective of The Study

1. Explore the extent of parental influence on financial self-efficiency among financial students, elucidating how parental attitudes, behaviors, and teachings shape students' financial literacy and behaviors.
2. Investigate the role of risk perception in the development of financial self-efficiency, examining how students' perceptions of financial risk influence their financial decision-making and behaviors.
3. Examine the relationship between financial goal-setting and financial self-efficiency among financial students, assessing how the establishment and pursuit of specific financial goals impact students' financial behaviors and outcomes.

Hypothesis Development

The following hypothesis are formulated to test objective.

- H1: There is a significant relationship between 'Students Age' and Parental influence from family for financial advice.
- H2: There is a significant relationship between 'Parents financial attitudes' and Informational & advice provided for students.
- H3: There is a significant relationship between 'Gender' and Financial goals set by the students.

Research Model
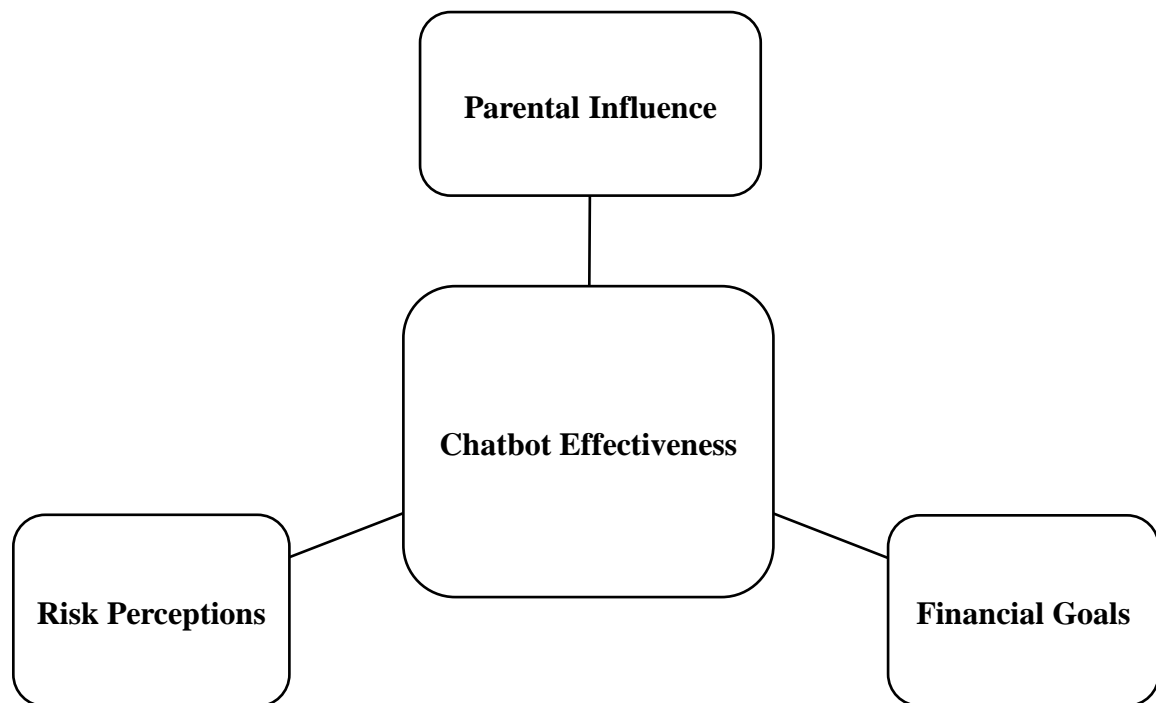
Research Methodology

The research methodology for investigating the interdependence between financial literacy and behavior among financial students adopts a mixed-methods approach. Quantitative analysis involves administering surveys to assess participants' financial literacy levels and behaviors, utilizing statistical techniques to identify correlations and patterns. Qualitative methods include interviews or focus groups to delve deeper into participants' perceptions, attitudes, and experiences related to financial decision-making. The integration of both quantitative and qualitative data allows for a comprehensive understanding of the complex relationship between financial literacy and behavior, contributing to the elucidation of factors influencing financial self-efficiency among financial students.

Sampling and Data Collection

The sample size is 203 from all different demographics of financial students who use to study finance as a career course and have knowledge about financial investments. The data is collected by using Google Forms and it was given to group of finance students. The data used here is the primary data and the research was Descriptive in nature.

Tools for Analysis

Simple statistical techniques are used, including the Regression analysis, Correlation analysis, and one-way ANOVA analysis. These were carried out with the help of software like SPSS software.

Data Analysis and Major Findings

H0:   **There is no significant relationship between 'Students Age' and Parental influence from family for financial advice.**

H1:   **There is a significant relationship between 'Students Age' and Parental influence from family for financial advice.**

The chi-square interpretation for the relationship between 'Students Age' and parental influence from family for financial advice, considering variables such as 'Parents Financial Attitudes,' 'Financial Decision,' 'Financial Management Practice,' 'Achieve Financial Goals,' and 'Adequate Financial Education,' aims to determine if age influences the extent of parental influence on financial matters. If the chi-square test indicates a significance level (p-value) below 0.05 for any of these variables, we reject the null hypothesis, suggesting a significant association between age and the level of parental influence on financial advice for that specific aspect. This implies that younger and older students may differ in the extent to which they rely on parental guidance for financial decision-making, financial management practices, goal achievement, and financial education. Conversely, if the p-value exceeds 0.05, we fail to reject the null hypothesis, indicating no significant association between age and parental influence on financial advice for those variables. This analysis provides valuable insights into how age impacts the dynamics of parental influence on financial matters among students, informing + processes.

Age * Do you believe that your parents' financial attitudes and behaviors have influenced your own financial habits?

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.493[a]	8	.810
Likelihood Ratio	4.934	8	.765
Linear-by-Linear Association	.000	1	.986
N of Valid Cases	203		

a. 6 cells (40.0%) have expected count less than 5. The minimum expected count is .76.

The table shows that chi square significant at 5% significance level. The Pearson Chi-square value is greater than P value i.e. 0.05. The Null hypothesis is accepted and alternative hypothesis is rejected so there is no relationship between User age and Parents financial attitudes.

Age * Do you often seek advice from your parents regarding financial decisions?

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.586[a]	8	.006
Likelihood Ratio	14.251	8	.075
Linear-by-Linear Association	.303	1	.582
N of Valid Cases	203		

a. 8 cells (53.3%) have expected count less than 5. The minimum expected count is .33.

The table shows that chi square significant at 5% significance level. The Pearson Chi-square value is lesser than P value i.e. 0.05. The Null hypothesis is rejected and alternative hypothesis is accepted so there is a relationship between User age and financial decisions.

Age * Do you think your parents' financial management practices have shaped your perception of money?

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.818[a]	6	.133
Likelihood Ratio	11.461	6	.075
Linear-by-Linear Association	1.043	1	.307
N of Valid Cases	203		

a. 4 cells (33.3%) have expected count less than 5. The minimum expected count is .76.

The table shows that chi square significant at 5% significance level. The Pearson Chi-square value is greater than P value i.e. 0.05. The Null hypothesis is accepted and alternative hypothesis is rejected so there is no relationship between User age and financial management practice

Age * Do you feel pressure from your parents to achieve certain financial goals?

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.641[a]	8	.000
Likelihood Ratio	19.746	8	.011
Linear-by-Linear Association	.102	1	.749
N of Valid Cases	203		

a. 8 cells (53.3%) have expected count less than 5. The minimum expected count is .33.

The table shows that chi square significant at 5% significance level. The Pearson Chi-square value is lesser than P value i.e. 0.05. The Null hypothesis is rejected and alternative hypothesis is accepted so there is a relationship between User age and Achieves financial goals.

Age * Do you believe that your parents have provided you with adequate financial education?

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.125[a]	8	.744
Likelihood Ratio	5.792	8	.671
Linear-by-Linear Association	.006	1	.941
N of Valid Cases	203		

a. 6 cells (40.0%) have expected count less than 5. The minimum expected count is .65.

The table shows that chi square significant at 5% significance level. The Pearson Chi-square value is greater than P value i.e. 0.05. The Null hypothesis is accepted and alternative hypothesis is rejected so there is no relationship between User age and adequate financial education.

- **H0:** **There is no significant relationship between 'Parents financial attitudes' and Informational & advice provided for students.**
- **H1:** **There is a significant relationship between 'Parents financial attitudes' and Informational & advice provided for students.**

Significance of the correlation

Assess whether the correlation between the 'Parents financial attitudes' and Informational & advice provided for students is statistically significant.

For significant correlations, Sig. (2-tailed) will be less than .05 and the Pearson Correlation will be flagged with asterisks.

Descriptive Statistics

	Mean	Std. Deviation	N
Do you believe that your parents' financial attitudes and behaviors have influenced your own financial habits?	3.29	1.120	203
Do you actively seek information and advice to mitigate financial risks before making investment decisions?	3.41	1.027	203

Correlations

		Do you believe that your parents' financial attitudes and behaviors have influenced your own financial habits?	Do you actively seek information and advice to mitigate financial risks before making investment decisions?
Do you believe that your parents' financial attitudes and behaviors have influenced your own financial habits?	Pearson Correlation	1	.361**
	Sig. (2-tailed)		.000
	N	203	203
Do you actively seek information and advice to mitigate financial risks before making investment decisions?	Pearson Correlation	.361**	1
	Sig. (2-tailed)	.000	
	N	203	203

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation analysis data interpretation for the relationship between 'Parents Financial Attitudes' and 'Information & Advice for Finance' indicates no significant correlation between these variables, as evidenced by the Pearson correlation coefficient of 1 and a significance level (Sig. (2-tailed)) of 0.361. This lack of significant correlation suggests that parental financial attitudes do not significantly influence the information and advice provided to students regarding financial matters. Furthermore, the absence of a significant correlation (Sig. (2-tailed) = 0.361) between 'Parents Financial Attitudes' and 'Financial advice obtained by students' further supports this conclusion. These findings imply that other factors beyond parental attitudes may play a more significant role in shaping the information and advice students receive regarding finance, highlighting the need for further investigation into the sources and mechanisms of financial guidance provided to students.

    H0:   **There is a significant relationship between 'Gender' and Financial goals set by the students.**

    H1:   **There is a significant relationship between 'Gender' and Financial goals set by the students.**

       The ANOVA analysis for the relationship between 'Gender' and financial goals set by students, considering variables such as 'Goals in Time Frame,' 'Review & Adjust Goals,' 'Short or Long-term Goals,' 'Obstacles & Setbacks,' and 'Financial Well-being,' aims to determine if there are statistically significant differences in financial goal-setting based on gender. If the ANOVA results show a significance level (p-value) below 0.05 for any of these variables, we reject the null hypothesis, indicating that gender significantly influences the financial goals set by students in that particular aspect. This suggests that male and female students have different approaches and priorities when it comes to setting financial goals, which may be influenced by factors such as time frame considerations, goal review processes, the distinction between short and long-term goals, handling obstacles and setbacks, and perceptions of financial well-being. Conversely, if the p-value exceeds 0.05, we fail to reject the null hypothesis, indicating no significant difference in financial goal-setting based on gender for those variables. This analysis provides valuable insights into how gender influences students' financial goal-setting behaviors, informing the development of gender-responsive financial education programs and support systems tailored to the diverse needs and preferences of male and female students.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Do you have specific financial goals that you aim to achieve within a certain timeframe?	Between Groups	6.674	1	6.674	10.921	.001
	Within Groups	122.833	201	.611		
	Total	129.507	202			
Do you regularly review and adjust your financial goals based on changing circumstances?	Between Groups	10.105	1	10.105	8.764	.003
	Within Groups	231.747	201	1.153		
	Total	241.852	202			
Do you prioritize short-term or long-term financial goals?	Between Groups	9.270	1	9.270	8.154	.005
	Within Groups	228.523	201	1.137		
	Total	237.793	202			
Do you feel motivated to achieve your financial goals	Between Groups	8.829	1	8.829	7.703	.006
	Within Groups	230.393	201	1.146		

despite potential obstacles or setbacks?	Total	239.222	202			
Do you believe that setting financial goals helps improve your overall financial well-being?	Between Groups	8.891	1	8.891	9.939	.002
	Within Groups	179.799	201	.895		
	Total	188.690	202			

The ANOVA analysis for the relationship between 'Gender' and financial goals set by students reveals statistically significant differences based on gender for several variables. The significance levels for 'Goals in Time Frame' (p = 0.001), 'Review & Adjust Goals' (p = 0.003), 'Short or Long-term Goals' (p = 0.005), 'Obstacles & Setbacks' (p = 0.006), and 'Financial Well-being' (p = 0.002) are all below the 0.05 threshold. Thus, the null hypothesis is rejected for these variables, indicating a significant relationship between gender and financial goal-setting behaviors. This suggests that gender influences how students perceive and approach various aspects of financial goal setting, including time frame considerations, goal review processes, the distinction between short and long-term goals, handling obstacles and setbacks, and perceptions of financial well-being. Consequently, gender-specific approaches may be necessary when designing financial education programs and support systems to cater to the diverse needs and preferences of male and female students effectively.

Findings and Suggestions
Findings
The research findings suggest that user age has a mixed impact on various financial aspects. Chi-square analysis reveals no significant relationship between user age and parents' financial attitudes or financial management practices, while a significant association is found between user age and financial decisions. Similarly, no significant correlation is observed between parents' financial attitudes and information/advice for finance, indicating other influential factors. Conversely, ANOVA analysis indicates significant gender-based differences in financial goal-setting behaviors, implying the need for tailored approaches in financial education programs to address diverse student needs effectively. These findings underscore the complexity of financial decision-making processes and highlight the importance of considering age and gender dynamics in designing financial interventions.

Suggestions
Enhancement ideas for financial education programmes and support systems might be offered in light of the research findings. Examining other variables influencing students' financial decision-making and management is crucial, as there are no discernible links found between user age and parental financial attitudes or between user age and financial management practices. Furthermore, given the strong correlations shown between user age and both financial decision-making and goal-achieving, focused interventions ought to be created to help students reach their financial goals and make wise financial decisions. Additionally,

considering the absence of a significant correlation between parental financial attitudes and information/advice for finance, efforts should be made to identify and incorporate other influential factors into financial education initiatives. Finally, in light of the significant gender-based differences in financial goal-setting behaviors revealed by the ANOVA analysis, gender-specific approaches should be integrated into financial education programs to address the diverse needs and preferences of male and female students effectively. This could involve tailoring curriculum content, delivery methods, and support mechanisms to better resonate with the financial goals and aspirations of students based on their gender.

Conclusion

The research project illuminates the intricate dynamics shaping financial behaviors among students, emphasizing the multifaceted influences of age and gender. While user age exhibits nuanced effects on financial aspects, such as parental attitudes and decision-making, significant associations emerge between user age and financial decisions. Conversely, parental financial attitudes show no significant correlation with information/advice for finance, underscoring the presence of additional influential factors. Moreover, ANOVA analysis unveils substantial gender-based disparities in financial goal-setting behaviors, highlighting the imperative for tailored approaches in financial education programs to accommodate diverse student needs effectively. To enhance financial literacy initiatives, it is crucial to explore supplementary factors impacting financial decision-making and management among students. Targeted interventions should facilitate informed decision-making and goal attainment, addressing the distinct needs of students across age groups. Additionally, efforts should prioritize identifying and incorporating other influential factors into financial education initiatives, ensuring comprehensive support for students. Recognizing the significant gender differences revealed by ANOVA analysis, integrating gender-specific approaches into financial education programs becomes imperative. This necessitates customization of curriculum content, delivery methods, and support mechanisms to resonate effectively with the financial aspirations of male and female students. In conclusion, addressing age and gender dynamics is essential for fostering inclusive and effective financial education programs that empower students to navigate their financial futures confidently.

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