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Antecedents to Responsible Financial Management Behavior among Young Adults: The Moderating Role of Financial Risk Tolerance

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Abstract

The main objective of this study is to investigate the impact of financial knowledge, financial attitude, and locus control impact on financial management behavior in the context of Pakistan. The data has been collected in a quantifiable manner and PLS-SEM analysis has been conducted using SmartPLS version 3.2.8. In addition, the results have showed that financial attitude has a positively significant effect on financial management behavior while financial knowledge has positively significant effect on financial attitude. Lastly, locus of control has positively significant effect on financial management behavior. However, some of the recommendations for managers presented in this study are as follow: Firstly, Public policymakers and educational institutions can devise programs to improve financial literacy and promote positive financial attitudes. Individuals' financial health can benefit from these services, which come in the form of basic courses and seminars. Furthermore, they can assist young adults in developing financial management skills and promoting positive financial attitudes that emphasize the importance of saving rather than spending money. This is particularly critical in a developing country like Pakistan, where savings rates are poor.

Keywords: Financial Attitude, Financial Literacy, Financial Health, Financial Management Behaviour.

INTRODUCTION

Policymakers and marketers of financial services have focused on measures across countries to improve financial decision-making and financial management behavior. In recent times, the terminology of behavioral finance has gained the importance of policy makers and marketers to understand an individual's financial habit. Furthermore, individuals also seek advice from finance experts for efficient financial management, which requires them to understand an individual's behavior for financial management. In prudent financial management behavior, a range of variables plays an important role, including the global slowdown, the need to sustain the savings rate that is likely to migrate southward, and a transition toward a credit culture (Bapat, 2020b). A person acquires information from different means, such as emergencies, insights, and conceptualizations. The possession and perception of facts concerning financial matters are referred to as financial knowledge. Financial literacy plays a critical role in understanding basic financial terms and goods (Tang & Peter, 2015). The literature uses financial literacy, financial knowledge, financial education, and financial power interchangeably (Xiao et al., 2014). Furthermore, Tang and Baker (2016) proposed that financial knowledge should be divided into two components: subjective knowledge relating to market evaluation and objective evaluation relating to precise facts. Subjective perception is about conviction, what he/she knows, and objective knowledge applies to what a human understands

(Nejad & Javid, 2018). Financial knowledge was the significant determinant of inequalities in income (Lusardi et al., 2017). While it is possible to impart financial knowledge at various stages of life, Lusardi et al. (2013) emphasized the value of delivering financial knowledge at an early stage of the job career.

Additionally, attitude is the measurement of emotions, activities, objects, or individuals and plays an essential role in predicting customer behavior in different environments (Ameliawati & Setiyani, 2018). The financial attitude is regarded as the preference for personal finance problems and provisions and is referred to as the psychological pattern reflected by assessing financial management with some degree of consensus or disagreement (Aydin & Selcuk, 2019). Depending on the region and culture, financial attitudes differ (Rai et al., 2019).

Similarly, locus of control refers to the understanding of life by individuals, which applies to the degree to which their behavior results in success or loss (Arifin, 2017). Rotter (1966) introduced locus-of-control that measures an individual's persuasion towards their experiences and beliefs in life. The control locus is broken into an external and internal control locus. While the external control locus deals with destiny, luck, and chance, the internal control locus focuses on ability, outcomes, and experience, resulting in the desired outcome (Parmitasari et al., 2020). Fitra et al. (2018) found the locus of control as a precedent of behavior in financial management. Consideration of the locus of control requires contextual and psychosocial viewpoints to be considered. The locus of control was distinct from different ethnic groups since certain societies display varying risk aversion (Cobb-Clark et al., 2016). As the internal locus of control appears to be goal-driven, according to Prawitz and Cohart (2016), it results in prudent financial behavior.

Often, not only are financial problems caused by low-income prices, but they may also be caused by financial management failures, which is why an appropriate budget is genuinely required (Hasibuan et al., 2018). Furthermore, bad financial planning and a lack of money management skills have contributed to debt issues. It has contributed to a debt load due to high spending at a young age. Besides, being unable to manage the financial issues leads one towards stress which causes health issues and affects the professional life. Furthermore, the stress build from financial mismanagement also affects the family relationship (Mahdzan et al., 2019). Moreover, higher living rates can cause the population to feel unhappy. The circumstance will influence the individuals.

Poor and unplanned financial management will lead to failure to repay the loan, leading to bankruptcy (Ahmad et al., 2017). FA is a good indicator of economic difficulties and a protective measure of being stuck in financial problems. In this way, it is vital to consider the variables affecting how individuals handle their spending in any financial activity since they influence financial decisions and individual money activities or individual behaviors (Bakar & Bakar, 2020).

An analytical decision can lead to an effective financial planning process (Guzman et al., 2019). Furthermore, according to the priorities, when an individual manages their financial matters, it manages to lead a successful, happy life with healthy family relations. It can also be attained by utilizing the resources through which the chances of bankruptcy and can pay off its loans on time (Vivel-Búa et al., 2019). While several recent studies have analyzed the behavior of financial management from the perspective of a developed world, few studies dig into the subject from the perspective of a developing country (Bapat, 2020b). The present research fills the void by commenting on Pakistani respondents. Conversely, some other researchers argue that financial attitude and financial knowledge do not affect financial management behavior (Nusron et al., 2018). Therefore, this study is investigating the effect of financial knowledge and financial attitude on financial management behavior.

THEORETICAL BACKGROUND AND HYPOTHESES

The theory of planned behavior (TPB) had been given by Ajzen (1991), and it refers to identifying the individual's intentions and attitude towards shaping their behavior regarding a specific action. This theory had been identified as the extension of the theory of reasoned action (TRA), and it was developed because of the limitations faced in the original model regarding individual behavior (Albarracin et al., 2001). The intentions and attitude of the people can be captured for identifying their motivations that can effectively affect their behavior, and it shows their efforts towards being engaged in the behavior. However, the behavioral intention can only be examined if there is a clear expression of the individual to be engaged or involved in that behavior (George, 2004).

Moreover, both TPB and TRA theories focus on explaining the effects of motivational and informational factors on behavior development(Conner & Armitage, 1998). However, both the factors had been identified as significant factors as it develops the behavior based on careful considerations regarding their intentions and attitude (Godin & Kok, 1996). The TPB focuses on developing their behaviors based on control perceptions regarding their performance and evaluating their intentions. The theory of planned behavior predicts that individual behavior develops on behavioral intentions and behavioral control as it effectively helps in having an explicit behavior towards different aspects (Ajzen, 1985).

The basic concept of financial knowledge refers to having adequate information regarding making the proper and positive financial decisions (Robb & Woodyard, 2011). Financial knowledge can effectively help people enhance their financial attitude (Yong et al., 2018). Besides, Yahaya et al. (2019b) identified that such knowledge based on a clear understanding and idea of finance increases the person's attitude in engaging in different financial decisions. Similarly, when the person engages in different training programs, news-gathering, and podcasts towards achieving higher financial literacy, it can positively enhance their financial attitude in pursuing a financial factor (Garg & Singh, 2018).

H1: Financial knowledge has a significant effect on financial attitude.

Financial attitude focuses on identifying the person's opinion, perspective, and judgment regarding their financial processes (Oei, 2020). The financial attitude had been identified as a significant factor that can increase the person's ability to engage in effective and adequate financial management behavior (FMB) (Ameliawati & Setiyani, 2018; Bapat, 2020a). Also, the positive intention, mind, and feelings regarding the financial process can help the person increase and adequately conduct their FMB (Ameliawati & Setiyani, 2018). The increase in financial attitude through positive behavior, social interaction, and judgment helps develop their financial management behavior (Dewi et al., 2020).

H2: Financial Attitude has a significant effect on financial management behavior.

The locus of control refers to the perspective of a person that the outcomes generated from various events can be controlled through their presence (Zigarmi et al., 2018). The locus of control can significantly help in increasing financial management behavior (Ameliawati & Setiyani, 2018). The presence of this factor can provide positive confidence and self-belief in a person that can eventually be combined to develop their FMB (Arifin, 2017). Similarly, KURNIAWATI (2017) stated that locus of control could help people have effective control over their actions and can identify the outcomes as well that can be a significant factor in the development of financial management behavior.

H3: Locus of control has a significant effect on financial management behavior.

Fan (2020) examined the determinants of long-term financial behavior based on age comparison. The results of this research had highlighted that financial capability could help in developing the advice-seeking behavior and financial behavior as well. Also, stressors in finance had been negative towards financial behavior and positive towards advice behavior. The short and long-term financial practice was positively related. The researcher has used locus of control and financial attitude to examine the financial management behavior in the current research.

Aydin and Akben Selcuk (2019) investigated the relationship between money attitude, time preference, and financial behavior in Turkey. The results showed that an increase in financial knowledge effectively increases in financial attitude and behavior. The attitude was also significant towards the financial behavior, and money was negative towards the behavior. However, this study was based on Turkey, a developed country, while current study is based on the Pakistan region.

Tasman et al. (2018) studied the financial management behavior through locus-of-control, parental income, and financial knowledge in Malaysia. The results had shown a negatively insignificant effect on knowledge on management behavior, and the locus of control had a positive and significant effect on financial management behavior. Besides, parental income had a positive but insignificant effect on management behavior. However, the above-discussed research did not include financial attitude in this model, but the current research has also included attitude.

Bapat (2020a) aimed to examine the factors that affect financial management behavior in India. The risk tolerance was also used as a moderator. The findings have shown that locus of control and financial knowledge affects management behavior. The presence of risk was also found as a moderator between these relationships. Also, the financial attitude was found to mediate the relationship. However, this above-discussed research had used attitude as a mediator, but the current research has included financial attitude as an independent variable.

Tuffour et al. (2020) investigated the factors of financial literacy that include knowledge and awareness of Ghana's financial performance. The results had shown the significant effect of financial literacy on the performance with both of the factors. Besides, demographics had an insignificant effect on the performance, and tax was a significant factor. However, the research under review did not examine the financial management behavior, but the current research has included this variable as a dependent variable.

Rai et al. (2019) studied financial literacy through financial behavior, attitude, and knowledge in the context of India. The data was analyzed using SEM,while this research has shown that behavior and financial attitude have a strong relationship with financial literacy. However, the reviewing study did not include locus of control and financial management, and this current research has included both the variables and, therefore, covers the research gap.

Ameliawati and Setiyani (2018) examined financial trouble through using careful spending, compulsive buying, and loan dependence, and gender was used as a moderator. The results showed that careful spending negatively affected compulsive buying, and it positively affected loan dependence. Besides, financial trouble was positively affected by compulsive buying and loan dependence. However, all these results were found different based on gender. However, the research mentioned above did not include financial management behavior and its determinants.

Mahapatra et al. (2019) aimed to study different factors and measure personal financial planning (PFP) in India. The other factors were financial cognition, mental accounting risk attitude, financial knowledge, and financial attitude. The findings of this research had highlighted that both mental accounting and financial cognition were significant towards PFP. The other three factors could help in building the mental accounting of the people. However, the research mentioned above did not include the financial knowledge variable, and it was conducted in India, but the current research has been conducted in Karachi, Pakistan.

Zhu and Chou (2017) investigated the antecedents of financial behavior in Hong Kong. The antecedents were behavioral control, self-efficacy, subjective and objective financial knowledge, and attitude. The results had shown that both types of financial knowledge affected financial behavior. Also, knowledge and financial behavior were significantly related, and it was also significant with self-belief. However, the reviewedliterature did not include locus of control, and it was conducted in a more developed country, but this current research has been conducted in a developing country like Pakistan.

Setiawan et al. (2020) studied the future saving foresight in Indonesia through digital financial literacy, economic standing, future spending foresight, and saving and spending behavior. This research identified that economic standing significantly affected digital financial literacy and significantly affected both saving and spending behaviors. Also, both these behaviors significantly affected both future spending and saving foresight. However, the above-mentioned research did not include financial attitude and knowledge as the independent variables, but this research has included these variables.

Birkenmaier and Fu (2019) examined household financial access through financial management behavior. The data were analyzed using SEM and regression analysis techniques. The results had identified that financial access was developed through nice factors, and management behavior was developed through five different factors. Besides, management behavior was significantly related to financial access. However, the research included financial management behavior as an independent variable, but it has been considered a dependent variable in this current research.

Mountain et al. (2020) investigated the financial behavior from longitudinal data based on five years. Financial education was included as an independent, and financial knowledge was the mediator variable. The results revealed that financial knowledge had been termed as a significant element in developing financial behavior. The presence of formal knowledge had an insignificant effect on the behavior. However, the current research has also included locus of control that was not included in the literature mentioned above.

Lajuni et al. (2019) aimed to examine the intention to change financial behavior in Malaysia through attitude, knowledge, behavioral control, and subjective norm. The results had shown that attitude was insignificant towards financial knowledge. Similarly, subjective norms and was insignificant towards financial behavior. The attitude and behavioral control were the significant factors towards financial behavior. Financial knowledge was an insignificant mediator between attitude and financial behavior. However, the research mentioned above did not include locus of control, and it was conducted in a more developing country, but this current research had included the variable and was conducted in a less developing country like Pakistan.

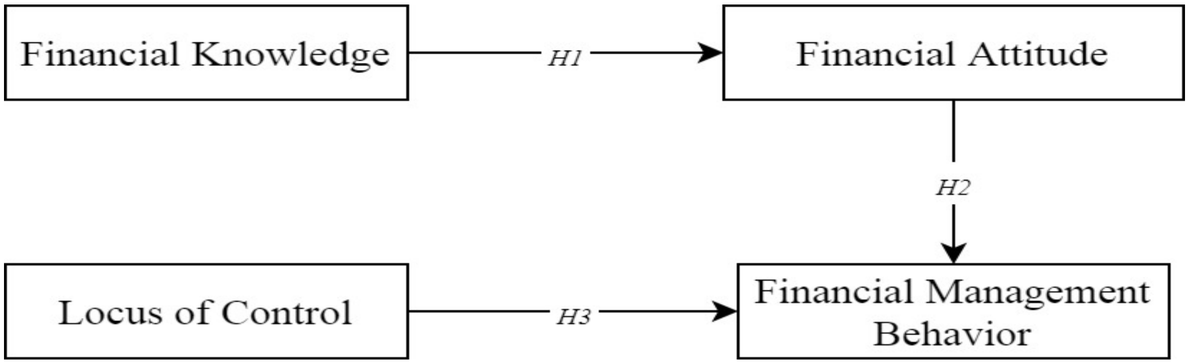

Figure 1.
Research Model

METHODOLOGY

The quantitative approach has been identified as one of the highly used approaches in management sciences researches. This approach consists of numeric data and focuses on using statistical techniques for data analysis (Bryman, 2017). The target population of this research is adults ranging from age 18 to 65+ of Karachi, Pakistan. The sample size estimation of this research has been conducted by using *50+8k* formula given by (Krejcie & Morgan, 1970). *K* in this formula refers to the number of variables, and this research has four variables, so it has to collect at least 82 sample responses. Therefore, this research has aimed to gather at least 254 sample responses from the respondents. Convenience sampling had been used in this research because it helped in cost and time-efficient data collection. The primary data source was applied in this research because it helped gather respondents' experiences regarding financial management behavior. The questionnaire based on a five-point Likert scale had been applied in this research for effective and efficient data collection.

Furthermore, this research has four variables in which the first variable is financial knowledge that contains five items. Like, *"I know about interest rates charged by banks or financial institutions"* based on a five-point Likert scale gathered from Bapat (2020b). The second variable is the financial attitude that contains six items. For instance, *"It is important for me to develop a regular pattern of saving"* based on a five-point Likert scale gathered from Bapat (2020b). The third variable is the locus of control that contains three variables. For example, *"I can change the important things in my life by myself"* based on the five-point Liker scale gathered from Bapat (2020b). The fourth variable is financial management behavior that contains nine items. Like, *"I compare prices when I purchase a product or service"* based on a five-point Likert scale gathered from Bapat (2020b).

The PLS-SEM analysis technique has been based on conducting the hypothesis testing in a relatively more effective way as it also provides predictive relevance of the variables. The basic concept of financial knowledge refers to having adequate information regarding making the proper and positive financial decisions (Robb & Woodyard, 2011). Financial attitude focuses on identifying the opinion, perspective, and judgment of the person regarding their financial processes (Oei, 2020). The locus of control refers to the perspective of a person that the outcomes generated from various events can be controlled through their presence (Zigarmi et al., 2018). The financial management behavior has been identified as the acquisition and use of financial resources in a proper way towards achieving a specific goal (Grable et al., 2009).

Data Analysis

The following table 1 shows the pilot study result based on 50 responses from the sample population to validate the instrument for main-study analysis (In, 2017).

Table 1:
Pilot Study (n = 50)

Variables	N Items	Cronbach's Alpha
Financial Knowledge	5	0.793
Financial Attitude	6	0.751
Locus of Control	3	0.610
Financial Management Behavior	9	0.727

The above table has shown that all variables have an alpha coefficient higher than the recommended threshold of 60 percent (Nunnally& Bernstein, 1994). Therefore, the pilot study has shown that the instrument has substantial internal consistency for the main-study data collection and analysis. There were no missing values found in the data of 254 responses. However, Hodge and Austin (2004) suggested that univariate outliers and multivariate outliers are essential for data screening before analysis. Herein, Tabachnick and Fidell (2007) proposed that univariate outliers should be detected with ZScore exceeding from ± 3.29 while multivariate outliers should be detected with Mahalanobis Distance (D2) higher than 0.001. Therefore, the study has identified no univariate and multivariate outliers in the data of 254 responses.Table 2 shows the demographic profile of the 254 valid and usable responses from the sample population, providing insights into the participants' socioeconomic characteristics.

Table 2:
Demographic Profile (n = 254)

Gender	Male	183	72
	Female	71	28
Age Group	Less than 25 Years	136	53.5
	25 to 39 Years	118	46.5
Occupation	Private Employment	64	25.2
	Students	151	59.4
	Others	39	15.4
Monthly Income	Less than PKR 25000	159	62.6
	PKR 25000 to PKR 50000	71	28
	PKR 50001 to PKR 100000	24	9.4

MEASUREMENT MODEL

The following table 3 shows construct reliability using outer loadings methodology estimated using PLS algorithm (Hair et al., 2016).

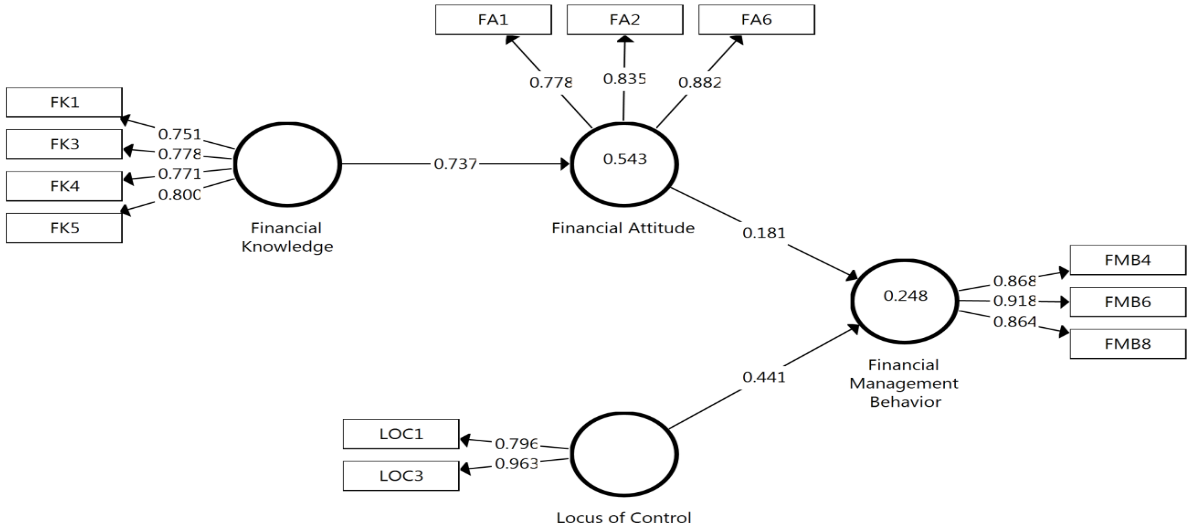

Figure 2.
PLS Algorithm

Table 3:
Outer Loadings

	FA	FK	FMB	LOC
FA1	0.778			
FA2	0.835			
FA6	0.882			
FK1		0.751		
FK3		0.778		
FK4		0.771		
FK5		0.800		
FMB4			0.868	
FMB6			0.918	
FMB8			0.864	
LOC1				0.796
LOC3				0.963

FA = Financial Attitude; FK = Financial Knowledge; FMB = Financial Management Behavior; LOC = Locus of Control

The above table has shown that all indicators have reliability higher than the recommended threshold of 0.70 (Hair et al., 2011), and therefore, latent constructs have a statistically robust composition for hypothesis-testing. Table 4 shows the result of convergent validity using PLS algorithm while it has three parameters: Cronbach's alpha, composite reliability, and AVE (Hair et al., 2011).

Table 4:
Convergent Validity

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Financial Attitude	0.784	0.871	0.693
Financial Knowledge	0.780	0.857	0.601
Financial Management Behavior	0.861	0.914	0.781
Locus of Control	0.752	0.876	0.780

The above table has shown that all latent constructs have alpha coefficients higher than 70 percent (Hair et al., 2014), composite reliability higher than recommended 80 percent (Hair et al., 2013), and AVE coefficients higher than 50 percent (Hair et al., 2011). Therefore, latent constructs have a considerable degree of convergence between indicators. The following table 5 shows the Fornell and Larcker (1981) criterion for discriminant validity.

Table 5:
Fornell-Larcker Criterion (FLC)

	FA	FK	FMB	LOC
Financial Attitude	**0.833**			
Financial Knowledge	0.737	**0.775**		
Financial Management Behavior	0.239	0.163	**0.883**	
Locus of Control	0.133	0.114	0.465	**0.883**

In the above table, it has been shown that the diagonally bold values are the square-rooted coefficients of AVE for latent constructs (Fornell&Larcker, 1981; Hair et al., 2016), and therein, these bold values found higher than correlation coefficients of other constructs. Hence, discriminant validity using FLC has been achieved. The following table 6 shows the result of crossloadings for discriminant validity.

Table 6:
Cross loadings

	FA	FK	FMB	LOC
FA1	**0.778**	0.704	0.315	0.069
FA2	**0.835**	0.556	0.077	0.077
FA6	**0.882**	0.526	0.154	0.200
FK1	0.508	**0.751**	0.232	-0.029
FK3	0.627	**0.778**	0.147	0.000
FK4	0.634	**0.771**	0.047	0.158
FK5	0.481	**0.800**	0.092	0.237
FMB4	0.067	0.159	**0.868**	0.444
FMB6	0.354	0.154	**0.918**	0.444
FMB8	0.174	0.114	**0.864**	0.327
LOC1	-0.002	-0.064	0.228	**0.796**
LOC3	0.176	0.179	0.511	**0.963**

FA = Financial Attitude; FK = Financial Knowledge; FMB = Financial Management Behavior; LOC = Locus of Control

It has been suggested by Henseler et al. (2015) that indicators should have higher loadings in particular constructs rather than in other constructs for their adequate validity. Herein, the above table showed that all indicators have higher loadings in respective constructs than other constructs; therefore, discriminant validity using crossloadings has been achieved. The following table 7 shows the result of the HTMT ratio, initially proposed by Henseler et al. (2015), for discriminant validity.

Table 7:
Heterotrait-Monotrait Ratio (HTMT)

	FA	FK	FMB	LOC
Financial Attitude				
Financial Knowledge	0.895			
Financial Management Behavior	0.260	0.212		
Locus of Control	0.224	0.213	0.506	

The above table showed that the highest HTMT ratio of 0.895 was the interaction between financial knowledge and financial attitude, providing that all HTMT ratios were found below the recommended cut-off value of 0.90 (Henseler et al., 2016; Henseler et al., 2015). Thereby, discriminant validity using the HTMT ratio has been achieved.

STRUCTURAL MODEL

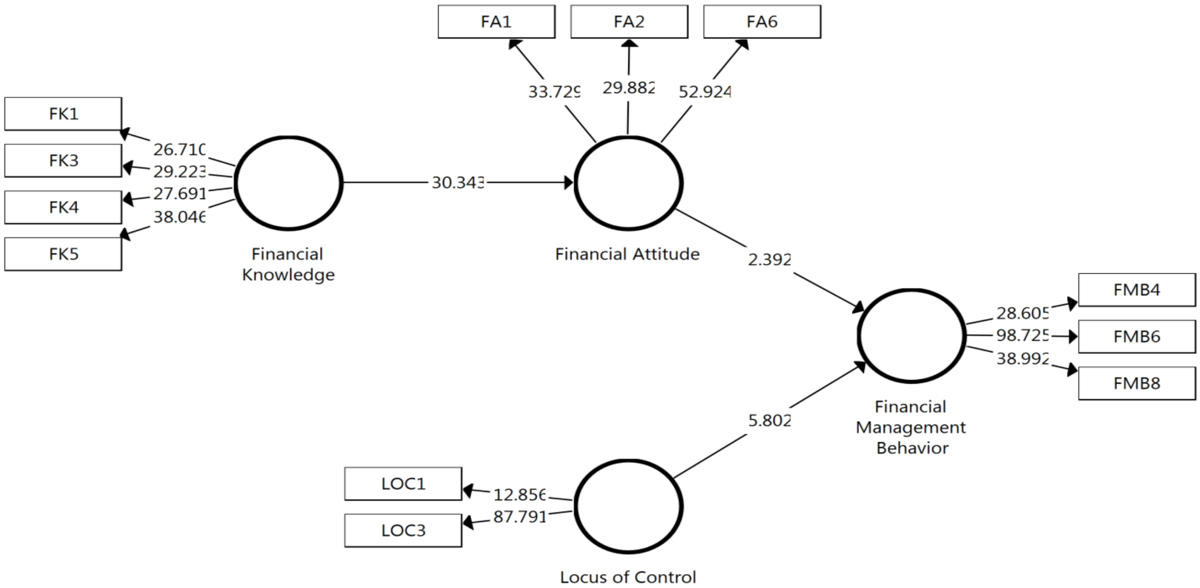

Figure 3.

PLS Bootstrapping

The following table 8 shows the result of hypothesis-testing using PLS bootstrapping at 5000 subsamples and 95 percent CI based on two-tailed estimation (Hair et al., 2013).

Table 8:
Path Analysis

	Estimate	S. D.	T-Stats	Prob.
Financial Attitude -> Financial Management Behavior	0.181	0.075	2.392	0.017
Financial Knowledge -> Financial Attitude	0.737	0.024	30.343	0.000
Locus of Control -> Financial Management Behavior	0.441	0.076	5.802	0.000

The above table showed that financial attitude (β = 0.181, t = 2.392) has a significant positive effect on financial management behavior while financial knowledge (β = 0.737, t = 30.343) has a significant positive effect on financial attitude. Lastly, locus of control (β = 0.441, t = 5.802) positively affects financial management behavior.

Table 9:
Indirect Effect

	Estimate	Std. Dev.	T-Stats	Prob.
Financial Knowledge -> Financial Attitude -> Financial Management Behavior	0.133	0.054	2.444	0.015

Regarding mediation analysis, financial knowledge (β = 0.133, t = 2.444) has a positive effect on financial management behavior with the mediating role of financial attitude. Table 10 shows the result of predictive relevance based on the PLS algorithm for R2 and adjusted R2 while PLS blindfolding at seven omissions for Q2 based on Geisser (1975); Stone (1974) technique.

Table 10:
Predictive Relevance

	R Square	R Square Adjusted	Q-Square
Financial Attitude	0.543	0.541	0.351
Financial Management Behavior	0.248	0.242	0.185

It has been found that financial attitude has been predicted upto 54.3 percent providing moderate predictability in the model, while financial management behavior has been predicted upto 24.8 percent, providing weak predictability in the model (Hair et al., 2011). Lastly, the predictive relevance (Q2) was higher than zero with moderate and weak relevancy of financial attitude and financial management behavior (Hair et al., 2013).

DISCUSSIONS

The current research identified that financial knowledge has a significant positive effect on financial attitude. This result is also supported by Dwiastanti (2017); Rai et al. (2019). The outcome indicates that inadequate financial knowledge is likely to lead to poor money management skills, resulting in a negative attitude about money. Individuals with a higher degree of financial knowledge are more likely to adopt a positive mindset. Moreover, Dewi et al. (2020) concluded that financial knowledge has ramifications for an individual's ability to make personal financial judgments relating to finances, financial risk tolerance, investing, spending, and lifestyle preferences, thereby enhancing financial attitude. Furthermore, when individuals participate in various training programs, news-gathering, and podcasts to improve their financial literacy, it will improve their financial attitude in seeking a financial factor (Yahaya et al., 2019a).

Additionally, the study found that financial attitude has a significant positive relationship with financial management behavior which is also consistent with Ameliawati and Setiyani (2018). The outcome indicates that the willingness to participate in successful and adequate financial management behavior has been linked to a person's financial attitude (FMB). Adiputra and Patricia (2020) also concluded that an improvement aids the development of their financial management behavior in financial attitude as a result of constructive behavior, social contact, and decision. Siswanti (2020) also found that individuals who are not prudent in reacting to personal financial issues seem to have poor financial behavior, so financial attitudes affect how people borrow, save, hoard, and spend money.

Besides, the study identified that locus of control has a significant positive effect on financial management behavior. This result is also supported by Prihartono and Asandimitra (2018). The result indicates that the locus of control will go a long way toward improving financial management behavior. This aspect will give a person positive trust and self-belief, which can ultimately be combined to help them improve their FMB. Also, Mien and Thao (2015) concluded that people might use locus of control to gain meaningful control over their behaviors and recognize the consequences, which can be a significant factor in the growth of financial management behavior. Arifin and Anastasia (2017) found the same result and concluded that the higher the individual's locus of control, the more responsible his or her financial behavior. This is because the person is seen as capable of handling himself/herself, maintaining finances, not being easily manipulated by others, being more inspired, and completing challenging tasks as those with a lower locus of control.

Likewise, the study concluded that financial knowledge has a significant positive influence on financial management behavior with the mediating effect of financial attitude. This outcome is also supported by Budiono (2020). The outcome indicates that financial attitude is applying financial values to build and preserve value through the proper decision making and resource management. The better an individual's financial attitude, the greater his or her knowledge of how to save money, which would influence financial behavior. Iramani and Lutfi (2021) found the same results and concluded that financial knowledge is vital to one's financial wellbeing if that knowledge is converted into a positive attitude among decision-makers, resulting in increased financial management behavior.

CONCLUSION AND RECOMMENDATIONS

This research aims to examine the effect of financial knowledge, financial attitude, and locus control on financial management behavior in Pakistan. The participants in this study provided a total of 254 usable sample responses. Data was collected using a five-point Likert scale questionnaire. Also, in this study, convenience sampling was used, whereas PLS-SEM has been used as a data analysis technique. As far as the study results are concerned, the present study found a significant positive relationship between financial knowledge and financial attitude.

Similarly, the study also concluded a significant positive influence of financial attitude on financial management behavior. Likewise, the study has concluded that locus of control has a significant positive effect on financial management behavior. Lastly, the study identified a significant positive relationship between financial knowledge and financial management behavior with the mediating effect of financial attitude.

Therefore, according to the findings, individuals with more financial knowledge were less likely to engage in excessive borrowing. Moreover, Personal financial management is a crucial behavior to infuse in conscientious people to successfully handle their finances, beginning with managing money and other assets. The higher an individual's locus of control, the greater would be their financial management activity.

Some of the recommendations for managers are presented in this study. Firstly, Public policymakers and educational institutions can devise programs to improve financial literacy and promote positive financial attitudes. Individuals' financial health can benefit from these services, which come fromintroductory courses and seminars. Furthermore, they can assist young adults in developing financial management skills and promoting positive financial attitudes that emphasize the importance of saving rather than spending money. This is particularly critical in a developing country like Pakistan, where savings rates are poor.

Similarly, more efficient media communications can be developed by categorizing customers based on their literacy levels. Consumers can be best targeted based on their financial knowledge and attitude by using emerging platforms and immersive marketing techniques. The quality of communication messages can be attuned to help balance the literacy levels of different audience groups, increasing their persuasiveness. Via mobile apps, internet banking configurations, and the implementation of investment simulators and spreadsheets, government departments, and financial and educational institutions, will help improve the financial literacy of young people and adults.

Moreover, parents should inspire their children to pursue as much financial advice as possible and serve as good financial role models and explain to them that the field of personal finance is rapidly evolving and that no one source holds all of the answers. This could add to the benefits of children engaging in experiential learning alongside their parents in money management.

Additionally, people should be given financial resources or programs that measure what they know and how they know how to use that information, according to the report. Such policies could also specify what degree of financial literacy is required to participate in good financial behaviors. They will be inspired to consider financing options to solve their financial problems and encouraged to think about financial practices that are the best match for their financial arrangements if they have a more realistic evaluation of their financial circumstances.

Likewise, policy programs must promote financial literacy among individuals to enhance financial education and skills and, as a result, economic and social wellbeing. Financial literacy can be improved through well-designed and targeted programs that are simple to understand and emphasize the value of primary financial resources. These well-designed services may have a positive impact on people's attitudes and trust in making financial choices.

Besides, policymakers should focus not just on financial literacy but also on investing education, as this can affect numeracy and the psychological aspects of retail investors. Such services can help institutional investors better understand the financial world by growing their ability to manage dynamic products that are part of the changing financial markets.

Lastly, financially stressful events can trigger various types of emotional stress, lead to different coping behaviors, and have different short and long-term impacts on people's attitudes, wellbeing, and even health. As a result, when dealing with clients, particularly those who have previously experienced or are currently experiencing traumatic financial incidents such as a sudden loss or reduction in revenue, medical problems, and bills, or bankruptcy, different guidelines and methods must be provided and recognize that the majority of them are now successfully coping by taking proactive steps and finding professional assistance.

In the future, longitudinal experiments should be performed to validate the proposed model and reassess causality directions within the study variables. Furthermore, in order for this analysis to flourish, it is proposed that the study be expanded by including other variables that can influence personal financial management behavior. Parental communication, lifestyle, financial attitude, financial wellbeing, financial satisfaction, and parental education are several other factors that may be used as an alternative to financial research. Moreover, other variables or variables that are theoretically moderating effects on Financial Management Behavior, such as psychological influences, emotional factors, environmental factors, socialization parents, impulsive behavior, life satisfaction, and stress, may be included in future research.

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Appendix
Questionnaire

Gender	☐ Male	☐ Female
Age Group	☐ Less than 25 Years	☐ 25 to 39 Years
	☐ 40 to 55 Years	☐ More than 55 Years
Occupation	☐ Self-Employed	☐ Civil Servant
	☐ Private Employment	☐ Students
	☐ Housewife	☐ Others
Monthly Income	☐ Less than PKR 25000	☐ PKR 25000 to PKR 50000
	☐ PKR 50001 to PKR 100000	☐ More than PKR 100000

Financial Knowledge	**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
I know about interest rates charged by banks or financial institutions.					
I know about credit score or ratings done by banks companies and why it is done.					
I know about basics of managing personal finance.					
I know about details of investment.					
I clearly understand the details of my bank statement					
Financial Attitude	**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
It is important for me to develop a regular pattern of saving.					
Keeping records of financial matters is beneficial.					
Financial planning for retirement is necessary for one's security during old age.					
It is beneficial to insure against reasonable risks.					
I have clear financial goals that help me determine priorities in spending.					

I believe that financial planning for 5 or 10 years in the future is essential for financial success.					
Locus of Control	**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
I can solve many of my problems.					
I can change the important things in my life by myself.					
I am the master of my destiny.					
Financial Management Behavior	**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
I compare prices when I purchase a product or service					
I pay my bills on time					
I keep a record of my monthly expenses					
I stay within budget or spending plan					
I pay my credit card balance in full each month					
I return borrowings on time if I borrow from friends					
I maintain an emergency savings fund					
I save money from every paycheck or allowance					
I save for a long-term goal, such as a mobile, car, education, home, etc.					