

Financial Literacy and Wellness in South India : The Mediating Role of Self-Efficacy

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Abstract

The growing importance of financial literacy in shaping personal financial decisions and improving overall well-being is becoming more widely acknowledged in our changing economic landscape. Knowing financial management's behavioural and psychological aspects has grown crucial as financial decision-making. The study explores the relationship between people's overall financial well-being and financial literacy, or financial knowledge and comprehension, and whether this relationship is mediated by their financial self-efficacy or confidence in managing financial activities. Utilizing Structural Equation Modeling (SEM), the research examines direct and indirect relationships between wellbeing, self-efficacy, and financial literacy by analysing survey data from Indian participants. According to the results, financial self-efficacy partially mediates the association between financial literacy & financial well-being, emphasizing psychological empowerment's importance in attaining financial well-being and foster confidence in financial decision-making.

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Keywords : Financial Literacy; Self Efficacy; SEM; Empowerment; Behavioral Finance; Decision Making; Well Being; India

I. Introduction

GLOBAL ECONOMIC INSTABILITY has led to the emergence of intricate financial products, presenting individuals with new challenges that demand adept financial decision-making skills (Philippas and Avdoulas, 2020; Huy, 2018). Academia and policymakers, recognizing the escalating importance

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