EVALUATING FINANCIAL SOCIALIZATION MODEL THROUGH FINANCIAL CAPABILITY: EVIDENCE FROM URBAN CENTRE OF PAKISTAN

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Abstract

Young adults have been considered an important asset in building the society. The ability of the young financial decision-makers in the contemporary financial environment has become a heated debate. The aim of the study is to investigate the influence of Parental financial modeling, Parental child financial discussion and experimental learning of finance on financial distress, financial satisfaction and financial independence through the mediation effect of financial management behaviour and financial self-efficacy and the moderation effect of financial capability. Previous studies have measured financial socialization in terms of financial capability but no such model has been used to investigate the model of family financial socialization in Pakistan. Using purposive sampling technique the data was collected from 392 young adults. The collected data was analysed using PLS Smart 3.3.2. Study findings suggest that financial self-efficacy plays a significant role in family financial socialization model financial wellbeing. However, the role of financial management is found insignificant implying that the financial behaviour of young adults in Pakistan depends on collective family decisions. Furthermore, this study does not find any moderating effect on financial capability suggesting that financial capability develops with age and experience.

Keywords: Financial Socialization, Financial Attitude, Experimental Learning, Finance.

INTRODUCTION

COVID-19 has radically changed the way individuals and families make their financial decisions. Today, financial decisions have become more complex and to deal with such complexity family plays a vital role in financial decision making. A recent report by Pew Research Centre (2020), points out young adults were hit most by this outbreak as they lost their jobs and wages more than expected (Parker et al., 2020). Also, similar report states that 49% of the young adult perceived COVID-19 has impacted their life financially. A more recent survey conducted by Pew Research center reported than low income young adult are more afflicted in this category (Chen et al., 2022). The impact is so severe that they could not even pay their bills. Another recent survey conducted by Financial Health Network report shows that young adults are at financial risk. They are unable to save, spend or even plan for finance (Suh, 2022). This situation has called for the need of parents to use their financial capability in order to eject these young adults from financial crisis (Jung et al., 2021) Past studies suggest that financial socialization is the process of child learning financial decision making from their families at the young age and this shape the way these adults develops financial behavior in their career which ultimately results in financial wellbeing (Ullah and Yusheng, 2020). The field of financial socialization has gain recent advances since scholars are trying to measure the association between financial socialization and financial wellbeing (LeBaron and Kelley, 2021; Serido and Deenanath, 2016) including the more recent debate "financial outcome

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"from financial socialization (Jordan et al., 2020;Damian et al., 2019; Jorgensen et al., 2017). More recently, financial socialization is measured through three methods Parent financial modeling scale, the parent child discussion scale and the experimental learning of financial scale (LeBaron and Kelley,2021). The study also measures whether financial self-efficacy and financial management behavior mediates this association.

Background of Research

Recently, financial expert, financial counsellors, and financial planner are keeping tabs on investigating the well informed structured methods to improve the financial skills and expertise of young adults through financial socialization of parents (Ullah and Yusheng, 2020). The recent COVID outbreak has brought more importance to the matter since young adult are most financially afflicted from loss of jobs and financial deficiency (LeBaron and Kelley,2021). Therefore it has become most important that role of parent financial socialization is measured on adult financial well-being.

Research Problem

The global pandemic has shattered economy of many developing countries including Pakistan. A recent report published by UNICEF highlights that economic problem amongst youth of Pakistan is immediate and needs to be solved with extraordinary efforts (Murray, 2020). Structural issues and pandemic has placed increased burden of young adults to develop expertise in managing their resources well. In the light of such crisis, it has become important for parents to develop financial expertise among their youth at very young age. This will not only help them manage their financial decisions but also provide them experimental learning. Therefore, measuring the influence of parent financial socialization has become an important issue of today's arena.

Contribution

There is multiple practical contribution of this research. First, it will create diverse awareness for parents to be critical in their financial decision making, since their decision influence youth financial behaviour. Second, financial manager, financial planner can develop different product considering financial skill set development need. Third, this research will inform parents to develop their financial capability by increasing their financial literacy. Also, the measures developed by LeBaron and Kelley (2021), are never tested in the Pakistani context.

LITERATURE REVIEW

Financial Socialization

Financial socialization is the continuing process of developing and enabling learning abilities, values, and attitudes through which individual demonstrate their abilities to resolve financial issues (Jurgenson, 2019). These abilities are not limited to resolving financial matters but enables a person to exhibit ability to resolve multifaceted by developing financial capability (Zamri et al., 2020). This concept suggests that individual learn through empirical evidences gained through working with socializing agent. Through practical experiences adults develops skills that aid in their growth or hinder in their financial decision making later on in their career (Ameer and Khan, 2020). The process financial socialization is not a permanent set. It's a dynamic process which depends on the individual ability and capability of indulging in discussion and experiences with different social agents (Gudmunson and Danes, 2014). Some individual gain these sets of knowledge formal education whereas others engage in some form of work related opportunities (Drever et al., 2015). It is evident from previous literature that individuals who get a prospect of attaining some form of knowledge through socialization outperform other (Jorgensen et al., 2016). Danes and Heberman (2014) also confirmed this argument by concluding that adult's individuals demonstrates the similar pattern of financial behaviour erudite through their families. These findings are in line with the empirical study conducted by Shim et al. (2009) that those students who had some form of financial discussion with their parents in their childhood, more financial literacy related classes they have attended resulted in better financial behaviour.

Financial Behavior as Mediator

Financial management behaviour is referred to as orientation of individual towards financial decisions. Scholars have advocated that higher the financial knowledge, individual has better the financial decisions he or she will take (Saurabh and Nandan, 2018). This also asserts that better knowledgeable people are more financial managers. They plan for their finances and have a better financial control and in turn improved financial behaviour (Çera et al., 2021). However, this relation of financial literacy on financial well-being is indirect with the financial behaviour of individual create difference. This view is evident from the study conducted by Çera et al. (2021) in which the researcher investigates the relationship between financial literacy and financial capability with the mediating effect of financial behaviour. Based on results it was found that financial behaviour is essentially improved through financial literacy and financial capability which in turns improves the financial well-being (Çera et al., 2021).

Financial Self-Efficacy

Financial self-efficacy has been defined as the self-belief of an individual to change their financial management behaviour in order to make best choice. Financial self-efficacy is one of the important elements of Bandura Social Cognitive Theory. This theory asserts that financial self-efficacy is the thought process through which individual self-analyse their ability and skills to perform a particular task (Herawati et al., 2020). This self-analysis can determine the individual level of self confidence in anticipating results. However, the actual behaviour may differ from the ability of an individual and therefore this self-analysis is more important determinant of financial behaviour (Herawati et al., 2020). The confident individual will explore more and turn challenges into opportunities (Herawati et al., 2020). The ultimate impact of financial self-efficacy on financial well-being was analysed by (Herawati et al., 2020) at state university in Bali. Through 180 sample of students gathered through purposive sampling, study found the result that financially literacy directly affects self-financial efficacy. The study also revealed that improvement in financial literacy will improve financial efficacy and ultimately financial behaviour. Self-efficacy is also significantly relevant to managing money management activities. Self-financial efficacy leads to financial control.

Those high on financial control are significantly better in their money management activities i.e. less debt, more saving, lower financial stress and good better financial planning. This was evident in study conducted by Chong (2021) to analyse the association between financial behaviour, financial literacy, self-efficacy and self-coping among emerging adults. Analysing data of 790 emerging adults using Pearson correlation it was discussed that financial self-efficacy is the most significant determinant of financial behaviour as compared to financial literacy and financial coping. It is also suggested that parents should start working with their children as role model and should deliberately shape positive financial behaviour with youngsters.

Parent Financial Modeling

To analyse the financial behaviour of adults, it is important to pinpoint their first contact in terms developing financial behaviour. The primary educators are parents, who at the very initial life cycle stage preach their child to become financially capable at later stage of their career. While most of such preaching is in the form of discussion, this plays a significant role in developing their cognitive abilities. This informal discussion of financial practice is mentioned by Ashley (2021). LeBaron and Kelley (2021) as parent financial modeling. This puts a serious concern for parents to illicit a positive watchful financial behaviour, since child learn from the decision taken by parent and adopt as model of their financial decisions (Ullah and Yusheng, 2020).This means in order to make effective financial decisions, parents should possess financial skills necessary for complex financial decisions. This means money management abilities of parents are shadowed in child during the course of life. How parents manage their financial through debt or savings, paying bills on time, planning for future, and financial literacy. (Shopping with mum) suggest that mother is the most dominant socializing agent in terms of shaping money management attitude among children (Jurgenson, 2019). McNeill and Turner (2013) suggest that those children who are encouraged to save at the earlier years of the career by parents tends to show effective saving behaviour later stage of their career and in this parents play a significant role in forming such behaviours. This is evident from the study conducted by Rosa-Holyoak et al. (2018), researcher examines the how parental financial modeling facilitates in developing healthy financial behaviour.

The study identifies suggest children should be taught how to work hard to earn for the living. In this way they will know the importance of spending. Also, developing behaviour of spending according to money they have in hand will shape their behaviour of avoiding unnecessary debt accumulation. Furthermore, start developing the habit of budgeting. In this way, child will keep track of their incoming and outgoing (Rosa-Holyoak et al., 2018). Ammerman (2020) conducted study in Netherland with 2213 household found that development of financial behaviour doesn't necessarily start from formal school education, rather child inclusion in financial matter and encouragement to save in early stage of their career is followed in adulthood. This association is only demonstrated in financial investment decisions, rather more implacable in other facet of life. Stella (2010) conducted exploratory study to analyse perception of women shopping with their mothers. Study reveal that mothers are most influential decision resort agent when sought advice. An element of trust in mother creates an additional bonding while gaining skills of shopping. These lived experienced are not attainable from any other educational institute (Zamri et al., 2020). In a study conducted by Shim et al. (2009) students showed that they imitate their parents in faced with similar situations. Also, they indicate parents are role model for them when it come managing money (Shim et al., 2009).

Parental Financial Discussion

Jorgensen et al. (2017) referred parent financial discussion as purposive financial socialization interaction. The term was initially used by Gudmunson and Danes (2014) to mean formal or informal discussion pertaining to financial matters. Family relationships are system of intertwined feeling, emotions, and connections with each other's. In this bilateral relationship family member are dependent on the views of each other. In such relationships, parents usually exert influence on the way child choose make certain decisions. Jorgensen et al. (2017) conducted the study on the role of attachment insecurity, locus of control, and parental financial communication on financial behaviour of emerging adult. The study suggests that adults who receive clear financial guidance from their parents are found to be superior in financial behaviour. Encouraging child from very early age by giving them monthly allowance and then preaching them how to use it in meaningful way is the first discussion of financial matters (Cash, 2022).

A study conducted by University of Texas suggest that while talking about money management, child shows great concern and wants to be part of it and therefore, there is an additional responsibility on parents to positively indulge children in their financial discussion (Romo and Vangelisti, 2014). Jurgenson (2019) suggested that quality discussion between child and parent is found to be significant determinant of child financial wellbeing. Spending quality time with parents can positively impact both financial behaviour and financial actions. Parents should be concerned that whatever discussion taken place between parent and child has a long lasting impact on child behaviour.

Experimental Learning of Finance

Campenhout (2015) argued that development of child financial behaviour needs a proactive approach which is grounded in consumer socialization theory and refers to anticipatory financial socialization. He went onto argued that three anticipatory financial socialization assumes beliefs, attitude, value and skills are learned through the roles assumed in anticipation. He further argued, there are three types of anticipatory financial socialization. The first is the skills and values attained in their childhoods which do not have their direct application at this age but become the learning foundation. Second, learning of specific knowledge that is not directly relevant until future role assumed. Third, is the application of the skills during their childhood which they can refer to whenever similar event arise.

Antoni et al. (2020) stated that learning behaviour of a child is influenced by reinforcement. The financial behaviour of a child is formed by rewarding and punishment attitude shown by the parent. Therefore, parents should try to reward child for good work but should not punish for avoiding negative energy. Ashley et al. (2021) argued that parental learning experience is the recurring process that child learn from internal and experiences of life and this help integrate with social groups. In similar study he argued that if the child is given an opportunity to exercise financial skills while parent is monitoring decisions has a significant impact on decision making abilities in their adulthood. Child doesn’t bear with money management skills. They are not born with innate financial management skills. They are raw sheet on which parents can write through their personal experience therefore, parents have an additional responsibility of portraying positive and ethical money management skills (Tyson, 2023). LeBaron and Kelley (2021) argued that child observe their parents and replicate those behaviour in their financial decision making. However, parents are not the only financial socialization agents. There are others like schooling system, peers, friends, social networking sites and workplace, however; author reported these have minimal impact on the financial skills development.

Financial Capability

According to Meza (2008) standard economic theory assume that people make choice on the basis of their income level. Financial capability involves development of knowledge and skills necessary to improve financial wellbeing. However, these financial skills and knowledge are not the only impactful determinant of financial decision making. Author regard monetary capability is one of the main assumptions of financial decision making. Arber et al. (2014) suggest that income is the core financial variable and is interlinked with all other important variable. Those with low income capacity can only suffice on their choice on investment decision while higher level decision making require higher income allows some financial independence. Letzring (2015) suggest that the relationship between income and subjective wellbeing is more prominent in male. This may be due to some unshared variable in economic environment.

Higher level of income increases level of consumption and spending which in turns affect the investment pattern among unequal income status. However some studies contradict this view that wealth is the most significant variable of wellbeing, but still they argue that increased wealth determine financial security (Headey and Wooden, 2004). Despite mixed results, there are numerous studies claims that individual personal financial wellbeing is strongly correlated with their level of wealth. Wealth level determines life satisfaction, self-worth and happiness (Date et al., 2015). In the light of such studies, this study aims to investigate the strength of the relationship between parental financial socialization variables and financial wellbeing through the moderation of financial capability.

Conceptual Framework

Present study adopts the family financial socialization model (LeBaron and Kelley,2021) as a conceptual model because it focuses on Parent financial modeling, Parent child discussion and experimental learning of Finance. The model is based on the family financial socialization theory (Gudmunson and Danes, 2014). The model was developed by (Gudmunson and Danes, 2014) which entail multidimensional concept of family socialization and financial literacy perspective. The interest of the present is to examine the how family financial socialization and financial wellbeing is impacted by the financial capability. Financial capability as defined earlier is the measure of how financially capable a person is manage their financial obligations. Three main method of financial socialization is included in our model i.e. Parent financial Modeling, Parent child financial discussion and experimental learning of finance. Financial knowledge and financial literacy is included in our model as financial self-efficacy working as mediator and financial behaviour will also be taken as mediator. In this regard, it is important to review whether the strength of the relationship between financial socialization and financial wellbeing is actually moderated by financial capability.

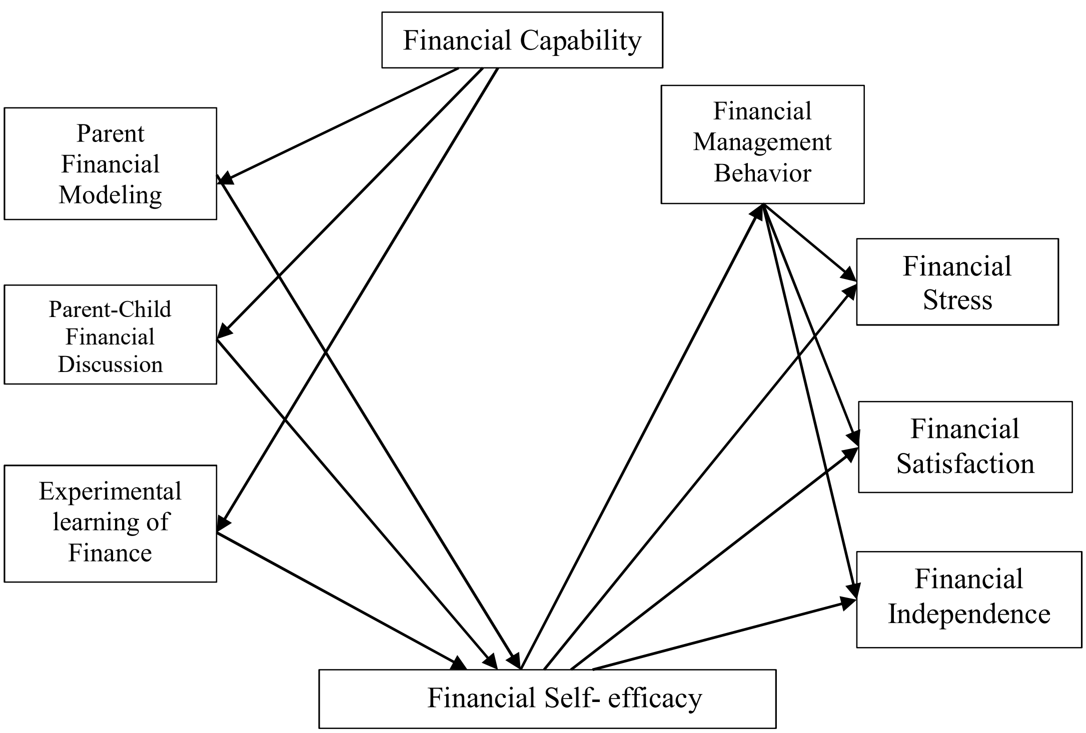

Figure 1: Research Model

Theoretical Underpinnings

The Looking-glass self is concept developed by Charles Horton Cooley in 1902. The theory defines that individual transform themselves on the presumption of how people perceive them. This concept asserts that people view social interaction as the mirror for their self-worth, value and behaviours. Also, this judgment of self-concept is not constructed in isolation but rather a social milieu. From this lens, individual and society are not a disparate but interrelated phenomena (Rousseau and Order, 2002).

Another significant development in this regard was done by George Herbert Mead, developed a theory of social behaviourism to describe how individual develop through interplay of social experience (Akanle and Sunday,2023). The basic premise of Mead's argument was the concept of self: the individual personality is the combination of awareness and self-image. Also, he asserted that individual self is not there at birth but is rather developed through social experience (Aboulafia, 2016).

Hypotheses Development

H1**:** Parental financial modeling influences financial stress through the mediating effect of financial self-efficacy and financial management behaviour.

H2**:** Parental financial modeling influences financial satisfaction through the mediating effect of financial self-efficacy and financial management behaviour.

H3**:** Parental financial modeling influences financial independence through the mediating effect of financial self-efficacy and financial management behaviour.

H4**:** Parent child financial discussion influences financial stress through the mediating effect of financial self-efficacy and financial management behaviour.

H5**:** Parent child financial discussion influences financial satisfaction through the mediating effect of financial self-efficacy and financial management behaviour.

H6**:** Parent child financial discussion influences financial independence through the mediating effect of financial self-efficacy and financial management behaviour.

H7**:** Experimental learning of finance influences financial stress through the mediating effect of financial self-efficacy and financial management behaviour.

H8**:** Experimental learning of finance influences financial satisfaction through the mediating effect of financial self-efficacy and financial management behaviour.

H9**:** Experimental learning of finance influences financial independence through the mediating effect of financial self-efficacy and financial management behaviour.

H10**:** Financial capability moderates the influence of parental financial modeling on financial self-efficacy.

H11**:** Financial capability moderates the influence of Parent child financial discussion and financial self-efficacy.

H12**:** Financial capability moderates the influence of experimental learning of finance and financial self-efficacy.

METHODOLOGY

Population and Sampling

This study incorporates a sample of young people aged 18-36 who engage in different business and economic activities in Karachi (Qureshi and Lu, 2007). Since the study only looks into the financial well-being of young adults of particular ages between 18 and 36 therefore, there is no need to control age socio-economic variables. Also, there is no such issue of race in terms of colour in Pakistan therefore, race is also not controlled. According to the Pakistan Bureau of Statistics, the education percentage of students who have ever completed primary level of education or higher is around 70% and 58% of males and females respectively therefore, the data was collected on the basis of an equal number of male and female population (Statistics, 2019). Since the study frames its evaluation around students who are undergraduates, therefore education is also not controlled. The economic hub Karachi incorporates a population from diverse cultural, demographic, language and ethnic background therefore, becomes an appropriate representation of the population of Pakistan (Adeel, 2015).

This study subsumes purposive sampling technique, a non-probability sampling which is considered the most common method of collecting data on the basis of the judgment of the researcher. Also, judgment sampling is used because the population at hand is unknown (West, 2016). Bentler and Chou (1987) suggested a sample size of five times the number of variables as the minimum amount required for factor analysis. Therefore, in this study, we distributed 450 questionnaires out of which 392 physically administered questionnaires were returned.

Measures

The study incorporated 9 measurement scales for gathering data apropos hypotheses. All the scales have previously established reliability and validity and therefore were adequate for measurement. The variables Parent Financial Modeling Scale, Parent-Child Financial Discussion Scale and Experiential Learning of Finances and Financial self-efficacy Scale were through 5 Point Likert Scale where 1 refers to strongly disagree and 5 refers strong agree adopted from LeBaron and Kelley (2021) **.** Financial satisfaction was adopted from Hayhoe and Wilhelm (1995). Financial management behaviour was adopted from (Uri and Dew, 2011) and measured on 5 point Likert scale where 1 indicates unlikely and 5 indicates More likely, financial stress scale was adopted from (Payne, 2020) and measured on 5 point Likert scale where 1 refers to strongly disagree and 5 refers strong agree . Financial satisfaction was measured through questionnaire adopted (Payne, 2020) and measured on 5 point Likert scale where 1 refers to strongly disagree and 5 refers strong agree. Financial independence scale was adopted from (Xiao et al., 2015) and measured on 5 point Likert scale where 1 refers to Minimum responsible and 5 refers to maximum responsible. Financial capability was measured on Likert scale with 1 indicates strongly disagree and 5 indicates strong agree (Muthigah et al., 2022).

Data Analysis

This research incorporated quantitative research design using Smart PLS for data analysis and SPSS 21 for analyzing normality of the data. PLS-SEM is preferred because of its ability to measure multiple relationships simultaneously.

RESULTS

Normality

Almost all statistical analysis procedure requires normality assumption whether data analysis is done through parametric or non-parametric statistical procedure (Razali and Wah, 2011). This study follows kurtosis and skewness to evaluate normality. The table above depicts descriptive statistics value. Hair et al. (2010) and Bryne (2010) suggest that data is considered normal if the value of skewness is between (-2 to +2) and Kurtosis (-7 to +7). There was no value that indicates the violation of normality. The value of skewness is between (-.0294 to -1.611) and the value of kurtosis is between (-0.63 to +2.71).

Table 1
Normality Statistics

	Mean	**Std. Deviation**	**Skewness**	**Kurtosis**
PFMS	4.05995	0.538623	-1.293	2.717
PCFD	4.126984	0.58347	-1.09	1.86
ELFS	3.926871	1.003989	-1.435	1.39
FSE	3.815476	1.07503	-1.114	0.386
FSTR	3.892	1.006	-1.37	0.909
FSATIS	3.9745	0.98388	-1.611	1.79
FIND	3.1524	0.85649	-0.724	0.423
FMBEH	3.922376	0.70599	-1.043	1.433
FCAP	3.264456	0.592715	-0.294	-0.063

Reliability

The composite reliability measures the internal consistency of the variable the cutoff value of which is above 0.70 (Peterson and Kim, 2013). In this study, the highest Cronbach's alpha and composite reliability is of Financial Stress (α=0.883, CR=0.914) and the lowest of PFMS (α=0.633, CR=0.772).

Table 2
Reliability Statistics

	Cronbach's Alpha	**rho_ A**	**Composite Reliability**	**Average Variance Extracted (AVE)**
ELFS	0.788	0.796	0.877	0.704
FCAP	0.652	0.655	0.852	0.742
FIND	0.77	0.79	0.853	0.593
FMB	0.716	0.728	0.823	0.54
FSAT	0.821	0.826	0.882	0.651
FSE	0.794	0.796	0.879	0.708
FSTRESS	0.883	0.895	0.914	0.681
PCFD	0.785	0.787	0.861	0.607
PFMS	0.653	0.671	0.809	0.586

Construct Validity

Construct validity pertains to the degree to which construct exactly measure what it is intends to measure (Fick,2014). The constructs adopted in this study were previously used in different environment settings therefore, due to difference of demographics and culture validity has to be reconfirmed. The cosntruct validity can meaured through convergent validity and discriminant validity. According to Fornell and Larcker (1981) the convergent validity is analyzed theough avaerage variance explained, the cuttoff value of which should be above 0.40 when the composite reliability is above 0.70. In this reseacrh, Average variance explained of all the variables are above the cutoff value therefore construct is considered valid.

Discriminant Validity

The discriminant validity is used to evaluate the uniqueness and different from other constructs (Hair et al., 2009). The criteria for evaluating the discriminant validity is the square root of the variance should be greater than the pair of correlations. The below table depicts that condition of discriminant validity is sufficient (Ansari et al., 2017; Fornell and Larcker, 1981). From the table below, it can be seen that square root of variance is greater than pair of correlation therefore, discriminant validity is also established.

Table 3

VIF

ELFS * FCAP	**1**
ELFS_1	1.908
ELFS_2	1.704
ELFS_3	1.481
FCAP_1	1.306
FCAP_2	1.306
FIND_1	1.36
FIND_2	1.515
FIND_3	1.891
FIND_4	1.482
FMBEH_2	1.259
FMBEH_3	1.517
FMBEH_4	1.591
FMBEH_5	1.303
FMBEH_6	1.325
FMBEH_7	1.352
FSATIS_1	1.715
FSATIS_2	1.919
FSATIS_3	2.193
FSATIS_4	2.214
FSE_1	1.483
FSE_2	1.469
FSE_3	1.39
FSTR_1	1.89
FSTR_2	2.301
FSTR_3	2.313
FSTR_4	2.193
FSTR_5	1.996
PCFD * FCAP	1
PCFD_2	1.37
PCFD_4	1.525
PCFD_5	1.495
PCFD_6	1.375

PCFD_7	1.273
PCFD_8	1.326
PCFD_9	1.423
PFMS * FCAP	1
PFMS_3	1.222
PFMS_4	1.31
PFMS_5	1.245
PFMS_6	1.233
PFMS_7	1.17

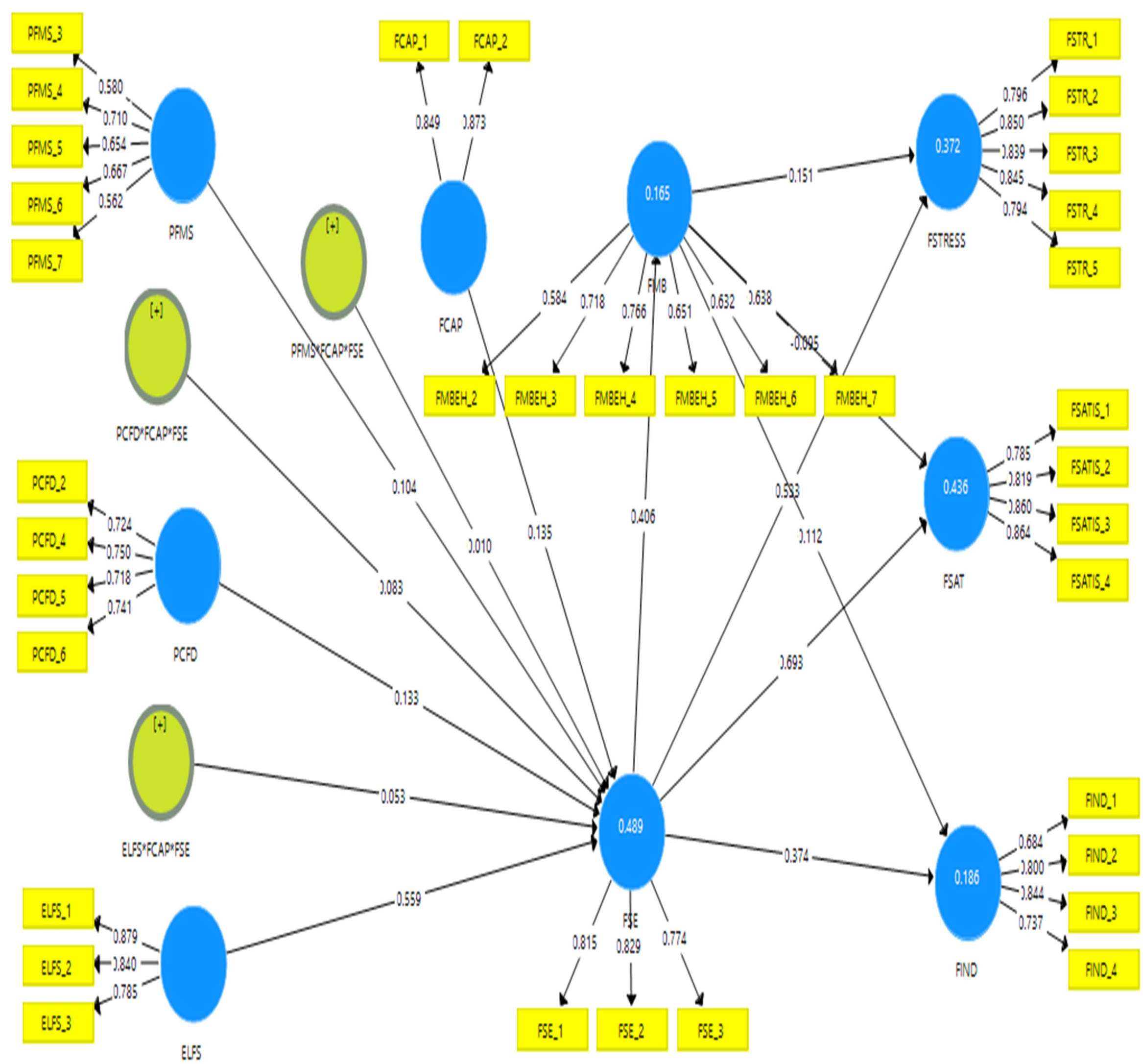

Figure 2: Structural Model

Structural Equation Modeling and Mediation Analysis

This research was conducted with cross-section data. The Harman's Single Factor Test was conducted in order to evaluate the common method bias. The Common Method Bias was evaluated through variance explained value of which should be less than 50%. This study reports CMB at 15.26% which is well below the cut-off value. Also, Variance Inflationary Factor Analysis was also conducted to avoid the problem multi-collinearity. The criteria for checking multi-collinearity is 10>VIF>1(Arifin and Yusoff, 2016). All the values VIF were below 3 therefore, results are free from multi-collinearity issues. The model of the study was analyzed through PLS-SEM analysis using Smart PLS software 3.3.2. The confirmatory factor analysis was conducted to test the model. Altogether, the model's factors were significant which fulfills the criteria of 0.40 (Ertz et al., 2016). The reliability and validity as mentioned above are also found to be significant and fulfil the criteria i.e. composite reliability>0.70 AVE>0.40 and Cronbach's Alpha>0.60 (Hair et al, 2006). To check whether the model is fit, indices are referred to. The SRMR value is 0.064 which is below the cut-off value of 0.01 (Henseler et al., 2014) and NFI shows 0.739. This shows that the model is in the acceptable range of goodness of fit. Details are given in Table 4 below.

Table 4
Model Fit

	Saturated Model	**Estimated Model**
SRMR	0.064	0.085
d_ULS	2.149	3.796
d_G	0.688	0.8
Chi-Square	1567.926	1737.336
NFI	0.739	0.711

Table 5 and Table 6 below show the results of hypotheses testing. H1: parental financial modeling has a direct significant relationship with Financial self-efficacy (β=0.103, p <0.05) and the direct relationship between Financial self-efficacy and financial management behaviour is significant (β=0.386, p <0.01) and the relationship between financial management behaviour and financial stress is significant (β=0.386, p <0.01). However, the indirect relation between parent financial modeling and financial stress through the influence of financial self-efficacy and financial management behaviour is insignificant (β=0.007, p >0.05). The influence of Parental financial modeling to Financial satisfaction with the mediating effect of Financial self-efficacy is significant (β=0.074, p <0.05) however, the influence of parental financial modeling with the mediating effect of financial self-efficacy and financial management behaviour on financial satisfaction is insignificant (β=0.006, p >0.05). H2: The Parent child financial discussion has a significant direct association with financial self-efficacy (β=0.129, p <0.05) and Financial self-efficacy has a significant direct association with financial management behaviour (β=0.386, p <0.05). Financial management behaviour has a significant direct association with financial satisfaction (β=0.141, p <0.05). However, there is an insignificant indirect influence of parent child financial discussion on financial stress with the mediation effect of financial self-efficacy and financial management behaviour (β=0.007, p>0.05). Whereas, there is a significant indirect influence of parent child financial discussion on financial satisfaction with the mediation effect of financial self-efficacy (β=0.092, p<0.05). H3: experimental learning of finance has a significant direct association with financial self-efficacy (β=0.092, p<0.05) and there is a significant influence of experimental learning of finance on financial satisfaction with the mediation effect of financial self-efficacy (β=0.463, p<0.05). Also, there is a significant influence of experimental learning of finance on financial satisfaction through the mediation effect of financial self-efficacy and financial management behaviour (β=0.035, p<0.05). H4: There is an insignificant influence of Parental financial modeling on financial stress through the mediation effect of financial self-efficacy and financial management behaviour (β=0.007, p>0.05). However, there is a significant influence of parental financial modeling on financial stress through the mediation effect of financial self-efficacy (β=0.057, p<0.05). H5a: There is an insignificant influence of parental financial discussion on financial stress through the mediation effect of financial self-efficacy and financial management behaviour (β=0.009, p<0.05). H5b: There is a significant influence of parent financial discussion with financial stress through the mediation effect of financial self-efficacy (β=0.009, p<0.05). H6a: the experimental learning of finance has a significant influence on financial stress through the mediation effect of financial self-efficacy and financial management behaviour (β=0.044 p<0.01). H6b: there is a significant influence of experimental learning of finance on financial stress through the mediation effect of financial self-efficacy (β=0.358 p<0.01). H7a: There is an insignificant influence of parental financial modeling on financial independence with the mediation effect of financial self-efficacy and financial management behaviour (β=0.007 p>0.05) H7b: However, there is a significant influence of parental financial modeling on financial independence with the mediation effect of financial self-efficacy (β=0.043 p<0.05). H8a: There is an insignificant indirect influence of parent-child financial discussion on financial independence with the mediation effect of financial self-efficacy and financial management behaviour (β=0.008 p>0.05). H8b: however, there is a significant indirect influence of parental child financial discussion on financial independence with the mediation effect of financial self-efficacy (β=0.053 p<0.05). H9: The experimental learning of finance has a significant indirect influence on financial independence through the mediation effect of financial self-efficacy and financial management behaviour (β=0.043p<0.01). Also, H9b: there is a significant influence of experimental learning of finance on financial independence with the mediating effect of financial self-efficacy (β=0.269 p<0.01). H10: there is an insignificant moderating effect of financial capability on financial self-efficacy (β=0.000 p>0.05). H11: there is an insignificant effect of moderating effect of financial capability on the influence of parental financial discussion and financial self-efficacy (β=0.002 p>0.05). H12: there is an insignificant moderating effect of financial capability on the influence of experimental learning of finance and financial self-efficacy (β=0.012 p>0.05).

Table 5
Direct Relationship

Path	β	P Values
ELFS -> FSE_	0.651	0
ELFS*FCAP*FSE-> FSE_	0.03	0.414
FCAP -> FSE_	0.088	0.021
FMB -> FSTRESS	0.177	0.001
FMB -> Find	0.17	0.002
FMB -> Fsatifa_	0.141	0.001
FSE_ -> FMB	0.386	0
FSE_ -> FSTRESS	0.55	0
FSE_ -> Find	0.413	0
FSE_ -> Fsatifa_	0.711	0
PCFD -> FSE_	0.129	0.01
PCFD*FCAP*FSE->FSE_	0.004	0.932

PFMS*FSE*FCAP-> SE_	0.002	0.965
PMFS -> FSE_	0.103	0.024

Table 6
Indirect Relationship

Path	β	p	Decision
PMFS -> FSE_ -> FMB -> Fsatifa_	0.006	0.088	Insignificant
PMFS -> FSE_ -> Fsatifa_	0.074	0.024	Significant
PCFD -> FSE_ -> FMB -> Fsatifa_	0.007	0.077	Insignificant
PCFD -> FSE_ -> Fsatifa_	0.092	0.01	Significant
ELFS -> FSE_ -> FMB -> Fsatifa_	0.035	0.036	Significant
ELFS -> FSE_ -> Fsatifa_	0.463	0.000	Significant
PMFS -> FSE_ -> FMB -> Find	0.007	0.092	Insignificant
PMFS -> FSE_ -> Find	0.043	0.026	Significant
PCFD -> FSE_ -> FMB -> Find	0.008	0.08	Insignificant
PCFD -> FSE_ -> Find	0.053	0.015	Significant
ELFS -> FSE_ -> FMB -> Find	0.043	0.006	Significant
ELFS -> FSE_ -> Find	0.269	0.000	Significant
PMFS -> FSE_ -> FMB -> FSTRESS	0.007	0.069	Insignificant
PMFS -> FSE_ -> FSTRESS	0.057	0.029	Significant
PCFD -> FSE_ -> FMB -> FSTRESS	0.009	0.048	Significant
PCFD -> FSE_ -> FSTRESS	0.071	0.015	Insignificant
ELFS -> FSE_ -> FMB -> FSTRESS	0.044	0.002	Significant
ELFS -> FSE_ -> FSTRESS	0.358	0.000	Significant
FCAP -> FSE_ -> FSTRESS	0.048	0.018	Significant
FCAP -> FSE_ -> Find	0.036	0.025	Significant
FCAP -> FSE_ -> Fsatifa	0.062	0.021	Significant
FCAP -> FSE_ -> FMB -> FSTRESS	0.006	0.081	Insignificant

FCAP -> FSE_ -> FMB -> Find	0.006	0.086	Insignificant
PFMS*FCAP_ -> FSE	0.000	0.968	Insignificant
PCFD*FCAP_ -> FSE	0.002	0.932	Insignificant
ELFS*FCAP_ -> FSE	0.012	0.427	Insignificant
FCAP -> FSE_ -> FMB -> Fsatifa_	0.005	0.061	Insignificant

DISCUSSION

The objective of the study was to investigate the model of financial socialization through the influence of parental financial modeling, parent financial discussion and experimental learning of finance with the mediation effect of financial self-efficacy and financial management behaviour and the moderation effect of financial capability. The table 5 (direct association) shows all the direct association are positively and significantly related amongst each other. However, the study does not find any moderating effect of financial capability on PFM, PCFD and ELF. This is because financial capability is impacted by gender and also the financial capability is impacted by age. The young individual generally has low level of financial capability and since in their initial stage of their financial career, young adults do not have sufficient developed skills and abilities developed in order to function in a similar way a mature mid-career individual(Xiao et al., 2015). Similar study also suggest that as the individual grows into their mid-career stage he has gone through multiple financial events which develop a learning curve and help make more informed judgment apropos their financials (Xiao et al., 2015).

The indirect association of parental financial modeling and parent child financial discussion on financial satisfaction, financial stress and financial independence with the mediation effect of financial self-efficacy and financial management behaviour is also insignificant whereas, influence of experimental learning of finance on financial satisfaction, financial stress and financial independence is found to be significant. Also, the impact of all three independent variables with mediation effect of financial self-efficacy on all dependent variables is found to be significant. This is in line with the finding by Liu (2014) which suggest that higher the level of self-efficacy an individual has more control individual has towards its financial matters. This suggests that financial management behaviour is not mediating the relationship between independent and dependent variables. This is because financial management behaviour of western individual and south Asian individual is completely different (Uri, 2021). The fundamental structural difference in their working pattern may suggest the changes in the results (Uri, 2021). Since in Pakistan, male counterpart is solely responsible for the family financial management (Schaner and Das, 2016).

Their financial behaviour depends on collected decision of family and therefore individual cannot make financial decision in isolation without referring to family interference (Amjad and Rasul, 2017). This also suggest that even though individual has self-belief in their abilities to manage their financial matters, their decision of budgeting, cash flow management, consumption, saving, borrowing (personal financial management behaviour) has no significant impact on their financial decision but rather more inclined towards adopting decision from family heads or family responsibility. Also, Uri (2021) also suggest that financial management behaviour among low income countries is vulnerable. Further, (Gamst-klaussen et al., 2019) suggest that those who are low on financial capability depict lower lever of financial behaviour. Moreover, Kebede and Kuar (2015) suggest that level of formal financial knowledge is another determining factor of depicting improved financial behaviour therefore, young adults who lack formal financial literacy also perform below par financial management behaviour. However, experimental learning of finance is found to be significant with financial self-efficacy and financial management behaviour. This suggests that young individuals in Pakistan are influenced by the experience of their adults and try to behave in similar pattern.

CONCLUSION

The study investigated the influence of parental financial modeling, parent child financial discussion and experimental learning of finance on financial stress, financial satisfaction and financial independence through the mediation effect of financial management behaviour, financial self-efficacy with the moderating effect of financial capability. The study found that age difference impact financial capability significantly. As individual grows old, experience and earning increasing and subsequently financial capability also increases. Also, financial management behaviour in young adults of Pakistan is dependent on their family financial decision therefore it does not significantly impact financial satisfaction, financial stress and financial independence of an individual. However, financial self-efficacy significantly mediates through the variables. The study is not without the limitations. First the study is conducted on the adults of Karachi, Hyderabad therefore model can be expanded to other region in order to gain better understanding. Also, model can be used by incorporating longitudinal study to gain comprehensive understanding of changes which can be beneficial in exploring phenomena.

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