Journal of Positive School Psychology http://journalppw.com
2022, Vol. 6, No. 8, 8340-8354

Impact Of Cognitive Factors On Financial Behavior With MediatingRole Of Financial Anxiety

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Abstract

The aim of this study is to examine the impact of cognitive factors on financial behavioral with moderating role of financial anxiety. Dependent variable is financial behaviour and other explanatory factors are Self-esteem, Financial Knowledge, and Self-Control. The Study also usedmediating factor i.e. financial anxiety. The data was collected in this study by using questionnairesfrom the investors of Pakistan. In this study Sample size consist on 250 Pakistan Investors. This study was used the simple random technique to collect the data. The five Likert scales are used tomeasure variables. The study used tools of analysis i.e. reliability, correlation, descriptive summary and regression analysis. The association among financial behavior and self-esteem is positive with financial decisions. Study also founded that financial anxiety, is associated positivelyby investors but it is for sure that it does mediate between cognitive factors and financial behavior.This study can use investors, policymakers, researchers, students, and investment decision managers or for all people whose financial behavior we measure in this study is implacable for those. In future time period the researchers can further expand by using various other psychological factors as well as behavioral factors that are having a significant impact on decisionmaking of investors.

Key Words; Financial Behavior, Financial Anxiety, Self-esteem, Financial Knowledge, Self-Control.

1- INTRODUCTION

Financial behavior is the behavior of an individual that is related to money management. Perry and Morris (2005) defined financial behavior as the management of personal savings, personal expenditure, and the budget of a person. It is aruged by Xiao (2011) that human activities that aremainly related to money management including cash, savings, and credit are termed financial behavior.

According to previous studies Woodyard (2011), it is indicated that for effective money management well developed financial skills are required. To maximize the utility of investment, investment decision-making is based on rationality.

Investors make investment decisions not only estimate the prospect of an investment instrument but also there are several factors that includes cognitive factors and psychological factors that contribute to the decision of an investor. Therefore, behavioral finance is an analysis of an investment using psychology and financial science. Behavioral finance is defined as a study that how psychological and emotional factors influence the financial behavior of an investor (H. Shefrin, 2002).

The behavior of an investor in making an investment decision is financial behavior, in the investment decision-making process among several alternatives the best alternatives get selected. In previous study an association shown between two variables that are financial behavior and financial knowledge (Grable et al., 2020).

According to (Xiao, Ford, & Kim, 2011), it is indicated that in preventing risky behaviors about money management it shown that subjective financial knowledge is more significant than Objective financial knowledge, also (Robb & Woodyard, 2011) comes up with the same conclusion that subjective financial knowledge is having a greater relative impact or major contribution in shaping financial behavior rather than objective financial knowledge.

Financial anxiety, according to Shapiro and Burch ell, is an unique thought and construct from generic anxiety and depression when an individual has a negative attitude toward efficiently managing their finances, resulting in a psychological illness known as financial anxiety (Grable etal., 2020), there is a relationship established between financial behavior and financial anxiety thatis a mediating variable in this study.

There has been little study done in the past to investigate or to explore the relationship between financial behavior or financial activity/behavior and financial anxiety. (Hay hoe et al., 2012) discovered that individuals with having least or low financial anxiety are more likely to engage or involve in financial management activities such as spending and establishing financial goals for the future. Anxiety was found to be adversely connected to saving behavior by (Gambetti & Giusberti, 2012). Several financial practices, such as not contributing to savings accounts and spending more than one's salary, add to an individual's anxiety.

Problem Statement

Investors these days are facing hurdles in financial decisions either in business or other activities. Financial behavior is affected by several cognitive factors like self-control, selfesteem, and financial knowledge. Due to high fluctuations in the economic conditions of Pakistan, investors are suffering from financial anxiety which is also affecting their financial behavior of investors. (Strömbäck, Lind, Skagerlund, Västfjäll, & Tinghög, 2017) suggested that financial anxiety greatly affects the financial decisions of investors. In developing countries, the markets move rapidly and it's tough to keep up with the speedy changes. So there is a need to understand and solve such issues for better financial decisions to generate maximum profits. For this reason, this research/study is going to examine the effect of different cognitive factors like self-control, self-esteem, and financial knowledge on financial behavior while taking financial anxiety as a mediator.

In a Dynamic environment to make successful financial decisions one must need financial knowledge, self-control is also necessary because investors cannot take rash decisions, to keep rational and take fruitful decisions self-esteem is important but the decision-making process is affected by psychological factors as well like financial anxiety, this study investigates the impact of cognitive factors on financial behavior and also their relationship analyzed with financial anxiety as a mediator, Anxiety is a natural human emotion but the investor should try to keep financial anxiety minimum to make rational decisions.

Research Objectives;

- To check effect of financial knowledge on financial behavior.
- To check the effect of Self-control on financial behavior.
- To check the effect of Self-Esteem on financial behavior.

- To check the effect of financial knowledge (FK), Self-control (SC), and self-esteem (SE) on financial behaviour (FB) with mediating role of financial anxiety (FA).

Significance of the study;

Cognitive variables influence investor financial behavior. This study examines the impact or effectof several cognitive characteristics on investor financial behavior (FB), with financial anxiety acting as a mediator or mediating variable. Previous research has shown that financial concern has a bigger influence on financial behavior. This study will look at how cognitive aspects influence investors' financial decisions, with financial anxiety acting as a mediator. Our research will assist investors in understanding how certain elements such as "financial knowledge, self-control, self-esteem, and financial anxiety" influence their financial decision making process. This study also has certain societal advantages, this effort adds to the academic environment, for the students whowill work after us for investors to make investment decisions.

2- LITERATURE REVIEW

According to Delaney and Lades (2017) in the economic sector, temporal preferences are commonly utilized to conceive self-control. Self-control failures can be explained by thinking that people are more patient and attentive while making long-term decisions than when making short-term decisions (Lades & Hofmann, 2019). Self-control is therefore classified as a human attributeto prevent impulsive behavior, which is commonly referred to in finance theory as a decision time-inconsistency problem (Gather good, 2012). However, in the world of finance, even seemingly little decisions can have far-reaching consequences. Individuals' self-control levels may have a substantial impact on their financial behavior and well-being because when self-control fails, people make impulsive decisions such as compulsive shopping (Strömbäck et al., 2017).

The theory of planned behavior, developed by Ajzen (1991), concurs with such a connection between self-control and financial conduct. Overall, this hypothesis covers a variety of financial activities as well as other planning- and future-oriented human actions. According to the theory of planned behavior, attitudes, subjective standards, and perceptions of behavior control may all havea significant impact on someone's conduct (Ningsih, Widiyanto, & Sudarma, 2018).

However, the bulk of these researches was unable to show a clear connection between real financial conduct and personal financial awareness. Although they differ in how information is assessed andwhich behaviors are addressed, several types of research have shown a connection between knowledge and behavior. Collins et.al. (2008) reported data that cast doubt on the relationship between knowledge and conduct since they found no appreciable connection between sound financial knowledge and good financial behavior.

Knowledge specifically affected the likelihood that people would carry a debt, make only the minimal payments, be late, use cash advances, or max out their credit cards. The debate has focusedon having financial information that is objective in nature is up to this point. The high potential impact of financial knowledge that is subjective in nature (or self-assessed information) must alsobe taken into consideration.

Lack of financial literacy may be concerning for both normal consumers and rising or developing economies. It is necessary to have a firm grasp of financial principles to understand and sort out financial risks and avoid financial traps because failing to have a proper understanding of finances can lead to the collapse of emerging or even well-established economies. (Klapper, Lusardi, & Van Oudheusden, 2015)"Brown defines financial knowledge as the abilities and information that allow a person to make wise judgments when necessary (Henchoz & Spycher 2018). The most crucial element for the expansion of financial stability in any firm is knowledge of financial problems (Duflo, 2018).

Self-esteem has a variety of effects on our life, ranging from relationships and psychological well-being to academic and professional success. Self-

esteem is not an immutable quality since it mayvary as a result of ups and downs, successes and failures on both the personal and professional levels. Although the severity of this experience varies from person to person, it appears that its psychological repercussions change consistently with time (Ranyard, Mchugh, & Mcnair, 2017). Americans or foreigners who did not take part in financial education were more conscious to make costly financial decisions or "mistakes" (Delgadillo & Lee, 2021).

According to empirical studies (Mitchell &Lusardi, 2015), the financial well-being of those who don't participate in financial education suffers greatly. (Hastings & Mitchell, 2018; Hastings &Tejeda-Ashton, 2008; Hastings, Madrian, &Skimmyhorn, 2013; Jacobson, 2020) In financial education lack of participation there was associated with failure to do estate planning, failure that leads to save for emergencies or uncertainty, overspending, investments in assets that were either excessively risky or excessively safe, failure to pay credit card bills, retention of expensive mortgages, credit cards as well as failure to pay credit card bills.

Prospect theory

Kahneman and Tversky, (1979) were the first to propose prospect theory. Kahneman and Tversky (1974) write: Subjective probability is viewed as a quantifiable estimate of an idealized individual in current decision theory. If a person makes bets that adhere to defined rules or the theory's axioms, an internally valid, or logical, person's subjective measure for that person can be constructed. According to Kahneman and Tversky (1979), there are various characteristics of risky decision-making that contradict the core ideas of the Von Neuman-Morgenstem theory of utility. They claimed, for instance, that people give more weight to definite outcomes than probableones. It is also noted that the certainty effect causes risk-aversion when making decisions that include definite rewards and risk-seeking when making decisions that involve known losses (Kahneman & Tversky, 1979).

Variables

Dependent variable Financial Behavior

A person's financial conduct can be impacted by a variety of internal and external circumstances.The authors are examining the influence of three factors (financial knowledge, self-control, and self-esteem) on financial behavior in this study. Financial conduct is a person's attitude toward their financial condition and investments based on their perspective.

Independent variables

- **Financial Knowledge**

Financial knowledge means having the confidence, literacy, and skills needed to make financial decisions resulting in financial success and stability. This practice is supported by empirical evidence, as objective financial knowledge of an individual has always been linked positively and strongly linked with effective and informed financial decision-making behavior (Chen, H, Volpe, & R., 1998; H. Chen & Volpe, 1998). Understanding how to use credit, taxes, investing, knowingthe correct usage of credit cards and ways to avoid debt are all attributes of a person having betterfinancial knowledge (Brounen et al., 2016). Financial knowledge can be defined as the capabilityand expertise that an individual possesses to make responsible and rational decisions in time of need (Henchoz &Spycher, 2018). Lack of financial knowledge can be alarming for the investor asthe decision-making can be a complete disaster. Financial knowledge is frequently assessed either objectively or subjectively in the literature (Huston, 2010).

- **Self-Control**

Self-control is the concept of being responsible, wise, and authoritative upon you while making a decision. An example of self-control can be that choosing a full cake later is better than choosinga piece of cake now. According to this definition, a person can have control over themselves by not being impulsive and being responsible and acting upon facts and reasoning. Self-control avoidspeople from giving an impulsive and immediate reaction and conveys an appropriate response to a critical situation. Lack of self-control or insufficiency of self-control leads to poor financial behavior which

results in low levels of self-esteem and optimism. According to (Achtziger, Hubert, Kenning, Raab, & Reisch, 2015), it is quite likely that those with limited self-control are also compulsive spenders. Individuals lacking self-control and future planning had less money saved up, according to (Ali, 2020).

- **Self-Esteem**

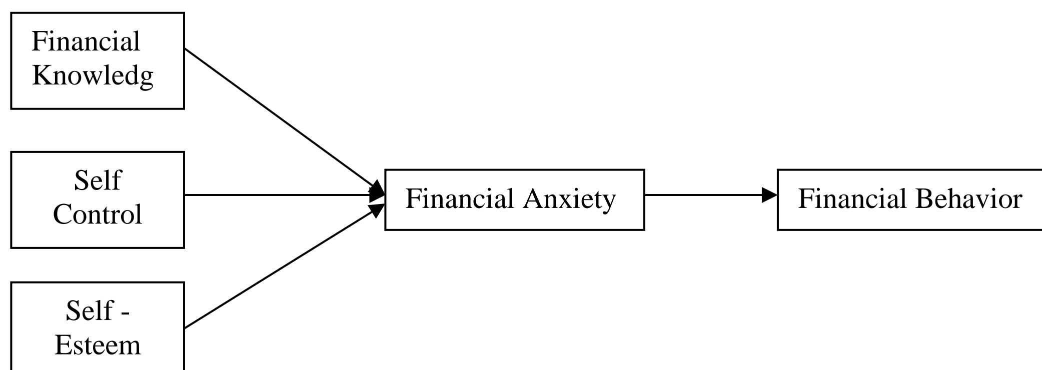
The definition of self-esteem is an attitude toward oneself and personal views on one's abilities, social connections, and future results. A decision made by the individual as an attitude towards themselves (Hewitt, 2011). Self-esteem is specific self-respect and self-worth determined by an individual according to their perception of how they think or react to different scenarios. Self- esteem can be described as a set of emotions and opinions related to oneself. Self-esteem is an individual's self-assessment of their attitude and personality to measure their self-worth. It is strongly believed that having a positive view or strong view towards self has many benefits. Individuals with strong self-esteem are seen to be mentally fit, strong and positive (Branden, 1994)(Taylor & Brown, 1988), however individuals having low self-esteem are considered to be mentally depressed and unhappy (Tennen & Affleck, 1993). Self-esteem has been a long-running psychological hot topic. How much value people place on themselves is the exact definition of self-esteem.

Mediating variable Financial Anxiety

When two individuals are exposed to the same level of stress, they both react to it in their voluntary responsive ways, but most of the reactions are involuntary responses. People can also react in a stressful way when they are caught by surprise or off guard. Financial anxiety has a significant and important impact/role on financial decisions. One may argue that financial anxiety influences financial decision-making for the better. According to the authors, cognitive factors have a significant direct and indirect impact on stock investing through retirement accounts, mutual funds, and both direct and indirect market participation (Gaudence, Patrick, & Denys, 2018).

Financial behavior is defined as being aware of and taking into account financial factors and conditions while making a thoughtful decision. Financial anxiety is one of the main cognitive factors in this conduct, among all other elements of human behavior. The link between the three variables self-esteem, financial literacy, and self-control is depicted in the model below. Demonstrating financial behavior in which financial anxiety serves as a mediator.

Conceptual Framework



Hypotheses of the study;

- H1: Financial behavior is positively influenced by self-control.
- H2: Financial behavior is positively influenced by self-esteem.
- H3: Financial behavior is positively influenced by financial knowledge.
- H4 (a): Financial anxiety mediates between self-control & financial behavior.
- H4 (b): Financial anxiety mediates between self-esteem and financial behavior.
- H4 (c): Financial anxiety mediates between financial knowledge and financial behaviour.

RESEARCH METHODOLOGY

Research Design

In this study, we select a quantitative research design. The framework of quantitative research design explores the numerous variables while adding numbers and statistics in a project to assess its findings. The primary method of data collecting, measurement, and analysis is the use of images, figures, and pie charts.

Primary data

The primary mode of obtaining data was used for this research. "Primary data is the information which is gathered directly from the source, such as interviews, surveys, and experiments". "Primary data is often acquired from the source from which the data emerged and is considered the best type of data in research".

Data collection

The data was collected in this study by using questionnaires from the investors of Pakistan. In this study, we chose a questionnaire for data collection; this is the method of gathering data using an apparatus that contains a series of questions and encourages respondents to respond to it. A

structured questionnaire was distributed to 250 invertors of Pakistan. The sample includes women investors and men inventors.

Population and Sample

In this study, the population is investors. The population is the entire group that you want to conclude and all population is investors that do investment and not about financial activities related to investment. In this study Sample study in Pakistan General Investors. A sample in a statistic like a sample group can be defined as a subset of the population as we describe that or subset or a sample is General Investor of Pakistan.

Sampling Technique

This study used the simple random technique to collect the data for convenience.

Tools of Data Analysis In this study following tools of data analysis are used. Descriptive summary Correlation matrix OLS regression. In this study for analysis SPSS software was used.

RESULTS AND ANALYSIS

Reliability Analysis

VARIABLES	CRONBACH ALPHA	No. of items
Financial knowledge	.856	5
Self-Control	.699	5
Self-Esteem	.855	5
Financial Anxiety	.714	5
Financial Behavior	.838	5

Alpha test is used in order to check the reliability of each factor. As shown in the above results the Cronbach alpha values of each variable are greater than .60. The Cronbach alpha value of financial knowledge is .856 or 85.6%, Self-Control is .699 or 69.9%, Self-Esteem is .855 or 85.5%, Financial Anxiety is .714 or 71.4% and Financial Behavior is .838 or83.8% which means all are greater than 60%. The no. Of items for each variable is 5 as mentioned in the table. So it is statedthat the data is real in nature.

Descriptive Summary

	N	Minimum	Maximum	Mean	Std. Deviation
GENDER	250	1.00	2.00	1.38	.487
QUALIFICATION	250	1.00	4.00	2.27	.463
AGEGROUP	250	1.00	4.00	1.9040	.28929
INCOME	250	1.00	4.00	2.1360	.3466
FK	250	1.00	5.00	3.7704	.31211
SC	250	1.00	5.00	3.6987	.29243
SE	250	1.00	5.00	3.2184	.19822
FA	250	1.00	5.00	3.2104	.38335
FB	250	1.00	5.00	3.0264	.10439
Valid N (list wise)	250				

A descriptive summary is used to check the behavior of the data. As shown in the results the

meanvalue of Gender is 1.38 and its minimum value is 1.00 and maximum value is 2.00 and the value of standard deviation (SD) is .487. The mean represents the core trend, whereas the standard deviation represents the risk factor. The standard deviation is low, indicating that this component poses less risk. Qualification has mean value of 2.27 with lowest and highest values of 1.00 and 4.00, respectively, .463 is the standard deviation. The mean represents the core trend, whereas thestandard deviation represents the risk factor. The standard deviation is low, indicating that this component poses less risk.

The Age group's mean value is 1.904, with lowest and highest values of 1.00 and 4.00, respectively, .28929 is the standard deviation. The mean represents the core trend, whereas the standard deviation represents the risk factor. The standard deviation is low, indicating that this component poses less risk. Income has a "mean value" of 2.136, with minimum or least and maximum values of 1.00 and 4.00 respectively, .3466 is the standard deviation. The mean represents the core trend, whereas the standard deviation represents the risk factor. The standard deviation is low, indicating that this component poses less risk. Also the mean value, with minimum and maximum and standard deviation of all variables is represented in table above.

Correlation Matrix

		FK1	SC1	SE1
FK1	Pearson Correlation	1		
	Sig. (2-tailed)			
	Pearson Correlation	.359**	1	
SC1	Sig. (2-tailed)	.000		
	Pearson Correlation	-.301**	.401**	1
SE1	Sig. (2-tailed)	.000	.000	
	N	250	250	250

The correlation matrix is used to check the correlation among independent factors. The highest value of this test is 70%. The correlation between financial knowledge and self-control is .359 or 35.9%. The correlation between independent variable financial knowledge and self-esteem is -.301 or -30.1%. The correlation between self-control and self-esteem is .401 or 40.1%. If any value exceeds 70%it shows the issue of multi-linearity in data. As shown in the above table there is no single value greater than 70%. It is stated that there is no issue of multi-co-linearity exists in data.

Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.506[a]	.256	.247	.45547

a. Predictors: (Constant), SE1, FK1, SC1

A model summary is used to check the fitness of the model and it is based or depend on the valueof R Square. In the above table, R shows the regression which is .506. R Square shows the explanatory power of the model which is .256 or 25.6%. It means the explanatory factor explaining the dependent variable with 25.6% power. Adjusted R Square shows the statistical change which is .247 or 24.7%.

ANOVA Test

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	792.015	3	264.005	28.279	.000[a]
	Residual	2296.629	246	9.336		
	Total	3088.644	249			

a. Predictors: (Constant), SE1, FK1, SC1

b. Dependent Variable: FB1

ANOVA shows that if the overall p-value is significant then the regression is possible on data. Asshown in the above results the total sum of squares is 3088.644, the degree of freedom of regressionis 3 and the residual is 246 so the total degree of freedom is 249. The significant value is .000 sothesignificant value is less than 5%. It is stated that the regression can be run in this data. The resultsfor regression are as follows:

OLS Regression

OLS regression is used to examine the link between variables' causes and effects. The sign of the coefficient indicates whether factors influence each other positively or negatively. Secondly, the p-value shows whether the variable is significant or insignificant. If the probability is less than 5%it is stated that the factor has a significant relationship with DV. If the probability is more than 5%,the link or association between the independent and dependent variables is negligible or non- existent.

Model		(Constant)	1.655	Beta	t	Sig.
1	FK	.344	.269		6.162	.000
	SC	.187	.060	.397	5.754	.000
	SE	.119	.073	.184	2.556	.011
	SE	.119	.050	.169	2.400	.017

Table 5.6.1 Direct path result

The beta coefficient for Financial Knowledge is positive at .344 and its probability is significant at .000. It shows that there is a positively significant relationship exists between financial knowledge and the dependent variable which is financial behavior. It is also stated that due to increase of .344 units in financial knowledge caused the 99% increase in the dependent variable. So, the H3 is accepted. The relationship is also supported or also founded in the previously existingbody of literature which is as follows.

The basic idea of mainly financial education (FE) programs is that when there is increase in someone's objective financial knowledge than it can lead to better financial decisions. This approach is supported by empirical research since objective financial information has been connected to responsible financial conduct "(Chen &Volpe, 1998); (Lusardi& Mitchell, 2007); (Robb &Woodyard, 2011)".

The beta coefficient for Self-Control is positive at .187 and its probability is significant at .011. It indicates that there is positive significant relationship or association exist between self-control and the dependent variable which is financial behavior. So, the H1 is also accepted. It is also stated that due to increase of .187 units in self-control caused the 99% increase in the dependent variable.The relationship is also supported or also founded in the previously existing body of literature which is as follows.

All economic agents' financial behavior is influenced by self-control. When it comes to self-control, an individual is seen as a unit (Thaler and Shefrin, 1981). Contradictions between people'sacts and sentiments might be confusing, yet inner strength cultivates self-control (Baumeister, 2002). Using three main components of self-control: planning, monitoring, and commitment, (Biljanovska&Palligkinis, 2018) revealed that self-control is significantly related to domestic net wealth and financial stress. Self-control helps with decision-making, determination, and future prospects in becoming rich or renowned. It seems that lack of self-control leads to irrational decision-making of an investor, low self-esteem, and behavioral disasters.

The beta coefficient for Self-Esteem is positive at .119 and its probability is significant at .017. There is a positive significant relation between self-esteem and the dependent variable, financial behavior.It is also stated that due to increase of .119 units in self-esteem caused the 99% increasein the dependent variable. So, H2 is also accepted. The relationship is also supported or also founded in the previously existing body of literature which is as follows.

Self-esteem influences subjective financial knowledge of an individual, which in turn influences financial behavior of an individual. Objective knowledge, according to (Hadar et al., 2013), is more strongly associated and positively, whereas subjective knowledge is more strongly related toproduct-related experience and customers' confidence is helpful in order to make good judgments.Also it get analyzed or hypothesize that people with greater levels of subjective financial knowledge of an individual are more likely to participate and responsible of financial behavior of an investor, even after adjusting for objective financial knowledge and other socioeconomic characteristics.

Testing Mediation Hypotheses

The research model of this study presented in figure 5.6.1, proposed the RM structured on internal control (i.e. FA methods and internal controls) as a mediator between independent variables and dependent variables according to the authors (Baron and Kenny,1986).

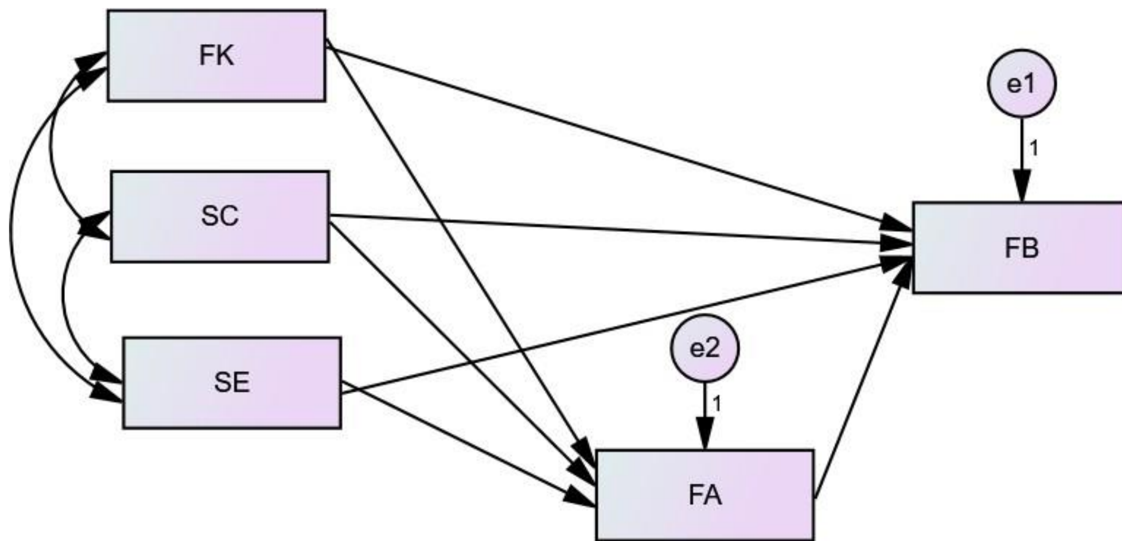


Figure 5.6.1: Structural Equation Model: Direct and Indirect Effects with mediation

In this connection, the author completes this analysis in two steps. In the first step, the author checks the impact of independent variables on mediating variables i.e. FA methods. In the second step, the investigator confirms the association of mediating variables with dependent variable i.e.FB. Similarly, Baron and Kenny (1986) also specified prerequisite conditions for a mediating variable in the model.

The conditions are (i) There must be a significant association among independent and dependent variables. (ii) There is a significant association among independent variable and mediator, (iii) also the mediator significantly associates with the dependent variable, and (iv) finally, direct path among the independent and dependent variables should be significantly reduced (indication for partial mediation existence) when the mediator is added between them or if it is insignificant (indication for full mediation).

The direct path result is already shown in table 5.6.1 and indirect path result is represented in table5.6.2.

		B	Std. Error	Beta	t	Sig
1	(Constant)	1.663	.319		5.213	.000
	FA	2.15	.094	2.05	.049	.016
	FK	.296	.062	.298	5.590	.000
	SC	.112	.077	.135	2.440	.009
	SE	.100	.050	.118	2.382	.012

a. Dependent Variable: FB

Table 5.6.2 Indirect path result

According to Baron and Kenny (1986), to test the mediation effects, there is a need to compare the estimate of the direct and indirect path and significance. SO, the analysis of table 5.6.3 shows thatthe coefficient of FK have been reduced from 0.344 to 0.296 and SC have been reduced from 0.187 to 0.112 and SC have been reduced from 0.119 to 0.100, and there is significant relationship between independent variables and dependent variable. It indicates that partial mediation is existing in the relationship between independent variables and dependent variables. Hence by which the hypothesis H4 (a, b, c) is supported.

Table 5.6.3: Summary of Hypotheses results of H4 Path

		Coefficient	Sig.	Coefficient	Sig.
FK	FB	0.344	.000	0.296	.000
SC	FB	0.187	.011	0.112	.009
SE	FB	0.119	.017	0.100	.012

The relationship is also supported by previous body of literature which is as follow. Financial anxiety has a significant impact on financial decisions. One may argue that financial anxiety influences financial decision-making for the better. According to the authors, cognitive factors have a significant direct and indirect impact on stock investing through retirement accounts, mutual funds, and both direct and indirect market participation (Hastings & Tejeda-Ashton, 2011).

KEY FINDINGS AND FUTURE RECMMONDATIONS

Key Findings

With the help of our research, we were able to determine that financial knowledge can help a person to make better decisions regarding financial matters hence there is a positive relationship and strong association between financial behavior of an investor and financial knowledge of an investor. It is seen from our research that self-esteem is associated to financial behavior directly. The association among financial behavior and self-esteem is positive and the possible reason for this phenomenon is that people those who are having high self-esteem they tend to make better decisions keeping their benefits in their mind which are not influenced by any external factor and the same phenomenon goes for the self-control the more control an investor has over himself willlead him towards better financial decisions. With our survey, we were able to determine that financial anxiety, is associated positively by investors but it is for sure that it does mediate betweencognitive factors and financial behavior.

Conclusion

This study was done to evaluate the connection between "financial anxiety, self-esteem and self-control, and financial knowledge with financial behavior". With the help of this research, we cameto understand the behavior of various types of investors that invest in several businesses. The research design is quantitative. For determining the influence of financial anxiety and knowledge,self-esteem, and self-control on the financial behavior of investors; primary data was utilized. Thesurvey was done among investors and 250 questionnaires were found practical for analysis. Questioners were distributed among the general investors of Pakistan and some of these investorswere shareholders. The questionnaire has been divided into six segments. Section one is comprisedof personal information whereas the rest of the 5 segments have 25 questions about the variables of our research. Through reliability, correlation, and regression

analysis we sum up our findings which are as follows.

Limitations

In this study, some limitations can be identified this study was conducted in a less developed market (Pakistan), and despite the time limitation for sampling simple random or convenience techniques were adopted which just only individuals from Pakistan and also convenient and having limited sample size 250 and this study targeted specific investors from Rawalpindi, Islamabad.

Implications

This study can use investors, policymakers, researchers, students, and investment decision managers or for all people whose financial behavior we measure in this study is implacable for those. Investors use this study to make their investment decisions. Students use this study for searching the literature for their studies. Investment decision managers use this study for making investment decisions for their investor's clients. Policymakers use this study for making different policies according to financial behavior.

Future Recommendations

In future time period the researchers can further expand by using various other psychological factors as well as behavioral factors that are having a significant impact on decision making of investors. Also it is stated that they can also collect the data on a wider level or greater scale to re-confirm the proposed form like in this research data just taken from one market Pakistan for more depth study research can go across the market and countries like in China the results occur totallyin a different angle so for comparison to this study across the market research.

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