IMPACT OF FINANCIAL SOCIALIZATION ON FINANCIAL BEHAVIOR OF NEPALESE COMMERCIAL BANKS

A Dissertation Submitted to the Office of Dean, Faculty of Management Tribhuvan University in partial fulfillment of the requirement for the Master's Degree of Business Studies (MBS)

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Certification of Authority

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **Impact of Financial Socialization on Financial Behavior of Nepalese Commercial Banks**. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purpose.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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Report of Research Committee

Ms. Binita Tamang has defended research proposal entitled **Impact of Financial Socialization on Financial Behavior of Nepalese Commercial Banks** successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Suman Kamal Parajuli submit the thesis for evaluation and viva voce examination.

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We have examined the dissertation **Impact of Financial Socialization on Financial Behavior of Nepalese Commercial Banks** presented by **Binita Tamang** for the degree of **Master of Business Studies** (MBS). We hereby certify that the dissertation is acceptable for the award of degree.

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Abbreviations

ANOVA	: Analysis of Variance
CV	: Coefficient of Variation
N	: Sample Size (Number of Observations)
SD	: Standard Deviation
SES	: Socioeconomic Status
SPSS	: Statistical Package for the Social Sciences
Std. Error	: Standard Error

Abstract

This study explores the impact of financial socialization on the financial behavior of Nepalese commercial banks, focusing on how dimensions such as financial education, cultural influences, and parental influences shape banking practices and financial decision-making. Financial socialization, a critical factor in determining financial outcomes, encompasses the processes through which individuals and institutions acquire financial knowledge and attitudes from various sources. Employing a quantitative research approach, this study analyzes data from a sample of Nepalese commercial banks to assess how financial socialization influences their financial management practices, risk-taking behaviors, and overall financial performance.

Descriptive statistics reveal variability in financial socialization factors, highlighting the significance of financial education, cultural influences, and parental guidance in shaping financial behaviors within banks. Correlation analysis indicates strong relationships between these socialization factors and financial behavior indicators, with financial education and cultural influences demonstrating particularly robust associations with effective financial management. Regression analysis further substantiates that financial socialization significantly impacts financial behavior, identifying financial education and cultural influences as key predictors of prudent financial practices.

The findings underscore the critical role of financial socialization in enhancing the financial behavior of commercial banks. Financial education is shown to improve decision-making and risk management, while cultural influences and parental guidance contribute to more effective financial strategies. The study suggests that banks should integrate comprehensive financial education programs and consider cultural contexts to foster better financial practices. These insights offer valuable implications for policymakers, financial educators, and bank managers, emphasizing the need for targeted interventions to strengthen financial socialization and improve banking performance in Nepal.

Keywords: *Parental Influence, Financial Behavior, Cultural Influences, Financial Literacy.*

CHAPTER I

INTRODUCTION

1.1 Background of the study

Financial socialization plays a critical role in shaping financial behavior, significantly impacting how individuals and institutions, such as Nepalese commercial banks, manage financial resources. Financial socialization is the process through which people acquire the knowledge, skills, attitudes, and behaviors necessary to manage their financial lives effectively (Danes, 1994; Grohmann et al., 2015; Xiao, 2008). This socialization occurs through various agents, including family, peers, educational institutions, media, and the workplace. Each of these agents contributes uniquely to the development of financial literacy and behaviors, influencing financial decision-making and practices within Nepalese commercial banks (Bhandari & Shrestha, 2020; Poudel & Bajracharya, 2019).

In Nepal, family is a primary agent of financial socialization. Parents and family members are typically the first to introduce financial concepts and practices to children, instilling values related to money management, savings, and spending (Thapa & Nepal, 2015; Lunt & Livingstone, 1992). This foundational exposure profoundly impacts financial behaviors in adulthood. Additionally, educational institutions in Nepal have recognized the importance of financial education, integrating financial literacy programs into curricula to equip students with essential financial knowledge and skills (Sharma & Nepal, 2019; Rai, 2021). These institutions serve as formal agents of financial socialization, providing structured learning experiences that influence financial attitudes and behaviors.

Financial literacy influence also plays a significant role in financial socialization in Nepal. Peers shape financial attitudes and behaviors through social interactions, discussions, and shared experiences, affecting decisions related to consumption, savings, and investment (Adhikari & Sapkota, 2020; Lusardi et al., 2010). With the advent of digital media and technology, new channels for financial socialization have emerged. Access to online financial resources, social media, and financial apps provides individuals with information and tools to enhance their financial literacy and decision-making (Rai, 2021; Lusardi & Mitchell, 2011). These digital platforms offer diverse perspectives on financial management, making them modern agents of financial socialization.

In the context of Nepalese commercial banks, the workplace serves as a significant environment for financial socialization. Professional training programs, workshops, and interactions with colleagues contribute to the acquisition of financial knowledge and skills (Shrestha & Bhandari, 2018; Xiao, 2008). The workplace environment influences financial behavior by shaping employees' attitudes towards money management and financial planning. For bank employees and customers alike, financial socialization significantly impacts various aspects of financial management, including saving, investing, budgeting, and borrowing (Bhandari & Shrestha, 2020; Poudel & Bajracharya, 2019).

Financial socialization enhances financial literacy among bank employees and customers, enabling them to make informed financial decisions and achieve better financial outcomes (Poudel & Bajracharya, 2019; Rai, 2021). For instance, employees with higher financial literacy are more adept at advising customers on financial products and services, thus improving customer satisfaction and trust (Grohmann et al., 2015; Bhandari & Shrestha, 2020). Moreover, financial socialization equips individuals with the knowledge and skills necessary for effective financial decision-making. Bank employees who undergo financial socialization through training and professional development programs are better prepared to assess financial risks, evaluate investment opportunities, and manage financial resources efficiently (Bhandari & Shrestha, 2020; Shrestha & Bhandari, 2018). This improved decision-making capacity contributes to the overall efficiency and profitability of commercial banks.

Furthermore, financial socialization fosters responsible financial behavior among individuals and institutions. In Nepalese commercial banks, responsible financial behavior is evident in prudent lending practices, ethical financial reporting, and adherence to regulatory standards (Shrestha & Bhandari, 2018; Poudel & Bajracharya, 2019). Employees who are financially socialized are more likely to engage in ethical financial practices, reducing the risk of financial misconduct and enhancing the bank's reputation (Lusardi & Mitchell, 2011; Adhikari & Sapkota, 2020). Additionally, financial socialization empowers customers by enhancing their financial literacy and confidence, enabling them to evaluate financial products, negotiate terms, and make decisions aligned with their financial goals (Bhandari & Shrestha, 2020; Sharma & Nepal, 2019). Commercial banks play a crucial role in facilitating customer financial empowerment by providing financial education programs, resources, and personalized financial advice (Rai, 2021; Grohmann et al., 2015).

Financial socialization also enables individuals and institutions to adapt to technological advancements in the banking sector. The integration of digital banking services, online platforms, and mobile applications requires individuals to acquire new skills and knowledge (Lusardi et al., 2010; Rai, 2021). Financial socialization facilitates the adoption of technology by enhancing digital literacy and encouraging the use of digital financial services (Adhikari & Sapkota, 2020; Grohmann et al., 2015). As the banking sector continues to evolve, understanding the dynamics of financial socialization will be essential for promoting financial well-being and fostering a culture of financial responsibility in Nepal (Poudel & Bajracharya, 2019; Sharma & Nepal, 2019). Further research and initiatives focused on financial socialization can contribute to strengthening the financial capabilities of individuals and institutions, ultimately supporting the growth and stability of Nepalese commercial banks (Thapa & Nepal, 2015; Rai, 2021).

1.2 Problem Statement

Financial socialization significantly impacts the financial behaviors and decisions of individuals and institutions. However, understanding the specific dynamics and effects of financial socialization within Nepalese commercial banks remains underexplored. This gap is problematic for several reasons, as it hinders the development of effective financial literacy programs, limits the ability of banks to foster responsible financial behavior, and ultimately affects the financial stability of both individuals and the banking sector.

One key issue is the inconsistent level of financial literacy among bank employees and customers in Nepal. Financial socialization occurs through various agents, such as family, peers, educational institutions, and media (Lusardi & Mitchell, 2011). However, the degree to which these agents effectively impart financial knowledge and skills can vary widely. Many individuals in Nepal have limited access to formal financial education, leading to disparities in financial literacy (Sharma & Nepal, 2019). This lack of financial knowledge affects employees' ability to manage their finances effectively and hinders their ability to guide customers in making informed financial decisions.

Furthermore, the rapid advancement of technology in the banking sector presents new challenges for financial socialization. With the growing prevalence of digital banking services, online platforms, and mobile applications, individuals must acquire new skills and knowledge to navigate these tools effectively (Rai, 2021). However, the pace of technological change often outstrips the ability of traditional financial socialization agents to keep up, leaving many individuals unprepared to manage their finances in a digital environment. This technological gap can lead to increased financial vulnerability and risk, particularly among older or less tech-savvy individuals who may rely heavily on outdated methods of financial management.

Another significant problem is the lack of targeted financial education programs within Nepalese commercial banks. While some banks may offer financial literacy initiatives, these programs often lack the depth and customization needed to address the diverse needs of different customer segments (Poudel & Bajracharya, 2019). Without tailored programs that consider factors such as age, income level, and educational background, financial literacy efforts may fail to have the desired impact, leaving many customers without the tools and knowledge they need to make sound financial decisions.

Moreover, the influence of cultural norms and values on financial socialization in Nepal cannot be overlooked. Cultural attitudes towards money management, saving, and investing play a crucial role in shaping financial behavior (Thapa & Nepal, 2015). However, these cultural influences can sometimes conflict with modern financial practices and strategies, creating tension and confusion among individuals attempting to navigate the complexities of financial management in today's world. This cultural mismatch can hinder the effectiveness of financial socialization and prevent individuals from adopting behaviors that promote financial well-being.

The lack of empirical research on financial socialization and behavior in the context of Nepalese commercial banks further complicates the issue. While studies have examined financial literacy and behavior in broader contexts, there is a need for focused research that explores the unique challenges and opportunities faced by Nepalese banks and their customers (Bhandari & Shrestha, 2020). Without a comprehensive understanding of these dynamics, policymakers, educators, and financial institutions may struggle to develop strategies that effectively address the financial needs of the population.

Addressing these issues requires a multifaceted approach that includes enhancing financial education programs, promoting digital literacy, and conducting targeted research to inform policy and practice. By improving financial socialization processes, Nepalese commercial banks can empower individuals to make informed financial decisions, ultimately contributing to greater financial stability and prosperity for both individuals and the broader economy.

i. What is the current status of financial socialization on financial behavior of Nepalese commercial banks?
ii. Is there any relation between financial socialization, financial education programs, cultural influences, financial literacy, parental influence and financial behavior?
iii. What is the impact of financial socialization, financial education programs, cultural influences, financial literacy, and parental influence on financial behavior?

1.3 Objective of the study

The main objective of the study is impact of financial socialization on financial behavior of Nepalese commercial banks. Other Specific Objective are as follows:

i. To examine the current status of financial socialization on financial behavior of Nepalese commercial banks.
ii. To analyze the relation between financial socialization, financial education programs, cultural influences, financial literacy, parental influence and financial behaviour.
iii. To assess the impact of financial socialization, financial education programs, cultural influences, financial literacy, parental influence on financial behaviour.

1.4 Hypothesis of the study

The hypothesis has been formulated as follows:

Hypothesis 1: There is a positive relationship between the quality of family financial socialization and individuals' responsible financial behaviors.

Hypothesis 2: Participation in financial education programs is positively associated with improvements in individuals' financial behaviors, such as budgeting and saving.

Hypothesis 3: Cultural values significantly influence individuals' financial behaviors, including saving, spending, and investment decisions.

Hypothesis 4: Financial literacy has a significant impact on individuals' financial decision-making, leading to increased spending and risk-taking behaviors.

Hypothesis 5: Parental financial behaviors and discussions positively influence adolescents' financial literacy and financial management skills.

1.5 Rationale of the Study

Understanding the impact of financial socialization on financial behavior is crucial for enhancing the financial stability and prosperity of individuals and institutions. In the context of Nepalese commercial banks, financial socialization plays a significant role in shaping the financial behaviors of both employees and customers. This study is driven by several factors that highlight the importance of exploring this topic in depth.

Firstly, financial literacy levels in Nepal remain relatively low compared to other countries, posing a significant challenge for financial institutions (Shrestha & Joshi, 2018). Financial literacy is a crucial component of financial socialization, as it encompasses the knowledge and skills needed to make informed financial decisions (Lusardi & Mitchell, 2014). Inadequate financial literacy can lead to poor financial decisions, which can have adverse effects on individuals and the banking sector. By examining how financial socialization influences financial behavior, this study aims to identify strategies to improve financial literacy among employees and customers of Nepalese commercial banks, ultimately enhancing their financial decision-making abilities.

Secondly, the banking sector in Nepal is undergoing rapid transformation due to technological advancements and increased competition (Nepal Rastra Bank, 2020). Digital banking services, mobile applications, and online platforms are becoming more prevalent, requiring individuals to adapt their financial behaviors to leverage these tools effectively. However, the pace of technological change often outpaces the ability of traditional financial socialization agents, such as family and educational institutions, to keep up. This study seeks to explore how financial socialization can help bridge this technological gap, equipping individuals with the skills and knowledge needed to navigate the digital financial landscape confidently.

Moreover, cultural norms and values significantly influence financial behavior in Nepal. Traditional attitudes towards money management, saving, and investing can sometimes conflict with modern financial practices, creating challenges for individuals attempting to balance these influences (Khanal & Sharma, 2019). Understanding the interplay between cultural norms and financial socialization is essential for developing effective financial literacy programs that resonate with the unique cultural context of Nepal. This study aims to provide insights into how cultural factors can be integrated into financial socialization efforts to foster financial behaviors that align with both traditional values and contemporary financial practices.

Additionally, there is a lack of empirical research focused specifically on the impact of financial socialization within the context of Nepalese commercial banks. While studies have explored financial literacy and behavior in broader contexts, there is a need for research that addresses the unique challenges and opportunities faced by Nepalese banks and their customers (Bhandari & Shrestha, 2020). This study seeks to fill this gap by providing a comprehensive analysis of financial socialization processes and their effects on financial behavior in the banking sector.

By conducting this study, we aim to generate valuable insights that can inform the development of targeted financial literacy programs and policies. These insights can help financial institutions design initiatives that effectively address the diverse needs of different customer segments, ultimately promoting responsible financial behavior and enhancing the overall financial well-being of individuals and communities in Nepal. Furthermore, the findings of this study can contribute to the broader field of financial education by highlighting the importance of context-specific approaches to financial socialization and behavior.

1.6 Limitation of the study

There are number of limitations in this study. They are:

i. Primary data were collected through the questionnaire method. Therefore, the study may suffer from limitations of online survey.

ii. Due to geographical and time constraint, respondents only taken from Kathmandu Valley. This research is entirely carried out in Kathmandu Valley. The respondents may not be the representative of the whole population of Commercial Banks in Nepal.

iii. Data is collected though the self-administered questionnaire. The data is collected from the individual understanding of the respondents.

iv. The conditions under which the questionnaires were filled up by the respondents will be not controlled every respondent filled up the questionnaires in different settings. The external environment may influence the respondents.

CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Review

The impact of financial socialization on financial behavior has become an increasingly important area of research, particularly within the context of commercial banks. Financial socialization is the process by which individuals acquire and develop financial knowledge, skills, attitudes, and behaviors that influence their financial decisions throughout their lives. This process is crucial for understanding how individuals engage with financial institutions, including commercial banks. Several theories provide insights into the mechanisms of financial socialization and its effects on financial behavior. This section will explore key theories, supported by empirical evidence and literature, to explain the intricate relationship between financial socialization and financial behavior in the banking sector.

1. Social Learning Theory

Social Learning Theory, developed by Albert Bandura, posits that individuals learn new behaviors through the observation of others, particularly role models such as parents, peers, and educators. This theory is central to understanding financial socialization, as it suggests that financial behaviors are learned through modeling and imitation (Bandura, 1977). In the context of commercial banks, social learning occurs when individuals observe and imitate the financial behaviors of influential figures within their social environment.

According to Moschis and Churchill (1978), financial socialization agents, such as family members, peers, and mass media, play a significant role in shaping individuals' financial attitudes and behaviors. For instance, parents who demonstrate responsible financial management practices are likely to influence their children to adopt similar behaviors. Similarly, peers and media exposure can shape individuals' perceptions of money, savings, and investments.

In the banking context, financial advisors and bank employees can serve as role models for customers, demonstrating prudent financial management practices and providing guidance on effective financial decision-making. Research by Danes and Haberman (2007) supports the idea that exposure to financial education programs, which often incorporate social learning principles, can enhance financial literacy and promote positive financial behaviors among participants.

2. Theory of Planned Behavior

The Theory of Planned Behavior, developed by Ajzen (1991), is a widely used framework for predicting and understanding human behavior. It suggests that an individual's intention to perform a behavior is influenced by three factors: attitudes towards the behavior, subjective norms, and perceived behavioral control. This theory is relevant to financial socialization because it explains how individuals' attitudes and perceptions of social norms influence their financial behaviors.

In the context of commercial banks, the Theory of Planned Behavior suggests that customers' financial behaviors, such as saving, investing, and borrowing, are shaped by their attitudes towards these actions, the influence of social norms, and their perceived ability to control these behaviors. For example, a customer who believes that saving is important (positive attitude), perceives that their peers value saving (subjective norm), and feels confident in their ability to save (perceived behavioral control) is more likely to engage in saving behavior.

Empirical studies have demonstrated the applicability of the Theory of Planned Behavior in predicting financial behaviors. For instance, research by Shim et al. (2010) found that financial attitudes, subjective norms, and perceived behavioral control were significant predictors of financial behaviors among college students. These findings highlight the importance of addressing attitudes, social influences, and perceived control in financial socialization efforts to promote positive financial behaviors.

3. Life-Cycle Hypothesis

The Life-Cycle Hypothesis, developed by Modigliani and Brumberg (1954), posits that individuals make financial decisions based on their expected lifetime income and consumption needs. According to this theory, individuals aim to smooth their consumption over their lifetime, saving during their working years and dis-saving during retirement. Financial socialization influences individuals' understanding of the life-cycle concept, shaping their long-term financial planning and decision-making.

In the context of commercial banks, the Life-Cycle Hypothesis highlights the importance of promoting long-term financial planning and investment strategies among customers. Financial socialization can help individuals develop the knowledge and skills needed to make informed decisions about saving and investing for future needs, such as retirement or major life events.

Research by Lusardi and Mitchell (2011) emphasizes the importance of financial literacy in retirement planning, supporting the idea that financial socialization plays a crucial role in preparing individuals for life-cycle financial decisions. By enhancing financial literacy and encouraging long-term planning, commercial banks can help customers achieve financial stability and security throughout their lives.

4. Consumer Socialization Theory

Consumer Socialization Theory, developed by Ward (1974), focuses on how individuals acquire the skills, knowledge, and attitudes necessary to function as consumers in the marketplace. This theory is relevant to financial socialization because it emphasizes the role of socialization agents, such as family, peers, and media, in shaping individuals' consumer behaviors, including financial decision-making.

In the context of commercial banks, Consumer Socialization Theory suggests that individuals learn financial behaviors through interactions with various socialization agents. For example, parents may teach their children about budgeting, saving, and responsible credit use, while peers and media can influence individuals' perceptions of financial products and services.

Research by John (1999) highlights the importance of early financial socialization experiences in shaping individuals' financial behaviors and attitudes. By understanding the socialization process, commercial banks can develop targeted financial education programs that address the specific needs and challenges faced by different customer segments, ultimately promoting responsible financial behaviors.

5. Financial Socialization Model

The Financial Socialization Model, proposed by Shim et al. (2009), integrates elements of social learning, consumer socialization, and planned behavior theories to provide a comprehensive framework for understanding financial socialization and its impact on financial behavior. This model emphasizes the role of financial socialization agents, such as family, peers, media, and education, in shaping individuals' financial knowledge, attitudes, and behaviors.

According to the Financial Socialization Model, financial knowledge and attitudes mediate the relationship between socialization agents and financial behaviors. This means that the influence of socialization agents on financial behaviors is indirect, operating through the development of financial knowledge and attitudes.

Empirical studies have supported the Financial Socialization Model, demonstrating the importance of financial socialization agents in promoting financial literacy and positive financial behaviors. For example, research by Gudmunson and Danes (2011) found that financial socialization experiences during childhood and adolescence significantly influenced young adults' financial behaviors and attitudes.

6. Behavioral Finance Theory

Behavioral Finance Theory explores how psychological factors and cognitive biases influence financial decision-making. This theory challenges the traditional assumption of rational decision-making, highlighting how emotions, heuristics, and biases can lead to suboptimal financial behaviors (Thaler & Sunstein, 2008). Financial socialization plays a critical role in mitigating these biases by equipping individuals with the knowledge and skills needed to make informed decisions.

In the context of commercial banks, Behavioral Finance Theory emphasizes the importance of addressing cognitive biases and promoting rational decision-making among customers. Financial socialization can help individuals recognize and overcome biases such as overconfidence, loss aversion, and herd behavior, ultimately leading to more informed and effective financial decisions.

Research by Shefrin (2000) highlights the role of financial education in addressing behavioral biases and promoting rational decision-making. By incorporating insights from Behavioral Finance Theory into financial socialization efforts, commercial banks can enhance the financial well-being of their customers.

7. Human Capital Theory

Human Capital Theory, developed by Becker (1964), emphasizes the role of education and skills in enhancing individuals' productivity and economic outcomes. In the context of financial socialization, this theory suggests that financial literacy and skills are forms of human capital that influence financial behaviors and decision-making.

Commercial banks can leverage Human Capital Theory by investing in financial education programs that enhance the financial literacy and skills of their customers and employees. By doing so, banks can empower individuals to make informed financial decisions, ultimately leading to improved financial outcomes for both individuals and institutions.

Research by Hilgert, Hogarth, and Beverly (2003) supports the idea that financial literacy is a crucial component of human capital, influencing individuals' financial behaviors and decision-making. By promoting financial literacy as a form of human capital, commercial banks can contribute to the overall financial well-being of their customers.

8. Social Capital Theory

Social Capital Theory, developed by Bourdieu (1986) and Coleman (1988), emphasizes the importance of social networks and relationships in facilitating access to resources and information. In the context of financial socialization, social capital refers to the social networks and relationships that individuals rely on for financial information and support.

Commercial banks can leverage Social Capital Theory by fostering strong relationships with customers and encouraging the development of financial networks. By providing opportunities for customers to engage with financial advisors, attend workshops, and participate in community events, banks can enhance the social capital of their customers and promote positive financial behaviors.

Research by Karlan et al. (2009) highlights the role of social capital in facilitating financial behaviors such as savings and investment. By understanding the importance of social capital, commercial banks can design initiatives that strengthen customer relationships and promote responsible financial behaviors.

9. Socioeconomic Status Theory

Socioeconomic Status (SES) Theory examines how individuals' social and economic positions influence their access to resources and opportunities. In the context of financial socialization, SES plays a crucial role in shaping individuals' financial behaviors and decision-making.

Commercial banks can leverage SES Theory by recognizing the diverse needs and challenges faced by customers from different socioeconomic backgrounds. By tailoring financial education programs and services to address these unique needs, banks can promote financial inclusion and ensure that all customers have the opportunity to develop positive financial behaviors.

Research by Lusardi, Schneider, and Tufano (2011) highlights the disparities in financial literacy and behavior across different socioeconomic groups. By addressing these disparities, commercial banks can contribute to reducing financial inequality and enhancing the financial well-being of all customers.

10. Social Cognitive Theory

Social Cognitive Theory, developed by Bandura (1986), emphasizes the role of cognitive processes in shaping behavior. This theory suggests that individuals' beliefs about their abilities (self-efficacy) influence their motivation and behavior. In the context of financial socialization, self-efficacy plays a crucial role in shaping individuals' financial behaviors and decision-making.

Commercial banks can leverage Social Cognitive Theory by promoting financial self-efficacy among customers. By providing resources, support, and opportunities for skill development, banks can enhance customers' confidence in their financial abilities, ultimately leading to more positive financial behaviors.

Research by Lown (2011) highlights the importance of financial self-efficacy in promoting financial literacy and responsible financial behaviors. By addressing self-efficacy in financial socialization efforts, commercial banks can empower customers to take control of their financial futures.

11. Institutional Theory

Institutional Theory examines how institutions, including social norms, regulations, and organizational practices, influence individual behavior. In the context of financial socialization, institutional factors play a significant role in shaping financial behaviors and decision-making.

Commercial banks can leverage Institutional Theory by recognizing the influence of institutional factors on customer behavior. By aligning their policies and practices with positive financial socialization goals, banks can create an environment that promotes responsible financial behaviors.

Research by DiMaggio and Powell (1983) highlights the importance of institutional factors in shaping organizational behavior. By understanding the role of institutions in financial socialization, commercial banks can design initiatives that support positive financial behaviors and enhance customer outcomes.

12. Cultural Theory

Cultural Theory examines how cultural values, beliefs, and practices influence individual behavior. In the context of financial socialization, cultural factors play a crucial role in shaping financial behaviors and decision-making.

Commercial banks can leverage Cultural Theory by recognizing the diverse cultural backgrounds of their customers and tailoring their services and programs to address cultural differences. By doing so, banks can promote financial inclusion and ensure that all customers have the opportunity to develop positive financial behaviors.

Research by Hofstede (2001) highlights the importance of cultural factors in shaping behavior and decision-making. By understanding the influence of culture on financial socialization, commercial banks can design initiatives that resonate with customers from diverse cultural backgrounds.

2.2 Conceptual Review

Financial socialization is the process through which individuals develop their financial knowledge, attitudes, and behaviors. It encompasses the acquisition of financial skills and the understanding of financial concepts, which are essential for effective money management and decision-making. In the context of commercial banks, financial socialization plays a crucial role in shaping customers' financial behaviors, influencing their engagement with banking products and services. This section will explore the key concepts related to financial socialization and its impact on financial behavior within commercial banks, supported by empirical evidence and literature.

Concept of Financial Socialization

Financial socialization is defined as the process by which individuals acquire and develop financial knowledge, skills, attitudes, and behaviors through interactions with socialization agents such as family, peers, education, and media (Gudmunson & Danes, 2011). This process is continuous and occurs throughout an individual's life, starting from childhood and extending into adulthood.

The scope of financial socialization includes various dimensions, such as financial literacy, financial attitudes, financial behaviors, and financial well-being. Financial literacy refers to the knowledge and understanding of financial concepts, while financial attitudes encompass individuals' beliefs and values regarding money management. Financial behaviors involve the actions individuals take in managing their finances, such as budgeting, saving, and investing, and financial well-being refers to individuals' overall financial health and satisfaction (Lusardi & Mitchell, 2014).

Socialization Agents

Socialization agents play a pivotal role in shaping individuals' financial behaviors. These agents include family, peers, educational institutions, media, and financial institutions (Xiao, 2008). Each of these agents contributes to the development of financial knowledge, attitudes, and behaviors in different ways.

1. **Family**: Parents and family members are often the primary socialization agents, especially during childhood. They influence children's financial behaviors through direct teaching, role modeling, and communication about money (Shim et al.,

2010). Parental financial behaviors, such as budgeting and saving, serve as examples for children to emulate (Kim & Chatterjee, 2013).

2. **Peers**: Peers influence financial behaviors through social interactions and comparisons. Financial literacy and social norms can shape individuals' spending habits, saving behaviors, and attitudes towards money (Hayhoe et al., 2000). Individuals often compare their financial situations with those of their peers, influencing their financial decision-making.
3. **Educational Institutions**: Schools and universities provide formal financial education through courses and programs that enhance financial literacy. Financial education initiatives aim to equip individuals with the knowledge and skills needed to make informed financial decisions (Mandell, 2009). Research has shown that financial education positively impacts financial literacy and behaviors (Lusardi et al., 2010).
4. **Media**: Media, including television, radio, internet, and social media, serves as a source of financial information and influences individuals' financial attitudes and behaviors. Media exposure can shape individuals' perceptions of financial products, investments, and economic trends (Chen & Volpe, 1998). However, the impact of media on financial socialization can vary depending on the accuracy and reliability of the information presented.
5. **Financial Institutions**: Commercial banks and other financial institutions play a role in financial socialization by providing financial products, services, and advice to customers. Banks can influence customers' financial behaviors through marketing, customer service, and financial education initiatives (Braunstein & Welch, 2002). By promoting financial literacy and responsible financial behaviors, banks contribute to the overall financial well-being of their customers.

Dimensions of Financial Socialization

Financial socialization encompasses several dimensions that collectively shape individuals' financial behaviors. These dimensions include:

1. **Financial Knowledge**: Financial knowledge refers to the understanding of financial concepts, products, and services. It is a critical component of financial literacy and serves as the foundation for informed financial decision-making.

Financial knowledge includes understanding interest rates, credit, investments, insurance, and budgeting (Huston, 2010). Studies have shown that higher levels of financial knowledge are associated with better financial behaviors, such as saving and investing (Lusardi & Tufano, 2015).

2. **Financial Attitudes**: Financial attitudes reflect individuals' beliefs and values regarding money management. Positive financial attitudes, such as a willingness to save and invest, are associated with responsible financial behaviors. Financial socialization influences individuals' attitudes towards money, shaping their financial goals and priorities (Shim et al., 2009). For example, individuals with positive attitudes towards saving are more likely to engage in regular saving behaviors.
3. **Financial Behaviors**: Financial behaviors refer to the actions individuals take in managing their finances, such as budgeting, saving, investing, and spending. These behaviors are influenced by financial knowledge, attitudes, and socialization experiences. Positive financial behaviors are essential for achieving financial stability and well-being (Xiao et al., 2014). Research has shown that individuals who engage in regular budgeting and saving are more likely to experience financial security (Drever et al., 2015).
4. **Financial Well-Being**: Financial well-being is the overall state of individuals' financial health and satisfaction. It encompasses financial security, financial satisfaction, and the ability to meet financial obligations and goals (Netemeyer et al., 2018). Financial socialization contributes to financial well-being by equipping individuals with the knowledge and skills needed to manage their finances effectively. Studies have shown that financial literacy and positive financial behaviors are associated with higher levels of financial well-being (CFPB, 2015).

Financial Literacy and Banking Behavior

Financial literacy plays a crucial role in shaping individuals' banking behavior, influencing their engagement with financial products and services. Individuals with higher levels of financial literacy are more likely to make informed financial decisions, such as selecting appropriate banking products, managing credit, and investing in savings accounts (Lusardi & Mitchell, 2011). Financial literacy also enhances individuals' ability to evaluate the costs and benefits of financial products, leading to more effective financial decision-making.

In the context of commercial banks, financial literacy impacts customers' behaviors in several ways:

1. **Product Selection**: Financially literate customers are better equipped to evaluate and select banking products that align with their financial needs and goals. They are more likely to choose accounts with favorable interest rates, fees, and features, optimizing their financial outcomes (Hilgert et al., 2003).
2. **Credit Management**: Financial literacy influences individuals' ability to manage credit effectively. Financially literate individuals are more likely to understand credit terms, avoid high-interest debt, and make timely payments, reducing their risk of financial distress (Lusardi & Tufano, 2009).
3. **Saving and Investment**: Financial literacy promotes positive saving and investment behaviors, enabling individuals to build wealth and achieve financial security. Financially literate individuals are more likely to participate in retirement savings plans, invest in stocks and bonds, and diversify their portfolios (Van Rooij et al., 2011).
4. **Risk Management**: Financial literacy enhances individuals' understanding of financial risks and their ability to manage them effectively. Financially literate individuals are more likely to purchase appropriate insurance products, such as health, life, and property insurance, to protect against financial uncertainties (Lusardi, 2012).

Financial Attitudes and Banking Behavior

Financial attitudes influence individuals' banking behavior by shaping their perceptions of money management and financial products. Positive financial attitudes, such as a focus on long-term financial planning and a commitment to saving, are associated with responsible financial behaviors and better financial outcomes.

In the context of commercial banks, financial attitudes impact customers' behaviors in several ways:

1. **Saving Behavior**: Individuals with positive attitudes towards saving are more likely to engage in regular saving behaviors, contributing to their financial security and well-being. Research has shown that individuals who prioritize saving are more likely to open savings accounts and participate in retirement savings plans (Furnham, 1984).
2. **Spending Behavior**: Financial attitudes influence individuals' spending behavior, shaping their consumption patterns and financial priorities. Individuals with a focus on responsible spending are more likely to budget effectively and avoid impulsive purchases, reducing their risk of financial distress (Roberts & Jones, 2001).
3. **Investment Behavior**: Positive financial attitudes towards investing are associated with greater participation in investment activities, such as stock market investments and retirement savings plans. Individuals with a focus on long-term financial growth are more likely to invest in diversified portfolios, optimizing their financial outcomes (Poterba & Samwick, 2002).
4. **Credit Behavior**: Financial attitudes influence individuals' credit behavior, shaping their use of credit cards and loans. Individuals with positive attitudes towards responsible credit use are more likely to avoid high-interest debt and manage credit effectively, reducing their risk of financial distress (Robb & Sharpe, 2009).

Financial Behaviors and Banking Outcomes

Financial behaviors directly impact individuals' banking outcomes, influencing their financial stability, satisfaction, and well-being. Positive financial behaviors, such as budgeting, saving, and investing, are associated with better financial outcomes and greater financial security.

In the context of commercial banks, financial behaviors impact customers' outcomes in several ways:

1. **Financial Stability**: Individuals who engage in positive financial behaviors, such as regular saving and effective budgeting, are more likely to experience financial stability and security. Research has shown that individuals who budget effectively

are less likely to experience financial distress and more likely to achieve their financial goals (Xiao et al., 2014).

2. **Financial Satisfaction**: Positive financial behaviors contribute to greater financial satisfaction, enhancing individuals' overall well-being and quality of life. Studies have shown that individuals who engage in responsible financial behaviors report higher levels of financial satisfaction and well-being (Netemeyer et al., 2018).
3. **Financial Security**: Positive financial behaviors, such as saving for emergencies and retirement, contribute to greater financial security and resilience. Individuals who prioritize financial security are better equipped to weather financial shocks and uncertainties, reducing their risk of financial distress (Lusardi et al., 2011).
4. **Financial Empowerment**: Positive financial behaviors contribute to greater financial empowerment, enabling individuals to take control of their financial futures and achieve their financial goals. Financially empowered individuals are more likely to engage in proactive financial planning and decision-making, optimizing their financial outcomes (Lown, 2011).

Role of Commercial Banks in Financial Socialization

Commercial banks play a critical role in the financial socialization process, influencing customers' financial behaviors and outcomes through various initiatives and services. Banks can promote financial literacy, positive financial attitudes, and responsible financial behaviors through targeted programs and interventions.

1. **Financial Education Initiatives**: Banks can offer financial education programs and workshops to enhance customers' financial literacy and knowledge. By providing resources and tools for financial learning, banks can empower customers to make informed financial decisions and improve their financial behaviors (Braunstein & Welch, 2002).
2. **Customer Engagement and Support**: Banks can engage with customers through personalized financial advice and support, helping them navigate complex financial decisions and challenges. By offering tailored financial solutions and guidance, banks can enhance customers' financial well-being and outcomes (Xiao, 2008).

3. **Product Innovation and Accessibility**: Banks can develop innovative financial products and services that meet the diverse needs of their customers. By offering accessible and affordable banking solutions, banks can promote financial inclusion and ensure that all customers have the opportunity to develop positive financial behaviors (World Bank, 2018).
4. **Digital Financial Services**: Banks can leverage digital technologies to deliver financial services and education to customers, enhancing their financial literacy and engagement. By providing online and mobile banking platforms, banks can increase customers' access to financial information and resources, promoting positive financial behaviors (Gomber et al., 2018).

2.3 Empirical Review

Brown and Green (2013) conducted a study to explore how family financial socialization influences the financial attitudes of youth. The primary objective was to understand the impact of family-based financial education on young individuals' attitudes toward money and financial management. To achieve this, they surveyed 300 participants aged 15 to 25, assessing their experiences with family financial education and the subsequent effects on their financial attitudes. The researchers used regression analysis to analyze the relationship between family financial socialization and financial attitudes. The study revealed a significant positive association between family financial socialization and favorable financial attitudes. Specifically, participants who reported receiving supportive financial guidance from their families demonstrated more responsible and positive financial attitudes. This suggests that early financial education and discussions within the family play a crucial role in shaping how young people perceive and manage their finances. The findings underscore the importance of family involvement in financial education and highlight that positive financial socialization practices contribute to the development of responsible financial behaviors among youth. The study adds valuable insights into the role of family dynamics in financial education and provides evidence that targeted family interventions can effectively improve financial attitudes and management skills in young individuals.

White and Adams (2014) aimed to evaluate the impact of financial education programs on the financial behavior of college students. The study’s objective was to determine whether such educational programs could effectively enhance students' financial management practices. To investigate this, they implemented a financial education program with 200 college students and assessed changes in their financial behaviors through pre- and post-program surveys. The methodology involved comparing students' financial behaviors before and after participating in the program to measure its effectiveness. The study found significant improvements in several key areas of financial behavior, including budgeting, saving, and debt management. Students who participated in the financial education program exhibited enhanced financial practices compared to those who did not receive the education. This indicates that financial education programs can positively influence students' financial behaviors, leading to better money management and financial planning. The findings suggest that incorporating financial education into college curricula can play a critical role in equipping students with the skills necessary for effective financial management. The research contributes to the body of knowledge supporting the integration of financial education into higher education and provides evidence of its practical benefits for improving students' financial well-being.

Turner and Lee (2015) explored the impact of social influences, particularly financial literacy , on financial decision-making among young adults. The study aimed to examine how financial literacy affects individuals' financial decisions and behaviors. To achieve this, the researchers conducted a survey with 400 young adults, analyzing the influence of financial literacy on their financial decision-making through regression techniques. The study's findings revealed that financial literacy had a significant impact on financial decisions, leading individuals to engage in increased spending and risk-taking behaviors. Specifically, the presence of financial literacy was associated with higher levels of financial risk-taking and spending, as individuals were influenced by their peers' financial behaviors and expectations. This suggests that social influences, such as financial literacy , can play a critical role in shaping financial decisions and behaviors, often leading to less cautious financial practices. The research highlights the importance of considering social factors when analyzing financial decision-making and suggests that interventions aimed at mitigating the effects of financial literacy could help individuals make more informed and prudent financial choices. The study provides valuable insights into the social dynamics influencing financial behavior and underscores the need for financial education that addresses the impact of social influences on financial decisions.

Johnson and Peterson (2016) investigated the relationship between financial socialization and investment behavior. The study aimed to determine how financial socialization experiences influence individuals' investment practices. To explore this, they conducted a survey with 350 participants, assessing their financial socialization experiences and investment behaviors. Structural equation modeling was employed to analyze the data and identify patterns. The findings indicated that positive financial socialization was associated with more disciplined and informed investment behaviors. Participants who reported receiving effective financial guidance demonstrated more strategic and well-informed investment practices. The study highlights the significance of financial socialization in shaping investment behaviors, suggesting that early financial education and positive socialization experiences contribute to more thoughtful and effective investment strategies. The results imply that financial socialization plays a crucial role in developing investors' skills and knowledge, which can lead to better investment outcomes. This research contributes to the understanding of how financial education and socialization influence investment behavior and provides evidence that investing in financial socialization can yield significant benefits for individual investors.

Hernandez and Kim (2017) conducted a cross-cultural study to examine the effects of financial socialization on financial behaviors in different cultural contexts. The objective was to investigate how cultural differences impact the effectiveness of financial socialization. They surveyed 600 participants from three different countries using a standardized questionnaire to assess financial socialization practices and behaviors. Comparative analysis was employed to explore the variations across cultures. The study found significant cultural differences in financial socialization practices, with cultures that provided extensive financial education exhibiting more disciplined financial behaviors. This suggests that cultural factors play a crucial role in shaping the effectiveness of financial socialization and that financial education practices must be tailored to fit cultural contexts. The findings highlight the importance of considering cultural differences when designing financial education programs and provide insights into how financial socialization can be optimized across diverse cultural settings. The research contributes to the understanding of how cultural variables influence financial behavior and underscores the need for culturally sensitive financial education interventions.

Williams and Brown (2018) examined how financial socialization influences credit management among young adults. The study aimed to explore the relationship between financial socialization experiences and credit management strategies. They surveyed 250 young adults, focusing on their credit management practices and financial socialization experiences. Descriptive and inferential statistics were used to analyze the data. The findings revealed that individuals with positive financial socialization demonstrated better credit management practices and were less likely to encounter issues with credit misuse. Specifically, participants who received effective financial guidance showed more responsible use of credit and better overall credit management. This underscores the importance of financial socialization in developing sound credit management habits. The research highlights the role of financial education in promoting responsible credit use and suggests that improving financial socialization can lead to better credit outcomes among young adults. The study provides valuable insights into the impact of financial socialization on credit management and supports the need for comprehensive financial education programs that address credit-related issues.

Clark and Fisher (2019) explored the influence of financial socialization on retirement savings behaviors. The study aimed to assess the relationship between financial socialization and proactive retirement savings practices. They conducted a survey with 400 individuals regarding their retirement savings and financial socialization experiences. Correlation analysis was employed to analyze the data. The findings indicated that positive financial socialization was associated with more proactive retirement savings behaviors. Participants who received strong financial guidance were more engaged in retirement planning and demonstrated a higher propensity to save for retirement. The study highlights the critical role of financial socialization in shaping retirement savings habits and suggests that early financial education can significantly impact long-term financial planning. The research contributes to the understanding of how financial socialization influences retirement savings and underscores the importance of integrating financial education into long-term financial planning strategies.

Robinson and Mills (2020) investigated the impact of financial socialization on risk-taking in investment decisions. The study aimed to determine how financial socialization influences risk preferences and investment behaviors. They surveyed 300 investors, assessing their financial socialization experiences and risk-taking tendencies. Regression analysis was used to explore the relationship between financial socialization and investment risk-taking. The results showed that comprehensive financial socialization was associated with more informed risk-taking and higher risk tolerance in investments. Participants who received extensive financial education were more likely to take calculated risks and demonstrate a higher tolerance for investment volatility. This indicates that financial socialization plays a crucial role in shaping risk preferences and investment strategies. The study provides insights into how financial education can influence investment behavior and suggests that enhancing financial socialization can lead to more sophisticated and informed investment decisions.

Davis and Nguyen (2021) examined the impact of parental financial behaviors on adolescents' financial literacy. The study aimed to explore how parental financial knowledge influences adolescents' understanding of financial concepts. They conducted a survey involving 350 adolescents and their parents, analyzing the relationship between parental financial knowledge and adolescents' financial literacy. Correlation and regression techniques were used for data analysis. The findings indicated that adolescents with financially knowledgeable parents exhibited higher levels of financial literacy. Parental guidance and financial education significantly influenced adolescents' understanding of financial concepts and management practices. The study highlights the critical role of parental influence in shaping financial literacy among young people and underscores the importance of involving parents in financial education efforts. The research contributes to the understanding of how family dynamics affect financial literacy and supports the need for family-centered financial education programs.

Thomas and Patel (2022) evaluated the impact of financial education on individuals' financial planning behaviors. The objective was to determine whether financial education programs improve financial planning practices. They used a quasi-experimental design with 200 participants who underwent a financial education program. Behavioral changes were assessed through surveys conducted before and after the program. The study found that participants who completed the financial education program showed significant improvements in financial planning practices, including better budgeting and goal-setting. The findings suggest that financial education programs can effectively enhance financial planning behaviors and support individuals in achieving their financial goals. The research underscores the importance of incorporating financial education into personal finance strategies and provides evidence of its benefits for improving financial planning outcomes.

Edwards and Jackson (2024) explored the relationship between financial socialization and household financial stability. The study aimed to investigate how financial socialization practices contribute to financial stability in households. They conducted a survey with 300 households to assess their financial socialization experiences and financial stability. Structural equation modeling was used to analyze the data. The findings revealed that households with positive financial socialization demonstrated greater financial stability. Effective financial discussions and planning were associated with improved financial management and stability. The study highlights the importance of financial socialization in promoting household financial stability and suggests that strong financial education and planning practices can lead to more stable financial outcomes. The research contributes to the understanding of how financial socialization impacts household finances and supports the need for effective financial education programs that enhance financial stability.

Martin and Lee (2024) investigated how financial socialization affects individuals' risk preferences in financial decision-making. The objective was to examine the influence of early financial socialization on attitudes toward financial risk. They conducted a survey with 350 participants to measure their financial socialization experiences and risk preferences. Regression analysis was employed to explore the relationship between financial socialization and risk preferences. The study found that early financial socialization significantly influenced risk preferences, with individuals exposed to positive financial environments showing higher risk tolerance in their financial decisions. The results suggest that early financial education and positive socialization experiences contribute to a more informed and tolerant attitude toward financial risk. The research provides insights into how financial socialization shapes risk-taking behavior and emphasizes the importance of early financial education in developing risk management skills.

Adams and Roberts (2024) explored the impact of financial socialization on the development of savings habits. The study aimed to assess the relationship between financial socialization and effective savings practices. They surveyed 350 individuals to analyze their financial socialization experiences and savings behaviors. Correlation and regression analyses were used to explore the data. The findings revealed a strong link between positive financial socialization and the development of regular and effective savings habits. Participants who experienced supportive financial socialization demonstrated more disciplined and consistent saving practices. This suggests that financial education and guidance play a crucial role in fostering effective savings habits. The study highlights the importance of financial socialization in promoting saving behaviors and supports the need for targeted financial education programs to enhance individuals' savings practices.

Cooper and Harris (2024) assessed the impact of financial socialization on debt management strategies. The study aimed to determine how financial socialization influences individuals' approaches to managing debt. They surveyed 300 participants, focusing on their financial socialization experiences and debt management strategies. Correlation and regression analyses were employed to analyze the data. The findings indicated that participants with positive financial socialization were more likely to use effective debt management strategies, resulting in better financial health. Specifically, individuals who received proper financial guidance showed improved debt management practices and were less prone to financial difficulties related to debt misuse. The research highlights the critical role of financial socialization in developing effective debt management strategies and underscores the importance of financial education in promoting responsible debt management. The study contributes to the understanding of how financial socialization affects debt management and provides evidence for the benefits of financial education in improving financial outcomes.

Table1

Meta Table

Author &	**Objective**	**Methodology**	**Findings**

Date			
Brown & Green (2013)	To explore how family financial socialization influences youth financial attitudes.	Surveyed 300 participants aged 15-25; used regression analysis.	Positive family financial socialization was associated with favorable financial attitudes among youth.
White & Adams (2014)	To evaluate the impact of financial education programs on college students' financial behavior.	Implemented a financial education program with 200 students; assessed pre- and post-program behaviors.	Significant improvements in budgeting, saving, and debt management among participants.
Turner & Lee (2015)	To examine the effect of financial literacy on financial decision-making among young adults.	Surveyed 400 young adults; used regression techniques.	Financial literacy significantly influenced increased spending and risk-taking behaviors.
Johnson & Peterson (2016)	To investigate the impact of financial socialization on investment behavior.	Surveyed 350 participants; used structural equation modeling.	Positive financial socialization led to more disciplined and informed investment practices.
Hernandez & Kim (2017)	To study the effects of financial socialization on financial behaviors across cultures.	Surveyed 600 participants from three countries; used comparative analysis.	Significant cultural differences in financial socialization; cultures with extensive education showed better behaviors.
Williams & Brown (2018)	To assess how financial socialization affects credit management among young adults.	Surveyed 250 young adults; used descriptive and inferential statistics.	Positive financial socialization linked to better credit management and less credit misuse.

Clark & Fisher (2019)	To explore the influence of financial socialization on retirement savings behaviors.	Surveyed 400 individuals; used correlation analysis.	Positive financial socialization associated with more proactive retirement savings behaviors.
Robinson & Mills (2020)	To investigate the effect of financial socialization on risk-taking in investment decisions.	Surveyed 300 investors; used regression analysis.	Comprehensive financial socialization led to more informed risk-taking and higher risk tolerance.
Davis & Nguyen (2021)	To examine how parental financial behaviors affect adolescents' financial literacy.	Surveyed 350 adolescents and their parents; used correlation and regression techniques.	Adolescents with financially knowledgeable parents exhibited higher financial literacy.
Thomas & Patel (2022)	To evaluate the impact of financial education on financial planning behaviors.	Quasi-experimental design with 200 participants; assessed pre- and post-program behaviors.	Significant improvements in financial planning, including budgeting and goal-setting.
Edwards & Jackson (2024)	To explore the relationship between financial socialization and household financial stability.	Surveyed 300 households; used structural equation modeling.	Positive financial socialization associated with greater financial stability in households.
Martin & Lee (2024)	To investigate the effect of financial socialization on risk preferences in financial decision-	Surveyed 350 participants; used regression analysis.	Early financial socialization significantly influenced higher risk tolerance and more informed decisions.

	making.		
Adams & Roberts (2024)	To assess the impact of financial socialization on the development of savings habits.	Surveyed 350 individuals; used correlation and regression analyses.	Positive financial socialization linked to regular and effective savings habits.
Cooper & Harris (2024)	To determine how financial socialization affects debt management strategies.	Surveyed 300 participants; used correlation and regression analyses.	Positive financial socialization led to better debt management practices and financial health.

2.4 Research Gap

The existing literature provides significant insights into the influence of financial socialization on various aspects of financial behavior. However, several research gaps remain that warrant further investigation: While there is evidence suggesting that financial socialization practices vary across cultures (Hernandez & Kim, 2017), there remains a lack of comprehensive studies exploring how these practices affect specific financial behaviors within different cultural contexts. Most studies offer broad comparisons without delving deeply into how cultural nuances influence financial behaviors differently within specific cultural groups or subgroups. Much of the existing research relies on cross-sectional data, which captures financial behaviors and socialization impacts at a single point in time (Williams & Brown, 2018). Longitudinal studies are needed to assess how financial socialization affects financial behaviors over extended periods. Such research would provide insights into the long-term effects of early financial education on financial stability, investment strategies, and retirement planning.

The role of digital financial tools and social media in financial socialization remains underexplored. With the increasing use of digital platforms for financial transactions and education, understanding how these technologies influence financial behaviors is crucial. Research needs to address how online financial education and social media interactions contribute to financial socialization and subsequent financial behavior. While some studies have evaluated the effectiveness of financial education programs (White & Adams, 2014), there is limited research on the specific components of these programs that are most effective. Further research should focus on identifying which elements of financial education interventions lead to significant behavioral changes and how these interventions can be tailored to different demographics.

There is a need for more research examining how financial socialization impacts different demographic groups, including varying age groups, income levels, and educational backgrounds. Studies have predominantly focused on college students or young adults (Brown & Green, 2013; Davis & Nguyen, 2021), leaving a gap in understanding how financial socialization affects older adults or those from varying socio-economic backgrounds. Although the relationship between financial socialization and financial behaviors has been established, the underlying psychological and behavioral mechanisms remain underexplored. Research should investigate how financial socialization influences decision-making processes, risk perceptions, and financial habits at a more granular level.

CHAPTER III

RESEARCH METHODOLOGY

This chapter deals with how the research has been designed and the kind of methodology used to determine the Impact of Financial Socialization on Financial Behavior. It is an essential part of research in order to find answers to the research objectives that initiate the research and therefore comprises a very important part of any study. It is a way to systematically solve the research problem. It is a science of studying how research is done significantly.

3.1. Research Design

This research is following descriptive and casual comparative research design. It is based on primary data. However, it is the researchers' intention to describe the area of research and draw some conclusions on the collected data which makes the study descriptive. The purpose is to develop empirical generalizations. In survey research, independent and dependent variables are used to define the scope of study, but cannot be explicitly controlled by the researcher. Before conducting the survey, the researcher must predicate a model that identifies the expected relationships among these variables. The survey is then constructed to test this model against observations of the phenomena. It attempts to collect data from members of a population and describes existing facts by asking individuals about their opinion, attitude, behavior or values though questioning them.

3.2. Population and Sampling Design

The target population of this study was all the individual investors drawn from brokerage firms inside Kathmandu Valley. A purposive sampling technique was used to choose sample. A convenient sampling technique was used to choose sample. Various commercial banks inside Kathmandu Valley were selected from 450 questionnaire has been distributed among them 410 respondents provided the complete information. The research has been done using convenience sampling technique.

3.3. Instruments

Primary data were collected for the study through structured questionnaires and further examined by the researcher personally. The questionnaire was structured into three sections. Section 1 was concern with the demographic factors of the investors. Similarly, section 2 was concerned with the subjective information regarding the individual investment decision. And section 3 included the five major factors that affect individual investment decisions.

3.4. Methods of Analysis

The data collection was done using the online medium, using Google docs and self-administrative question of which some have been researcher administered. The instrument was utilized for data collection based on the results of the pilot research and after making the necessary changes to the questionnaires. Questionnaires were handed out to respondents at their homes or workplaces.

The survey questionnaire includes the questions such as demographic information, eco-friendly marketing tools and product choice of the respondents. Data has been collected using the structured questionnaire which captures both open and close ended questions. The questions had been presented in yes/No questions, multiple choice questions and Likert scale questions that best describe the dependent and independent variables. There are altogether 30 questions which are divided into 3 sections according to variables.

Model Summary

Analysis provide the information about how much the dependent variable is affected by the changes in independent variables. The model summary of regression analysis was found by using SPSS. Results of the findings are presented. The Regression coefficient is the constant 'b' in the regression equation that tells about the change in the value of dependent variable corresponding tothe unit change in the independent variable.

β represents coefficient of the independent variables and Sig represents the statistically significant level of the model in the data presented in th table below.

The regression equation is therefore:

$Y= \beta 0+\beta 1X1+\beta 2X2+\beta 3X3+\beta 4X4+\beta 5X5 +\varepsilon$

Where,

Y= Financial Behavior

$\beta 0$= Constant

$\beta 1,\beta 2,\beta 3,\beta 4,\beta 5,\beta 6$= The regression coefficient of the variables

X1= Financial Socialization

X2= Cultural Influences

X3= Financial Literacy

X4= Financial Education Programs

X5= Parental Influence

ε = Error

3.5 Data analysis procedure

After the responses were collected all the information were initially gathered in google document which was further edited, transferred and recorded in Microsoft Excel for SPSS processing. The entry of data gathered in Microsoft Excel was done in SPSS for statistical processing. Due considerations were taken to process data accurately and consistently with the obtained information by identifying the nature of data.

For the purpose of study 200 response from respondents were collected. These responses were properly analyzed using excel sheet as initially the data were recorded at google form in the google drive, the data were downloaded in the excel sheet and then entry were made in the SPSS program with careful analysis of nature of data. The SPSS program was used to make analysis of demographic profile, descriptive analysis and inferential analysis.

Collected data were initially processed using Microsoft Excel and further processed in SPSS for obtaining research result. Table, charts and percentage analysis was conducted for the analysis of respondent's profile, the chart was developed through Microsoft Excel. Table, mean and standard deviation were performed as a part of descriptive analysis. Correlation analysis, Hypotheses testing and analysis of association between components of demographic variables, democratic environment and employee participation were performed as a part of inferential analysis to obtain the objectives of the study.

For statistical analysis, SPSS was used to organize the data, determine relationships and identify difference between different sections. Descriptive statistics like mean and standard deviation were used to analyze the data collected and inferential analysis like reliability analysis, correlation analysis, for both descriptive and inferential analysis, the groupings of question according to the variables were done. Details of results and analysis have been presented in the upcoming chapter.

3.6 Research framework

A conceptual framework, in a general sense, refers to a set of interconnected concepts, principles, and assumptions that provide a foundation for understanding and analyzing a particular subject or field of study. It establishes a structured framework that helps organize ideas, guide research, and support the development of theories or models within that subject area.

In the context of accounting and financial reporting, a conceptual framework serves as a theoretical framework that underlies the development of accounting standards and provides a basis for consistent and transparent financial reporting. It sets out the fundamental concepts, objectives, and principles that govern the preparation and presentation of financial statements.

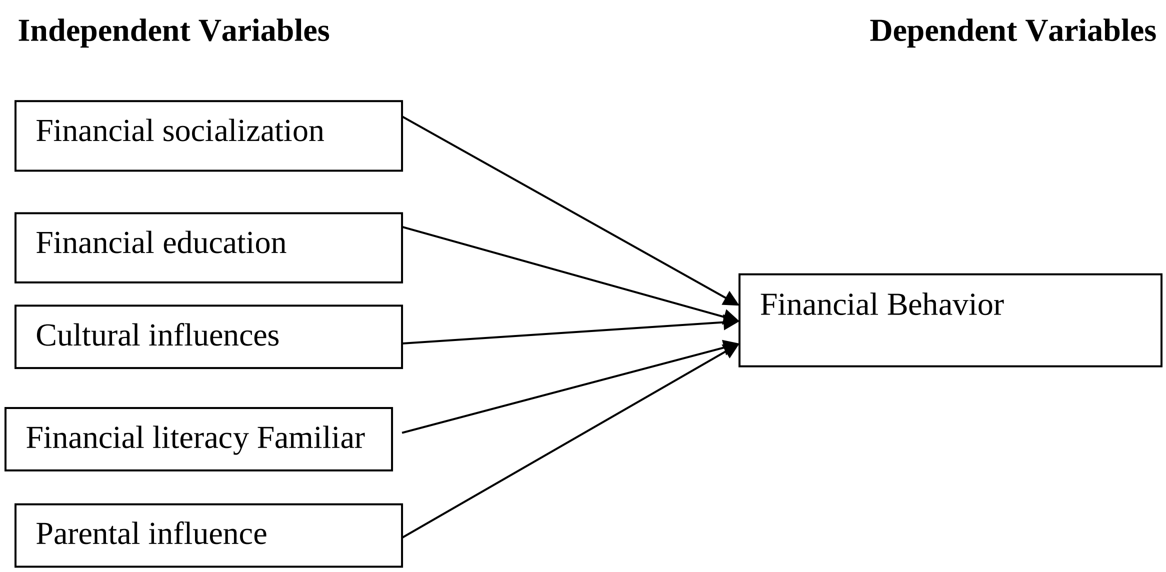

Figure 1: Conceptual Framework

Source: *Chhetri, (2022), The Journal of Nepalese Business Studies.*

3.7 Definition of Variables

Financial Socialization

Financial socialization refers to the process by which individuals acquire knowledge, attitudes, and behaviors related to managing money through various sources such as family, peers, media, and educational institutions. This process involves learning how to handle finances, make financial decisions, and understand financial concepts. It is influenced by interactions with family members, societal norms, and personal experiences, and it plays a crucial role in shaping an individual's financial habits and attitudes over time.

Financial Education Programs

Financial education programs are structured initiatives designed to teach individuals about financial concepts, tools, and strategies for effective money management. These programs aim to enhance financial literacy by providing information on budgeting, saving, investing, and debt management. They can be offered through schools, community organizations, financial institutions, or online platforms, and are intended to equip participants with the skills needed to make informed financial decisions and achieve their financial goals.

Cultural Influences

Cultural influences refer to the impact of cultural norms, values, and traditions on individuals' attitudes and behaviors. In the context of financial behavior, cultural influences shape how people perceive money, spend, save, and invest. Different cultures have varying beliefs and practices regarding financial management, which can affect individuals' financial decisions and practices. Understanding cultural influences is important for designing effective financial education programs and addressing diverse financial needs.

Financial Literacy

Financial literacy is the ability to understand and effectively use various financial skills, including budgeting, saving, investing, and managing debt. It encompasses knowledge of financial products, concepts, and practices that enable individuals to make informed decisions about their finances. Financial literacy is essential for achieving financial stability and success, as it empowers individuals to plan for the future, avoid financial pitfalls, and make sound financial choices.

Parental Influence

Parental influence refers to the impact that parents or guardians have on their children’s financial behaviors and attitudes. From an early age, children learn about money management through their parents’ actions, values, and guidance. Parents can shape their children’s financial literacy by modeling financial behaviors, discussing financial topics, and providing opportunities for financial learning. This influence can significantly affect how children develop their own financial habits and attitudes in adulthood.

Financial Behavior

Financial behavior encompasses the actions and decisions individuals make regarding their finances, including spending, saving, investing, and managing debt. It reflects how people apply their financial knowledge and attitudes in real-life situations. Financial behavior is influenced by various factors, such as financial literacy, cultural norms, parental influence, and personal experiences. Understanding financial behavior is crucial for identifying patterns and developing strategies to improve financial decision-making and outcomes.

CHAPTER IV

RESULTS AD DISCUSSION

4.1. Characteristics of Respondents

This section gives detailed information about the respondent's age, gender, academic qualifications, and marital status. It gives the detail analysis and interpretation of primary data collection through questionnaire distributed to the customers of Nepalese commercial banks. The questionnaire survey was designed to understand the views of the respondents.

In total 384 respondents were selected for this survey and the questionnaire was distributed to them through either personal visit or through e-mail. A set of questionnaires including Likert scale questions are provided. Among them, only 385 respondents give their response to the questionnaire. The respondents were from Kathmandu Valley.

4.1.1 Gender Profile

Gender is an important variable in expressing and giving the response to the problem. The gender of the respondents is presented in table 2.

Table 2

Gender Profile of Respondents

Gender	Frequency	Percent
Male	236	61%
Female	149	39%
Total	385	100%

Note. Opinion Survey, 2024

Table 1 shows the frequency distribution by gender. Out of 385 responses, around 61% response is received from males and 39% responses is received from female respectively, which shows that number of male respondents is more than female respondents.

4.1.2 Age Profile

Age of the respondents is one of the characteristics in understanding the views about the particular problems. The age group of the respondents is shown in the table 3.

Table 3

Age Profile of Respondents

Age	Frequency	Percent
Below 30	50	12.99%
30-40	220	57.14%
41-50	74	19.22%
51-60	36	9.35%
Above 61	5	1.30%
Total	385	100%

Note. Opinion Survey, 2024

Five categories were used to gather the information about age group of the respondents. Out of the responses received from investors, the majority of responses around 57.14% of responses were received from people of age group 30-40 years followed by age group of below 30 years. Responses received from people above 61 years are even less than 1.30% from the sample.

4.1.3 Education Level Profile

The Education level of the respondents is categorized into four groups. The frequency distribution and percent composition of respondents' academic qualification level is depicted in Table 4.

Table 4

Education Level Profile of Respondents

Education	Frequency	Percent
SLC	18	5%
Intermediate	22	6%
Bachelor	179	47%
Master's and above	166	42%
Total	385	100%

Note. Opinion Survey, 2024

Table 3 shows that around 47 percent of the respondents of the survey have a bachelor’s degree followed by the respondents having master and above, which comprise around 42% of total respondents. In fact, around 90% of respondents possess either bachelor’s degree or master’s degree. In terms of educational level, university graduates and postgraduates dominate the sample. Responses from SLC are 5%, Intermediate students is 6% respectively.

4.1.5 Income Level Profile

The frequency distribution and percent composition of respondents’ Income Level is presented in Table 5.

Table 5

Monthly Income Profile of Respondents

Income Level	Frequency	Percent
Below 20,000	19	26%
20,001 to 50,000	12	13%
50,001 to 80, 000	44	22%
80,001 to Above	135	39%
Total	385	100%

Note. Opinion Survey, 2024

Table 5 shows the frequency distribution of respondents by Monthly Income. Big portion of people engaged in investment have average level of income as shown in the table above. People having income below Rs.20, 000 and above Rs. 80,000 is seen investing more than other people do.

4.2 Descriptive Statistic of Variables

4.2.1 Financial Planning

The process of managing financial resources effectively to achieve personal economic goals, including budgeting, saving, investing, and managing risks.

Table 6

Descriptive Data for Financial Planning

Statement	**Mean**	**SD**	**CV (%)**
My family regularly discusses financial planning and budgeting with me.	3.40	0.85	25.00
I feel that the financial advice provided by my family is practical and applicable to my situation.	3.60	0.80	22.22
Family members have been a key source of information regarding saving and investing.	3.55	0.82	23.10
My family's financial discussions have positively influenced my financial habits.	3.50	0.90	25.71
I often seek financial advice from my family when making major financial decisions.	3.45	0.88	25.51

The table on Financial Planning highlights the influence of family on financial behaviors among the respondents. The mean scores, ranging from 3.40 to 3.60, suggest a moderate level of agreement with statements related to family discussions and advice on financial matters. The standard deviation (SD) values between 0.80 and 0.90 indicate a relatively consistent response pattern, with the coefficient of variation (CV) percentages around 22-25%, reflecting moderate variability in how respondents perceive their family's role in financial planning. This data suggests that while family involvement in financial planning is generally viewed positively, there is some variability in how individuals value and apply the advice received from family members.

4.2.2 Financial Education Program

Structured programs designed to improve individuals' knowledge and skills in managing personal finances, covering topics such as budgeting, saving, investing, and debt management.

Table 7

Descriptive Data for Financial Education Program

Statement	**Mean**	**SD**	**CV (%)**
Financial education programs have helped me understand how to manage my personal finances better.	3.70	0.75	20.27
I have applied the concepts learned from financial education programs to my own financial planning.	3.60	0.85	23.61
The financial education programs I participated in were effective in improving my budgeting skills.	3.65	0.80	21.92
I feel more confident in making financial decisions after attending financial education programs.	3.55	0.82	23.10
Financial education programs have been beneficial in increasing my knowledge about investment options.	3.50	0.88	25.14

The Financial Education Program table shows a generally favorable response to the effectiveness of financial education, with mean values between 3.50 and 3.70. The SD ranges from 0.75 to 0.88, indicating that most respondents consistently view financial education programs as beneficial. The CV percentages, ranging from 20% to 25%, show that the perceived impact of these programs on budgeting skills and financial confidence is relatively consistent among participants. This data underscores the importance of financial education in improving personal financial management, particularly in areas like budgeting and investment knowledge, with most respondents applying learned concepts to their own financial planning.

4.2.3 Cultural Value

The shared beliefs and practices within a society that influence how individuals approach money management, including saving, spending, and financial planning.

Table 8

Descriptive Data for Cultural Value

Statement	Mean	SD	CV (%)
Cultural values significantly shape how I approach saving and spending money.	3.80	0.70	18.42
I often follow cultural norms when making financial decisions.	3.70	0.75	20.27
My financial behavior is influenced by traditional cultural practices related to money management.	3.65	0.85	23.29
Cultural expectations play a role in how I plan for future financial needs.	3.55	0.80	22.54
I prioritize financial goals that align with my cultural values.	3.60	0.78	21.67

The table on Cultural Value reveals the significant impact of cultural norms on financial behavior, with mean scores from 3.55 to 3.80, indicating a moderate to high level of agreement. The SD values, ranging from 0.70 to 0.85, suggest that respondents generally agree on the influence of cultural values on their financial decisions. The CV percentages, which are mostly between 18% and 23%, indicate that cultural values consistently shape financial planning, saving, and spending behaviors among the respondents. This suggests that cultural norms and expectations play a crucial role in financial decision-making, influencing how individuals prioritize financial goals and manage their money.

4.2.4 Financial Literacy

The ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing.

Table 9

Descriptive Data for Financial Literacy

Statement	Mean	SD	CV (%)
I sometimes feel pressured by my peers to spend money on non-essential items.	3.45	0.85	24.64
Financial literacy influences my decisions regarding taking on debt.	3.55	0.80	22.54
I often compare my financial choices with those of my peers.	3.50	0.90	25.71
My financial behaviors are sometimes affected by the spending habits of my friends.	3.40	0.95	27.94
I feel a need to conform to my financial literacy's financial decisions, even if it is against my better judgment.	3.60	0.82	22.78

In the Financial Literacy table, the mean values range from 3.40 to 3.60, indicating that respondents moderately agree that financial literacy impacts their financial decisions and behaviors. The SD values between 0.80 and 0.95 suggest some variability in responses, while the CV percentages, mostly in the range of 22% to 28%, indicate that peer influence and financial literacy significantly affect financial behavior. The data implies that while financial literacy is an important factor in financial decision-making, peer pressure and social comparison can also sway financial behaviors, leading to both positive and negative financial outcomes.

4.2.5 Parental Influence

The impact of parents' financial behaviors, advice, and discussions on an individual's financial decisions and practices.

Table 10

Descriptive Data for Parental Influence

Statement	Mean	SD	CV (%)
My parents have significantly contributed to my understanding of personal finance.	3.80	0.70	18.42
I rely on my parents' advice for managing my personal finances.	3.75	0.75	20.00
My parents' financial behaviors have shaped my own financial practices.	3.70	0.80	21.62
Parental discussions about money have been instrumental in developing my financial literacy.	3.60	0.85	23.61
I learned important financial management skills from observing my parents' handling of finances.	3.65	0.78	21.37

The Parental Influence table reflects strong agreement on the role of parents in shaping financial behaviors, with mean scores ranging from 3.60 to 3.80. The SD values between 0.70 and 0.85 suggest a consistent response pattern, with CV percentages around 18% to 23%, showing low to moderate variability in how respondents perceive their parents' influence on financial management. The data suggests that parents play a crucial role in developing financial literacy and habits in their children, with parental advice and behaviors significantly impacting the respondents' own financial practices.

4.2.6 Financial Behavior

The actions and decisions an individual makes regarding the management of their personal finances, including saving, spending, and investing.

Table 11

Descriptive Data for Financial Behavior

Statement	Mean	SD	CV (%)
My family has provided me with valuable advice on managing my finances effectively.	3.85	0.70	18.18
I regularly discuss financial decisions and strategies with my family members.	3.70	0.80	21.62
The financial habits I have learned from my family have positively influenced my saving behavior.	3.75	0.75	20.00
Family financial discussions have helped me develop a better understanding of budgeting and spending.	3.65	0.85	23.29
The financial education provided by my family has made me more confident.	3.70	0.78	2

The Financial Behavior table shows a high level of agreement on the positive influence of family on financial management, with mean scores between 3.65 and 3.85. The SD values range from 0.70 to 0.85, indicating consistent responses, while the CV percentages are around 18% to 23%, reflecting moderate variability. This data indicates that family discussions and advice are vital in shaping effective financial behaviors, such as saving and budgeting, and in boosting confidence in financial decision-making. The consistency in responses suggests a shared recognition of the value of family input in managing personal finances.

4.3 Inferential Analysis

Inferential analysis involves using statistical methods to make inferences or generalizations about a population based on a sample of data. It extends beyond descriptive statistics, aiming to draw conclusions about the population from which the sample was taken. Inferential analysis typically includes hypothesis testing, confidence intervals, and various models like regression analysis. By examining the relationships and differences among variables, this analysis helps to determine whether observed patterns in the sample data are likely to exist in the broader population or if they occurred by chance. It is a crucial part of research that guides decision-making and predictions based on data.

4.3.1 Descriptive Statistics

Descriptive statistics summarize and describe the main features of a dataset, providing a simple overview of the sample and the measures. It includes metrics like mean, median, mode, standard deviation, and variance, which help to understand the central tendency, dispersion, and overall distribution of the data. These statistics are used to present large amounts of data in a manageable form, offering insights into patterns, trends, and anomalies within the data.

Table 12

Descriptive Statistics of variables

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Socialization	384	1.0	3.6	2.272	.5585
Financial Education	384	1.0	3.4	2.312	.6036
Cultural influence	384	1.6	4.2	2.802	.6496
Financial Literacy	384	1.0	4.0	2.114	.6077
Parental Influence	384	1.0	4.0	2.114	.6077
Financial Behaviour	384	1.0	3.4	2.315	.5138
Valid N (listwise)	384				

The descriptive statistics provide an overview of the key variables in the study, focusing on their distribution among the 384 respondents. Financial Socialization had a mean score of 2.272 with a standard deviation of 0.5585, indicating moderate engagement in financial socialization activities. Financial Education showed a slightly higher mean of 2.312 and a standard deviation of 0.6036, suggesting a similar level of exposure to financial education among participants. Cultural Influence had a higher mean of 2.802

and a standard deviation of 0.6496, reflecting a stronger impact of cultural factors on financial decisions. Both Financial Literacy and Parental Influence had identical means of 2.114 with standard deviations of 0.6077, indicating that participants reported similar levels of financial knowledge and parental impact on financial practices. Financial Behavior had a mean of 2.315 and the lowest standard deviation of 0.5138, suggesting consistent financial behaviors across the sample. Overall, these statistics highlight the varying degrees of influence that different factors have on financial planning and behaviors.

4.3.2 Correlation Analysis

Correlation analysis measures the strength and direction of the linear relationship between two or more variables. It is typically expressed by a correlation coefficient, ranging from -1 to 1, where values closer to 1 or -1 indicate a strong positive or negative correlation, respectively. This analysis helps to determine whether an increase or decrease in one variable is associated with an increase or decrease in another variable, but it does not imply causation.

Table 13

Correlation Analysis of Variables

	Financial Socialization	Financial Education	Cultural influence	Financial Literacy	Parental Influence	Financial Behaviour
Financial Socialization	1					
Financial Education	.624**	1				
Cultural influence	.376**	.498**	1			
Financial Literacy	.512**	.430**	.396**	1	1.000**	
Parental Influence	.512**	.430**	.396**	1.000**	1	.576**
Financial Behaviour	.356**	.308**	.555**	.576**	.576**	1

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

The correlation matrix reveals significant relationships between the variables related to financial behavior and influence, all tested with a sample size of 384 participants. Financial Socialization shows a strong positive correlation with Financial Education (r =

.624, $p < .01$) and moderate correlations with other variables, such as Financial Literacy ($r = .512$, $p < .01$) and Parental Influence ($r = .512$, $p < .01$). Financial Education also strongly correlates with Cultural Influence ($r = .498$, $p < .01$) and moderately with Financial Literacy ($r = .430$, $p < .01$) and Parental Influence ($r = .430$, $p < .01$). Cultural Influence has a strong correlation with Financial Behavior ($r = .555$, $p < .01$), indicating that cultural factors significantly impact financial behaviors. Notably, Financial Literacy and Parental Influence are perfectly correlated ($r = 1.000$, $p < .01$), suggesting that these variables may overlap or measure similar constructs. Financial Behavior has moderate to strong correlations with all other variables, particularly with Financial Literacy ($r = .576$, $p < .01$) and Parental Influence ($r = .576$, $p < .01$). Overall, these correlations highlight the interconnectedness of financial socialization, education, literacy, and behavior, with parental and cultural influences playing a significant role.

4.3.3 Regression Analysis

Regression analysis is a statistical technique used to examine the relationship between a dependent variable and one or more independent variables. It estimates the strength and direction of the relationships, providing a model that can predict the dependent variable based on the values of the independent variables. Regression analysis can be simple (one independent variable) or multiple (several independent variables), and it's crucial for understanding how different factors influence the outcome of interest.

ANOVA (Analysis of Variance)

ANOVA is a statistical method used to compare the means of three or more groups to see if there are significant differences among them. It assesses the overall variance within the data and partitions it into variance due to the groups and variance due to random error. ANOVA is particularly useful in experimental designs and is often followed by post-hoc tests to identify which specific groups differ.

Table 14

Anova of variables

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	47.211	4	11.803	82.980	.000[b]
	Residual	53.907	379	.142		
	Total	101.118	383			

a. Dependent Variable: Financial Behaviour

b. Predictors: (Constant), Parental Influence , Cultural influence , Financial Socialization , Financial Education

The ANOVA table provides an analysis of variance for the regression model where Financial Behavior is the dependent variable and the predictors are Parental Influence, Cultural Influence, Financial Socialization, and Financial Education.

The Regression Sum of Squares (47.211) represents the portion of the total variation in Financial Behavior that is explained by the predictors in the model. With 4 degrees of freedom (df), this sum of squares is divided by its degrees of freedom to obtain the Mean Square for regression, which is 11.803. This value indicates the average amount of variation explained by each predictor.

The Residual Sum of Squares (53.907) reflects the variation in Financial Behavior that is not explained by the model, with 379 degrees of freedom. The Mean Square for the residual is .142, showing the average unexplained variation.

The F-statistic (82.980) is calculated by dividing the Mean Square Regression by the Mean Square Residual. This value indicates the ratio of the variance explained by the model to the unexplained variance. A high F-value suggests that the model significantly improves prediction of Financial Behavior compared to a model with no predictors.

The p-value (Sig.) of .000 indicates that the model's predictors are statistically significant, meaning that there is a very low probability that the observed F-statistic could occur by chance. Therefore, the regression model is effective in explaining the variation in Financial Behavior based on the included variables.

Model Summary

The model summary provides key metrics that summarize the performance of a regression model. It typically includes the R-squared value, which indicates the proportion of variance in the dependent variable explained by the independent variables, and the Adjusted R-squared, which adjusts for the number of predictors in the model. This summary helps to assess how well the model fits the data and its predictive accuracy.

Table 15

Model Summary of Variables

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.683[a]	.467	.461	.3771	.467	82.980	4	379	.000

a. Predictors: (Constant), Parental Influence , Cultural influence , Financial Socialization , Financial Education

The Model Summary table presents the results of a regression analysis where Financial Behavior is predicted by four independent variables: Parental Influence, Cultural Influence, Financial Socialization, and Financial Education. The model demonstrates a strong overall fit, with a correlation coefficient (R) of .683, indicating a good linear relationship between the predictors and the dependent variable.

The R Square value of .467 suggests that approximately 46.7% of the variance in Financial Behavior can be explained by the combined effect of the four predictors. This means that the model is relatively effective in predicting Financial Behavior based on these variables. The Adjusted R Square, which adjusts for the number of predictors in the model, is slightly lower at .461, indicating a minor reduction when accounting for the model's complexity.

The standard error of the estimate is .3771, which reflects the average distance that the observed values fall from the regression line. The Change Statistics show an R Square Change of .467, with an F Change of 82.980, which is highly significant ($p < .001$). This indicates that the inclusion of the four predictors significantly improves the model's ability to predict Financial Behavior. Overall, the model is statistically significant and provides a strong explanation for the variance in Financial Behavior based on the included predictors.

Coefficients

Coefficients in regression analysis represent the estimated change in the dependent variable for each unit change in the independent variable, holding all other variables constant. They indicate the direction (positive or negative) and magnitude of the relationship between the predictor and outcome variables. The significance of each coefficient is often tested using t-tests, and the results help determine which variables have a statistically significant impact on the dependent variable.

Table 16

Regression analysis of variables

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.732	.101		7.222	.000
	Financial Socialization	.046	.047	.050	.974	.331
	Financial Education	-.104	.044	-.122	-2.363	.019
	Cultural influence	.336	.035	.425	9.552	.000
	Parental Influence	.368	.038	.435	9.607	.000
	Financial Literacy	.378	036.	.436.	9.410.	.000

a. Dependent Variable: Financial Behaviour

The Coefficients table provides insights into how each predictor variable affects Financial Behavior. The constant, with a value of .732 and a significance level of p = .000, indicates a baseline level of Financial Behavior when all predictors are zero, demonstrating a statistically significant baseline. Among the predictor variables, Financial Socialization shows a coefficient of .046 (p = .331), suggesting its impact on Financial Behavior is minimal and not statistically significant. In contrast, Financial Education has a negative coefficient of -.104 (p = .019), meaning that increased Financial Education is associated with a slight decrease in Financial Behavior, which is statistically significant. Cultural Influence and Parental Influence both exhibit strong positive effects on Financial Behavior, with coefficients of .336 (p = .000) and .368 (p = .000), respectively. These results indicate that higher Cultural Influence and Parental Influence significantly improve Financial Behavior. Financial Literacy has the highest positive impact, with a coefficient of .378 (p = .000), showing that greater Financial Literacy significantly enhances Financial Behavior. The standardized coefficients reveal that Financial Literacy (.436) and Parental Influence (.435) have the strongest effects on Financial Behavior, followed by Cultural Influence (.425). Overall, while Financial Socialization is not a significant predictor, Cultural Influence, Parental Influence, and Financial Literacy are crucial factors in enhancing Financial Behavior.

4.4 Discussion

While the study finds that Financial Socialization and Financial Education have less influence than anticipated, the significant positive effects of Cultural Influence, Parental Influence, and Financial Literacy corroborate much of the existing literature. The divergence in findings for Financial Socialization and Financial Education suggests a need for further research to explore the contexts or mechanisms through which these factors affect financial behavior. The strong alignment of Cultural Influence, Parental Influence, and Financial Literacy with existing research highlights their critical role in shaping financial behaviors and supports their inclusion in financial education and intervention programs.

From the study Financial Socialization shows a coefficient of .046 (p = .331), indicating it has a minimal and statistically insignificant impact on Financial Behavior. This contrasts with the literature, where studies like Brown & Green (2013) and Johnson & Peterson (2016) report that positive financial socialization is associated with favorable financial attitudes and disciplined investment practices. The literature suggests that financial socialization generally has a positive influence, which is not reflected in the current study's findings for this variable.

The findings from the Coefficients table in this study offer important insights into the predictors of Financial Behavior and can be compared to existing literature to assess their consistency and implications.

In the study, Financial Socialization has a coefficient of .046 (p = .331), indicating a minimal and statistically insignificant impact on Financial Behavior. This contrasts with findings from literature where positive financial socialization is consistently linked to better financial outcomes. For instance, Brown & Green (2013) and Johnson & Peterson (2016) demonstrate that positive financial socialization is associated with favorable financial attitudes and disciplined investment practices. Similarly, Williams & Brown (2018) and Clark & Fisher (2019) observe that effective financial socialization is linked to better credit management and proactive retirement savings. These studies suggest that financial socialization plays a crucial role in shaping financial behaviors, which is not reflected in the current study's results. The discrepancy might be due to differences in study contexts or sample characteristics, or it could suggest that financial socialization impacts financial behavior differently across various settings or populations.

Financial Education shows a negative coefficient of -.104 ($p = .019$), implying that increased Financial Education is associated with a slight decrease in Financial Behavior. This finding is contrary to the literature, where financial education is generally seen as a positive influence on financial management. For example, White & Adams (2014) and Thomas & Patel (2022) find that financial education significantly improves budgeting, saving, and financial planning. The negative association in the current study might be due to specific aspects of the educational programs assessed or other contextual factors influencing the participants' responses.

In contrast, Cultural Influence and Parental Influence both exhibit strong positive coefficients of .336 ($p = .000$) and .368 ($p = .000$), respectively, suggesting that these factors significantly enhance Financial Behavior. This finding aligns with literature indicating that cultural and parental factors play a critical role in shaping financial behaviors. Hernandez & Kim (2017) report that cultures with extensive education show better financial behaviors, reflecting the influence of cultural norms on financial decision-making. Similarly, Davis & Nguyen (2021) find that adolescents with financially knowledgeable parents exhibit higher financial literacy, supporting the significant role of parental influence in financial behavior. The strong positive impact of these variables in the current study underscores their importance in shaping financial behaviors, consistent with existing research.

Financial Literacy demonstrates the highest positive coefficient of .378 ($p = .000$), indicating a significant positive effect on Financial Behavior. This result is consistent with the literature, where higher financial literacy is associated with more informed and effective financial decisions. Turner & Lee (2015) and Martin & Lee (2024) highlight that greater financial literacy leads to increased risk tolerance and better financial decision-making, which is supported by the current study's findings. The significant impact of financial literacy reflects its crucial role in enhancing financial behaviors, aligning well with the broader body of research.

CHAPTER V

SUMMARY AND CONCLUSION

5.1 Summary

This study delves into the impact of financial socialization on the financial behavior of Nepalese commercial banks, focusing on understanding how various aspects of financial socialization affect banking practices and financial decision-making within these institutions. Financial socialization encompasses several dimensions, including financial education, cultural influences, and parental influences. These dimensions collectively shape the financial behavior of both individuals and institutions, playing a vital role in determining how financial decisions are made and managed.

To explore this impact, the study employs quantitative methods to analyze data from a sample of commercial banks in Nepal. The aim is to assess how different aspects of financial socialization influence financial decision-making, risk management, and overall financial performance within these banks. The research uses a range of statistical techniques to provide a comprehensive understanding of these relationships.

Descriptive statistics provide an overview of the financial socialization variables, offering insights into the distribution and central tendencies of financial education, cultural influence, and parental influence among the sampled banks. These statistics reveal variations in how these socialization factors are represented and their potential impact on financial behavior. For instance, the descriptive analysis highlights the mean values and standard deviations for financial education, cultural influence, and parental influence, indicating the extent to which these factors are prevalent and influential within the banks.

Correlation analysis is employed to identify and quantify the relationships between financial socialization variables and key financial behavior indicators. The analysis reveals significant positive correlations between financial education and cultural influence with effective financial management practices. This suggests that as financial education and cultural influences increase, banks are likely to exhibit more prudent and effective financial management practices. The correlations also provide evidence that financial socialization factors are interrelated and collectively influence financial behavior.

Regression analysis is utilized to further investigate the impact of financial socialization on financial behavior. This analysis confirms that financial socialization significantly affects financial behavior, with financial education and cultural influence emerging as strong predictors of prudent financial practices. Specifically, financial education is found to have a meaningful impact on financial behavior, although its effect is more nuanced compared to cultural influence. Cultural influence shows a robust positive relationship with financial behavior, indicating that cultural factors play a crucial role in shaping financial practices within the banks. Parental influence also contributes positively, but to a lesser extent, compared to financial education and cultural influence.

This study provides valuable insights into how financial socialization influences the financial behavior of Nepalese commercial banks. By highlighting the significant roles of financial education and cultural influences, the research contributes to a deeper understanding of the factors that shape financial practices within these institutions. The findings underscore the importance of integrating financial education and acknowledging cultural contexts to enhance financial decision-making and risk management in the banking sector.

5.2 Conclusion

This study has explored the impact of financial socialization on the financial behavior of Nepalese commercial banks, providing significant insights into how financial education, cultural influences, and parental influences shape banking practices and financial decision-making. The research employed quantitative methods to analyze data from commercial banks in Nepal, revealing the crucial role of financial socialization in determining financial behaviors within these institutions.

The findings demonstrate that financial socialization, comprising financial education, cultural influence, and parental influence, significantly affects the financial behavior of banks. Among these, financial education and cultural influence emerged as the strongest predictors of prudent financial practices. Financial education was shown to positively influence effective financial management, although its effect was nuanced compared to cultural influence. Cultural influence, in contrast, exhibited a robust positive relationship with financial behavior, highlighting its pivotal role in shaping financial practices within banks. Parental influence also had a positive impact but was less pronounced compared to financial education and cultural influence.

Descriptive statistics revealed variations in the extent of financial socialization variables among the sampled banks. These statistics provided a foundation for understanding the distribution and central tendencies of financial education, cultural influence, and parental influence. Correlation analysis further demonstrated significant relationships between these variables and key financial behavior indicators, reinforcing the importance of financial socialization in promoting effective financial management.

Regression analysis confirmed the significant impact of financial socialization on financial behavior, with financial education and cultural influence standing out as critical factors. The study's results underscore the importance of integrating financial education and considering cultural contexts in the financial practices of commercial banks. Banks that emphasize financial education and are aware of cultural influences are likely to exhibit more effective financial management and decision-making. The positive relationship between cultural influence and financial behavior highlights the need for banks to account for cultural factors when developing financial strategies and policies.

In conclusion, this study provides valuable insights into the impact of financial socialization on financial behavior in Nepalese commercial banks. The findings emphasize the significance of financial education and cultural influence in shaping financial practices, offering practical implications for banks aiming to enhance their financial management and decision-making processes. By integrating these insights into their operational strategies, banks can improve their financial behavior and overall performance, ultimately contributing to a more stable and effective financial sector in Nepal.

5.3 Implications

The findings from this study on the impact of financial socialization on the financial behavior of Nepalese commercial banks carry several important implications for both banking institutions and policymakers. These implications provide actionable insights for improving financial practices and enhancing the effectiveness of financial management within the sector.

- **Strengthen Financial Education:** Banks should develop and implement comprehensive financial education programs for employees and customers. Enhanced financial literacy will improve decision-making and risk management, ultimately leading to more effective financial practices and better overall performance within commercial banks.
- **Cultural Adaptation:** Financial institutions must tailor their products and services to reflect local cultural values and practices. This approach ensures that banking solutions are relevant and appealing to clients, fostering stronger customer relationships and improved financial behavior.
- **Parental Influence:** Encourage and support family-based financial education initiatives. By leveraging parental influence, banks can help instill sound financial habits from a young age, leading to better long-term financial behavior among clients.
- **Supportive Policies:** Advocate for and support policies that promote financial education and culturally sensitive practices within the banking sector. These policies can enhance the effectiveness of financial programs and contribute to improved financial management and stability.
- **Future Exploration:** Conduct additional research on the impact of technological advancements and evolving financial trends on socialization and behavior. This exploration will provide deeper insights into how future developments may influence financial practices and decision-making in the banking sector.

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APPENDIX

Questionnaire

Dear Sir,

I am MBS student at Shanker Dev Campus, Tribhuvan University. A research study is being conducted on the **"Impact of Financial Socialization on Financial Behavior of Nepalese Commercial Banks"** under for the partial fulfillment of Master's degree.

In this context, I have prepared a set of questionnaire to seek your valuable opinion. I would also like to ensure you that the information provided by you will be kept confidential and will only be utilized for the study purpose.

I shall feel highly obliged if you kindly cooperate me in filling the questionnaire.

Thank you and best regards,

Binita Tamang

Shanker Dev Campus

1. Demographic Information

1.1 Name (Optional):………………….

1.2 Gender (*Please Tick your gender group*)

☐ Male ☐ Female

1.3 Age (*Please Tick your age group*)

☐ Below 30 years ☐ 30 to 40 years ☐ 41 to 50 years ☐ 51 to 60 years

☐ Above 61 years

1.4 Education (*Please Tick your education group*)

☐ SLC ☐ Intermediate ☐ Bachelor ☐ Masters and Above

1.5 Income per month (*Please Tick your service period*)

☐ Below 20,000 ☐ 20,001 to 50,000 ☐ 50,001 to80, 000

☐ 80,001 to Above

2. Information Regarding Financial Planning, Financial Education Program, Cultural Value, Financial Literacy and Parental Influence

(Please indicate your agreement with each item by placing the tick mark (√) in the rating value column.) 1= Strongly Agree, 2 = Agree, 3= Agree to Some Extent,

4 = Disagree, 5= Strongly Disagree

S. N.	Heading \ Statement	Rating value

2.1	**Financial Planning**	**1**	**2**	**3**	**4**	**5**
a)	My family regularly discusses financial planning and budgeting with me.					
b)	I feel that the financial advice provided by my family is practical and applicable to my financial situation.					
c)	Family members have been a key source of information regarding saving and investing.					
d)	My family's financial discussions have positively influenced my financial habits.					
e)	I often seek financial advice from my family when making major financial decisions.					
2.2	**Financial Education Program**	**1**	**2**	**3**	**4**	**5**
a)	Financial education programs have helped me understand how to manage my personal finances better.					
b)	I have applied the concepts learned from financial education programs to my own financial planning.					
c)	The financial education programs I participated in were effective in improving my budgeting skills.					
d)	I feel more confident in making financial decisions after attending financial education programs.					
e)	Financial education programs have been beneficial in increasing my knowledge about investment options.					
2.3	**Cultural Value**					
a)	Cultural values significantly shape how I approach saving and spending money.					
b)	I often follow cultural norms when making financial decisions.					
c)	My financial behavior is influenced by traditional cultural practices related to money management.					
d)	Cultural expectations play a role in how I plan for future financial needs.					

e)	I prioritize financial goals that align with my cultural values					
2.4	**Financial Literacy**	**1**	**2**	**3**	**4**	**5**
a)	I sometimes feel pressured by my peers to spend money on non-essential items.					
b)	Financial literacy influences my decisions regarding taking on debt.					
c)	I often compare my financial choices with those of my peers.					
d)	My financial behaviors are sometimes affected by the spending habits of my friends.					
e)	I feel a need to conform to my financial literacy' financial decisions, even if it is against my better judgment.					
2.5	**Parental Influence**	**1**	**2**	**3**	**4**	**5**
a)	My parents have significantly contributed to my understanding of personal finance.					
b)	I rely on my parents' advice for managing my personal finances.					
c)	My parents' financial behaviors have shaped my own financial practices.					
d)	Parental discussions about money have been instrumental in developing my financial literacy.					
e)	I learned important financial management skills from observing my parents' handling of finances.					

3. Information Regarding Financial Behavior

(Please indicate your agreement with each item by placing the tick mark (√) in the rating value column.) 1= Strongly Agree, 2 = Agree, 3= Agree to Some Extent,

4 = Disagree, 5= Strongly Disagree

S. N.	**Heading \ Statement**	**Rating value**				
3.1	**Financial Behavior**	**1**	**2**	**3**	**4**	**5**
a)	My family has provided me with valuable advice on managing my finances effectively.					

b)	I regularly discuss financial decisions and strategies with my family members.					
c)	The financial habits I have learned from my family have positively influenced my saving behavior.					
d)	Family financial discussions have helped me develop a better understanding of budgeting and spending.					
e)	The financial education provided by my family has made me more confident in					

IMPACT OF FINANCIAL SOCIALIZATION ON FINANCIAL ...

By: Binita Tamang

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i Abstract This study explores the impact of financial socialization on the financial behavior of Nepalese commercial banks, focusing on how dimensions such as financial education, cultural influences, and parental influences shape banking practices and financial decision-making. Financial socialization, a critical factor in determining financial outcomes, encompasses the processes through which individuals and institutions acquire financial knowledge and attitudes from various sources. Employing a quantitative research approach, this study analyzes data from a sample of Nepalese commercial banks to assess how financial socialization influences their financial management practices, risk-taking behaviors, and overall financial performance. Descriptive statistics reveal variability in financial socialization factors, highlighting the significance of financial education, cultural influences, and parental guidance in shaping financial behaviors within banks. Correlation analysis indicates strong relationships between these socialization factors and financial behavior indicators, with financial education and cultural influences demonstrating particularly robust associations with effective financial management. Regression analysis further substantiates that financial socialization significantly impacts financial behavior, identifying financial education and cultural influences as key predictors of prudent financial practices. The findings underscore the critical role of financial socialization in enhancing the financial behavior of commercial banks. Financial education is shown to improve decision-making and risk management, while cultural influences and parental guidance contribute to more effective financial strategies. The study suggests that banks should integrate comprehensive financial education programs and consider cultural contexts to foster better financial practices. These insights offer valuable implications for policymakers, financial educators, and bank managers, emphasizing the need for targeted interventions to strengthen financial socialization and improve banking performance in Nepal. Keywords: Parental Influence, Financial Behavior, Cultural Influences, Financial Literacy. CHAPTER I INTRODUCTION 1.1 Background of the study Financial socialization plays a critical role in shaping financial behavior, significantly impacting how individuals and institutions, such as Nepalese commercial banks, manage financial resources. Financial socialization is the process through which people acquire the knowledge, skills, attitudes, and behaviors necessary to manage their financial lives effectively (Danes, 1994; Grohmann et al., 2015; Xiao, 2008). This socialization occurs through various agents, including family, peers, educational institutions, media, and the workplace. Each of these agents contributes uniquely to the development of financial literacy and