

INFLUENCE OF PARENTAL SOCIALIZATION AND FINANCIAL LITERACY ON SAVING BEHAVIOR OF YOUTHS

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial fulfilment of the requirements for the Master's Degree

by

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “Influence of Parental Socialization and Financial Literacy on Saving Behavior of Youths”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes.

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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We, the undersigned, have examined the dissertation entitled “**Influence of Parental Socialization and Financial Literacy on Saving Behavior of Youths**” presented by Sajina Maharjan, candidate for the degree of Master of Business Studies (MBS Semester) and conducted the viva-voce examination of the candidate. We hereby certify that the dissertation is worthy of acceptance.

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ABBREVIATIONS

d.f.	Degree of Freedom
et.al.	Latin "et alii" meaning ' all others'
FL	Financial literacy
i.e.	that is
N	Number of Respondents
Max.	Maximum
Min.	Minimum
PS	Parental Socialization
Sig.	Significance Level
SOMTU	School of Management, Tribhuvan University
SPSS	Statistical Package for the Social Science
Std. deviation	Standard Deviation
S.D.	Standard Deviation

ABSTRACT

The general objective of this study is to examine the effect of parental socialization and financial literacy on saving behavior of youths in Kirtipur Municipality. Some of the specific objectives of this study are as follows: to examine the saving behavior of youths in Kirtipur Municipality, to identify the relationship between financial literacy and parental socialization on saving behavior of youths in Kirtipur Municipality and to examine the impact of gender and marital status on financial literacy and parental socialization on saving behavior of youths in Kirtipur Municipality. This study employed descriptive and causal comparative research designs to deal with the fundamental issues of the study. The study has considered 400 samples for conducting the study through convenience sampling method. A structured questionnaire was prepared and used to collect information regarding various dimensions of parental socialization, financial literacy and saving behavior. Descriptive statistics, ANOVA, Pearson's Correlation, Simple linear regression were conducted to make analysis of data.

The results of this study demonstrate that both parental socialization and financial literacy have positive impact on saving behavior youths. Children receive some kind of financial teaching from parents and their willingness to save increased due to receiving financial education from their parents. Youths who receive financial teaching, experience sharing, habit formation, guidance and control tend to save more than that of others. The study also revealed that there is significant relationship between financial literacy and saving behavior of youths. This research revealed that students who have financial literacy exhibit more saving behavior as compared to others who do not have financial knowledge.

Therefore, parents must guide their children while making financial decisions. The result of this study might be useful for policy makers, financial institutions and parents to develop a better strategy to increase the saving behavior of youths.

Keywords: Financial literacy, saving behavior, financial knowledge, parental socialization, youths.

CHAPTER I

INTRODUCTION

1.1 Background of the study

All the countries of the world are struggling to keep pace with this development process for gaining a better locus in the world of survival. In the chain of this economic development savings may oil more to get rapidity. The world economy is growing and developing day by day and as an important factor of economic growth, saving is playing a crucial role in the continuation of this development. Saving is the part of income which is not spent on current consumptions. Saving is considered as major factor that affects the economic growth of developing countries (Jagadeesh, 2015). In developing countries, saving give security against future crisis while for national savings it gives resources that are required for the development of the country (Cheema et al., 2018).

Financial stability and independence in emerging adulthood influences numerous aspects of well-being such as education, career and identity formation (Bosch et al., 2016). Further, Financial literacy involves number of elements including basic numeric skills such as ability to calculate rates of return on investment and interest rates, an understanding of benefit and risk associated with particular financial decisions (Seiffge-Krenke, 2013). However emerging adults are struggling to find this stability and independence and they feel moderately prepared for financial adulthood (Widdowson & Hailwood, 2007).

Children have learning experience through observation, enforcement and reinforcement, practice and participation and deliberate instructions from parents (Jorgensen & Savla, 2010). Moreover, Parents are the first teacher of any children. Most of the habits among children and their implicit socialization come from parents. Parental educational background and household income affects the saving tendency of students. Mother's level of education affected the tendency to save for students. Parental teaching becomes effective when different methods are combined such as: pocket money, teaching, controlling. The most effective strategy is teaching to save during childhood and adulthood. The propensity to save of those who receive parental teaching to save is

always large than those who received no teaching (Buccioli & Veronesi, 2014). Many parents believe that family financial information such as income, savings, and debt should not be discussed with children (Solheim, Zuiker & Levchenko, 2011).

In most of the studies, it is concluded that saving is an important component of an economy (Cheema et al., 2018). The higher level of savings can stimulate investment in the economy. Many factors can influence savings behavior of university level students. The financial literacy and parental socialization are among such factors. The exact identification of such factors can facilitate in boosting savings and mobilize these for efficient utilization. How parental socialization and financial literacy affect the saving behavior is a question of concern. The difference in the saving pattern of students is also another question so this study is an attempt to address these questions. This study will be helpful for different banks and other financial institutions, policy makers and parents in getting the most appropriate information about the youths saving behavior.

1.2 Problem statement

People make many types of financial decisions in their life. These decisions affect the financial management in long run. It is more necessary to make effective financial decisions in case of students as there is financial burden and expectations from family. Skills and ability to manage financial resources are essential for daily life activities as they help people to deal with day to day financial matters and make right decisions. Financial activities like budgeting, saving and decisions affect student's long term goals, opportunities and financial well-being. These choices are influenced by many internal and external factors.

There are many researches regarding the parental influence on saving behavior of children (Salikin et al. 2012; Firmansyah 2014; Buccioli & Veronesi, 2014). Buccioli and Veronesi (2014) suggested that parental teaching is more effective than receiving the formal education at school and based on different socio demographic variables they show different behavior. Parents play a vital role in money management of children and their teaching methods determines the ability to meet financial issues in future. Parental teaching is more effective when different methods are combined. The most effective strategy is teaching to save during childhood and adolescence.

As per the fifth Household Budget Survey released by Nepal Rastra Bank (NRB) average household is saving only 13.92 percent of the monthly income and it is declining. Dhakal (2012) examined the general relationship between remittances and household expenditures and savings in Nepal and found that the remittance receiving households spend more and save more. Nepal and Thapa (2015) found that major parts of financial behavior of students are maintaining the records of finances, spending money, money management, saving and use of income. The student deposit the savings into bank account, use it when the income is low. The study showed that most of the students are involved in bank saving and they prefer it than investing in commodities and insurance.

Bayar, Sezgin, Ozturk & Sasmaz, (2017) and Albeerdy & Gharleghi,(2015) focused on financial literacy and its determinants. Parental socialization factors risk attitude, financial status, parenting styles, parental educational background and attitudes has been taken as variables for research. There are many determinants of saving behavior like: financial literacy, peer influence, self control, parental socialization, gender (Karunaanithy et al. 2017). However, only few attempts have been made to study both financial literacy and parental socialization influence on saving behavior of youths. In the context of our country almost no research has been made combining these variables so moving to conclusion with the existing literature is difficult. Therefore, study aims to explore the financial literacy and parental socialization influence on saving behavior of youths. The study deals with the following issues:

- i What is the saving behavior of youths in Kirtipur Municipality?
- ii What is the relationship between financial literacy and parental socialization on saving behavior of youths in Kirtipur Municipality?
- iii What is the impact of gender and marital status on financial literacy and parental socialization on saving behavior of youths in Kirtipur Municipality?

1.3 Objectives of the study

The general objective of this study is to examine the effect of parental socialization and financial literacy on saving behavior of youths in Kirtipur Municipality.

Some of the specific objectives of this study are as follows:

- i To examine the saving behavior of youths in Kirtipur Municipality.

- ii To identify the relationship between financial literacy and parental socialization on saving behavior of youths in Kirtipur Municipality.
- iii To examine the impact of gender and marital status on financial literacy and parental socialization on saving behavior of youths in Kirtipur Municipality.

1.4 Rationale of the study

The growing body of the research on household saving and saving behavior of individuals has tried to establish appropriate ways to measure the savings of a country, to understand the savings motivations and the saving behavior of people at different ages, with the aim to finally encourage saving through appropriate government policies. Few studies have investigated the development of money attitudes, saving attitudes, money management and saving behavior above the age of 12. Such an investigation helps to further understand the development of this economic behavior and the existing saving theories.

Financial education programs are geared towards positive financial behaviors. They aim at increasing savings, improving personal financial planning, financial knowledge as well as financial management of income and credit. Financial well-being may mean a state of being financially healthy, happy and free from worry. Young people tend to worry about money. Accumulating debt at a young age certainly does not assist a smooth start as economic agent.

This research is conducted to identify the influence of parental socialization and financial literacy on saving behavior of youths. Educators and regulators will be able to develop appropriate programs and design relevant financial courses to help students in managing personal money and avoid the debt tracks. The results are also useful and relevant for policy makers. The indication that parents plays an important role in the formation of children's financial behavior mans than policy makers should estimate parents to provide their children with financial teaching. They could achieve this goal by arming parents with information on how to familiarize their children with making financial decisions.

1.5 Limitations of the study

Some limitations of this study are as follows:

- The data for the study has been collected through self-administered questionnaire and requested to be honest as far as possible, thus accuracy of result depends upon the accuracy of the respondents.
- The data collection for this study was made through questionnaire therefore there might be biasness in the answers collected from respondents.

CHAPTER II

LITERATURE REVIEW

2.1 Theoretical review

Savings are essential for the economic growth of the country because if the savings rate is low, then the investment will also be low leading to low capital formation. National savings are essential for accomplishing high economic growth (Jagadeesh, 2015). An increase in the rate of saving can bring more investments (Cheema et al. 2018). It will finally lead to industrial growth, business era, change in nature of items, stable costs, and higher growth (Ayadi, Ben Omrane, Lazrak, & Yang, 2018). Saving is the part of income which is not spent on current consumption (Cheema et al., 2018) People save their money for different purposes. Saving is beneficial not only for the individuals but also for the whole country and it helps in infrastructure development and long run investments in the country likewise saving acts as hurdle for countries against financial crisis and economic downturns (Jagdeesh, 2015; Baidoo et al., 2018). For people and family units, savings give security against future crisis while for national savings it gives resources that are required for the development of the country (Gedela, 2012; Jagadeesh , 2015).

When people save their money in different financial institutions then they will have more reserves. Due to increase in reserves, these institutions will give loans on low interest rate for investment purpose. The savings of households and individuals are the essential segment of national saving in both developed and developing countries (Ayadi et al., 2018). This aspect will enhance investment level and the economic growth in the country (Ahmed, 2015). Lusardi and Mitchell (2007) developed the reasoning that non-planners have a lower probability of saving for the future. They found that individuals who slightly thought about saving were better off than their counterparts who did not think of saving at all. In addition, the accumulated retirement fund of an individual will be dependent on the income earned during their working years (Fisher & Anong, 2012). When individuals are not earning enough money, they will be less likely to focus on later years and only have a short term plan for their income. Automatic enrollment in saving plans has been believed to create a solution to the non-planner dilemma (Neelakantan & Chang, 2010).

Further, Income perceived need for money, bank accounts, self-control, and future orientation are the factors that drive ability to save in childhood and adolescence (Webley & Nyhus, 2005). Receiving money irregularly for certain activities more frequently, having bank accounts, having certain goals in future increases the propensity to save. As receiving money in childhood is the first chance to spend or save real money.

Similarly, motives, self-efficacy, attitudes towards saving were factors affecting the willingness to save in childhood and adolescence (Shim, Barber, Card, Xiao & Serido, 2009). An individual have simple goals in their mind for saving. Confidence will be important for the formation of saving goals. Lifestyle while growing up affects consumption pattern. It is necessary to know the reason for saving and saving strategies.

In addition, Otto (2013) explained that children and adolescents' ability and willingness to save did not only develop as a result of social learning (i.e. observation of role models) and direct teaching (such as explanations and guidance with regard to the spending and saving of pocket money or allowances). Skills and attitudes related to the saving were indirectly related to parenting behaviors which led to higher self-efficacy beliefs, better self-regulation strategies and more independent economic behavior.

Similarly, Salikin et al. (2012) mentioned about the problems of doing saving in university life, such as uncertainty about where the money is spent, talking money from parents or others without permission for the spending which are driven by their desires rather than economic needs. Students have some reason of doing saving such as to achieve goal, do saving until the end of semester and do saving for paying down debts.

According to Karunaanithy, Karunaanithy & Santhirasekaram, (2017) there are various theories that explained saving behavior, which could be grouped into two broad categories. The first group consists of financial theories, which starts with Keynesian Absolute Income Hypothesis (1936), followed by Duesenberry's Relative Income Hypothesis (1949), Modigliani & Brumberg Life Cycle Hypothesis (1954), and Friedman Permanent Income Hypothesis (1957). They all agree that income is not only one and only determinant of saving while they also focus on other factors as well.

Karunaanithy, Karunaanithy & Santhirasekaram, (2017) also explained that towards the end of 20th century, theories of behavioral psychology started to focus on saving behavior, since saving is a behavior affected by beliefs, attitudes and motivation as well as self- determination and social norms. Two prominent psychological theories, namely the theory of planned behavior (1991) and self- determination theory (1985) are of great use in understanding saving behavior.

2.1.1 Absolute Income Hypothesis

Keynes (1936) introduced the notion of marginal propensity to save. Absolute Income Hypothesis states that savings and consumption are caused by disposable income and both are positively correlated with it. In other words, while disposable income increases, consumption also increases, but it will increase less than income. Therefore, with revenue growth and average consumption the trend is correlated negatively and the average saving trend is correlated positively with income. It means saving is only possible if an individual have more income to meet basic needs. An individual can save only after meeting the liabilities. If individual meet all the liabilities from all the available income then individual may not be able to save.

2.1.2 Relative Income Hypothesis

Duesenberry (1949) developed relative income hypothesis and explained that individual's attitude to consumption and saving is determined by income level in relation to others than by abstract standard of living. Individuals make consumption decision depending on income of the society in which they live, i.e. relative income of consumers. Individuals don't like to consume less than others do. Poor people consume and spend more than rich people because they want to fulfill the consumption gap. First hypothesis says that consumption depends on both absolute level of income and relative income. Second hypothesis says that level of consumption is not only influenced by present level of income but also by previous consumption.

2.1.3 Permanent Income Hypothesis

Friedman (1957) introduced permanent income hypothesis and explained that individuals spend their money in consistent with their expected long term income. There is difference

between permanent and transitory income. The income which deviates is transitory income and the stable level of income is permanent income. Permanent consumption is determined by permanent income and it is not affected by temporary income. When the level of income is not stable then it directly affects saving behavior of individuals. Factors such as wealth, age, human health and income distribution effecting permanent income affects the saving and consumption patterns of individuals.

2.1.4 Life Cycle Hypothesis

Modigliani & Brumberg (1954) developed life cycle hypothesis and explain that people plan pertains their saving and consumption over their life span. People make balanced consumption by earning and saving for future. People are free to maintain their lifestyle as they want therefore consumption level is free over every period. Income and consumption level varies at different stages of life. At young age income is low it increases with the movement towards maturity and again decreases when moving towards end of maturity. During starting of family people consume more and borrow more. Later when moving towards maturity they save more due to high income and less consumption. During end of maturity period, people plan for retirement. The life cycle hypothesis explain how saving and spending varies over a life span.

2.1.5 Theory of planned behavior

Ajzen (1991) stated that there are three factors that influence the intention and thus affect human behavior. They are as follows: a) Attitude toward the behavior (degree to which person has favorable and unfavorable evaluation) b) Subjective norm (perceived social pressures that influence one's behavior, whether to behave in a certain way or not) c) Perceived behavioral control (how a person perceives her necessary resources and opportunities to behave in a certain way). These factors affect intentions that in turn affect behavior.

2.1.6 Self- determination Theory

Ryan and Desi (2000) introduced self- determination theory which focuses on different kinds of intentions and motivation, whereas motivation is divided into intrinsic

motivation and extrinsic motivation. Extrinsic motivation has sub groups of dimensions that indicate different levels of autonomy and self- determination.

2.1.7 Parental Socialization

Family is the primary socializing agent for adolescents which provide financial knowledge and filter all the information coming from outside financial world (Clarke, Heaton, Israelsen, & Eggett, 2005; Danes & Haberman, 2007). Family income may have an impact on a series of parental socialization mediator including parental financial monitoring, parent child interactions about money, parental direct teaching, parental financial behavior, and the adoption of a parental financial role model (Kim & Chatterjee, 2013; Shim, Serido, Bosch, & Tang, 2013; Shim et al., 2010). However, very few studies have successfully explained the association between family income and youth financial literacy through the mediation of parental socialization. Shim et al. (2010) explained that the very specific aspect of parental financial socialization includes: parental direct teaching, adopting parental financial role modeling and parental financial behavior. Individuals often consulted a varying number of sources to be motivated from the group of people such as from social influence like: family, friend and employers. Social environments ranging from the family had a significant effect on individuals and groups attitudes and behaviors. Parental socialization generally involves modeling consumer behaviors, making rules about children's consumer behaviors and engaging in direct discussions about purchasing decisions, money, credit and related topics (Jorgenson and Savla, 2010).

Further, Parental financial socialization was found to significantly affect financial behavior of adolescents and youth adults. Parental socialization might be explicit and implicit. Sam et al. (2012) acknowledged that the role of parents as the key to their children's financial socialization, in which parents are highly influential in developing their children's financial behavior, thus they should become the role model to their children in managing their financial affairs. Shim et al. (2009) discovered that the role played by parents is significantly greater than the role played by working experience and high school financial education of young adults. A set of supportive social support from parents and family members are crucial in helping young adults and adolescence achieve

their successful adult life. When parents displayed a positive financial behavior, they will become financial role models to their children and will trigger positive attitudes and behavior amongst the young adults.

Moreover, Parents with higher incomes are more likely to perform diversified financial behaviors and have more opportunities to interact with the youth on different financial occasions (Jorgenson and Savla, 2010). Direct parental teaching through planned instruction, reinforcement through giving rewards, encouragement in participation and adopting parental role modeling performed by parents can make positive to the financial learning experience of the youth (Lachance & Choquette-Bernier, 2004).

Parental participation in stock market, parental planning and accumulation of retirement savings have proven to increase the probability of next generation ability to correctly answer financial literacy questions (Lusardi, Mitchell, & Curto, 2010). Consistently, when parents have problems managing financial affairs, the next generation is more likely to be confused about money (Allen, Edwards, Hayhoe, & Leach, 2007).

A higher family income is also associated with more opportunities for youths to adopt parental financial role modeling, supported by the fact that families with a higher economic status are more likely to provide allowances to the younger members of the family (Barnet-Verzat & Wolff, 2002). There is practical evidence that parents can build up the skills of their kids that are imperative for savings. Parents can play a significant role in encouraging their kids toward savings (Lusardi & Mitchell, 2014). There are two types of parents. First, such types of parents who always try to protect their kids from different financial difficulties and responsibilities. Such types of parents do not involve their kids from different financial matter discussion. Second there are some parents who try to educate their children about the different financial matters because they know that it is important for them to know about it to manage their budget and also to increase their savings, (Fonseca & Soares, 2018). Homan (2016) argued that the parental education and socialization can help out in boosting the saving of individuals and decrease their borrowing. The saving habits of individuals can be developed when parents teach their kids during childhood. The parent's discussion of financial matters and guidance affect the savings and borrowings habits of their kids. Parents can control the spending of their

children by monitoring their expenditure regularly (Fatoki, 2014). Wong (2013) stated that the individuals whose financial habits monitored by their parents during childhood had effectively managed their own money.

Several studies have compared the influence of parental socialization to other socialization sources (such as school, work, media and peers) and have found that parents seem to be the primary source of financial learning (e.g. Shim et al., 2010). Pinto et al. (2005) found that children learned more about credit from their parents than from school, media or peers.

Research has found that parent-child financial discussion during childhood and adolescence positively predicts healthy financial behavior in emerging adulthood (Jorgenson et al. 2017). Quality parent-child communication about finances during emerging adulthood predicts not only emerging adults' positive financial behaviors but also their financial, psychological and personal well-being (Serido et al., 2010). The impact of parent-child financial discussion on children's financial outcomes extends into adulthood (Webley & Nyhus, 2005). Parent-child financial discussion during childhood predicted higher credit scores and lower credit card debt in adulthood (Grinstein-Weiss et al., 2011).

Several studies have explored financial discussion about specific financial topics. Pinto et al., (2005) found that parent-child discussion about credit was associated with less credit use in college. Kim et al. (2011) found that parents talking with their adolescent children about charitable donations was positively associated with not only adolescents' charitable but also their saving. Solheim and colleagues (2011) qualitatively examined both positive and negative family financial discussion and identified principles that some participants internalized, and said that money is a source of stress and conflict and also explain money as a secret, private matter. Romo (2014) qualitatively examined financial disclosure and found that both parents and children were aware of family rules about when to share and when to conceal financial information.

Also, there exist positive moderate relationship between parental socialization and children's physical activity levels (Pugliese and Tinsley, 2007). Dalton (1982) examines two pathways of family influence in the socialization process. One is attitudinal pathway

is based on direct interpersonal value transfer. Another is social milieu pathway, represents the effects of social characteristics shared between generations. This study reveals that attitudinal and social influence has direct impact on children's socialization.

In addition, Norvitis and Maclean (2010) revealed that parenting variables are significantly related to college student's credit card problems and credit card debt in the United States. Of all parenting variables, parenting facilitation appeared to have the most significant influence on credit card usage amongst college students. Parents who provide hands on approach on teaching their children about money management, allowance and bank accounts will further motivate them to lower their credit card usage in college. Nortivitis and Maclean (2010) further added that childhood is the most important period that will influence individual's behavior and attitude during adulthood.

2.1.8 Financial Literacy

There is no such definition of financial literacy satisfying all types of readers. The organization for Economic Cooperation and Development (2005) defines financial literacy as: the process by which financial consumers/ investors improve their understanding of financial products and concepts and through information, instruction, or advice, develop skills and confidence to become aware of financial risks and opportunities to make informed choices, to know where to go for help, and to take other effective actions to improve their financial wellbeing. There are many studies carried out among the youths including school and college students on financial literacy. Some of them used pure demographics variables for evaluation while others analyzed based on stream of education and other personal characteristics.

Several studies indicate positive effects of financial literacy on saving behavior. More precisely, individuals with higher financial knowledge are more likely to engage in financial products and services, cash flows management, saving and investment (Hogarth, Beverly, & Hilgert, 2003; Hogarth & Hilgert, 2002). Other research suggests that people who participated in a financial curriculum in high school improved their savings behavior and showed higher net worth as adults (Bernheim, Garrett, & Maki, 2001). In addition, several studies provide clear evidence that financial literacy has positive impacts on saving behavior of adults (Fry, Mihajilo, Russell & Brooks, 2008;

Meier & Sprenger, 2008; Schreiner & Sherraden, 2007). Some studies suggest that financial education does not improve financial literacy (Mandell & Klein, 2007). Past research has found that financial literacy can positively direct financial behavior and help strengthen one's financial status (Lusardi and Mitchell, 2014).

Similarly, Chen and Volpe (1998) expressed that students with higher financial education were both more prone to keep financial records and more inclined to choose the right decision when given hypothetical situation in regards to a financial choice contrasted with students with less financial literacy. Chen and Volpe (1998) additionally found that students with less financial education had more negative suppositions about finance and settled on more improper financial choices. When they have plenty of money, they just utilize it out on vital costs and some which are reluctant. Only more recently, scholars have started on studying savings behavior among children and adolescents in developed countries (Otto, Schots, Wasterman & Webley, 2006; Sherraden, Johnson). Moreover different organizations have started to develop financial literacy programs that target children and youth e.g. (Xu & Zia, 2012).

Researchers assert that financially literate people would know how to manage their money, understand how financial institutions work, and possess a range of analytical skills. Furthermore, they would know how they should handle their financial affairs and how to be responsible financially (Beal and Delpachtra, 2003). In some studies, financial literacy has been described as understanding and knowledge of basic concepts, and the ability to use them to plan and manage their financial decisions (Hogarth, 2002).

In addition, Lusardi and Mitchell (2007a) showed that people with low level of education, females demonstrate low level of financial literacy which subsequently affect financial decision making. Ibrahim et al. (2009) concluded that student's demographic variable including social background, financial attitude; financial knowledge and family sophistication significantly affect the financial literacy level of students.

A popular survey on financial literacy is the Jumpstart Coalition in the US, which measures individual personal capability amongst high school students (Jumpstart Coalition Survey, 2008). Four different types of questions were asked in the survey, specifically in the area of spending and credit; saving and spending; money management;

and income. The survey also includes questions regarding investments in stocks, bonds and insurance. Mandell (2003) demonstrates that graduating high school seniors continue to struggle with financial literacy basics. The tests were conducted upon graduation students which shows the maximum degree of financial literacy (Hogarth, 2002).

Although there are literatures that suggest financial education could be one of the best antidote in enhancing financial literacy. Some of the studies found that attending in financial education program was not statistically significant with undergraduate students' financial management behavior. The reason was because students' intention to learn and master the financial management skills and apply it in daily practices are vary thus they might forget whatever they have learnt in class, (Lusardi, 2008; Chen and Volpe, 2002; Ibrahim et al., 2009).

Moreover, Van Rooij, Lusardi and Alessie (2011) revealed that individuals who are financially illiterate do not plan and are less likely to invest in high risk investments such as stocks. In the context of University students, Beal and Delpachtra (2003) examined financial literacy amongst undergraduate students in Australian regional University and found that most students who participated in survey scored fairly well for financial literacy. In particular, business students scored better in comparison with other majors. In terms of gender differences, male students in Malasiya have higher level of financial knowledge than female (Falahati & Paim, 2011).

Likewise, Jorgenson and Savla (2010) conceptualized financial literacy as the relationships among financial knowledge, financial attitudes and financial behavior. Hogarth (2002) define financial literacy as it is the way that how individuals managed their financial resources in the form of investment, insurance, budgeting and saving. Financial literacy is an expertise or skill that can help individuals to make an effective financial decision. The individual's way of managing and saving behavior changed due to financial literacy. It describes in some studies that the financial literacy act as the awareness of financial ideas and capability to deal their financial issues (Hogarth, 2002).

Likewise, Jorgensen (2007) investigated the personal financial literacy of a sample of undergraduate and graduate college students using the personal characteristics of gender, class and socioeconomic status and examined parental and peer influences on level of

financial literacy and found low score of students in financial knowledge, attitude and behavior but significantly increasing each year from freshman to masters. Further it also revealed that students who were financially influenced by their parents had higher financial knowledge, attitude and behavior scores, and students with higher financial knowledge also had higher financial attitude and behavior scores. Lusardi et al. (2010) examined financial literacy among youth in Germany and showed that financial literacy is low; only less than one third of youth adults were found with basic knowledge of interest rates, inflation and risk diversification.

In addition, Age, gender, language, race and income level do not have impact on the level of financial literacy among the undergraduate level students (Clercq et al., 2009). Nidar and Bestari (2012) investigated the level and factors influencing the personal financial literacy of 400 students in Padjadjaran University of Indonesia and found that level of personal financial literacy was low especially in investment, credit and insurance. The study also showed that level of education, faculty, personal income, knowledge from parents, parents' income and ownership of insurance factors have significant impact on personal financial literacy. Heekenda (2014) explored the existing pattern and the levels of disparity of the functional financial literacy using quantitative data from urban, rural and state sector and found that the socio-economic-demographic characteristics have a very strong association with the financial literacy of individuals. Agarwalla et al. (2013) identified that there is the influence of various socio-economic factors on different dimensions of financial literacy among the working youths in urban India. A few factors specific to India, such as joint family and consultative decision making process were found to significantly influence financial literacy in urban India youths.

Some of the studies suggested that the stream of the education is one of the indicators for determining financial literacy of the students (Peng et al., 2007; Robb & Sharpe, 2009; Ramasawmy et al., 2013, and Fatoki, 2014). Ramasawmy et al., (2013) in Mauritius examined the level of awareness of financial literacy by survey among management students at the University of Mauritius. Four fundamental aspects in financial literacy were considered: level and importance, definitions and theories, constraints and measure to improve financial literacy. They found that management students are attached with sound level of importance to financial literacy to their subject of study. However,

according to the results, most students have a medium level of knowledge and skills in financial literacy and in savings and borrowings. They did not find the significant difference in the financial literacy level between male and female's ability to read, analyze, manage and communicate was found significantly different. Similar type of study was carried in South Africa, by Fatoki (2014). Fatoki (2014) found that financial literacy impacts on an individual's financial decisions especially in the area of savings, borrowing, retirement planning, or portfolio choice. It was also found that non-business students have a low level of financial literacy in comparison to business students.

Financial behavior, attitude and influence are related to financial knowledge (Jorgensen, 2007). Hathaway and Khatiwada (2008) provided critical analysis of the impact of financial education programs on consumer financial behavior but the empirical relationship between financial knowledge and behavior was not found. It may be that savings behaviors are associated with factors other than financial knowledge and attitudes. However, Hilgert et al. (2003) provided some support for a link between financial knowledge and better financial practices. They used monthly survey data from the University of Michigan's Surveys of Consumers and constructed indexes that represent the level of households' participation in each of four financial management practices: cash flow management, credit management, saving and investment.

2.1.9 Role of Parents

Financial education helps to increase the financial knowledge. However financial education in school is not the only factor that affects the financial knowledge. Parent's role predicts how the behavior of child will be in future. It is much greater than the role played by work experience and high school financial education. Role of parents is crucial in the financial socialization of their children and money management behavior (Cude, Lawrence, Lyons, Metzger, Lejeune, Marks & Machtmes, 2006). Webley and Nyhus (2005) identified that parent's behavior influence economic behavior of their children. Parental financial teaching is more appropriate and effective than general financial education (shim et al, 2009). Children show the behavior as per the education they have gained throughout their experience with parents, peers and other influential factors. However parents play effective role than other factors.

Parents are the major mentor for their children. Children are to be educated about handling the incomes so that they can be confident about taking their financial decisions. Family background, motivation, parent experience, lifestyle and support are to be taken as influencing factor towards saving behavior. Parents experience and support influenced the saving behavior of students (Sheldon, 2006). It reveals that social forces do affect the financial behavior and children take upon the behavior of the parents as they grow up.

Further, Otto (2009) explained parent's influence of children's attitude towards saving behavior, since children are likely to copy some of their parent's behaviors. In addition, children feel pressure from their parents to behave in a certain way. Parents influence perceived control, since they can control their children's expenditures. Parents influence their children's behavioral intentions. The stronger the intention to engage in a behavior, the more likely it is that they behavior will be exhibited.

2.2 Empirical review

Sudeshna and Balakrishnan (2023) studied on individuals financial literacy and financial behavior. The objective of this paper is to attempt to understand the level of financial literacy of individuals. The relationship between financial literacy and financial behaviour is also studied. Although several studies have been conducted in the subject of financial literacy but not many have considered impact of financial literacy on financial behaviour. This paper helps to fill this gap. For the purpose of the study convenience sampling was followed and 100 responses were collected. The study uses questionnaire method of data collection. The study found that financial literacy has been recognized as a key skill for individuals who are embedded in an increasingly complex financial scenario. Financial literacy helps individuals make more assertive and efficient decisional behaviour. The results of the research show that individuals have a reasonable level of financial literacy. On analysing financial behaviour of individuals it was found most of them exhibited moderately positive financial behaviour. It is also observed that financial literacy can enhance people's skills and abilities to make more informed choices and ultimately lead to a positive financial behaviour. Thus one can conclude that increasing the level of financial education stimulates wise economic behaviour.

Faulkner (2022) studied on financial literacy around the world: what we can learn from the national strategies and contexts of the top ten most financially literate nations. The study concluded that despite the fact that the United States is one of the wealthiest nations in the world, it is not among the most financially literate. Individuals in the U.S., on average, have relatively large amounts of money about which they must make decisions, but they do not have commensurate levels of financial literacy. This research explores the financial literacy contexts and national strategies at play in the most financially literate nations in the world: Australia, Canada, Finland, Germany, Israel, the Netherlands, Sweden, and the United Kingdom. This article utilizes content analysis to explore the existing scholarly literature, national financial literacy strategies, and associated policy literature in these highly literate nations. This research will provide librarians in the U.S. with a broader context, both internationally and beyond library science literature, through which to view our own financial literacy participation, and to consider ways in which the financial literacy efforts at play in these other nations may provide us with ideas to expand or alter our efforts on national, local, and individual levels. Librarians in other nations may also benefit from this international view of financial literacy and be able to apply new concepts or ideas to their own financial education efforts.

Falak, Muhammad, and Salma (2022) studied role of financial literacy in achieving financial inclusion. This paper carries out a mapping, scientometric and content analysis by compiling studies at the intersection of financial literacy and financial inclusion from a sample of 10,091 studies spread over the last 45 years and conducted on a sample of more than 850,000 individuals worldwide. The study found that the number of studies increases; by fields, Finance and Economics dominate the literature; by countries, most studies come from developed countries, in particular the US; by authors, citations are skewed and by measures; studies are moving from non-functional measures to functional measures. Overall, the interest in financial literacy in bringing financial inclusion and its multifaceted role is elaborated using conceptual framework following which future research is positioned. Thus, aiding policymakers, regulators, and academicians to know the distinction of financial literacy in financial inclusion and to identify the potential research areas. The study found that financial inclusion is an international policy agenda

and can be achieved through financially literate people, who can make informed financial decisions and improve individuals' well-being. The area of Financial Literacy and Financial Inclusion is fairly highlighted in the literature; however, the collective importance of how these two areas are researched together needs scholarly attention.

Bongomin, Munene and Yourougou (2020) examined the role of financial intermediaries in promoting financial literacy and financial inclusion among the poor in developing countries. The main purpose of this study is to establish the mediating role of financial intermediaries in the relationship between financial literacy and financial inclusion of cial intermediaries significantly mediates the relationship between financial literacy nks enhance financial literacy to increase the scope of financial inclusion of the poor in rural Uganda. Thus, policy makers and advocates of financial literacy, especially in developing countries should use financial intermediaries such as microfinance banks to roll out financial literacy programs. This can be achieved through provision of financial literacy clinics, workshops and seminars where the poor can learn about personal finance using hands-on approach. This will help them to make wise financial decisions and choices towards consumption of complex financial products offered by the rural-based financial institutions.

Gentjan., Khurram., Ahmad,. and Tomáš (2021) studied on improving financial capability: the mediating role of financial behavior. This study investigated the collective impact of financial literacy and inclusion on individuals' financial capability focusing on the mediating role of financial behaviour. The research is conducted on an individual-level survey. The relationships were examined by using PLS-SEM. Financial capability can be improved by increasing individuals' financial knowledge, financial behaviour and promoting their inclusion in financial services. Furthermore, the indirect effect of financial knowledge and attitude on financial capability is found to be significant, highlighting the importance of financial behaviour. The results assist policymakers and industry leaders in understanding the most influential factors on financial capability in the context of a post-communist transition country. This enables them to design policies and services aimed at equipping citizens with knowledge and skills to make best use of their financial resources.

Lebaron, Marks, Rosa and Hill (2020) examined the financial literacy, parental socialization and saving behaviour. The study took sample size of 90 students. Both parent initiated and child initiated financial discussions occurred. Parents initiate conversations by sharing their own financial experiences and stories and children initiate by asking questions about money. The study found that parents were perceived as more important socializing agents of credit card use than media, schools, and peers. Moreover the more information they received from parents about wise credit use, the lower their outstanding credit card balances. A longitudinal study of college students at the University of Arizona found that parents, school and work influenced first year college associated with students' positive financial responsibility attitudes and behaviors.

Zhu and Chou (2020) analyzed the saving behavior of university level students. The study used analysis of chi square test, Tucker-Lewis Index (TLI), Root Mean square error of approximation (RMSEA) with sample size of 200. The study found that parental financial socialization shows that parental financial behavior is the mediator between family income and financial literacy. Influence from parents found to be key positive impact to children's future orientation. Parents should practice discussing financial matters with family members, encourage their children to save since they are young and display a positive financial behavior so that they could become the role model to their children in managing their financials matters.

Brau, Andrew, and Craig, (2019) studied on financial literacy among college students: an empirical analysis. This study examined the efficacy of learning sources associated with financial literacy in young adults. The study survey nearly 1,500 college undergraduate students entering classes where financial principles are taught. The survey consists of a financial literacy quiz to determine the state of the participants' existing financial knowledge. Additionally, the study gathered socio-demographic data in three areas: 1) family and background, 2) formal learning activities, and 3) experiential learning activities. The study model examined financial literacy as a function of these three sources of learning. Surprisingly, the results showed that family and background have little impact. Further, while some types of formal learning activities enhance literacy, the most significant impact is associated with experiential learning.

Khatun (2018) examined the relationship among financial literacy, parental socialization and saving and from the study; researcher revealed that saving behavior is directly influenced by financial literacy. Higher level of financial literacy enables the students to understand the importance of saving. It also found that parental socialization has direct impact on saving behavior. This might be due to the reason that when people beco of investment and generation of wealth then they will focus on saving.

Afsar, Chaudhary, Iqbal and Aamir (2018) revealed that saving behavior of university level students are directly affected and has positive impact with parental socialization and financial literacy. The relationship between parental socialization and with financial literacy is stronger in comparison with other because the financial literacy level of individuals not only increases due to getting financial education but also due to parent's guideline, teaching and encouragement. Therefore, Khatun (2018) and Afsar et al. (2018) both use the same analysis tools and found similar finding that financial literacy and parental socialization has direct impact on saving behavior of individuals.

Dangol and Maharjan (2018) explored the influence of parental and peer influence on saving behavior and revealed that parental financial teaching had direct impact on saving behavior of youths whereas parental educational background cannot influence the saving behavior similarly study also revealed that the influence of gender, income and marital status is insignificant on saving.

In addition, Karunaanithy, Karunaanithy and Santhirasekaram (2017) considered variables like: financial literacy, parental socialization, peer influence and self-control effect on saving behavior and diagnosed that financial literacy and parental socialization has direct impact on saving behavior. When parents save, their children would also save, since parents can guide and motivate them out of their experience similarly when there is increment in education level then saving tendency increases on students.

Ariffin, Sulong and Abdullah (2017) examined the relationship between financial literacy and saving, researcher found that saving behavior has direct relationship with financial literacy and individuals with higher level of financial literacy are more likely to save or invest. Bayar, Sezgin, Ozturk and Sasmaz (2017) explored impact of financial literacy on personal saving and revealed that financial literacy; earnings level, age and education

level affect the personal saving positively whereas risk tolerance has negative impact on saving.

Barni et al. (2017) revealed that socialization includes shared expectations, family bond, family value climate and relational perspective. Therefore, conservation, openness to change, self enhancement and self transcendence of children were taken to measure the socialization of children and revealed that both parents value self transcendence as most important type of value to transmit to their children followed by conservatism, openness to change and self-enhancement. Similarly, parent's personal values also predict the socialization for their children.

Albeerdy and Gharleghi (2015) analyzed the effects of education, financial socialization agents and money attitude on financial literacy and diagnosed that education, financial socialization agents and money attitude has direct influence on financial literacy and also found that among various factors, education was proven to have strongest influence on financial knowledge.

Jamal et. al (2015) investigated how financial literacy and social influence effects on saving behavior . Financial literacy plays an important role in shaping students saving behavior. Family influence was regarded as the most powerful and significant faccy. Influence from parents found to be key positive impact to children's future orientation. Parents should practice discussing financial matters with family members, encourage their children to save since they are young and display a positive financial behavior so that they could become the role model to their children in managing their financials.

Firmansyah (2014) studied the influence of family background on saving behavior and found that parents are primary teacher of children and when parents teach their children then advice from parents have direct impact on saving of children. Similarly, parents with higher educational background are familiar with more experience and knowledge about financial problems sharing such problem to children lead to increase in saving behavior on children.

Mahdzan and Tabiani (2013) examine the influence of financial literacy on individual saving and revealed that the level of financial literacy had a significant positive impact on

individual saving. Additionally, saving regularity, gender, income and educational level influenced saving positively.

In addition, Gedela (2012) analyzed determinants of saving behavior and revealed that income is the most crucial factor of saving behavior. In the tribal households one percent income leads to 71.1 percent increase in household savings and similarly male headed households save more than female headed households.

Salikin et al. (2012) analyzed the effect of parental background on saving behavior of students in Malasiyan local University and revealed that parental educational background affects respective percentage and purposes of savings. If parents have higher level of educational background then students separate lower amount for savings. The other foueas Salikin et al. (2012) found that there is opposite relation between the parental educational background and saving behavior.

Researcher has made throughout review of the previous literatures made on the related topics. On the particular topic, lot of study has been made on abroad whereas only few researches had been conducted on the related topics in Nepal. The table presents the summarization of the literatures which researcher has collected in order to complete research work.

Table 1

Meta table of empirical reviews on parental socialization, financial literacy and saving behavior

S.N.	Authors	Country	Methodology	Findings
1.	Sudeshna and Balakrishnan (2023)	India	For the purpose of the study convenience sampling was followed and 100 responses were	The study found that most of the respondents (64%) have a reasonable level of financial literacy. This is a positive sign. It is found that 80% of

			collected. The study uses questionnaire method of data collection.	the respondents are well aware of basic literacy concepts such as simple interest, inflation, credit cards and savings interest rate. Only 56% of the respondents are well aware of advanced literacy concepts such as long period returns, stock price fluctuations, risk / return on stocks / bonds and diversification. Majority of the respondents have a moderately positive behaviour. In dimensions such as debt management, personal finance, long term planning, emergency & risk and advice seeking behaviour positive financial behaviour is observed.
2.	Faulkner (2022)	USA	This article utilizes content analysis to explore the existing scholarly literature, national financial literacy strategies, and associated policy literature in these highly literate nations. Convenience sampling method was used. This research will provide librarians in the U.S. with a broader context, both	The study concluded that despite the fact that the United States is one of the wealthiest nations in the world, it is not among the most financially literate. Individuals in the U.S., on average, have relatively large amounts of money about which they must make decisions, but they do not have commensurate levels of financial literacy. It is also important to remember that not all citizens have equal computer literacy skills, or

			internationally and beyond library science literature.	access to technology, and libraries may be essential to such citizens accessing this information. Just as the internet could not replace libraries' roles in information provision, neither can financial education portals.
3.	Falak, Muhammad, and Salma (2022)	Pakistan	This article carries out a mapping, scientometric and content analysis by compiling studies at the intersection of financial literacy and financial inclusion from a sample of 10,091 studies spread over the last 45 years and conducted on a sample of more than 850,000 individuals worldwide.	The study found that financial inclusion is an international policy agenda and can be achieved through financially literate people, who can make informed financial decisions and improve individuals' well-being. The area of Financial Literacy and Financial Inclusion is fairly highlighted in the literature; however, the collective importance of how these two areas are researched together needs scholarly attention
4.	Gentjan., Khurram., Ahmad,. and Tomáš (2021)	UK	The research is conducted on an individual-level survey. The relationships were examined by using PLS-SEM. Financial capability can be improved by increasing	The study investigated the collective impact of financial literacy and behaviour. Furthermore, the indirect effect of financial knowledge and attitude on financial capability is found to be significant, highlighting the importance of financial behaviour.

individuals' financial

			knowledge, financial behaviour and promoting their inclusion in financial services.	
5.	Zhu and Chou (2020)	Hong Kong	Analysis by chi square test, Tucker-Lewis Index (TLI), Root Mean square error of approximation (RMSEA) with	Parental financial socialization shows that Parental financial behavior is the mediator between family income and financial literacy.
6.	Bongomin, Munene and Yourougou (2020)	Uganda	sample size of 200. To establish the mediating role of financial intermediaries in the relationship between financial literacy and financial inclusion of the poor in developing countries with data from rural Uganda. The data for this study were analyzed using Partial Least Square (PLS).	The results revealed that financial intermediaries significantly mediates the relationship between financial literacy and financial inclusion. The presence of financial intermediaries such as microfinance banks enhance financial literacy to increase the scope of financial inclusion of the poor in rural Uganda. Thus, policy makers and advocates of financial literacy, especially in developing countries should use financial intermediaries such as microfinance banks to roll out financial literacy programs.

7.	Lebaron, Marks, Rosa and Hill (2020)	USA	Sample size of 90 students.	Both parent initiated and child initiated financial discussions occur. Parents initiate conversations by sharing their own financial experiences and stories and children initiate by asking questions about money.
8.	Brau, Andrew, and Craig, (2019)	UK	The study survey nearly 1,500 college undergraduate students entering classes where financial principles are taught.	The study model examined financial literacy as a function of these three sources of learning. Surprisingly, the results showed that family and background have little impact. Further, while some types of formal learning activities enhance literacy, the most significant impact is associated with experiential learning.
9.	Khatun (2018)	Bangladesh	Pearson correlation analysis and multiple regression analysis with University survey along with sample size of 130.	Saving Behavior has significant relationship with financial literacy and Parental socialization has great impact on saving behavior of children.
10.	Dangol and Maharjan (2018)	Nepal	Pearson Correlation and Multiple Regression analysis with sample size of 390	Parental financial teaching and peer influence has direct impact on saving behavior and parental educational background do not affect saving behavior.

11. Ariffin, Sulong, Malasiya Pearson correlation, Saving behavior, parental

	and Abdullah (2017)		mean and standard deviation with University survey of 192 sample size	socialization, and peer influence has positive relationship with financial literacy and self control has negative relation.
12.	Bayar, Sezgin, Ozturk and Sasmaz (2017)	Turkey	Logistic regression analysis with sample size of 325.	Financial literacy has direct impact on personal saving.
13.	Karunaanithy, Karunanithy, and Santhirasekaram (2017)	Srilanka	Correlation and multiple regression analysis with sample size of 257	Financial literacy, parental socialization and peer influence has positive relationship with saving behavior whereas self control fails to have meaningful impact on saving behavior.
14.	Albeerdy and Gharleghi (2015)	Malasiya	Pearson correlation and regression analysis with sample size of 105.	There is strong and positive relationship between education and financial literacy.
15.	Jamal, Ramlan, Karim, Mohidin and Osman (2015)	Malasiya	Analysis by use of multiple regression with sample size of 1124	Family, peers and financial literacy plays an important role in shaping the students saving behavior. Family influence was regarded as the most important and significant factors among three variables.
16.	Firmansyah (2014)	Indonesia	Correlation and multiple linear regression model	Parent's guidance and parents experience of saving has high correlation with saving behavior of students.

students with sample

			size of 276.	
17.	Romo (2014)	USA	No of participants for study was 54 and individual interview was taken for the study.	Both parents and children were aware of family rules about when to share and when to conceal financial information. Parents hesitate to disclose financial information with their children and the reason of concealing was culturally unacceptable.
18.	Beal and Delapachitra (2013)	Australia	Analysis by use of logistic regression with sample size of 789.	Financial literacy improved with work experience and income.
19.	Mahdzan and Tabiani (2013)	Malasiya	Analysis by use of Multiple Regression with sample size of 200	Financial literacy had positive impact on saving. Saving regularity, gender, income and educational level influenced the saving positively.
20.	Bruhn, De Souza Leao, Legovini, Marchetti and Zia (2013)	Brazil	Sample of 868 schools to run financial literacy program	Positive impact of program such as increased financial knowledge, increased saving for purchase, better financial planning, as well as greater participation in household financial decisions.
21.	Salikin, Wahab, Zakaria, Masruki, and Nordin (2012)	Malasiya	Cross Tabulation with sample size of 2146	Parental background influences the students saving behavior and importance to save grows especially for a student who is financially

				dependent on his family for educational purposes.
22.	Gedela (2012)	India	Analysis by use of Multiple regression and Logistic Regression Model with Sample size of 120.	Positive relationship between age and sex of head of the household and household's saving.
23.	Jorgenson and Savla (2010)	USA	Sample size of 420 students with squared multiple correlations and two way ANOVA.	Parents with higher incomes are more likely to perform diversified financial behaviors and have more opportunities to interact with the youth on different financial occasions.

2.3 Research gap

There are many researches on financial literacy affecting saving behavior (Sudeshna and Balakrishnan, 2023); Faulkner 2022; Gentjan., Khurram., Ahmad,. and Tomáš, 2021; Zhu and Chou, 2020; Lebaron, Marks, Rosa and Hill, 2020; Khatun, 2018; Karunaanithy et al. 2017; Mahdzan and Tabiani, 2013; Jorgenson and Savla, 2010; Lusardi and Mitchell, 2014)). Most of the studies were focused on parental socialization. Parental socialization factors risk attitude, financial status, parenting styles, parental educational background and attitudes has been taken as variables for research. There are many determinants of saving behavior like: financial literacy, peer influence, self control, parental socialization, gender. However, only few attempts have been made to study both financial literacy and parental socialization influence on saving behavior of youths. In the context of our country almost no research has been made combining these variables so moving to conclusion with the existing literature is difficult. Therefore, in this study researcher aim is to fulfill the gap by studying financial literacy and parental socialization influence on saving behavior. The research aims to fulfill the gap by providing the overview of youths, parental educational background, parental socialization and financial literacy. Therefore,

study aims to explore the financial literacy and parental socialization influence on saving behavior of youths.

CHAPTER III

RESEARCH METHODOLOGY

This chapter consists of research design, population and sampling procedure, nature and sources of data collection, research framework and definition of variables, instrumentation, method of data analysis and reliability and validity of the instrument used. This study provides insight about the methodology used to answer the research questions and to carry out the study objectives.

3.1 Research Design

This study employed descriptive and causal comparative research designs to deal with the fundamental issues of the study. Descriptive research design is used to describe the characteristics of respondents on the basis of their demographic, educational, and economic characteristics. Similarly, causal comparative research design is used to analyze the cause and effect relationship of parental socialization and saving behavior. Under causal comparative research design correlation analysis is used to understand the relationship between financial literacy and parental socialization on saving behavior of youths.

3.2 Population and Sampling Procedure

The population for this study constitutes individuals from the age of 16 to 40 who are involved in job after completion of bachelors or master's degree in Kirtipur Municipality. The sample size for this study has been determined as per Cochran (1977) for calculating representative sample size when the population is infinite having maximum variability with following formula:

$$n_0 = \frac{z^2 pq}{e^2}$$

Where, n= sample size

p = Population proportion with given characteristic

q = Population proportion without given characteristic

z = Standard normal deviation at the required confidence level

ϵ = Error margin

For the unknown population it is recommended the value of p and q shall be set at 50%. By considering the confidence level of 95 %, with z value = 1.96 and sampling error $\varepsilon = 5\%$.

$$n = \frac{50 * 50 * (1.96)^2}{\varepsilon^2} = 384$$

So, the optimal sample size for this study is 384. However, this study has considered 400 samples for conducting the study through convenience sampling method.

3.3 Nature and Sources of Data Collection

The nature of the study is quantitative research. The study is based on survey method using the primary source of data. The structured questionnaire is used to conduct a survey. And the pilot testing is done to make questionnaire more reliable and valid.

3.4 Method of data collection

The data for this study was collected through structured questionnaire which was distributed among different individuals. The study adopts the questionnaire from various past studies related to this topic and also uses the likert scale questionnaire for the major variables mentioned in the theoretical framework. In measuring the extent of financial literacy, parental socialization and saving behavior 6, 8 and 8 questions were adopted respectively from Khatun (2018). Single choice questions, multiple choice questions and likert scale questions are used to analyze the study. The questionnaire was divided into three sections in which section I consist of demographic questionnaires, section II consist of saving behavior related questions and section III consist of questions for dependent and independent variables questions.

3.5 Method of Data Analysis

The findings of the study would be presented as per the information gathered through analysis in descriptive form. Various statistical techniques are to be applied to analyze the relationship between dependent and independent variables. Some major statistical techniques which are applicable in this study are: Mean, Standard Deviation, Frequencies, percentage, Descriptive Statistics, Pearson's Correlation, One way ANOVA and regression analysis.

3.5.1 Descriptive analysis

Descriptive statistics consists of frequency, percentage, mean and standard deviation to describe the characteristics of the data. Frequency and percentage is used for respondent profile. Mean is used to assess the average value of financial literacy, parental socialization and saving behavior.

3.5.2 Pearson's Correlation Analysis

Correlation analysis is used to evaluate the strength of relationship between variables. It indicates how or to what extent variables are associated with each other. The relationship between independent and dependent variable i.e. financial literacy, parental socialization and saving behavior is determined by correlation analysis.

3.5.3 Analysis of Variance (ANOVA)

ANOVA is a hypothesis technique that used by the researchers to test whether there is significant variance in means occurs between three or more groups. In other words, it evaluates if there is a difference among the means of the groups. ANOVA provides a statistical test of whether or not the mean of several groups are equal, and therefore generalizes the t-test to more than two groups.

3.5.4 The Independent samples t-test

The independent sample t-test compares the means of two independent groups in order to determine whether there is statistical evidence that the associated population means are significantly different. The independent samples t-test is a parametric test.

3.5.5 Simple Linear Regression analysis

Linear regression analysis is conducted to determine the relationship between two or more independent variables and one dependent variable by calculating the coefficient of multiple determination and regression equation (Saundres et al., 2009). This study uses simple linear regression to see the moderation effect of moderating variables on the relationship between independent and dependent variable.

Linear Regression Model

The linear regression model takes the following form:

$$Y = \beta_0 + \beta_1 (PS) + \beta_2 (FL) + \beta_3 (\text{moderating variables}) + e_i \dots \dots \dots (i)$$

Where,

Y= Saving Behavior

β_0 = Constant

PS= Parental Socialization

FL= Financial Literacy

Moderating Variables= Gender, Marital Status

e_i = Error term

3.5.6 Reliability and validity testing through Cronbach's alpha

The questionnaire has been adopted from the studies of Khatun (2018) where some questions are added to generate demographic information of respondents. Out of all questions, those questions important in Nepalese context are considered. The context validity was established by pretest in which thirty questionnaire were distributed to respondents, it was found that there was no problem to understand and provide the responses on items of questionnaire. The reliability is used to test the internal consistency of survey instruments. Since, the questionnaire has been adapted to Nepalese context the Cronbach's alpha is used to measure the reliability of the instruments. The table shows the Cronbach's alpha variable used in the study.

Table 1

Reliability and validity testing

Variables	Number of items	Cronbach's alpha
Financial Literacy	6	0.821
Parental Socialization	8	0.86
Saving Behavior	8	0.866
Overall	22	0.849

The overall Cronbach's alpha is 0.849 which ensures the good reliability of questionnaire. The alpha of all variables is higher than 0.60, thus it ensures the reliability of questionnaire.

3.6 Research framework and definition of variables

This is the conceptual framework prepared for this study which consists of two independent variables and one dependent variable.

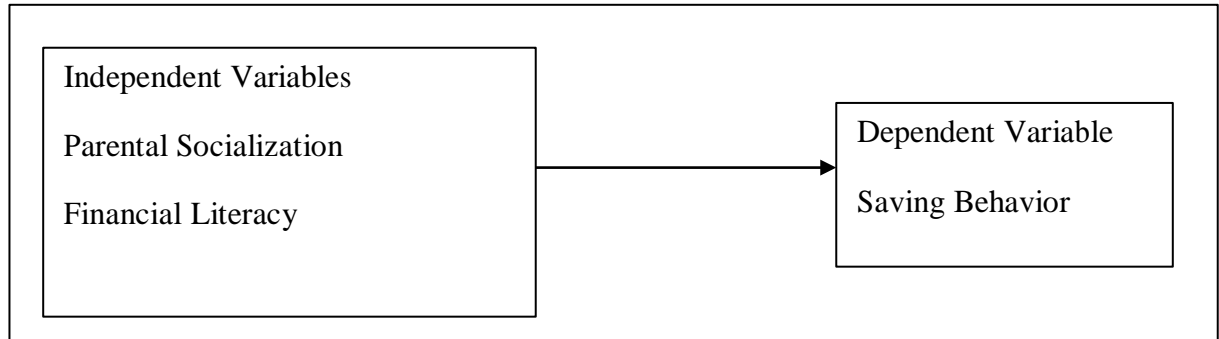


Figure 1. Conceptual Framework

Source: Homan, 2016

Variables

Saving

Saving is the residual income after deducting current consumption over a period of time.

Parental Educational Background

Parents are primary teacher of children and when parents teach their children then advice from parents have direct impact on saving of children. Similarly, parents with higher educational background are familiar with more experience and knowledge about financial problems sharing such problem to children lead to increase in saving behavior on children (Firmansyah, 2014). It is also expected that educated parents focuses on the children education increasing their ability in performance. For determining this educational level of father and mother are asked in questionnaire.

Parental Socialization

Parental socialization has an influence on building children's habit, character and therefore influence money management. Various researches have used parental socialization as independent variables like: (Salikin et al. 2012); (Dangol & Maharjan, 2018); (Afsar et al. 2018). Parental socialization includes parental discussion and guidance, habit formation and independence. Therefore 8 questions were adopted from

(Khatun,2018) and the respondents are asked to rate the options on the basis of five point likert scale.

Financial Literacy

Financial literacy has significant impact on individual savings, as more knowledge on financial matters helps people to make more informed and effective decision regarding money management and therefore savings. For determining the financial literacy 6 questions were adopted regarding investment knowledge, knowledge about instruments and ability of money management from (Khatun, 2018).

Moderating Variables

The moderating variables consist of demographic part of questionnaire where gender, marital status, educational course background, income, saving which provides the basic information regarding the sample and also presents different characteristics of people which make them behave differently and this can be identified by this information. From educational course background the difference in level of financial literacy in terms of understanding the financial instruments differ in management and non-management students. All these variables are directly or indirectly related to saving behavior of students.

Dependent Variable

Saving Behavior

Saving is important over the lifespan for retirement, stable consumption needs and to protect against unexpected events. For determining the saving behavior 13 questions were asked from (Dangol & Maharjan, 2018).

CHAPTER IV

RESULTS AND DISCUSSION

4.1 Demographic profile of respondents

This chapter presents the analysis and discussion of the findings from the collected data from respondents. The data analysis is made by using various statistical techniques like: frequencies, descriptive statistics, one way ANOVA, independent t-test, Pearson's correlation and multiple regression analysis.

Table 2

Demographic profile of respondents

Variables	Characteristics	No. of Respondents	Percentage
Gender	Male	300	75.0
	Female	100	25.0
Age	16 to 20	6	1.5
	21 to 25	72	18.0
	26 to 30	246	61.5
	31 to 35	69	17.2
	36 to 40	7	1.8
Educational Level	Bachelor	78	19.5
	Master	322	80.5
Faculty	Management	94	23.5
	Science	214	53.5
	Education	6	1.5
	Humanities	8	2.0
	Sociology	3	0.8
	Others	75	18.7
Marital Status	Unmarried	200	50.0
	Married	197	49.2
	Widowed	2	0.5
	Divorced	1	0.3
Monthly Income	Below 20000	59	14.8
	20001 to 30000	31	7.7
	30001 to 40000	118	29.5

	40001 to 50000	71	17.8
	Above 50000	121	30.2
Monthly Saving	Below 5000	72	17.9
	5001 to 10000	65	16.1
	10001 to 15000	73	18.2
	15001 to 20000	73	18.2
	Above 20000	117	29.6
Educational Background: Father	None	17	4.2
	Below SLC	138	34.5
	Plus Two	112	28.0
	Bachelors	90	22.5
	Masters or above	43	10.8
Educational Background: Mother	None	118	29.5
	Below SLC	195	48.8
	Plus Two	55	13.8
	Bachelors	23	5.7
	Masters or above	9	2.2

Note. Field Survey, 2023

In this section the profile of the respondents has been analyzed in terms of marital status, age group, educational background, gender, monthly income, monthly saving and parental educational background.

Table 2 represents the demographic information of respondents. Out of 400 respondents 75 percent are male and 25 percent are female. About 1.5 percent of respondents belong to age group 16 to 20, similarly about 18 percent of respondents belong to age group 21 to 25, also 61.5 percent to 26 to 30 age group, 17.2 percent to age group 31 to 35 and about 1.8 percent to age group 36 to 40. The majority of respondents have studied masters which consist of 80.5 percent and others with bachelor's degree. About 50 percent of respondents are unmarried, about 49.2 percent are married, 0.5 percent widowed and 0.3 percent divorced. About 14.8 percent of respondents have monthly income below 20000, about 7.7 percent has income level 20001 to 30000, about 29.5 percent have income level of 30001 to 40000, also 17.8 percent have income level of 40001 to 50000 and 30.2 percent have income above 50000. Similarly, 17.9 percent have

Table 4

Reason of saving

Reasons	Frequency	Percentage
Parents tell me	243	60.8
Peer Save	156	39.2
For Daily Needs	338	84.7
For Emergencies	376	94
For a holiday	288	72.2
Others	308	77.1

Note. Field Survey, 2023

From table 4, around 60 percent respondents save due to influence from parents, 39 percent save due to influence from friends, around 84 percent save to fulfill daily needs, 94 percent of respondents save for emergencies, around 72 percent of them save for holiday and 77 percent of respondents save for other purposes. Therefore, from this information we conclude that majority of them save for emergency purpose followed by fulfillment of daily needs.

4.4 Descriptive statistics

Descriptive statistics of financial literacy, parental socialization and saving behavior are discussed in following tables. The respondents were asked to fill up the questionnaire with the level of financial literacy. Respondents were asked to fill up with five point likert scale questionecord, knowledge of investing money, preparation of monthly budget and information regarding T-bill, mutual fund.

The overall descriptive statistics of financial literacy, parental socialization and saving behavior are presented in following table. Coming to descriptive statistics average mean value for financial literacy, parental socialization and saving behavior are 3.67, 3.585 and 3.681 respectively. Similarly standard deviation value for financial literacy, parental socialization and saving behavior are 0.964, 0.948 and 0.935 respectively.

Table 5

Descriptive statistics of saving behavior

Variable	Mean	Standard Deviation
Financial Literacy	3.67	0.964
Parental Socialization	3.585	0.948
Saving Behavior	3.681	0.935

Note. Field Survey, 2023

Table 5 shows the descriptive statistics of saving behavior. The respondents were provided with the range from 1 to 5 point in which 5 denote the strong agreement with statement and 1 denotes strong disagreement. As shown in appendix the individual mean score for better understanding of money and management of borrowed money is high so majority of respondents have better knowledge of respondents. Similarly, while comparing the individual means lowest score is on knowledge of T-bill, mutual fund it might be due to the respondent's educational background. The mean score for financial literacy is 3.67 which denote that respondents are highly financially literate and they have better knowledge in investment, money management, making financial records and monthly budgets.

The respondents were asked to fill up the questionnaire with the parental socialization. Respondents were asked to fill up with five point likert scale questionnaire. There were 8 statements pertaining to parental socialization as shown in appendix which includes: guidance from parents, control of money, habit formation and discussion about the financial issues with parents.

Respondents were asked with the level of response for the statement as shown in appendix which includes from 1 to 5. Level 5 denotes the strong agreement for the statement and level 1 denotes strong disagreement. While comparing the individual statement means values the highest mean is for the statement which includes that the respondent's parents are good example of money management and also appreciate when parents give advice for money management. So, from this we can understand that parental socialization affects saving directly. Coming mean value for parental socialization it is 3.585 which denote that saving behavior of youths is directly affected

and highly influenced by the financial teaching which might be from childhood to adulthood.

The respondents were asked to fill up the questionnaire with their saving behavior. Respondents were asked to fill up with five point likert scale questionnaire as shown in appendix. There were 8 statements pertaining to saving behavior as shown in appendix which includes their agreement on planning to reduce their expenditure, saving in regular basis, following monthly budget and availability of money in emergency.

Respondents were asked with the level of response for the statement which includes from 1 to 5. Level 5 denotes the strong agreement for the statement and level 1 denotes strong agreement. While comparing the individual statement means values the highest mean is for the statement which includes that the respondent's behavior of comparing price before making a purchas behavior it is 3.681 which denote that youths have saving behavior whether it might be directly or indirectly.

4.5 Correlation analysis

Pearson's correlation coefficient is calculated in order to show the relationship between dependent and independent variables i.e. saving behavior, financial literacy and parental socialization.

Table 6

Correlation between financial literacy and parental socialization on saving behavior

		Saving Behavior	Financial Literacy	Parental Socialization
Saving Behavior	Pearson Correlation	1		
	Sig. (2-tailed)			
Financial Literacy	Pearson Correlation	.629**	1	
	Sig. (2-tailed)	0.000		
Parental Socialization	Pearson Correlation	.586**	.552**	1
	Sig. (2-tailed)	0.000	0.000	

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

The table 6 shows the relationship between saving behavior, financial literacy, parental socialization and parental educational background.

The correlation coefficient of parental socialization and saving behavior is 0.586. This shows that parental socialization and saving behavior have positive correlation. After the analysis p-value=0.000 is found which is less than 0.05. Hence, hypothesis 1 is not rejected which means that there is significant relationship between parental socialization and saving behavior.

The correlation coefficient of financial literacy and saving behavior is 0.629. This shows that financial literacy and saving behavior are positively correlated. After the analysis it is found that p-value=0.000 which is less than 0.05. Hence, hypothesis 2 is not rejected and there is significant relationship between financial literacy and saving behavior of individuals.

4.6 Regression analysis

Impact of financial literacy and parental socialization on saving behavior of youths

The regression analysis consists of two independent and one dependent variable which is shown in below presented tables.

Table 7

Model summary showing capability of one variable to define another variable

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.629	0.395	0.394	0.52882
2	.691	0.477	0.474	0.49229

a. Predictors: (Constant), Financial literacy

b. Predictors: (Constant), Financial literacy, Parental Socialization

c. Dependent Variable: Saving Behavior

According to the table 7, in model 1, coefficient of determination (R square) is 0.395 that means only one independent variable (financial literacy) can explain the dependent variable (saving behavior) by 39.5% and combined independent variable (parental socialization and financial literacy) can explain dependent variable (saving behavior) by 47.7%. Hence, adjusted R square for the model 2 is 47.4%. This represents the models

goodness of fit for the population. Standard error of estimate is 0.492. This is the standard deviation of actual values of dependent variables from the estimate value.

Table 8
ANOVA showing relationship between variables

Model		Sum of Squares	d.f.	Mean Square	F	Sig.
1	Regression	69.973	1	69.973	250.218	.000
	Residual	107.106	383	0.280		
2	Regression	84.503	2	42.251	174.344	.000
	Residual	92.576	382	0.242		

a. Dependent Variable: Saving Behavior

b. Predictors: (Constant), Financial Literacy

c. Predictors: (Constant), Financial literacy, Saving Behavior

From the table 8, in model 2 the f value is 174.344 and significance level is 0.000 which indicates that this regression is statistically significant as $p\text{-value} < 0.05$. Therefore, hypothesis 1 and 2 is not rejected which means that financial literacy and parental socialization can explain the variation in savings behavior very well.

Table 9

Beta coefficient showing relationship between variables

Model		Unstandardized		Standardized		
		B	Error Std.	Beta	T	Sig.
1	(Constant)	1.512	0.140		10.816	0.000
	Financial literacy	0.591	0.037	0.629	15.818	0.000
2	(Constant)	0.968	0.148		6.548	0.000
	Financial literacy	0.413	0.042	0.439	9.890	0.000
	Parental Socialization	0.334	0.043	0.344	7.743	0.000

In model 2, beta coefficient of parental socialization is 0.344 which indicates that

parental socialization influence the saving behavior of youths by 0.344 points. That means if one unit of parental socialization is increased then saving will increase by 0.344,

holding all other things constant. The p-value is 0.000 which is less than 0.05. Hence, hypothesis 1 is not rejected. It means that there is significant relationship between parental socialization and saving behavior of youths.

The beta coefficient for financial literacy is 0.439 which indicates that financial literacy influences the saving behavior of youths by 0.439 points. That means if one unit of financial literacy is increased then saving will increase by 0.439 points, holding all other things constant. The p-value is 0.000 which is less than 0.05. Hence, hypothesis 2 is not rejected. It means that there is significant relationship between financial literacy and saving behavior of youths.

Impact of gender on parental socialization and saving behavior

Table 10

Impact of gender on parental socialization and saving behavior

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			
						F Change	df1	df2	Sig. F Change
1	.587	0.344	0.341	0.55126	0.344	100.357	2	382	0.000
2	.588	0.345	0.340	0.55165	0.001	0.461	1	381	0.497

a. Predictors: (Constant), Male, Parental Socialization

b. Predictors: (Constant), Male, Parental Socialization, Parental Socialization _x_Male

c. Dependent Variable: Saving Behavior

From table 10, it is found that the percentage increase in the variation of 1 percentage is explained by the addition of the interaction term. We can also see that this increase is not statistically significant, a result we obtain from sig. F change comparing with p value as p-value when > 0.05 then it is not statistically significant. Here, p-value is 0.497 greater than 0.05 therefore we can conclude that gender does not moderate the relationship between parental socialization and saving behavior.

Impact of gender on financial literacy and saving behavior

Table 11

Impact of gender on financial literacy and saving behavior

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			
						F Change	df1	df2	Sig. F Change
1	.629	0.396	0.393	0.52915	0.396	125.218	2	382	0.000
2	.666	0.444	0.440	0.50832	0.048	32.946	1	381	0.000

a. Predictors: (Constant), Financial literacy, Male

b. Predictors: (Constant), Financial literacy, Male, Financial Literacy*_Male

c. Dependent Variable: Saving behavior

From table 11, it is found that the percentage increase in the variation of 4.8 percent is explained by the addition of the interaction term. We can also see that this increase is statistically significant, a result we obtain from sig. F change comparing with p value as p-value when > 0.05 then it is not statistically significant. Here, p-value 0.000 is lesser than 0.05 therefore, we can conclude that gender does moderate the relationship between financial literacy and saving behavior.

Impact of marital status on financial literacy and saving behavior

Table 12

Impact of marital status on financial literacy and saving behavior

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			
						F Change	df1	df2	Sig. F Change
1	.629	0.395	0.392	0.52941	0.395	124.902	2	382	0.000
2	.632	0.400	0.395	0.52812	0.005	2.866	1	381	0.091

a. Predictors: (Constant), Unmarried, Financial literacy

b. Predictors: (Constant), Unmarried, Financial literacy, unmarried*_Financial Literacy

c. Dependent Variable: Saving Behavior

From table 12, it is found that the percentage increase in the variation of 0.5 percent is explained by the addition of the interaction term. We can also see that this increase is not statistically significant, a result we obtain from sig. F change comparing with p value as p-value when > 0.05 then it is not statistically significant. Here, p-value is 0.091 greater than 0.05 therefore, it is concluded that marital status does not moderate the relationship between financial literacy and saving behavior.

Impact of marital status on parental socialization and saving behavior

Table 13

Impact of marital status on parental socialization and saving behavior

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.589	0.347	0.344	0.55021	0.347	101.471	2	382	0.000
2	.595	0.354	0.349	0.54792	0.007	4.190	1	381	0.041

a. Predictors: (Constant), unmarried, Parental Socialization

b. Predictors: (Constant),unmarried, Parental Socialization, unmarried_* _Parental Socialization

c. Dependent Variable: Saving Behavior.

From table 13, it is found that the percentage increase in the variation of 0.7 percent is explained by the addition of the interaction term. We can also see that this increase is statistically significant, a result we obtain from sig. F change comparing with p value as p-value when < 0.05 then it is statistically significant. Here, p-value is 0.041 is smaller than 0.05 therefore we can conclude that marital status does moderate the relationship between parental socialization and saving behavior.

4.7 Discussion

The objective of the research is to investigate the influence of parental socialization and financial literacy on saving behavior of youth. Two independent variables, two moderating variables and one dependent variable has been used in the study for which

hypothesis were tested accordingly. From the above analysis made through descriptive statistics, Pearson's correlation, multiple regression, ANOVA, and independent t-test the major findings and discussion of the study were as follows:

The majority of the respondents were found to be financially literate; similarly they are directly influenced by the parents and they also have saving behavior. Youth receive some kind of financial teaching from parents. Most of the respondents responded that family encourage t behavior of youths. Youth who had received financial knowledge tend to save more than that of others which is similar to the findings with Ariffin, Sulong and Abdullah (2017).

There is significant relationship between parental socialization and saving behavior of youths. Children receive some kind of financial teaching from parents and their willingness to save increased due to receiving financial education from their parents. Youths who receive financial teaching, experience sharing, habit formation, guidance and control tend to save more than that of others. Gender does not moderate the relationship between parental socialization and saving behavior of youths. Both male and female respondents have similar perception regarding the relationship between parental socialization and saving behavior regardless of their gender. Gender moderates the relationship between financial literacy and saving behavior of youths. The relationship between financial literacy and saving behavior is different for male and female respondents. Marital status does not moderate the relationship between financial literacy and saving behavior of youths. It means that the relationship between financial literacy and saving behavior is same for married, unmarried, divorced and widowed youths. Marital status does moderate the relationship between parental socialization and saving behavior of youths. For married, unmarried, divorced and widowed respondents have different perception regarding the relationship between parental socialization and saving behavior, which is similar to study by Ariffin, Sulong and Abdullah (2017).

Many earlier studies have examined the influence of parental socialization, financial literacy, peer, family background on saving behavior of youths e.g. (Jamal et al. 2015; Khatun 2018; Dangol & Maharjan 2018; Khatun (2018) conducted a research on the relationship between financial literacy and saving, researcher found that saving behavior has direct relationship with financial literacy. Dangol and Maharjan

(2018) found that parental educational background cannot influence the saving behavior. Further, Jamal et. al (2015) also investigated how financial literacy and social influence effects on saving behavior . Financial literacy plays an important role in shaping students saving behavior. Family influence was regarded as the most powerful and significant factor affecting saving behavior as compared to other variable like: peers and financial literacy.

In this study the analysis made from Pearson's Correlation and multiple regressions proves that there is positive relationship between parental socialization, financial literacy and saving behavior of youths. This finding is consistent with the past studies conducted by Khatun (2018), Afsar, Chaudhary, Iqbal, & Aamir, (2018), Karunaanithy, Karunanithy, & Santhirasekaram, (2017), and Firmansyah (2014). The finding of the study explains that the youth save with the motive of emergencies followed by fulfillment of daily needs. Likewise youth save for different items like: for accommodation, followed by travel, medical treatment and vehicles.

After throughout analysis, the result from this study shows that sharing of experience, financial teaching, control of money, guidance and monitoring by parents directly affects the children saving behavior. Afsar, Chaudhary, Iqbal, & Aamir, (2018), explained that parents are the best source who can control the spending of their children and can encourage them for saving. Karunaanithy, Karunanithy, & Santhirasekaram, (2017), findings of this study also supported that parental socialization has direct impact on children saving behavior. When parents save, children also save since parents can guide and motivate them out of their experience. Hence, parental socialization is inevitable in guiding and encouraging their children to save.

The result from this study also showed significant relationship between financial literacy and saving behavior which is consistent with the previous study of Karunaanithy, Karunanithy, & Santhirasekaram, (2017), which explained that when students gain higher level of financial literacy, they enhance their ability to save as they understand more about risks and returns of saving. Similarly, Ariffin, Sulong and Abdullah (2017) examined the relationship between financial literacy and saving, and found that saving

behavior has direct relationship with financial literacy and individuals with higher level of financial literacy are more likely to save or invest

After the whole analysis, this research suggests that parental financial socialization has direct impact on children's development of financial knowledge, attitudes and behaviors. This study also offers proof that modeling, control, guidance and discussion, and habit formation are mechanisms that explains the manner in which parent's the formation of their children saving behavior. Parental teaching is more effective when different teaching methods are combined. The most effective strategy is encouraging them to save. The finding is consistent with Jamal et al. (2015) which shows revealed that influence from parents found to be key positive impact to children's future orientation. Parents should practice discussing financial matters with family members, encourage their children to save since they are young and display a positive financial behavior so that they could become the role model to their children in managing their financials. Similarly, the study of Buccioli and Veronesi (2014) explained that parental teaching strategies like: controlling the availability of money, giving advice about the money saving and sharing of experience effect the children's interest and ability to save.

CHAPTER V

SUMMARY AND CONCLUSIONS

5.1 Summary

The financial literacy and parental socialization are among such factors. The exact identification of such factors can facilitate in boosting savings and mobilize these for efficient utilization. How parental socialization and financial literacy affect the saving behavior is a question of concern. The difference in the saving pattern of students is also another question so this study is an attempt to address these questions. This study will be helpful for different banks and other financial institutions, policy makers and parents in getting the most appropriate information about the youths saving behavior. The general objective of this study is to examine the effect of parental socialization and financial literacy on saving behavior of youths in Kirtipur Municipality. Some of the specific objectives of this study are as: to examine the present status of parental socialization on saving behavior of youths in Kirtipur Municipality, to analyze the relationship between financial literacy and parental socialization on saving behavior of youths in Kirtipur Municipality and to examine the impact of financial literacy and parental socialization on saving behavior of youths in Kirtipur Municipality.

This study employed descriptive and causal comparative research designs to deal with the fundamental issues of the study. Descriptive research design is used to describe the characteristics of respondents on the basis of their demographic, educational, and economic characteristics. Similarly, causal comparative research design is used to analyze the cause and effect relationship of parental socialization and saving behavior. Under causal comparative research design correlation analysis is used to understand the relationship between financial literacy and parental socialization on saving behavior of youths. The population for this study constitutes individuals from the age of 16 to 40 who are involved in job after completion of bachelors or master's degree in Kirtipur Municipality. This study has considered 400 samples for conducting the study through convenience sampling method.

The objective of the research is to investigate the influence of parental socialization and financial literacy on saving behavior of youth. Two independent variables, two moderating variables and one dependent variable has been used in the study for which hypothesis were tested accordingly.

The study found that gender does not moderate the relationship between parental socialization and saving behavior. However, gender moderates the relationship between financial literacy and saving behavior.

5.2 Conclusion

The study aimed to analyze the influence of parental socialization and financial literacy on the saving behavior of youths. The results of this study demonstrate that both parental socialization and financial literacy have positive impact on saving behavior youths. This research revealed that students who have financial literacy exhibit more saving behavior as compared to others who do not have financial knowledge. It is also concluded that the student willingness to save increased due to receiving financial education from their parents. Guidance, sharing of experience, control of money, habit formation and modeling from parents helps to increase saving behavior of children. Therefore, parents are the best source who can control the spending of their children and can encourage them for savings.

The most important motives of saving for youth were savings for emergencies, for fulfillment of daily needs, for medical treatment and for travelling. In this study, parental socialization and financial literacy are the influential factor of saving behavior of the youth. Youth maintain good saving behavior if their parents are good at saving as role of parents directly affect the children behavior.

Based on this study it can be concluded that youths consider involvement of parents in making financial decision. Similarly, youths who have better financial literacy tend to save more as compared to others who do not have financial knowledge. Parents need to guide, control, and support and share the financial matters to their children about financial management so that children can take sound decisions.

On the basis of this study it can also be concluded that marital status does not moderate the relationship between financial literacy and saving behavior of youths. But married, unmarried, divorced and widowed respondents have different perception regarding the relationship between parental socialization and saving behavior. Both male and female respondents have similar perception regarding the relationship between parental socialization and saving behavior regardless of their gender. And the relationship between financial literacy and saving behavior is different for male and female respondents.

5.3 Implications

This study will provide direction to policy makers and other regulating authorities to make appropriate strategies to increase the saving of youngsters. They need to organize different financial training programs to increase the financial literacy of students. This study will also help different banks to gain better understanding of saving behavior of university level students so that they can develop financial products or services according to the needs and preferences of university students as their convert those students as their valuable customers. In this study, parental socialization is a good predictor of their children's saving behavior. Parents always play the central role in facilitating and promoting their children's saving behavior. This study will enable parents to get information about the financial behavior of their children and so due to this they can be able to control their spending and can encourage them for savings.

Therefore, the result of this study has valuable implication for public policy makers, parents and financial institutions. Individuals need to develop self-controlling strategies to be optimistic about saving. Since the result indicates that parents have important role in children saving behavior therefore policy makers must stimulate their parents to provide financial teaching to children. They could achieve this goal by energizing parents with information on how to familiarize their children with making financial decision.

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Correlation between financial literacy and parental socialization on saving behavior

		Saving Behavior	Financial Literacy	Parental Socialization
Saving Behavior	Pearson Correlation	1		
	Sig. (2-tailed)			
Financial Literacy	Pearson Correlation	.629**	1	
	Sig. (2-tailed)	0.000		
Parental Socialization	Pearson Correlation	.586**	.552**	1
	Sig. (2-tailed)	0.000	0.000	

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

Model Summary showing capability of one variable to define another variable

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.629	0.395	0.394	0.52882
2	.691	0.477	0.474	0.49229

- a. Predictors: (Constant), Financial literacy
- b. Predictors: (Constant), Financial literacy, Parental Socialization
- c. Dependent Variable: Saving Behavior

ANOVA showing relationship between variables

Model		Sum of Squares	d.f.	Mean Square	F	Sig.
1	Regression	69.973	1	69.973	250.218	.000
	Residual	107.106	383	0.280		
2	Regression	84.503	2	42.251	174.344	.000
	Residual	92.576	382	0.242		

- a. Dependent Variable: Saving Behavior
- b. Predictors: (Constant), Financial Literacy
- c. Predictors: (Constant), Financial literacy, Saving Behavior

Beta Coefficient showing relationship between variables

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.512	0.140		10.816	0.000
	Financial literacy	0.591	0.037	0.629	15.818	0.000
2	(Constant)	0.968	0.148		6.548	0.000
	Financial literacy	0.413	0.042	0.439	9.890	0.000
	Parental Socialization	0.334	0.043	0.344	7.743	0.000

Impact of gender on parental socialization and saving behavior

Model Summary									
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	.587	0.344	0.341	0.55126	0.344	100.357	2	382	0.000
2	.588	0.345	0.340	0.55165	0.001	0.461	1	381	0.497

a. Predictors: (Constant), Male, Parental Socialization

b. Predictors: (Constant), Male, Parental Socialization, Parental Socialization _x_ Male

c. Dependent Variable: Saving Behavior

Impact of gender on financial literacy and saving behavior

Model Summary									
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	.629	0.396	0.393	0.52915	0.396	125.218	2	382	0.000
2	.666	0.444	0.440	0.50832	0.048	32.946	1	381	0.000

a. Predictors: (Constant), Financial literacy, Male

b. Predictors: (Constant), Financial literacy, Male, Financial Literacy*_Male

c. Dependent Variable: Saving behavior

Impact of marital status on financial literacy and saving behavior

Model Summary									
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	.629	0.395	0.392	0.52941	0.395	124.902	2	382	0.000
2	.632	0.400	0.395	0.52812	0.005	2.866	1	381	0.091

a. Predictors: (Constant), Unmarried, Financial literacy

b. Predictors: (Constant), Unmarried, Financial literacy, unmarried*_Financial Literacy

c. Dependent Variable: Saving Behavior

Impact of marital status on parental socialization and saving behavior

Model Summary									
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	.589	0.347	0.344	0.55021	0.347	101.471	2	382	0.000
2	.595	0.354	0.349	0.54792	0.007	4.190	1	381	0.041

a. Predictors: (Constant), unmarried, Parental Socialization

b. Predictors: (Constant),unmarried, Parental Socialization, unmarried*_Parental Socialization

c. Dependent Variable: Saving Behavior.

Questionnaire

Influence of Parental Socialization and Financial Literacy on Saving Behavior of Youths

Dear all, I am Sajina Maharjan student of MBS at Shanker Dev Campus, Tribhuvan University. I am conducting Master Degree thesis on "Influence of Parental Socialization and Financial Literacy on Saving Behavior of Youths". I request you to give few minutes to fill this questionnaire. I assure you that the information provided by you will be confidential and used only for research purpose.

Questionnaire

Q 1. Gender

Male

Female

Q.2 Age Group

16 to 25

21 to 25

26 to 30

30 to 35

36 to 40

Q 3. Education

Bachelor

Master

Q 4. Faculty

Management

Science

Education

Humanities

Sociology

Others

Q 5. Marital Status

Married
Unmarried
Widowed
Divorced

Q 6. Monthly Income

Below 20000
20001-30000
30001-40000
40001-50000
Above 50000

Q 7. Monthly Saving

Below 5000
5,001 to 10,000
10,001 to 15,000
15,001 to 20,000
Above 20,000

Q 8. Educational Background of Parents

Level	Father	Mother
None		
Below SLC		
Plus Two		
Bachelor		
Masters		

Q 9. What is the items being saved for? (Purpose of Saving) (Tick all that Apply)

-
- Study
 - Accommodation
 - Clothes
 - Vehicle
 - Travel
 - Others
-

**Q 10. If you do save provide the reasons for saving? * Peer means your friends.
(Tick all that apply)**

-
- Parents tell me
 - Peer save
 - For daily needs
 - For Emergencies
 - For a holiday
 - Others
-

State your level of agreement and disagreement with the following statements about the purpose of saving by ticking the appropriate box.

Q 11. Statement pertaining to financial literacy:

S.N.	Financial Literacy	Strongly Disagree-1	Disagree-2	Neutral-3	Agree-4	Strongly Agree-5
1.	I have better understanding of how to invest my money					
2.	I have better understanding of how to manage my Borrowed money or credit use					
3.	I have better					

understanding of
financial instruments
such as bonds, stock,
T-bill, mutual fund
etc.

4. I have the ability to
prepare my own
monthly budget.
 5. I have the ability to
maintain financial
records for my
income and
expenditure.
 6. I have no difficulty
in managing my
money.
-

Q 12. Statement pertaining to Parental Influence

S.N.	Description	Strongly Disagree-1	Disagree-2	Neutral-3	Agree-4	Strongly Agree-5
1.	My parents are good example for me when it comes to money management.					
2.	I always talk about money management with my parents.					
3.	It's good when my parents control my spending.					
4.	It's a good thing to ask my parents to keep hold of my money sometimes to help me save.					
5.	My parents are proud of me for saving.					
6.	I appreciate it when					

- my parents give me advice about what to do with my money.
7. I save money because I don't think my parents should pay for things I don't really need but like.
8. Saving is something I do regularly because my parents wanted me to save when I was little.

Q 13. Statement Pertaining to Saving Behavior

S.N.	Description	Strongly Disagree-1	Disagree-2	Neutral-3	Agree-4	Strongly Agree-5
1.	I put money aside on a regular basis for the future.					
2.	In order to save I often consider price before I make a purchase.					
3.	In order to save, I often consider whether the real necessity before I make a purchase.					
4.	In order to save, I always follow a careful monthly budget.					
5.	I have money					

available in the
event of
emergency.

6. In order to save,
I plan to reduce
my expenditure.
 7. I save to achieve
certain goals
 8. I save until the
end of my
semester or year
end.
-

Thank You

INFLUENCE OF PARENTAL SOCIALIZATION AND FINANCI...**By: Sajina Maharjan**As of: Jun 20, 2024 12:27:11 PM
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ABSTRACT This study's main goal is to investigate how financial literacy and parental socialization affect young people's saving habits in the Kirtipur Municipality. Examining youth saving behavior in Kirtipur Municipality, determining the relationship between financial literacy and parental socialization and youth saving behavior in Kirtipur Municipality, and examining the effects of gender and marital status on financial literacy and parental socialization on youth saving behavior in Kirtipur Municipality are some of the specific goals of this study. Descriptive and causal comparative research designs were used in this study to address its core questions. 400 samples were taken into consideration for the convenience sampling strategy used in the study. Information on several aspects of parental socialization, financial literacy, and saving behavior was gathered using a standardized questionnaire. To analyze the data, descriptive statistics, ANOVA, Pearson's correlation, and simple linear regression were used. The study's findings show that financial knowledge and parental socialization both positively influence young people's saving habits. Parents teach their children about money matters in one way or another, and as a result, the children are more inclined to save. Adolescents who get direction, control, habit development, financial education, and experience sharing are more likely to save than their peers. The study also showed a strong correlation between young people's saving habits and their financial literacy. According to this study, pupils that possess financial literacy demonstrate more saving behavior in comparison to their non-financial- literate peers. As a result, parents need to mentor their kids when it comes to money matters. The findings of this study may help parents, financial institutions, and policymakers create more effective plans to encourage young people to save. Keywords: Financial literacy, saving behavior, financial knowledge, parental socialization, youths.

CHAPTER I INTRODUCTION 1.1 Background of the study The global economy is expanding and changing daily, and saving is a key component of this expansion and is essential to the future of this development. Every nation on the planet is fighting to keep up with this development process in order to improve their position in the world of survival. Savings may be used more quickly in this economic development chain if they are saved. The portion of income that is not used for immediate consumption is saved. One important factor influencing developing