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Original Article

Relationship Among Financial Literacy, Attitude and Behaviour



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Abstract

This study measures relationship among financial literacy, attitude and behaviour. Financial literacy has two attributes, i.e. financial knowledge and skill. Financial attitude is a way of thinking, belief and perception of individuals on personal finance. Financial behaviour is an act of using



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financial resources for financial independence and well-being. Therefore, measuring the relationship among financial literacy, attitude and behaviour is an important research priority. The study explores the relationship and some factors that contribute to financial behaviours. Using the framework of the theory of planned behaviour, this study interprets its findings. The theory asserts that human behaviours are affected by knowledge and attitude. In this study, a survey was conducted among 393 small borrowers to collect data on financial literacy, attitude and behaviours from four districts of Nepal. Kruskal-Wallis and Chi-Square tests were used to measure the relationships among the variables. The study finds that financial literacy and attitude have significant relationships with the financial behaviours of small borrowers. However, several other factors also affect the behaviours. The study concludes that proper financial education is necessary to change financial literacy and attitude to contribute to small borrowers' financial behaviours. Similarly, the study implies that the government, central bank, and financial service providers are responsible for providing proper and basic financial education to improve financial literacy and thereby change financial behaviours.

Keywords: *Development; Social Theory; Global South; Foucault; Governmentality; Sociology of Development*

Beginning

Most individuals have to deal with money with reference to earning, spending, borrowing, saving and investing. Dealing the financial behaviours is influenced by financial literacy and attitude. Increasing financial modernisation, complexities, technology, consumer protection, and emerging financial crises necessitate financial service users to be equipped

with financial literacy. Financial literacy is responsible for changing the financial attitude of individuals. If the financial attitude is positive, the individuals are expected to demonstrate good financial behaviours. However, good financial behaviours are useful to maintain financial independence achieve financial prosperity and well-being. In this reference, this study aims to find the relationship between financial literacy, attitude and

behaviour. Similarly, this study also aims to explore some of the additional factors contributing financial behaviours of small borrowers. Small borrowers are financial service users who borrow a limited amount of money from formal financial settings for income-generating activities. Normally, income, saving, credit, remittance, investment and purchasing decisions, where the money is vital, are major scopes of financial behaviours. Inadequate financial knowledge, improper financial skills, and a pessimistic attitude on finance negatively impact their financial behaviour.

Benartzi (2010) opines that financial consumers desire to utilise available limited personal financial resources to achieve unlimited personal needs. The art of balancing these two contradictions is a skill of managing personal finance. According to the consumer behaviour theory, the income of the consumers is divided into consumption expenditure and saving. Therefore, it is relevant to list out and discuss the factors that affect the financial behaviours of small borrowers. Such a study helps to know the factors that affect financial behaviour and thereby improve policy and practice.

Hence, financial behaviour is supported by financial literacy; the concept of financial literacy is a policy concern both of education and finance. However, education is a section of government intervention, and the financial sector is an area of regulating monetary authority and central bank. Therefore, the improvement of the financial literacy of individuals has implications in policy and practices in both education and finance. Additionally, the role of financial intermediaries and financial service consumers are also crucial in this endeavour.

Financial Literacy

Xio et al. (2013) argue that financial literacy influences financial behaviour. Primarily, financial behaviour deals with money and income. Such primary utilisation of money is the operation level of financial behaviour. Gradually, a conscious financial behaviour shows good decision making, critical thinking, comparing, negotiating and seeking alternatives in finance. Monticone (2011) finds a double relationship between financial literacy and behaviour, i.e. financial literacy affects financial behaviour and vice-versa. However, the effectiveness of financial

knowledge into behaviour and financial behaviour into knowledge is yet to be established. Most of the previous studies focused on the contribution of financial knowledge to behaviours. Lusardi and Mitchell (2013) find that measuring the causal relationship between financial literacy and behaviour is difficult. But, Horwitz (2015) finds that poor financial literacy affects financial behaviour negatively. It means that a person who has little knowledge and skill in financial matters may lose financial opportunities in the market. The poor financial behaviour indicates an unwise use of money. Therefore, financial literacy, which does not contribute to financial behaviour, is worthless. In the reference, Lusardi (2019) asserts that the importance of financial literacy increases with digital finance, financial technology (Fintech) and investment decisions.

A person's financial literacy is concerned with a minimum level of financial understanding and skill s/he needs in regular financial activities. But, it is difficult to explore a golden standard for a minimum level of financial literacy fits for all. This is a contextual and relative matter. Knowledge and ability in financial matters indicate two major financial

behaviours, i.e. operational, financial activities and search of personal financial alternatives. If a person utilises financial literacy in practice, there is a possibility of positive effects on financial well-being. Financial knowledge contributes to financial literacy and goes beyond analysing financial better-off for the future. Similarly, improved financial behaviour increases the possibility of financial independence and prosperity. Therefore, the behaviour unable to positively change an individual's well-being is also useless. Morgan and Trinh (2019) enumerate the attributes of financial literacy as knowledge, skill, attitude and behaviour in finance.

Financial Attitude

Financial attitude is a judgment, belief, perspective and way of thinking on financial matters. Financial literacy, culture and experience can contribute to the financial attitude of individuals. A financial attitude also shows financial confidence. Therefore, financial literacy, which is unable to change financial attitudes positively, is worthless. Similarly, the financial attitude that cannot contribute to good financial behaviour is also insignificant. Here, World Bank (2013) mentions that

attitude is a psychological factor affecting human behaviour. It shows the behavioural implication of financial attitude. But, President's Advisory Council on Financial Capability (2012) mentions that financial attitude is necessary but not sufficient to influence financial behaviour. This indicates that attitude is one of the factors that affect financial behaviour. Financial attitude is subject to change in improved financial literacy of persons. Shim et al. (2009) conclude that financial knowledge predicts financial attitude, thereby contributing to financial behaviour. Therefore, knowledge is one of the sources of attitude. This shows that knowledge is independent, and attitude is a dependent factor. Moreover, Bolanos (2012) divides financial attitude into financial beliefs and financial self-efficacy and self-confidence. He further argues that financial knowledge increases the financial beliefs of students and thereby contributes to financial well-being. Therefore, financial attitude is an immediate target and primary goal of financial literacy.

Financial Behaviour

The financial behaviour of individuals is important but difficult to understand,

define and measure. Behaviour is a demonstration of activities, which others can watch, understand, and observe. Financial behaviour is the key dimension and destination of financial literacy. Dew and Xiao (2011) explain financial behaviour as the financial management behaviour where personal financial resources are managed to maximise profit. Koenen et al. (2016) present retirement planning, wealth accumulation and maintaining financial security as main financial behaviours. Horwitz (2015) argues that financial literacy contributes financial well-being of individuals. Financial well-being is the situation of financial satisfaction, independence, ability to ends meet, self-confidence in financial security and increased financial position. The Organisation for Economic Cooperation and Development (2011) defines well-being as a combination of material living conditions, quality of life and sustainability. Way and Wong (2010) and Atkinson and Messy (2012) argue that financial behaviours are the sources of the financial well-being of individuals. Similarly, Oseifuah and Gyekye (2019) connect financial literacy with the financial well-being of individuals. Meanwhile, Rui (2019) concludes that people with a low level

of financial literacy have less likely to make a retirement plan.

Mien and Mien (2015) find that financial knowledge and attitude significantly affect financial behaviour. Prihartono and Asandimitra (2018) conclude that income, education, financial literacy and attitude affect financial management behaviour. Next, from the previous studies, providing financial education is inadequate to change financial behaviour. Wagner (2015) argues that financial education affects financial behaviour. Clark et al. (2015) find that financial knowledge affects financial behaviour. Wagner (2015) opines that financial skill affects financial behaviour. Chaulagain (2018) argues that both financial literacy and attitude affect financial behaviour. Atkinson and Messy (2012) claim that financial attitude only can affect financial behaviour. However, Willis (2011) adds financial confidence as a crucial determinant of financial behaviour.

Theoretical Framework

Human behaviour cannot be fully understood solely in terms of socio-structural factors of psychological factors (Bandura, 1999). In this study,

the theory of planned behaviour, propounded by Icek Ajzen is considered for interpreting the findings. The theory is based on behavioural change of individuals based on the change in attitude on a particular subject. The theory also asserts that attitude helps in forming an intention, which is close to human behaviour. However, this study is unable to measure the intention. Conner et al. (2007) argue that conscientiousness has a significant influence in connecting attitude and behaviour. Human behaviours are psychologically affected by carefulness, self-dependence, mental alertness and sensitiveness and thus, these influence their behaviours. The interplay between positive attitude and good intention increases the likelihood of good behaviours accordingly. The theory of planned behaviour describes human behaviour that is affected both by perceived behavioural control (PBC) and through intention formation. Perceived behavioural control highlights that the behaviour might both be easy and difficult. Therefore, individuals desire to neutralise difficult behaviours.

Moreover, Bagozzi et al. (1989) defend that sometimes people cannot necessarily generate a good intention

whether s/he has a positive attitude. It indicates some lapses between attitude and intention. Social norms and part of behaviours may be those lapses. They argue that attitude affects behaviour indirectly through intention. The intention is more contextual than the attitude, i.e. attitude is relatively a long term mental determination to act than the intention. Therefore, it is clear that the intention is closer to behaviour than the attitude. Ouellette and Wood (1998) argue that intentions, past behaviours and habits of persons affect current activities.

Determinants of Financial Behaviour

Besides financial literacy and attitude, some other factors also determine the status of financial behaviour of individuals. Financial behaviours are also affected by infrastructures, financial services, social factors, demographical variables and economic factors. Some of the infrastructural factors are roads, internet facilities, and branches of financial institutions. Basic financial services are saving, credit and utility services, etc. Cognitive/psychological factors are knowledge/ignorance, attitude, beliefs, preference, priorities, demonstration

effects, etc. Similarly, social factors are education (Agarwalla et al., 2015), language, religion, ethnicity (Klapper et al., 2012), etc. Some of demographic variables are sex (Oseifuah & Gyekye, 2014), age (Zadeh & Dahmardeh, 2013), marital status (Ravikumar, 2013), etc. Some of the personal economic factors are income level (Consumer Financial Protection Bureau, 2014) and occupation (Atakora, 2013). Moreover, some of the economic factors that affect financial behaviours are level of consumer awareness and protection laws, supply of consumer goods, market opportunities, future expectations, parents' wealth situation, financial safety environment, marginal propensity to save and consume, financial goal, vision and retirement planning, cost of financing or interest rate and the opportunity cost of money investment. Similarly, motivating factors such as discounts, subsidy, and incentives, inflation situation and trade cycle, liquidity preference, tax system, the macroeconomic status of the country, level of unfulfilled needs, financial autonomy, level of risk tolerance, production level, export and import situation, labour mobility are also the economic factors that affect financial behaviour.

Financial culture and tradition are also important factors influencing financial behaviour. These variables are based on traditional and local knowledge. Financial cultures are relative, dynamic and contextual factors. Economic condition, socioeconomic status, and family structure affect behaviour by impacting people's aspirations, sense of efficacy, and other self-regulatory factors rather than directly affecting them (Bandura, 1999). Rasoaisi and Kalebe (2015) present the major of study, area of residence, race, wealth and ethnic background of the students as important, explaining demographic factors of financial literacy, among others. Herawati et al. (2018) find that financial literacy, financial self-efficacy, financial confidence and socioeconomic status affect the financial behaviour of individuals. They argue that family is the closest source of financial socialisation.

Methodology

This study followed a quantitative research methodology for collecting and analysing the data. The participants were selected from two cooperatives located in Kathmandu valley and Kavrepalanchowk district. The representative sample size was

calculated by using Yamane (1967) formula (as cited in Bhattarai, 2015) for the survey. The population and sample sizes were 20,586 and 393, respectively. A multi-stage systematic random sampling technique was used to find the required samples. The survey technique was used to collect the data by using a survey questionnaire, which contained questions regarding financial knowledge, skill, attitude and behaviour. The unit of study was small borrowers. A small borrower was a cooperative borrower who borrowed a limited amount of money for local entrepreneurship. Self-reported financial knowledge, skill, attitude and behaviour responses were used as data. The survey tool was developed through primary fieldwork, expert's views and literature survey. The tool was tested from a pilot survey. Yes/no option questions were asked to measure financial knowledge and skill. However, financial literacy has two attributes, i.e. financial knowledge and skill. A three-point Likert scale was used to measure the financial attitude. Multiple response questions were asked to measure financial behaviour with mutually exclusive options.

All the variables were categorical data in measuring the relationship among

financial literacy, attitude, and behaviour. Financial literacy level was categorised as high, medium and low. Financial attitudes were categorised as positive, negative and neutral. Financial behaviours were categorised as good, moderate and poor. Financial literacy level was measured in percentage by using the scoring method. The score was counted by adding the correct responses in financial knowledge and skill tests. In the measurement of the level of financial literacy, a higher score indicated a higher level of financial literacy and vice-versa. To measure the relationship of financial behaviour with financial literacy and attitude, Kruskal-Wallis test was applied. While measuring the relationship between financial behaviour and attitude, financial behaviour was dependent, and attitude was an independent factor. Similarly, while measuring the relationship between financial literacy and behaviour, literacy was independent, and behaviour was a dependent factor.

To measure the relationships, the average values of financial attitude were divided into two on the basis of the median value. Initially, the median financial attitude was 1.45, which meant

that the financial attitude less than 1.45 showed the positive financial attitude of small borrowers and vice-versa. From this, the average financial attitude was divided into two, positive and negative. Kruskal-Wallis test was applied to find the relationship between financial attitude and behaviour. The Chi-square test was used for measuring the relationship between financial literacy and behaviour. Hence, financial literacy was based on percentage.

During the entire process of the study, the basic norms of 'responsible research practice' (Dhakal, 2016) were thoroughly followed.

Data Analysis

This study measures relationships among financial literacy, attitude, and behaviour. The results of the relationships are depicted in table 1 below. To find the relationships, the following hypothesis is developed.

H1: There are relationships of financial behaviours with financial literacy and the attitude of small borrowers.

The relationships are measured with the twenty financial behavioural items as presented in the following table.

Table 1: Krushkal-Wallis Test Showing the Relationships ($\alpha=.05$)

Items of financial behaviour	P ₁	P ₂	Items of financial behaviour	P ₁	P ₂
Regular purchasing	.00	.05	Credit utilization	.33	.36
Separate saving	.00	.37	Self-review of statements	.00	.29
Liquidity management	.00	.06	Negotiation	.00	.01
Business accounting	.00	.00	Risk diversification	.02	.33
Budgeting	.00	.05	Timely credit repayment	.86	.04
Old-age financial planning	.00	.01	Business insurance	.00	.33
Saving for well-being	.00	.00	Multiple credit	.63	.04
Using formal channels	.01	.40	Review of documentation	.00	.03
Accounting separation	.00	.06	Balancing income-expenditure	.00	.05
Use of self-capital	.09	.07	Borrowing plan	.00	.01

P₁ denotes the probability of the relationship between financial literacy and behaviour

P₂ denotes the probability of relationship between financial attitude and behaviour

Purchasing behaviour within the limited income of a small borrower is expected as good financial behaviour. In the reference, the relationship of the purchasing behaviour with financial literacy is significant ($p=.00$) but with financial attitude is insignificant ($p=.05$). It implies that the regular purchasing behaviour of the small borrowers is affected by financial literacy but not by financial attitude. Similarly, a provision of separate savings for mitigating contingent expenses is expected as good financial behaviour. In the reference, there is a significant relationship between the separate saving behaviour and financial literacy ($p=.00$). But the relationship is insignificant with financial attitude ($p=.37$). It further shows that managing

money for a contingent use is affected by financial literacy but not by financial attitude. In both of the relationships, financial literacy is more important to influence the financial behaviours of small borrowers.

Managing a minimum level of money with hands is an expected good financial behaviour. However, it is difficult to determine a minimum level of money for each individual. There is a significant relationship between such liquidity management behaviour and financial literacy ($p=.00$). But the relationship is insignificant with financial attitude ($p=.06$). It shows that financial literacy is a causal factor for liquidity management behaviour, but financial attitude is not so important.

All of the small borrowers are small business persons also. Similarly, the accounting process of business on a regular basis is expected to be good financial behaviour. In this reference, the financial behaviour has a significant relationship with both of financial literacy ($p=.00$) and attitude ($p=.00$) of small borrowers. It shows that managing regular business accounts is affected both by their financial literacy and financial attitude.

Estimating future income and expenditure of a small borrower is expected as good financial behaviour. There is a significant relationship between behaviour and financial literacy ($p=.00$) in this reference. But, the relationship is insignificant with financial attitude ($p=.05$). It indicates that the behaviour is more related to improvement in financial literacy than their financial attitude. Similarly, an increase in saving for managing old age is expected as good financial behaviour. In this reference, the relationships of old-age financial planning behaviour are significant both with financial literacy ($p=.00$) and financial attitude ($p=.01$). This shows that old-age financial planning behaviour is influenced both by financial literacy and the attitude of small borrowers. Moreover, priority to

increase income and saving for financial prosperity and independence is expected as good financial behaviour. In this reference, the relationships of the behaviour both with financial literacy and attitude are significant ($p=.00$). It shows that an increase in income and saving for achieving financial well-being is consistent with the small borrowers' financial literacy and attitude.

The use of formal financial settings for financial activities is expected to be good financial behaviour. In this reference, the relationship of financial behaviour is significant with financial literacy ($p=.01$). But the relationship is insignificant with financial attitude ($p=.40$). This indicates that experiencing saving and credit transactions from financial institutions is influenced by financial literacy but not by their financial attitude. Similarly, maintaining separate personal and institutional financial accounts is expected to be good financial behaviour. In this reference, financial behaviour has a significant relationship with financial literacy ($p=.00$). But the relationship is insignificant with financial attitude ($p=.06$). This indicates that making a separate account of business and personal financial

transactions is influenced by financial literacy but not by their financial attitude.

Prioritising self-investment for expanding the business is expected to be good financial behaviour. In this reference, the financial behaviour of using self-investment in small businesses has insignificant relationships both with financial literacy ($p=.09$) and financial attitude ($p=.07$). This indicates that using self-investment in small businesses is not affected by financial literacy and attitude. Similarly, utilising the credit as per the loan request is expected to be good financial behaviour. In this reference, credit utilisation behaviour has insignificant relationships with financial literacy ($p=.33$) and financial attitude ($p=.36$). This implies that financial literacy and attitude are unable to establish any relationship with credit utilisation behaviour. Similarly, self-reviewing personal financial documents are expected to be good financial behaviour. In this reference, the financial behaviour of periodic and self-review of personal financial position has a significant relationship with financial literacy ($p=.00$). But the relationship of the behaviour is insignificant with financial attitude

($p=.29$). This shows that financial literacy is more important than the financial attitude in influencing the financial review behaviour.

Moreover, negotiation of interest rates and charges during borrowing is expected to be good financial behaviour. In this reference, negotiation behaviour for competitive interest rates in saving and credit has significant relationships with financial literacy ($p=.00$) and financial attitude ($p=.01$). This indicates that better financial literacy and a positive financial attitude explain the negotiation behaviour of small borrowers. Similarly, managing a financial portfolio for minimising financial risk is expected to be good financial behaviour. In this reference, the financial behaviour of risk diversification has a significant relationship with financial literacy ($p=.02$). But the relationship is insignificant with financial attitude ($p=.33$).

Timely repayment of debt instalment is expected as good financial behaviour. In this reference, the behaviour has an insignificant relationship with financial literacy ($p=.86$). But the relationship is significant with financial attitude ($p=.04$). This indicates that the

behaviour is affected by a positive attitude but not by the better financial literacy of the small borrowers. Hence, small borrowers are small business persons also. The insurance of such a business is expected to have good financial behaviour for minimising the risk of loss. In this reference, the behaviour has a significant relationship with financial literacy ($p=.00$). But the relationship of the behaviour with financial attitude is insignificant ($p=.33$). Therefore, the behaviour is affected by financial literacy but not by the financial attitude.

Moreover, borrowing from a single financial institution is expected to have good financial behaviour to control multiple banking. In this reference, the multiple credit behaviour has an insignificant relationship with financial literacy ($p=.63$). However, the behaviour has a significant relationship with financial attitude ($p=.04$). This shows that minimising multiple credits is not influenced by their financial literacy but by a positive financial attitude. Multiple banking is not influenced by ignorance but by their risk-taking attitude. Over-confidence to take the risk is one of the possible reasons behind multiple banking in the Nepali financial field.

Self-reviewing the borrowing documents is expected as good financial behaviour. In this reference, the behaviour has significant relationships both with financial literacy ($p=.00$) and financial attitude ($p=.03$). This shows that financial behaviour is influenced by the small borrowers' financial literacy and attitude. Similarly, the financial behaviour of balancing income and expenses (ends met) is expected as good financial behaviour. In this reference, financial behaviour has a significant relationship with financial literacy ($p=.00$). But the behaviour has an insignificant relationship with financial attitude ($p=.05$). It shows that financial literacy affects behaviour, but financial attitude does not. Moreover, borrowing plan behaviour has significant relationships both with financial literacy ($p=.00$) and financial attitude ($p=.01$). This shows that both financial literacy and small borrowers' attitude significantly influence the behaviour.

In general, there are mixed relationships of each financial behaviour with financial literacy and attitude. One relationship exists when a combination of financial literacy and attitude affects financial behaviours. The next relationship exists when financial behaviour is affected by financial

literacy but not by financial attitude. The next relationship exists when financial behaviour is affected by financial attitude but not by financial literacy. The final is a zero relationship of financial behaviour with financial literacy and attitude. Comparatively, financial literacy is a more important determinant of financial behaviour than financial attitude. However, the aggregate relationship of financial behaviours is significant ($p=.00$) with financial literacy and attitude.

Discussion

There are mixed results in the relationship of financial literacy, attitude and behaviours of small borrowers. In a PhD study of Ghana, Mireku (2015) finds a positive relationship between financial literacy and participants' financial attitude. This study finds that improved financial literacy of the small borrowers is responsible for forming a positive attitude towards financial services and service providers. It shows that financial literacy is one of the significant sources of a financial attitude of a small borrower. Again, there is a mixed finding of a significant and insignificant relationship between financial literacy, attitude and behaviour of the small

borrowers. The relationships between financial literacy and attitude are significant and insignificant with six and two financial behaviours.

Financial literacy is significant with ten financial behaviours, but the financial attitude is insignificant with the same behaviours. Similarly, financial literacy is insignificant with two behaviours, where the financial attitude is significant with the same behaviours. The findings communicate that the relationship between financial literacy, attitude and behaviour is not in the same line. Findings with significant relationships indicate that the independent factor affects the dependent factor. Findings with insignificant relationships indicate other variables and possible factors that affect the dependent factor. Horwitz (2015) and Mireku (2015) find a significant relationship between financial literacy and behaviour. Priyadarshini (2015) also finds a significant relationship between financial skill, attitude and behaviour.

Sometimes, financial literacy directly contributes to financial behaviour through financial attitude and perceived behavioural control. Perceived financial behavioural control is the beliefs of

behavioural direction whether the financial behaviours are easy or difficult. The finding of the current study is consistent with Bayrakdaroglu and San (2014), who also find that a point increase in financial literacy level increases 1.1 times of probability of stock participation behaviour. This positive and better index of probability of contribution shows that the participants' financial literacy is a decisive factor in contributing to financial behaviour. Fernandes et al. (2014) find that financial literacy predicts 0.1 per cent variance in financial behaviour. But, Calcagno and Monticone (2014) claim that poor financial behaviour is not necessarily always affected by a low level of financial literacy. It means that financial behaviour is not merely affected by financial literacy; there might be several other factors. The time lag between literacy to behaviour and attitude to behaviour also plays a decisive role despite the financial factors. The above studies conclude that financial literacy is necessary but not always a sufficient condition in improving financial behaviours.

Moreover, the financial attitude has also a relationship with financial behaviours. The sources of personal financial

attitude might be financial culture, the tradition of personal finance and peer effects. Therefore, the results show that small borrowers have a financial attitude based on socio-cultural traditions, experiences and peer influences. With reference to the formation of financial attitude to influence behaviour, the theory of planned behaviour is more influential in validating the probabilistic effects of financial attitude on financial behaviour. The theory asserts that behaviour is affected through a change in attitude. Similarly, the theory of planned behaviour asserts that human behaviour is affected by the plan. The plan is a linear and hierarchical relationship among the designed and planned actions. Ajzen (2011) argue that the designed actions are attitude, intention and behaviour.

Moreover, financial behaviour is one of several human behaviours. This study helps to connect financial literacy and attitude with financial behaviour. The synopsis of the theoretical perspective shows that financial attitude and behaviour also are interpreted through the theory of planned behaviour. Mireku (2015) also connects the theory in financial behaviour in his doctoral study stating that people can learn the

financial activities from the local contexts, environment and social interactions. The theory highlights that behaviour learning is based on social contexts, peer reciprocal, environment and socioeconomic phenomena. The theory of planned behaviour stood on the line of hierarchy among attitude formation, conversion of attitude into intention and thereby, the behaviour is influenced.

Conclusion

Financial literacy and attitude are major determinants of financial behaviour. However, financial literacy can directly affect behaviour or change financial attitudes. Financial literacy is one of the sources influencing financial attitude. The theory of planned behaviour is useful to interpret the relationship between financial literacy attitude and behaviour. There are mixed results about relationships of financial behaviours with financial literacy and attitude. The mixed results assert that financial behaviour is not merely affected by financial literacy and attitude. Some other possible variables and factors may affect the financial behaviours of small borrowers. The study concludes that there is an interconnection among literacy, attitude

and behaviour. However, the degree of connection is different. Lusardi (2019) argues that financial literacy is a global passport necessary for global economic activities. The study implies that for influencing financial behaviour, the financial attitude of individuals is necessary to make positive. For a positive financial attitude, improved financial literacy is vital. However, financial literacy is a cross-cutting issue both in education and finance. In education, the government has to work, and the Nepal Rastra Bank has to work in finance. Banks, financial institutions and non-bank financial institutions have to follow and implement the policies and directives regarding financial literacy.

Disclosure Statement

The author declares that no potential conflict of interest exists.

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