

A Study on the Impact of Financial Knowledge on Financial Behaviour among College Students

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ABSTRACT

Financial literacy has become increasingly important for college students as they are required to make independent financial decisions related to budgeting, saving, debt management and financial planning. The present study examines the impact of financial knowledge on financial behaviour among college students. Specifically, the study aims to evaluate students' financial knowledge and analyze its influence on their financial behaviour.

The study is based on primary data collected from 131 college students through a structured questionnaire using a Likert scale. A quantitative research design and convenience sampling technique were adopted. Data were analyzed using descriptive statistics, reliability analysis, correlation and regression analysis.

The findings revealed that students possess a relatively high level of financial knowledge, whereas their financial behaviour remains moderate. Correlation and regression analyses indicated a positive and significant relationship between financial knowledge and financial behaviour, suggesting that financially knowledgeable students are more likely to demonstrate responsible financial practices.

The study concludes that financial knowledge plays an important role in shaping students' financial behaviour. The findings emphasize the need for effective financial literacy programs in higher education institutions to encourage responsible financial decision-making among students.

Keywords: Financial Knowledge, Financial Behaviour, Financial Literacy, College Students

INTRODUCTION

In today's rapidly evolving financial environment, financial literacy has become an essential life skill, particularly for young adults entering financial independence. College students are increasingly required to make important financial decisions related to budgeting, saving, debt management, credit usage and future financial planning. The financial choices made during this stage of life can significantly influence an individual's long-term financial stability and overall well-being. Consequently, understanding the relationship between financial knowledge and financial behaviour has become an important area of discussion among researchers, educational institutions, and policymakers.

The growing importance of financial literacy gained international attention following the Organisation for Economic Co-operation and Development (OECD) financial education initiative introduced in the early twenty-first century. Financial literacy broadly refers to an individual's understanding of financial concepts, the ability to apply financial knowledge in practical situations and the capacity to make informed and responsible financial decisions. It also includes positive financial attitudes and behaviours that contribute to long-term financial security and economic well-being.

Several earlier studies have emphasized the significance of financial knowledge in shaping financial

behaviour. Research conducted by Annamaria Lusardi and Olivia S. Mitchell highlighted that low levels of financial literacy are closely associated with poor financial planning and inadequate retirement preparedness. Similarly, Lewis Mandell observed that insufficient financial education among students often results in weak financial decision-making and poor money management practices. Further, studies by Shawn Cole, Thomas Sampson and Bilal Zia argued that although financial knowledge significantly influences financial behaviour, behavioural and environmental factors also affect financial decision-making.

Within the higher education context, financial behaviour has been widely examined in relation to budgeting habits, savings behaviour, debt management and financial planning. Existing research suggests that individuals with stronger financial knowledge are more likely to demonstrate responsible financial practices. However, some scholars argue that financial knowledge alone may not necessarily lead to positive behavioural outcomes, as factors such as self-control, financial confidence, financial attitudes and risk tolerance also influence financial decisions.

At the same time, the rapid growth of digital financial services and easy access to credit facilities have intensified financial challenges among college students. Online payment systems, digital banking platforms, investment applications and increasing student debt have made financial management more complex for young individuals. In response, governments and educational institutions across the world have introduced financial education initiatives aimed at improving students' financial capability and financial well-being. Nevertheless, empirical evidence regarding the effectiveness of these financial literacy programs continues to produce mixed findings.

Against this background, the present study examines the impact of financial knowledge on financial behaviour among college students. The study specifically focuses on evaluating the financial knowledge of students and analyzing how financial knowledge influences their financial behaviour. By examining behavioural dimensions such as budgeting, saving and financial decision-making, the study seeks to contribute to the growing literature on financial literacy and provide practical insights for the development of effective financial education programs in higher education institutions.

LITERATURE REVIEW

Financial literacy and financial behaviour have received considerable academic attention in recent years due to their growing relevance to personal financial management and economic well-being. Researchers have examined the relationship between financial knowledge, financial attitudes, financial confidence and financial behaviour across different social and economic contexts.

Sivakami and Angel (2025) explored the influence of demographic factors, behavioural finance principles and Environmental, Social, and Governance (ESG) criteria on investment decision-making. The study found that psychological biases and herd behaviour significantly influence investment choices, while ESG considerations are becoming increasingly important among investors. The researchers further emphasized the need for stronger regulatory frameworks to promote ethical and responsible financial practices.

Nogueira et al. (2025) examined factors influencing financial literacy, financial knowledge, and financial behaviour across twenty OECD countries. Their findings revealed that higher education positively contributes to financial literacy and responsible financial behaviour, whereas inequality in access to education and healthcare negatively affects financial capability. The study also indicated that improvements in human development contribute positively to financial literacy and financial behaviour.

Lone and Bhat (2022) investigated the relationship between financial literacy, financial self-efficacy and financial well-being among business school faculty members in Jammu and Kashmir. The study found that financial literacy positively influences both financial self-efficacy and financial well-being. Additionally, financial self-efficacy was identified as a partial mediator between financial literacy and financial well-being, highlighting the importance of financial education in improving long-term financial planning.

Normawati et al. (2023) examined the influence of financial knowledge, digital financial knowledge, and financial attitudes on millennials' financial satisfaction. The findings demonstrated that financial knowledge and financial attitudes positively affect financial behaviour, which in turn contributes to greater financial satisfaction. The study highlighted the mediating role of financial behaviour in strengthening financial well-being.

Morris et al. (2022) analyzed the relationship between financial knowledge, financial confidence, learning capacity and financial behaviour using Structural Equation Modeling (SEM). The findings revealed that financial confidence plays a crucial role in explaining financial behaviour, while learning capacity contributes positively to financial confidence. The study recommended that financial education programs should focus not only on improving knowledge but also on building financial confidence and behavioural competence.

Munir et al. (2025) explored financial literacy and retirement saving behaviour among households in Punjab, Pakistan. The study observed that financially literate individuals are more likely to save for retirement. The findings emphasized the importance of financial education programs in encouraging long-term savings behaviour and improving retirement preparedness.

Johan et al. (2021) investigated the impact of personal finance education on students' financial knowledge, attitudes and behaviour in Indonesia. The study reported that financial education significantly improved financial knowledge; however, it did not significantly influence financial attitudes or financial behaviour. Family financial socialization and peer discussions regarding money management were also identified as important influences on students' financial behaviour.

Azizah et al. (2024) examined the impact of financial knowledge on students' financial behaviour. The study found that students with higher levels of financial knowledge demonstrated better financial management practices, including budgeting, saving and debt management. The researchers emphasized the importance of financial education in higher education institutions to encourage responsible financial behaviour among students.

Similarly, **Prajapati et al. (2025)** investigated the effect of financial knowledge on university students' financial behaviour in India. The findings revealed a moderate positive relationship between financial knowledge and financial behaviour. Demographic variables such as age, gender, family income and educational background were also found to significantly influence financial literacy and financial behaviour.

Rai et al. (2025) examined the relationship between financial literacy and financial well-being among employees. The study concluded that financial awareness, financial skills, and financial experiences significantly improve financial well-being. Moreover, financial self-efficacy and financial behaviour partially mediated the relationship between financial literacy and financial well-being.

Wan et al. (2025) analyzed factors influencing financial well-being among university students. The findings indicated that digital financial literacy, financial confidence and financial attitude positively influence financial behaviour. The study further established that financial behaviour mediates the relationship between financial literacy and financial well-being, thereby highlighting the importance of developing healthy financial habits among students.

Burga et al. (2025) investigated the relationship between financial education and personal finance management among residents of Lima, Peru. The results showed a positive relationship between financial education and responsible financial behaviour, particularly in areas such as saving, investment and financial management. The study emphasized the need for comprehensive financial education programs to improve financial stability and reduce financial vulnerability.

Karthik and R. Anusha (2025) explored the role of financial literacy in influencing personal financial decisions related to budgeting, saving, investing and debt management. The study emphasized that financial

literacy plays an important role in bridging the gap between financial knowledge and practical financial behaviour, particularly within emerging economies.

Paudel (2025) examined the relationship among financial literacy, financial attitude, financial behaviour, and personal financial management among college students in Nepal. The findings revealed significant positive relationships among all variables. Financial attitude and financial behaviour were also found to mediate the relationship between financial literacy and personal financial management.

Rajesh and Giridhar (2024) analyzed the relationship between financial literacy and personal financial management practices. The study concluded that financial literacy enables individuals to manage their personal finances more effectively and supports the achievement of long-term financial goals.

Sengupta et al. (2024) investigated the financial literacy levels of farmers in Punjab and their influence on financial behaviour. The findings indicated moderate levels of financial literacy and financial inclusion among farmers. The study further emphasized the importance of financial awareness initiatives introduced by the government in improving financial behaviour.

Yuneline and Rosanti (2023) examined the influence of digital finance, financial literacy, and lifestyle on students' financial behaviour in Indonesia. The findings revealed that financial literacy and lifestyle significantly affect financial behaviour, whereas digital finance alone did not significantly influence students' financial practices.

Finally, **Isaga (2025)** explored the relationship between financial literacy and financial behaviour among university students by considering the mediating role of personal finance opinion and the moderating role of income source. The findings demonstrated that financial literacy significantly predicts financial behaviour, while income strengthens the relationship between financial knowledge and financial decision-making.

Overall, the existing literature clearly indicates that financial knowledge plays a significant role in shaping financial behaviour. However, previous studies also suggest that financial attitudes, financial confidence, socio-economic conditions and psychological factors contribute to financial decision-making. Despite the growing body of literature, limited studies have specifically examined the impact of financial knowledge on financial behaviour among college students in the present context. Therefore, the current study attempts to address this gap by examining how financial knowledge influences the financial behaviour of college students.

RESEARCH METHODOLOGY

Research methodology refers to the systematic approach by a researcher to conduct a study and obtain reliable findings. It explains how the research is planned, carried out, and analysed to achieve the stated objectives. It generally includes research design, sampling method, source of data, tools used for data collection and techniques applied for the analysis that data. A suitable methodology helps ensure that the study is organized and scientifically sound. In simple terms it acts as a roadmap for the entire research process and guide the researcher throughout the whole research process.

Objectives of the Study

The study was conducted with the following objectives:

1. To evaluate the financial knowledge of college students.
2. To analyze the impact of financial knowledge on financial behaviour among college students.

H1: Financial knowledge has a significant positive impact on financial behaviour among college students.

Research Design

The present study adopted a quantitative research design to examine the relationship between financial knowledge and financial behaviour among college students. A quantitative approach was considered appropriate

because it allows for systematic measurement and statistical analysis of the variables under investigation.

Data Collection

The study was based on primary data collected through a structured questionnaire administered to college students. The questionnaire included items related to financial knowledge, financial attitude and financial behaviour. Responses were measured using a Likert scale to capture students' perceptions, attitudes and financial practices in a structured manner.

Sampling Technique and Sample Size

A convenience sampling technique was employed for data collection due to the accessibility and availability of respondents. The final sample consisted of 131 college students.

Statistical Tools Used

The collected data were analyzed using various statistical techniques, including:

- Descriptive statistics
- Reliability analysis
- Pearson correlation analysis
- Regression analysis
- Structural Equation Modeling (SEM)

Cronbach's alpha was used to assess the reliability and internal consistency of the measurement scale. Pearson correlation analysis was applied to examine the relationships among the study variables, while regression analysis was used to determine the impact of financial knowledge on financial behaviour. In addition, Structural Equation Modeling (SEM) was employed to validate the relationships among the constructs and assess the overall model fit. These tools were used for data analysis, model estimation and interpretation of the study findings.

RESULTS AND DISCUSSION

Reliability Analysis

To examine the internal consistency of the study variables, Cronbach's alpha was calculated for the constructs of Financial Knowledge and Financial Behaviour. The results are presented in Table 1.

Table 1 Reliability Statistics

Variable	Cronbach's Alpha
Financial Knowledge	0.84
Financial Behaviour	0.81

The reliability coefficients exceeded the recommended threshold of 0.70, indicating good internal consistency of the measurement scale. The overall Cronbach's alpha value of 0.817 further confirms that the questionnaire items were reliable and suitable for further statistical analysis. These findings suggest that the items used in the study consistently measured the intended constructs among college students.

Objective 1: To Evaluate the Financial Knowledge of College Students

Descriptive Statistics

Descriptive statistics were used to assess the level of financial knowledge and financial behaviour among respondents. The findings are presented in Table 2.

Table 2 Descriptive Statistics of Major Variables

Variable	Mean	Standard Deviation
Financial Knowledge	3.95	0.68
Financial Behaviour	3.60	0.74

The mean score for Financial Knowledge was relatively high ($M = 3.95$, $SD = 0.68$), indicating that college students possess a satisfactory level of financial understanding. In comparison, Financial Behaviour recorded a moderate mean score ($M = 3.60$, $SD = 0.74$), suggesting that although students are financially aware, their actual financial practices are comparatively less developed.

Additional descriptive analysis was conducted on selected statements related to financial literacy and workshop satisfaction.

Table 3 Descriptive Analysis of Selected Statements

Statement	Mean	SD	Skewness
Financial knowledge leads to better financial decisions	3.70	0.829	-1.04
Improving financial literacy enhances financial well-being	4.09	0.827	-1.08
Satisfaction with financial literacy workshops	3.76	0.878	-0.816

The statistics presented in the table provide insights into respondents' perceptions regarding financial knowledge and financial literacy. The mean scores indicate the general level of agreement with each statement, while the standard deviation reflects the variability in responses. Skewness values help to understand the distribution pattern of responses.

The statement "Financial knowledge leads to better financial decisions" recorded a mean score of 3.70 with a standard deviation of 0.829. This indicates that respondents generally agreed that financial knowledge positively influences decision-making related to money management and financial planning. The relatively moderate standard deviation suggests that responses were fairly consistent among participants. The skewness value of -1.04 indicates a negatively skewed distribution, meaning that a larger proportion of respondents selected higher agreement categories, reflecting a favourable perception toward the importance of financial knowledge. Similarly, the statement "Improving financial literacy enhances financial well-being" obtained the highest mean score of 4.09 and a standard deviation of 0.827. This demonstrates a strong level of agreement among respondents, suggesting that participants widely recognize the role of financial literacy in improving overall financial stability and well-being. The negative skewness value of -

1.08 further confirms that responses were concentrated toward the higher end of the scale, highlighting a strong positive attitude toward financial literacy initiatives.

The statement regarding “Satisfaction with financial literacy workshops” reported a mean score of 3.76 with a standard deviation of 0.878. This suggests that respondents were generally satisfied with the workshops, although the slightly higher standard deviation indicates somewhat greater variation in opinions compared to the other statements. The skewness value of -0.816 also reflects a negatively skewed distribution, showing that most respondents expressed favourable views toward the workshops and their usefulness. Overall, the findings reveal that respondents hold positive perceptions regarding financial knowledge and financial literacy. The negative skewness values across all statements indicate that participants tended to agree or strongly agree with the statements, demonstrating awareness of the importance of financial literacy in enhancing financial decision-making and well-being.

One-Sample t-Test

A one-sample t-test was conducted to determine whether respondents significantly differed from the neutral point regarding financial knowledge.

Table 4 One-Sample t-Test for Financial Knowledge

Variable	N	Mean	SD	T	df	p-value	SE
Financial Knowledge (FK)	131	3.95	0.490	92.5	130	< .001	0.0428

The results showed that the respondents demonstrated a relatively high level of Financial Knowledge (FK). The mean score for Financial Knowledge was 3.95 (SD = 0.490), suggesting that, on average, participants possessed a strong understanding of financial concepts and practices. The low standard deviation further indicates that the responses were fairly consistent across the sample of 131 participants. The one-sample t-test result revealed a statistically significant outcome, $t(130) = 92.5$, $p < .001$, indicating that the observed mean score was significantly different from the test value used in the analysis. This finding suggests that the participants’ level of financial knowledge was not due to chance and reflects a meaningful degree of financial awareness among the respondents. Additionally, the standard error value (SE = 0.0428) shows that the sample mean is a reliable estimate of the population mean. Overall, the findings imply that the respondents possess a satisfactory level of financial knowledge, which may positively influence their financial decision-making and financial behavior.

Objective 2: To Analyze the Impact of Financial Knowledge on Financial Behaviour

Correlation Analysis

Pearson correlation analysis was performed to examine the relationship between financial knowledge, financial attitude and financial behaviour.

Table 5 Correlation Matrix

Variables	Financial knowledge (FK)	Financial attitude (FA)	Financial Behaviour (FB)
Financial knowledge (FK)	—		
Financial attitude (FA)	0.804	—	

Variables	Financial knowledge (FK)	Financial attitude (FA)	Financial Behaviour (FB)
Financial Behaviour (FB)	0.390	0.253	—

The findings indicated a moderate positive relationship between Financial Knowledge and Financial Behaviour ($r = 0.390$, $p < .001$). This suggests that students who possess greater financial knowledge are more likely to engage in responsible and effective financial practices. In addition, Financial Attitude was also positively associated with Financial Behaviour, although the strength of this relationship was relatively weaker compared to financial knowledge.

Overall, the results highlight that financial awareness and understanding play an important role in shaping students' financial behaviour. However, the findings also suggest that knowledge alone may not be sufficient to fully influence financial actions, as other psychological and behavioural factors may also contribute to how individuals manage their finances.

Regression Analysis

Regression analysis was conducted to determine whether financial knowledge significantly predicts financial behaviour.

Table 6 Regression Coefficients for Financial Behaviour

Predictor	Estimate	SE	t	p-value
Intercept	0.865	0.433	2.00	0.048
Financial Knowledge (FK)	0.705	0.182	3.88	< .001
Financial Attitude (FA)	-0.229	0.183	-1.25	0.212

The regression analysis was conducted to examine the influence of Financial Knowledge (FK) and Financial Attitude (FA) on Financial Behaviour. The results indicate that the overall model identified Financial Knowledge as a significant predictor of Financial Behaviour.

The intercept value was 0.865 ($p = 0.048$), indicating the level of Financial Behaviour when the predictor variables are held constant. Financial Knowledge showed a positive and statistically significant effect on Financial Behaviour ($\beta = 0.705$, $t = 3.88$, $p < .001$). This finding suggests that an increase in financial knowledge is associated with an improvement in responsible financial behaviour among respondents. In other words, individuals with greater financial understanding are more likely to make informed and effective financial decisions.

On the other hand, Financial Attitude demonstrated a negative but statistically insignificant relationship with Financial Behaviour ($\beta = -0.229$, $t = -1.25$, $p = 0.212$). Since the p-value is greater than 0.05, the effect of Financial Attitude on Financial Behaviour is not considered statistically significant in this model. This implies that, although financial attitude may have some influence, it does not independently predict financial behaviour when financial knowledge is taken into account.

Overall, the findings suggest that Financial Knowledge plays a more important role in explaining Financial Behaviour compared to Financial Attitude among the respondents.

Table 7 Collinearity Statistics

Variable	VIF	Tolerance
Financial Knowledge (FK)	2.83	0.354
Financial Attitude (FA)	2.83	0.354

To assess the presence of multicollinearity among the independent variables, Variance Inflation Factor (VIF) and Tolerance values were examined. The results revealed that both Financial Knowledge (FK) and Financial Attitude (FA) reported a VIF value of 2.83 and a Tolerance value of 0.354.

These values fall within the commonly accepted threshold levels, where VIF values below 5 and tolerance values above 0.10 indicate that multicollinearity is not a significant. This suggests that the independent variables are not excessively correlated with one another and each variable contributes uniquely to the regression model.

Hence, the findings confirm that the regression model is statistically appropriate and the predictor variables can be used simultaneously to explain variations in Financial Behaviour without affecting the reliability of the analysis.

Structural Equation Modelling (SEM) Analysis

To further examine the relationship between Financial Knowledge and Financial Behaviour, Structural Equation Modelling (SEM) was employed.

SEM Model Description

Table 8 Descriptive Summary of the SEM Model

Particulars	Value
Estimation Method	Maximum Likelihood (ML)
Sample Size	131
Number of Latent Variables	2
Number of Observed Variables	10
Endogenous Variable	Financial Behaviour
Exogenous Variable	Financial Knowledge

The model was tested using data collected from 131 respondents, providing an adequate sample size for the analysis. The framework included two latent variables, which represent theoretical constructs measured indirectly through multiple indicators. In total, the model consisted of 10 observed variables that were used to assess the underlying constructs included in the study.

Within the model, Financial Behaviour was treated as the endogenous variable, meaning it served as the dependent outcome variable influenced by other factors in the model. Financial Knowledge was considered the exogenous variable, indicating that it functioned as an independent predictor influencing financial behaviour. Overall, the model structure was designed to examine how financial knowledge contributes to

explaining variations in individuals' financial behaviour through the observed indicators included in the analysis.

Table 9 Model Fit Indices

Fit Index	Recommended Value	Obtained Value	Interpretation
χ^2	Lower preferred	70.469	Moderate fit
df	—	34	—
p-value	> .05	.000	Significant
CFI	$\geq .90$	0.886	Marginal fit
TLI	$\geq .90$	0.849	Slightly below threshold
RMSEA	$\leq .08$	0.090	Moderate fit
SRMR	$\leq .08$	0.085	Slightly above threshold

The model fit indices were examined to evaluate how well the proposed model fits the observed data. The chi-square (χ^2) value obtained was 70.469 with 34 degrees of freedom, indicating a moderate level of model fit. The associated p-value was significant ($p = .000$), suggesting some differences between the proposed model and the observed data. However, it is important to note that the chi-square statistic is highly sensitive to sample size and often becomes significant in behavioural and social science research even when the model demonstrates an acceptable fit.

The Comparative Fit Index (CFI) value was 0.886, which is slightly below the recommended threshold of 0.90, indicating a marginal fit of the model. Similarly, the Tucker–Lewis Index (TLI) was 0.849, suggesting that the model fit is slightly below the ideal acceptable level. Despite this, both indices remain reasonably close to the recommended cut-off values, implying that the model still demonstrates an acceptable degree of fit.

Further, the Root Mean Square Error of Approximation (RMSEA) value was 0.090, indicating a moderate fit between the model and the data. The Standardized Root Mean Square Residual (SRMR) value of 0.085 was also slightly above the preferred threshold of 0.08, suggesting minor discrepancies in the model fit.

Overall, although some fit indices did not fully meet the recommended criteria, the results indicate that the model demonstrates an acceptable to moderate fit and can be considered reasonably suitable for explaining the relationship among the study variables.

Factor Loadings

Table 10 Factor Loadings of Financial Knowledge

Indicator	Standardized Loading	Interpretation
FK1(Interest Rates)	0.522	Moderate
FK2(Awareness Saving and Investing)	0.613	Good

Indicator	Standardized Loading	Interpretation
FK3(Inflation Affect)	0.678	Good
FK4(Financial Products Awareness)	0.677	Good
FK5(Plan Finances)	0.454	Weak
FK6(Saving Importance)	0.552	Moderate

The standardized factor loadings were examined to assess how effectively each indicator represented the construct of Financial Knowledge. The results indicate that most of the indicators demonstrated moderate to good factor loadings, suggesting that they adequately contributed to measuring the underlying construct.

Among the indicators, FK3 (Inflation Affect) and FK4 (Financial Products Awareness) showed the highest standardized loadings of 0.678 and 0.677 respectively, indicating a strong contribution to the Financial Knowledge construct. Similarly, FK2 (Awareness of Saving and Investing) reported a loading value of 0.613, reflecting a good level of association with the latent variable.

FK1 (Interest Rates) and FK6 (Saving Importance) demonstrated moderate loadings of 0.522 and 0.552 respectively, suggesting that these indicators reasonably represent financial knowledge among the respondents. In contrast, FK5 (Plan Finances) recorded the lowest loading value of 0.454, indicating a comparatively weaker contribution to the construct. Although the loading is lower than the commonly preferred threshold, it still provides some explanatory value within the model.

Overall, the findings suggest that the selected indicators generally provide an acceptable representation of Financial Knowledge, with certain dimensions contributing more strongly than others in explaining the construct.

Table 11 Factor Loadings of Financial Behaviour

Indicator	Standardized Loading	Interpretation
FB1(Confidence)	0.549	Moderate
FB2(Budgeting Behaviour)	0.728	Strong
FB3(Saving Behaviour)	0.812	Very strong
FB4(Debt Management)	0.647	Good

The standardized factor loadings evaluated how effectively each indicator represented the construct of Financial Behaviour. The results indicate that all indicators demonstrated acceptable to strong loadings, suggesting that they contribute meaningfully to measuring the underlying construct.

Among the indicators, FB3 (Saving Behaviour) recorded the highest standardized loading of 0.812, indicating a very strong association with Financial Behaviour. This suggests that saving practices are a particularly important dimension in explaining individuals' financial behaviour within the study. Similarly, FB2 (Budgeting Behaviour) showed a strong loading of 0.728, reflecting its substantial contribution to the construct.

FB4 (Debt Management) demonstrated a good loading value of 0.647, indicating that effective debt management also plays an important role in representing financial behaviour. In comparison, FB1

(Confidence) reported a moderate loading of 0.549, suggesting that while confidence contributes to financial behaviour, its influence is comparatively lower than the other indicators.

Overall, the findings suggest that the indicators used in the model provide a reliable representation of Financial Behaviour, with saving and budgeting behaviours emerging as the strongest contributors to the construct.

Structural Path Analysis

Table 12 Structural Relationship between Financial Knowledge and Financial Behaviour

Structural Path	β	z-value	p-value	Hypothesis Result
Financial Knowledge $\rightarrow$ Financial Behaviour	0.234	1.947	0.052	Marginally Supported

The structural path analysis indicates that Financial Knowledge has a positive effect on Financial Behaviour ($\beta = 0.234$). This suggests that an increase in individual financial knowledge is associated with an improvement in their financial behaviour, such as budgeting, saving, and responsible financial decision-making. The positive beta coefficient reflects a moderate direct relationship between the two constructs.

The z-value of 1.947 is very close to the commonly accepted threshold of 1.96 for statistical significance at the 5% level. Similarly, the p-value of 0.052 is slightly above the conventional cut-off point of 0.05. Although the relationship does not achieve full statistical significance, it remains very close to the acceptable threshold, indicating a marginally significant effect.

Therefore, the hypothesis is considered “marginally supported.” This finding implies that financial knowledge plays an important role in shaping financial behaviour, but its influence may not be strong enough on its own. Other factors, such as financial attitude, digital literacy, income level, or personal experience, may also contribute to determining individuals’ financial behaviour. Overall, the result highlights that improving financial knowledge can positively influence financial practices, even though the relationship is moderate rather than highly significant.

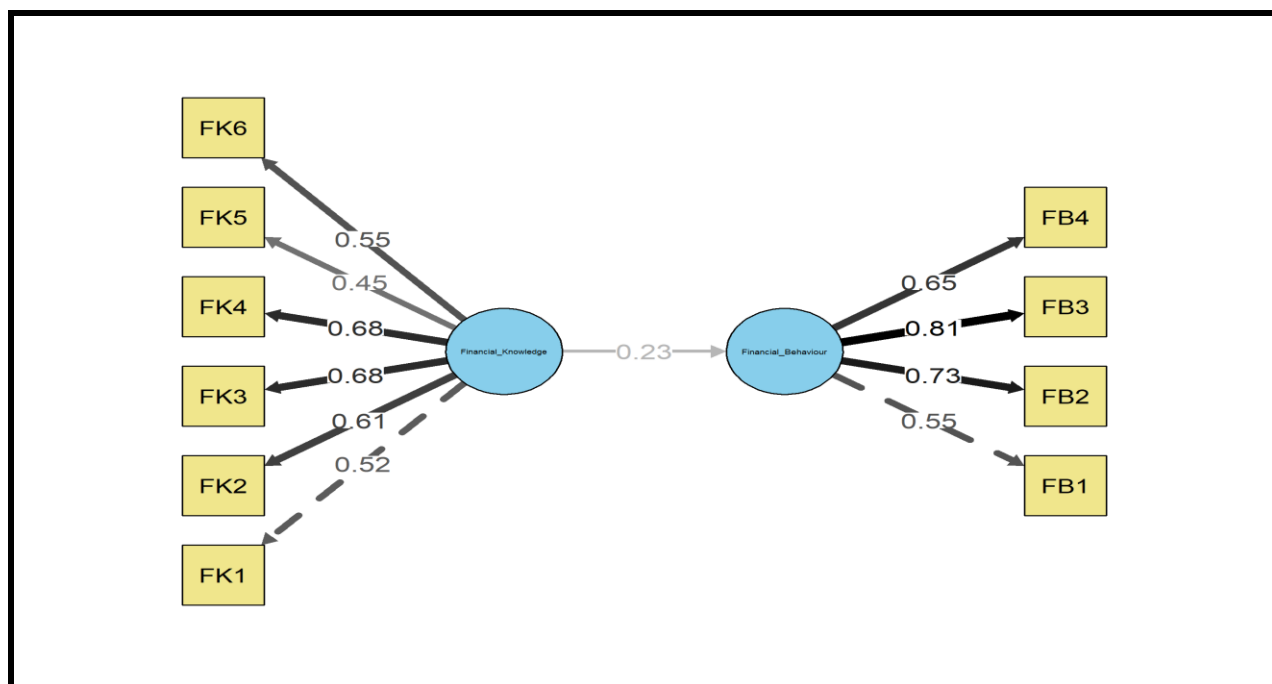


Figure 1 Structural Relationship between Financial Knowledge and Financial Behaviour

Residual Variance Analysis

Table 13 Residual Variance Estimates

Variable	Standardized Residual Variance
FK1	0.728
FK2	0.625
FK3	0.541
FK4	0.542
FK5	0.794
FK6	0.696
FB1	0.699
FB2	0.469
FB3	0.341
FB4	0.581

The standardized residual variance values represent the proportion of variance in each observed indicator that is not explained by the underlying latent construct. In other words, lower residual variance indicates that the construct explains a larger share of the indicator's variance, whereas higher residual variance suggests that more unexplained variation remains within the item.

For the Financial Knowledge indicators, the residual variances range from 0.541 to 0.794. Among these, FK3 (0.541) and FK4 (0.542) exhibit comparatively lower residual variances, indicating that these items are relatively well explained by the Financial Knowledge construct and contribute more effectively to measuring the concept. In contrast, FK5 (0.794) shows the highest residual variance, suggesting that a substantial proportion of its variance is unexplained by the latent factor. This may imply that the item is weaker in capturing financial knowledge or may reflect additional influences beyond the construct. Similarly, FK1 (0.728) and FK6 (0.696) also demonstrate relatively high unexplained variance, indicating moderate measurement strength.

For the Financial Behaviour indicators, FB3 (0.341) demonstrates the lowest residual variance, meaning that the construct explains a large proportion of this indicator's variance. This suggests that saving behaviour is a particularly strong representation of Financial Behaviour in the model. FB2 (0.469) also shows acceptable explanatory strength, indicating that budgeting behaviour aligns well with the construct. However, FB1 (0.699) has a relatively high residual variance, implying that confidence-related behaviour may not be as strongly explained by the latent variable. FB4 (0.581) reflects a moderate level of unexplained variance and indicates a reasonably acceptable contribution to the construct.

Overall, the results suggest that the Financial Behaviour construct is measured more consistently than the Financial Knowledge construct, particularly due to the strong contribution of FB2 and FB3. While most indicators demonstrate acceptable levels of residual variance, certain items—especially FK5 and FK1—may require further refinement or reconsideration in future studies to improve the overall measurement quality of the model.

OVERALL DISCUSSION

The findings of the study indicate that college students possess a reasonably high level of financial knowledge. Respondents acknowledged the importance of financial literacy in improving financial decision-making and financial well-being. Nevertheless, although students demonstrated adequate financial awareness, their financial behaviour was only moderate, implying that knowledge does not always translate directly into practice.

The correlation and regression analyses confirmed that financial knowledge positively influences financial behaviour. Students with greater financial understanding were more likely to exhibit responsible financial practices such as budgeting, saving, and informed financial decision-making. However, the moderate strength of the relationship suggests that financial behaviour is also influenced by other external and personal factors.

The SEM results further supported the existence of a positive relationship between financial knowledge and financial behaviour, although the effect was only marginally significant. The model fit indices indicated an acceptable but improvable model fit, suggesting the need for additional constructs in future research, such as financial self-efficacy, parental influence, peer pressure, or income level.

Overall, the findings emphasize the importance of integrating financial literacy programs into higher education curricula. Enhancing students' financial knowledge may contribute to improved financial behaviour and better long-term financial well-being.

CONCLUSION

The study concludes that financial knowledge plays a significant role in shaping the financial behaviour of college students. Students demonstrated satisfactory financial awareness, and higher levels of financial knowledge were associated with improved financial practices. However, the influence of financial knowledge on behaviour was moderate, indicating that financial behaviour is multidimensional and affected by various additional factors.

The study highlights the need for educational institutions to strengthen financial literacy initiatives through workshops, training programs, and curriculum integration. Such efforts may help students develop sound financial habits and make more effective financial decisions in the future.

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