

## Impact of Financial Literacy on the Socio-Economic Well-being of People

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### KEYWORDS

*Financial literacy, socio-economic well-being, sustainable development, SDGs.*

### ABSTRACT

In the context of accomplishing the Sustainable Development Goals (SDGs) and enhancing household-level socioeconomic outcomes in a financial environment that is changing quickly, financial literacy has grown in significance. Today's households and individuals must make difficult financial decisions about debt, savings, investments, and income management, which makes financial literacy a crucial factor in determining general well-being. This study looks at how financial literacy affects households' social and economic well-being in the Delhi NCR area of India. The research design used in the study is cross-sectional and descriptive. In addition to measures of economic well-being (income stability, savings, debt management, and financial security) and social well-being (education, health, and living standards), a structured questionnaire measuring financial knowledge, financial skills, and financial behavior was used to gather primary data from 489 household heads. To verify the measurement model and assess the suggested correlations, the data were examined using frequency distribution, exploratory factor analysis (EFA), and structural equation modeling (SEM). The findings show that financial literacy significantly and favorably affects social and economic well-being. Higher financial literacy households make better financial decisions, allocate resources more wisely, handle risk better, and are better equipped to meet long-term socioeconomic demands. The results demonstrate how important financial literacy is for improving household resilience and quality of life. For governments, academic institutions, and development organizations, the study offers important policy implications. Financial inclusion, prudent financial conduct, and equitable and sustainable socioeconomic development can all be strengthened by focused financial literacy programs...

### 1. INTRODUCTION

Individuals and households must make more complicated financial decisions in the quickly changing economic climate of today. These decisions range from regular budgeting and saving to long-term investment planning and debt management. The necessity for wise financial decision-making has increased due to the expanding variety of credit alternatives, digital financial services, and financial products. In this regard, financial literacy has become a crucial life skill (Huston, 2010; Lusardi & Mitchell, 2014). Financial literacy is described as the set of knowledge, skills, attitudes, and behaviors necessary to comprehend and use financial information. Financial literacy greatly improves both individual and household well-being by enabling people to evaluate financial possibilities and risks, prepare for future requirements, and deal with economic unpredictability (OECD, 2018).

A significant segment of the population, especially in developing nations, still has poor levels of financial literacy despite the growing accessibility and affordability of financial services (Atkinson & Messy, 2012). Suboptimal financial decisions, such as excessive borrowing, insufficient savings, and little involvement in formal investment and insurance markets, are frequently caused by a lack of financial knowledge and expertise (Lusardi & Mitchell, 2011). These bad financial decisions can worsen household vulnerability, raise stress levels, and promote socioeconomic disparities. Furthermore, poor financial literacy hinders overall social



and economic development by posing wider obstacles to financial inclusion, market efficiency, and sustained economic progress in addition to having an impact on individual households (Sarma & Pais, 2011).

According to Diener et al. (1999), socio-economic well-being is a multifaceted notion that includes social aspects like education, health, quality of life, and social participation as well as economic aspects like income stability, savings, investments, debt management, and financial security. Financially literate households are better able to manage resources effectively, lessen financial stress, and achieve long-term economic stability, according to earlier research (Xiao & O'Neill, 2016). In order to support equitable growth and sustainable development, policymakers, educators, and financial institutions must comprehend the connection between financial literacy and socioeconomic well-being (OECD, 2018).

In light of this, the current study uses a survey-based descriptive research methodology to investigate how financial literacy affects households' socioeconomic well-being. Structured questionnaires evaluating financial behavior, knowledge, and abilities were used to gather primary data, along with markers of social and economic well-being. The study intends to support the development of successful financial education initiatives and legislative changes that promote financial inclusion and raise general social well-being by offering empirical data on these links (Hair et al., 2017; Lusardi & Mitchell, 2014).

## 2. LITERATURE REVIEW:

Financial literacy has received increased attention in recent years due to its crucial role in impacting household economic and social well-being. A large amount of research indicates that financial knowledge and skills have a favorable impact on financial decision-making, savings, investing, and overall quality of life. The relevant literature on financial literacy and its impact on socioeconomic well-being are examined in this paper.

### 2.1 Concept of Financial Literacy

Financial literacy is the ability to understand and apply financial concepts such as budgeting, saving, investing, credit management, insurance, and retirement planning (Lusardi & Mitchell, 2014). It encompasses actions, mindsets, and knowledge that enable individuals to efficiently manage resources and make prudent financial choices. Studies have shown that improved financial planning, reduced debt, and more financial security are associated with higher financial literacy (OECD, 2020).

### 2.2 Financial Literacy and Economic Well-Being

Metrics that are frequently used to evaluate economic well-being include income stability, savings, investments, debt management, and financial security. Numerous studies have found a positive correlation between financial literacy and economic outcomes:

- Lusardi & Mitchell (2011) found that people who are more financially literate save more, invest wisely, and have better retirement plans.
- By increasing the use of formal financial services, financial education lessens vulnerability to high-interest informal credit, claim Atkinson & Messy (2012).
- In India, households with higher levels of financial literacy are better at managing their income, debt, and savings (Sahu & Kumar, 2019).

These results show that financial inclusion and economic well-being are significantly influenced by financial literacy.

### 2.3 Financial Literacy and Social Well-Being

Social well-being includes social contact, health, education, and level of life. According to research, financial literacy indirectly improves social outcomes by providing resources for improved living conditions, healthcare, and education:

- Financially literate individuals may effectively manage household budgets, which can result in better expenditure on health and education, according to Xu & Zia (2012).
- According to Kaur & Kaur (2018), households in India with higher levels of financial literacy are more likely to invest in their children's education and maintain healthcare coverage.
- Financial literacy encourages long-term planning, which enhances social and economic stability, according to Sahu et al. (2021).

Therefore, financial literacy contributes to overall social well-being in addition to being an economic instrument.

### 2.4 Studies in Indian Context and Delhi NCR

The significance of financial literacy has been highlighted by several Indian studies:

- Because many urban families in India, especially in Delhi NCR, lack adequate financial literacy, access to formal financial products is limited, according to RBI (2019).
- Gupta & Sinha (2020) found that more financially literate urban inhabitants used digital financial services, saved better, and made better insurance investments.
- Sharma & Aggarwal (2021) examined households in Delhi NCR and discovered that financial literacy improved both economic stability and lifestyle quality.

## 3. RESEARCH METHODOLOGY:

### 3.1 Research Objectives:

- To evaluate households' financial literacy levels.
- To assess households' socioeconomic well-being in terms of income, savings, debt management, and standard of living.
- To examine the connection between measures of economic well-being and financial literacy.
- To investigate how financial literacy affects social well-being, such as general living standards, health, and education.
- To offer suggestions to stakeholders, educators, and legislators on how to increase household welfare and financial literacy.

### 3.2 Research Hypotheses:

The study aims to examine the relationship between financial literacy and socio-economic well-being. Based on the objectives and research questions, the following hypotheses are proposed:

#### General Hypothesis

- **H<sub>0</sub>**: Financial literacy has no significant impact on the socio-economic well-being of households.
- **H<sub>1</sub>**: Financial literacy has a significant impact on the socio-economic well-being of households.

#### Hypotheses on Economic Well-Being

- **H<sub>01</sub>**: Financial literacy does not significantly influence the economic well-being of households.
- **H<sub>11</sub>**: Financial literacy significantly influences the economic well-being of households.
- **H<sub>02</sub>**: Financial literacy has no significant effect on household income management and savings behavior.
- **H<sub>12</sub>**: Financial literacy has a significant effect on household income management and savings behavior.
- **H<sub>03</sub>**: Financial literacy does not significantly affect debt management and financial security.
- **H<sub>13</sub>**: Financial literacy significantly affects debt management and financial security.

#### Hypotheses on Social Well-Being

- **H<sub>04</sub>**: Financial literacy has no significant effect on social well-being (education, health, and living standards).
- **H<sub>14</sub>**: Financial literacy has a significant effect on social well-being (education, health, and living standards).

### 3.3 Research Design

In order to investigate how financial literacy affects households' socioeconomic well-being, the current study used a descriptive and explanatory research approach. The descriptive component was utilized to evaluate the respondents' demographics and determine the general degree of household financial well-being and literacy. Examining the causal connections between financial literacy and the related outcomes of social and economic well-being was made easier by the explanatory design. The suggested conceptual framework and research hypotheses were empirically tested using a quantitative research approach. The Partial Least Squares (PLS) method of structural equation modeling (SEM) was used because it works well for prediction-oriented research and is appropriate for complex models with several features.

### 3.4 Population and Sample

Households, represented by adult family members who are principally in charge of making financial decisions, made up the target group. In order to meet the minimal sample size requirements for PLS-SEM analysis and improve the robustness of the results, a total sample of 489 homes was chosen for the investigation. To make sure that respondents had a basic understanding of and participation in household financial management tasks including budgeting, saving, and borrowing, a non-probability purposive sampling technique was used. Given the study's emphasis on financial literacy and responsible financial conduct, this sample strategy was deemed suitable.

#### Data Collection Method

A standardized questionnaire was used to gather primary data, and it was distributed both online and in person to guarantee a larger audience and higher response rates. Closed-ended questions measuring financial behavior, knowledge, and abilities as well as measures of social and economic well-being made up the questionnaire. A seven-point Likert scale, with 1 denoting "strongly disagree" and 7 denoting "strongly agree," were used to record responses. This allowed for more variation and accuracy in recording respondents' opinions. Prior to final data collection, the instrument was pre-tested to guarantee content authenticity, clarity, and dependability.

#### Measurement of Constructs:

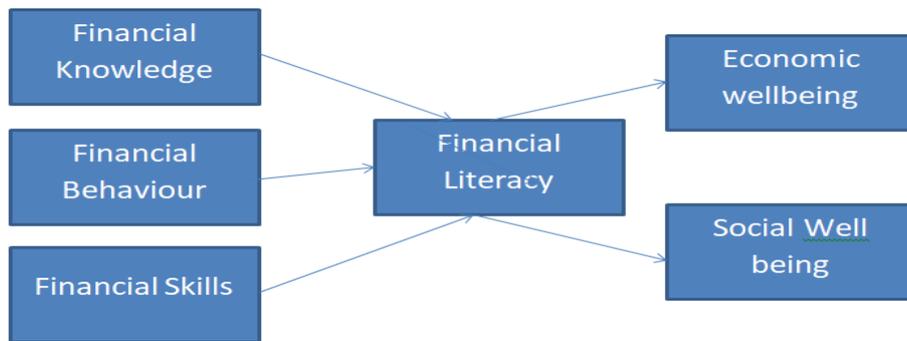
To ensure content validity and reliability, the components employed in this study were measured using multi-item



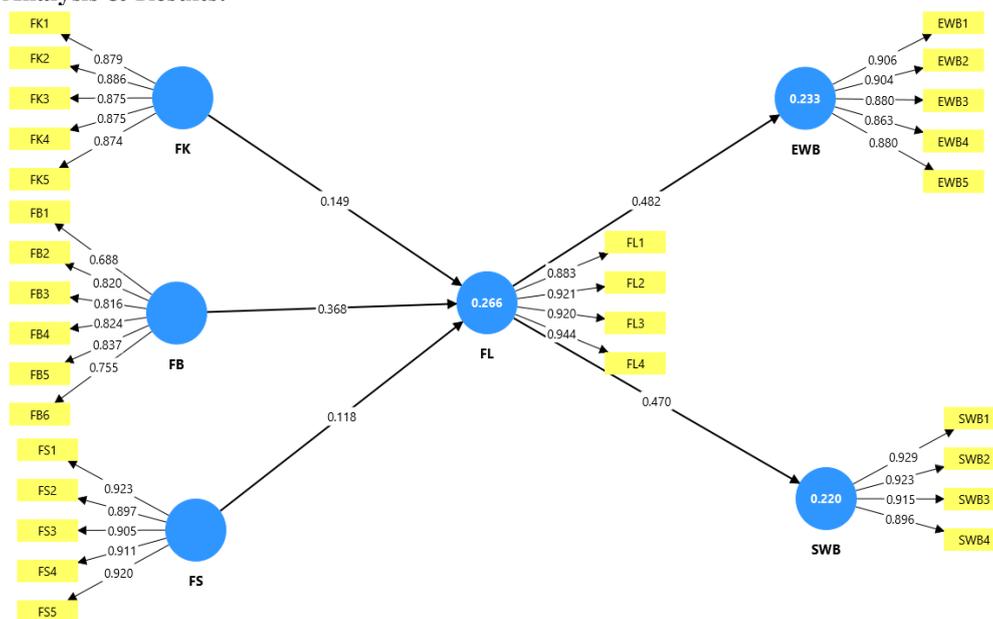
measures that were modified from the body of research on financial literacy and well-being. A seven-point Likert scale, with 1 denoting "strongly disagrees" and 7 denoting "strongly agree," was used to evaluate each item.

- **Financial Knowledge (FK):** Items that gauge respondents' comprehension of basic financial concepts, such as interest rates, inflation, risk diversification, basic financial products, and savings processes, were used to measure financial knowledge (FK). These questions show the respondent's capacity to understand crucial financial facts needed for well-informed decision-making and capture the cognitive aspect of financial literacy.
- **Financial Skills (FS):** Items reflecting the real-world application of financial knowledge were used to assess Financial Skills (FS). These included inquiries about financial planning, investment decision-making, budgeting, and the opportunity to compare financial goods. This concept describes how well people apply their financial knowledge to make practical financial decisions.
- **Financial Behavior (FB):** Indicators of appropriate financial behaviors, such as consistent saving habits, restrained spending, and long-term financial planning, and were used to evaluate Financial Behavior (FB). These items emphasize real financial activity rather than just knowledge or intention, and they reflect the behavioral aspect of financial literacy.
- **Financial Literacy (FL):** Financial conduct, financial knowledge, and financial skills were all considered components of the higher-order construct known as financial literacy (FL). By combining cognitive, skill-based, and behavioral components, this method offers a thorough assessment of financial literacy.
- **Economic well-being (EWB):** Indicators of financial security, income stability, enough savings, efficient debt management, and the capacity to fulfill financial commitments were used to quantify economic well-being (EWB). The household's overall financial stability and economic resilience are reflected in these goods.
- **Social Well-Being (SWB):** Items measuring non-financial quality-of-life outcomes, such as access to education, the capacity to pay for healthcare, and general living standards, were used to measure Social Well-Being (SWB). The wider social effects of financial literacy on household welfare and quality of life are reflected in this construct.

2.5 Research Modal & Results:



3. Data Analysis & Results:



Source: PLS sem

**Table 1: Demographic Profile of Respondents (N = 489)**

Variable	Category	Frequency	Percentage (%)
<b>Gender</b>	Male	270	55.1
	Female	219	44.9
	<b>Total</b>	<b>489</b>	<b>100</b>
<b>Age</b>	Below 30 years	122	24.9
	31–45 years	209	42.6
	Above 45 years	158	32.5
	<b>Total</b>	<b>489</b>	<b>100</b>
<b>Education</b>	Up to Secondary	125	25.5
	Graduate	228	46.5
	Postgraduate & above	136	28
	<b>Total</b>	<b>489</b>	<b>100</b>
<b>Monthly Household Income</b>	Below ₹30,000	154	31.4
	₹30,001–₹60,000	200	40.8
	Above ₹60,000	135	27.8
	<b>Total</b>	<b>489</b>	<b>100</b>

**Interpretation:** The sample consists of **489 respondents** with a fairly balanced gender distribution, where **55.1% are males** and **44.9% are females**. The majority of respondents belong to the **31–45 years age group (42.6%)**, indicating that most participants are in their economically active and financially responsible stage of life.

In terms of education, a substantial proportion of respondents are **graduates (46.5%)**, followed by those with **postgraduate and higher qualifications (28.0%)**, suggesting a relatively educated sample. Regarding income, most households fall within the **middle-income category (₹30,001–₹60,000, 40.8%)**, with representation from both lower- and higher-income groups.

**4.2 Measurement Model Assessment:  
Reliability and Convergent Validity**

**Table 2: Reliability and Validity Measures (Summary)**

Construct	Items	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Economic Well-being (EWB)	5	0.934	0.964	0.948	0.786
Financial Behaviour (FB)	6	0.882	0.897	0.909	0.627
Financial Knowledge (FK)	5	0.926	0.931	0.944	0.770
Financial Literacy (FL)	4	0.937	0.946	0.955	0.842
Financial Skills (FS)	5	0.949	0.954	0.961	0.830
Social Well-being (SWB)	4	0.936	0.945	0.954	0.839

**Interpretation:** Table 2 presents the results of reliability and convergent validity assessment for all study constructs. The **Cronbach's alpha values** for all constructs range from **0.882 to 0.949**, exceeding the recommended threshold of 0.70, which indicates strong internal consistency among the measurement items. Similarly, both **composite reliability measures (rho\_a and rho\_c)** for all constructs are well above 0.70, confirming the robustness and reliability of the measurement model.

The **Average Variance Extracted (AVE)** values for all constructs range from **0.627 to 0.842**, surpassing the minimum acceptable level of 0.50. This demonstrates adequate convergent validity, indicating that each construct explains a substantial proportion of the variance in its respective indicators.

Overall, the results confirm that the measurement instruments used to assess financial literacy, economic well-being, and social well-being are **reliable and valid**, supporting their suitability for further structural model analysis using PLS-SEM.

#### 4.3 Discriminant Validity:

**Table 3: Discriminant Validity Matrix**

	<b>EWB</b>	<b>FB</b>	<b>FK</b>	<b>FL</b>	<b>FS</b>	<b>SWB</b>
<b>EWB</b>						
<b>FB</b>	0.622					
<b>FK</b>	0.387	0.401				
<b>FL</b>	0.486	0.486	0.356			
<b>FS</b>	0.431	0.462	0.465	0.363		
<b>SWB</b>	0.477	0.456	0.544	0.495	0.671	

**Interpretation:** Table 3 reports the discriminant validity results for the study constructs. The inter-construct correlation values indicate that all constructs are empirically distinct, as none of the correlations exceed the recommended threshold of 0.85. This suggests the absence of multicollinearity and confirms that each construct captures a unique dimension of financial literacy and socio-economic well-being.

The observed correlations demonstrate meaningful relationships among economic well-being, social well-being, and financial literacy, while still maintaining sufficient conceptual separation. Similarly, financial knowledge, financial skills, and financial behaviour are related but not redundant constructs. Overall, the results establish adequate discriminant validity, supporting the robustness of the measurement model and justifying its use for subsequent structural model analysis.

#### 4.4 Structural Model Assessment Model Fit Indices

**Table 4: Model Fit Summary**

	<b>Saturated model</b>	<b>Estimated model</b>
<b>SRMR</b>	0.062	0.156
<b>d_ ULS</b>	1.679	10.626
<b>d_ G</b>	0.969	1.139
<b>Chi-square</b>	2708.510	3040.706
<b>NFI</b>	0.810	0.787

**Interpretation:** Table 4 reports the model fit indices for the proposed PLS-SEM model. The **SRMR value of the saturated model (0.062)** is below the recommended threshold of 0.08, indicating an acceptable overall model fit. Although the SRMR for the estimated model is higher (0.156), model evaluation in PLS-SEM primarily relies on the saturated model SRMR to assess goodness of fit.

The discrepancy measures, **d\_ ULS** and **d\_ G**, are comparatively lower for the saturated model, suggesting that the model adequately reproduces the observed correlation matrix. The **chi-square statistics** are reported for completeness; however, due to their sensitivity to large sample sizes, they are not considered a primary criterion for model fit assessment in PLS-SEM.

The **Normed Fit Index (NFI)** values of **0.810 for the saturated model** and **0.787 for the estimated model** indicate an acceptable fit, as values close to or above 0.80 are generally considered satisfactory in variance-based SEM. Overall, the model fit results support the adequacy of the proposed structural model for hypothesis testing.

#### 4.5 Structural Equation Model Results

**Table 5: Path Coefficients, Direct, Indirect and Total Effects**

A. Direct Effects

Path	$\beta$ (CV)	t-value	p-value	Result
FL → EWB	0.482	11.273	0.000	Significant
FL → SWB	0.47	9.678	0.000	Significant
FK → FL	0.149	2.98	0.003	Significant
FS → FL	0.118	2.357	0.018	Significant
FB → FL	0.368	8.064	0.000	Significant

#### Interpretation- Direct Effects:

□ **Financial Literacy → Economic Well-Being (FL → EWB):**

- $\beta = 0.482$ ,  $t = 11.273$ ,  $p < 0.001$
- Interpretation: Financial literacy has a **strong and statistically significant positive effect** on the economic well-being of individuals. Higher financial literacy directly improves economic well-being.

□ **Financial Literacy → Social Well-Being (FL → SWB):**

- $\beta = 0.47$ ,  $t = 9.678$ ,  $p < 0.001$
- Interpretation: Financial literacy also has a **significant positive impact on social well-being**, indicating that financially literate individuals tend to experience better social outcomes.

□ **Financial Knowledge → Financial Literacy (FK → FL):**

- $\beta = 0.149$ ,  $t = 2.98$ ,  $p = 0.003$
- Interpretation: Financial knowledge positively influences financial literacy, suggesting that more knowledgeable individuals tend to be more financially literate.

□ **Financial Skills → Financial Literacy (FS → FL):**

- $\beta = 0.118$ ,  $t = 2.357$ ,  $p = 0.018$
- Interpretation: Financial skills significantly enhance financial literacy, though the effect is modest. Practical financial skills contribute to overall literacy.

□ **Financial Behavior → Financial Literacy (FB → FL):**

- $\beta = 0.368$ ,  $t = 8.064$ ,  $p < 0.001$



- Interpretation: Financial behavior has a strong positive effect on financial literacy, indicating that better financial habits help develop literacy.

B. Indirect Effects (Mediation via Financial Literacy)

Path	Indirect Effect ( $\beta$ )	t-value	p-value	Result
FK → EWB (via FL)	0.072	2.778	0.005	Significant
FS → EWB (via FL)	0.057	2.27	0.023	Significant
FB → EWB (via FL)	0.178	5.91	0.000	Significant
FK → SWB (via FL)	0.07	2.734	0.006	Significant
FS → SWB (via FL)	0.055	2.084	0.037	Significant
FB → SWB (via FL)	0.173	6.423	0.000	Significant

**Interpretation- Indirect Effects:**

These paths show how financial knowledge, skills, and behavior influence well-being **through financial literacy**:

1. **FK → EWB via FL:**  $\beta = 0.072$ ,  $t = 2.778$ ,  $p = 0.005$ 
  - Interpretation: Financial knowledge indirectly improves economic well-being through financial literacy.
2. **FS → EWB via FL:**  $\beta = 0.057$ ,  $t = 2.27$ ,  $p = 0.023$ 
  - Interpretation: Financial skills positively affect economic well-being indirectly via financial literacy.
3. **FB → EWB via FL:**  $\beta = 0.178$ ,  $t = 5.91$ ,  $p < 0.001$ 
  - Interpretation: Financial behavior has a strong indirect effect on economic well-being through financial literacy.
4. **FK → SWB via FL:**  $\beta = 0.07$ ,  $t = 2.734$ ,  $p = 0.006$ 
  - Interpretation: Financial knowledge indirectly enhances social well-being through financial literacy.
5. **FS → SWB via FL:**  $\beta = 0.055$ ,  $t = 2.084$ ,  $p = 0.037$ 
  - Interpretation: Financial skills indirectly contribute to social well-being via financial literacy.
6. **FB → SWB via FL:**  $\beta = 0.173$ ,  $t = 6.423$ ,  $p < 0.001$ 
  - Interpretation: Financial behavior strongly influences social well-being indirectly through financial literacy.

C. Total Effects

Relationship	Total Effect ( $\beta$ )
FK → EWB	0.221
FS → EWB	0.175
FB → EWB	0.545
FK → SWB	0.219
FS → SWB	0.173
FB → SWB	0.541

### Interpretation- Total Effects:

Total effects combine direct and indirect effects:

- **Economic Well-Being (EWB):**
  - FK → EWB: 0.221
  - FS → EWB: 0.175
  - FB → EWB: 0.545
- **Social Well-Being (SWB):**
  - FK → SWB: 0.219
  - FS → SWB: 0.173
  - FB → SWB: 0.541

### Interpretation:

- Among the predictors, **financial behavior (FB)** has the strongest overall influence on both economic and social well-being.
- Financial knowledge (FK) and skills (FS) have smaller but significant total effects.
- This confirms that **financial literacy acts as a crucial mediator**, linking knowledge, skills, and behavior to overall well-being.
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#### 4.6 Hypotheses Testing Summary

**General Hypothesis (H<sub>1</sub>):** Accepted – The findings demonstrate that financial literacy significantly and favorably affects households' overall socioeconomic well-being. People with higher levels of financial literacy are better equipped to handle financial risks, make well-informed financial decisions, and improve their quality of life and economic stability.

**Economic Well-being Hypotheses (H<sub>11</sub>, H<sub>12</sub>, H<sub>13</sub>):** The results show that enhancing important aspects of economic well-being requires financial knowledge. Households that are financially literate exhibit improved debt management, stronger savings habits, better income management techniques, and more financial security. These results emphasize how crucial sound financial practices, knowledge, and abilities are to fostering long-term economic resilience and lowering financial vulnerability.

**Social Well-being Hypothesis (H<sub>14</sub>):** Accepted – Additionally, the study shows that social well-being and financial literacy are positively and significantly correlated. Higher levels of financial literacy put households in a better position to handle healthcare costs, make educational investments, and sustain higher living standards. This highlights the wider societal advantages of financial literacy that go beyond just financial results, highlighting its contribution to improving social development and household welfare in general.

#### 4.7 Discussion and Interpretation

The findings show that financial literacy is essential to improving households' social and economic well-being. Overall financial literacy, which in turn has a beneficial impact on income stability, savings, debt management, and quality of life, is greatly influenced by financial knowledge, skills, and behavior. Financial literacy has a mediating role in converting individual financial competencies into wider socio-economic benefits, as evidenced by the strong path coefficients and considerable indirect effects.

##### 4. Findings

1. The analysis shows that households' general level of financial literacy is moderate, meaning that although respondents have a basic comprehension of financial concepts, there is still much room for development. Notable differences were observed across income and educational groups, with households having higher income levels and educational attainment demonstrating relatively better financial literacy. This draws attention to the disparities in access to financial education and information that currently exist.
2. According to the study, the development of overall financial literacy is significantly influenced by financial knowledge, financial skills, and financial behavior. Financial behavior was found to be the most significant of these factors, indicating that prudent borrowing, budgeting, and regular saving are examples of actual financial activities that have a greater impact on financial literacy than knowledge alone.
3. Economic well-being was found to be positively impacted by financial literacy in a substantial and statistically significant way. Higher levels of financial security, better income management, greater saving habits, and more efficient debt management are all characteristics of financially literate households. These results show that



financial literacy improves households' ability to achieve long-term financial stability and endure economic shocks.

4. Financial literacy has a major positive impact on social well-being in addition to its economic advantages. Increased investment in education, better living standards, and better health-related financial decisions were all reported by households with higher financial literacy levels, highlighting the wider social advantages of solid financial capacity.
5. The findings also demonstrate that financial literacy plays a crucial mediating role in the transformation of individual financial competencies—that is, financial behavior, financial knowledge, and financial skills—into enhanced socioeconomic well-being. This result highlights how financial literacy plays an integrative role in connecting individual financial capacities with more general welfare outcomes.
6. The robustness, dependability, and predictive capacity of the suggested research model were confirmed by the structural equation model's excellent explanatory power and appropriate goodness-of-fit indices. The findings confirm that PLS-SEM is a suitable method for analyzing intricate connections between financial literacy and well-being dimensions.
7. Ultimately, while the matching null hypotheses were rejected, all alternative hypotheses ( $H_1$ ,  $H_{11}$ ,  $H_{12}$ ,  $H_{13}$ , and  $H_{14}$ ) were empirically supported. This offers thorough confirmation of the suggested conceptual framework and reaffirms the crucial role that financial literacy plays in improving households' social and economic well-being.

#### 4. CONCLUSION

The study offers compelling empirical proof that financial literacy plays a critical role in determining households' socioeconomic well-being. Increased financial literacy strengthens households' overall financial stability by empowering them to make well-informed decisions about debt, savings, investments, and income management. Households can better manage financial risks, lessen their susceptibility to economic shocks, and make effective future plans by increasing their financial literacy, cultivating practical financial skills, and promoting responsible financial conduct. Financial literacy contributes significantly to bettering social outcomes in addition to its economic advantages. Households who are financially literate are more likely to make investments in education, obtain better healthcare, and raise their level of living, all of which enhance quality of life. The results imply that social growth and long-term household stability are based on financial literacy. The findings highlight the necessity of working together to develop and carry out focused financial literacy initiatives among legislators, financial institutions, and educational institutions. Enhancing financial awareness, encouraging responsible financial conduct, and guaranteeing equitable access to financial education across various socioeconomic levels should be the main goals of such projects. Increasing household financial literacy can boost financial inclusion, promote equitable and sustainable economic growth, and greatly enhance household welfare.

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