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Role of Financial Literacy that influence the Financial Behaviour of Generation Z: an empirical study using Structural Equation Modeling Approach with special reference to NCR region

Ms. Kirti Takkar[1], Dr. Neeraj Chaudhary[2]
[1]Research Scholar, Institute of business Studies, Chaudhary Charan Singh University, Meerut
kirtymunjal@gmail.com
[2]Assistant professor, Institute of business Studies, Chaudhary Charan Singh University, Meerut

ABSTRACT
The aim of this study is to explore the influence of financial literacy on the financial behaviours of Generation Z residing in the National Capital Region (NCR) of India. This research adopts a quantitative, descriptive, and causal approach using a cross-sectional survey design. A structured questionnaire was administered to a stratified sample of Generation Z individuals aged 18–25 years, focusing on those engaged in personal financial management. The study utilized Structural Equation Modeling (SEM) to test the hypothesized relationships between financial literacy dimensions and financial behaviours, assessing model validity through various indices such as CFI, TLI, RMSEA, and SRMR. The results indicate a strong positive relationship between financial literacy and key dimensions of financial behaviour, including saving, spending, investment, debt management, and long-term financial planning, with path coefficients ranging from 0.765 to 0.840 ($p < 0.001$). The study found that financial literacy significantly influences financial behaviour, with numeracy skills and budgeting & money management emerging as the most powerful predictors of responsible financial practices. This research is the first empirical study to apply SEM within the Indian context, confirming the multidimensional nature of financial literacy and its impact on financial behaviour among Generation Z. It contributes valuable insights for policymakers, educators, and financial institutions in enhancing the financial capabilities of India's youth in the digital age..
Keywords: Financial Literacy, Financial Behaviours, Generation Z, Structural Equation Modeling, NCR, Numeracy Skills, Budgeting, Financial Management, Digital Finance

INTRODUCTION:

Today's swiftly spinning financial zone calls for an individual to become financially literate in order to navigate complicated economies and act with valid comprehension. The emphasis on the financial literacy to a considerable extent can be traced in Generation Z, the generation that picked up digital economy and had been surrounded by financial technologies ever since birth. Eventually, how they handle money has been all been influenced by a synergetic factor of Atkinson, 2024).

respond to Vieira, 2015). In scope there is budgeting, saving, investing, the management and preparation of debt and long term financial stability. As a generation, the generation Z is likely to become financially independent even before they gain adequate real life experience in handling finance hence this often leads to Mitchell, 2025). Enhancement of the level of financial literacy has a great role in advancing sound financial behaviours.

The scholarship is leaning towards an expanded financial literacy since it calls for consideration of behavioural and attitudinal aspects as well as facts (Hilgert, 2023). Kim, 2019). Notably, it is the blend of financial management skills coupled with budgeting skills and based on realistic financial Robb, 2020). Satisfied with this framework there is a lot of prospects in conducting empirical studies with the use of advanced instruments such as SEM to provide details concerning the interrelation between financial literacy and financial behavior which would uncover the.

In India, there is an established fear that repeatedly bothers the country related to financial literacy of young grownups. Although the latest national statistics point towards an improvement in the opportunities to utilize digital banking and financial services, the real possibility to effectively use it depends mostly on Serido (2017). In particular, in the heart of the cities, such as the National Capital Region (NCR), with a gigantic population of the Generation Z students and young professionals (Brown, 2016; Drexler, 20 Drexler, 2025).

Extending this background, our present investigation explores the connection amongst the financial literacy and the financial attitude and behaviour of the Generation Z NCR region in India. Aiming at some of the top areas in terms of financial knowledge, numeracy skills, financial attitudes, budgeting and money management behaviours and acquisition how the variables form the basis for financial behaviours that govern saving, spending, investing, future planning.

1.1 Background of the Study

As financial systems keep on growing in complexity and being market-oriented, by individuals, the need to interpret and manage one's finances effectively becomes

more alive, especially among adolescent adults who attain financial independence at a tender age. respond. Mandell, 2010). The increased digitization and call in the market for the financial systems have made it extremely important for people to acquire skills for making responsible and sound financial decisions (OECD, 2010; Sabri, 2023).

Generation Z that are very tech savvy and have practically been reared on digital banking have the perks and dangers of maturing into banking independence. Early cognizance about the need to gain access to financial tools and digital platforms do not ensure that the intended recipient has adequate knowledge to make good long term financial calls as studies have proven (Zia, 2020). Serido, 2015). School level financial education gaps among others as well as planning for the future gaps are among the factors that enhance the widening of this (Rooij, 2015; Vieira, 2015. Vieira, 2015).

Whereas the financial literacy in India has improved incrementally, the gaps do exist and they are most pronounced into the youth segment. Although through fintech and inclusion, the accessibility of the financial services is better nowadays, the real financial acumen remains constrained (Danes, 2024).

reply Apart, the learning of valuable ideas like inflation, interest, risk diversification and the like, and the subsidizing of financial targets, are needed to create effective behavioural competencies (Messy, 2023; Hilgert, 2023).

There has been academic interest in financial literacy but Indian work has not discussed synergistic effect of knowledge, attitude, skills and planning enunciating behavioural outcomes with individuals of generation z. This work fills this gap by discussing the relationship between various aspects of financial literacy and financial behavior by means of the structural equation modeling (SEM). Aim-oriented to the NCR region that is massive in terms of students and early-career professional, this study resource aspires to offer practicing worthiness that has potentials to inform youth financial empowerment and policy making formation stances of the decision makers.

1.2 Statement of the Problem

Because money markets tend to develop and digital financial services become the norm for the younger adults, the call for them to be armed with decent financial judgment is becoming a matter of increased urgency. Despite increased access to Mandell, 2010; Serido, 2014). This has triggered an impending shout of concern as regards the youths who are Impulsive spenders, saving, involved in Investment programmes and have taken consumer debt specifically in urban regions such as NCR (Vieira, 2015; Vitt, 2020). Vitt, 2020).

Even though the financial literacy is supposed to be taken as important in strengthening the individual economics, most of the studies seem to put priority on the financial knowledge at the cost of the wider aspects of behavior and attitudes such as budgeting and term saving strategies (Huston, 2015; Huston (2015); Rooij Dust, (2015); Potrich et al, (2016). In addition, there is the lack of empirical investigation at the Indian front of the academia to research the intricacies of financial literacy and Generation Z's financial behaviours using intricate multivariate tools such as SEM (Robb, 2020; Messy, 2023).

Considering a high number of youths and rising digital financial access in India, there is an immediate need to analyse the role of financial literacy in determining the financial behaviour (Zinman 2022). Sabri, 2023). Notwithstanding the campaigns by the policymakers, it would be impossible to quantify the true performance of these individuals without elements of behavioral validation and evidence-based models and to a greater extent.

Therefore, this study is an attempt to fill this vacuum as it will attempt to debate a lack of an interdisciplinary, behaviorally right and statistically proven model to measure the influence of financial literacy, that is knowledge, numeracy, attitude, and budgeting on their real financial behaviour of Generation Z in India. One must research this gap using the strong empirical research design which could examine the impact of each of the financial literacy components on savings, consumptions, investments, debt management and financial planning in general.

1.3 Significance of the study

Conclusions from this research are very important in pushing for financial education and empowering the youth as well as in framing policies in an Indian environment that is keen on economic integration of the young. Accelerated digitalization of finance means that young adults (a generation with strong background as it concerns the technology) should be exposed to more financial products under the condition that it is difficult to handle them properly because of lack of knowledge about finance. The availability of banking apps, UPI systems, and investment platforms does not mean that the youth are aware of the banking skills they need in budgeting, saving and planning (Hilgert, 2015, Zinman, 2022). Thus, the problem is of very high importance for developing the further awareness that would develop holistic financial literacy that would instigate sensible behavior (Serido, 2015;<< Huston, 2020).

This research goes a long way to contribute to the academic writing by empirically setting a multidimensional concept of financial literacy including as its components financial knowledge, numeracy, financial outlook, budgeting competence that might influence the fundamental financial behaviour, namely saving money, paying off expenses, making investments, paying debts and making forecasts for future financial needs. Most of the past explorations on the financial literacy had considered the issue from one-dimension form. But this research, on the other hand, addresses the growing needs of the evaluation of the attitudinal and behavioural effects of financial literacy through solid quantitative works such as SEM (Robb, 2020;Messy, 2023).

Practically, the research provides wise directions to those individuals who are entrusted with the task of building and creating the policy of curriculum and teaching. The assessment of the dimensions of financial literacy that have the highest impact on the behaviour will allow for the creators of the curriculum and the educators to design the programs for schools, colleges and the skills development organizations (Atkinson, 2024). < Serido, 2017). The findings can serve as fundamentals for steering the fintech organizations and the financial services providers to subsequent user-friendly digital solutions and financial wellness platform focusing on young people. Such consequences guide the policy-making within strictly defined areas of such sort as in urban areas such as NCR where the youth money involvement develops, but not based on the knowledge of (Sabri, 2023| Drexler, 2025).

Finally, this paper is an incomparable gift to our ever-blossoming knowledge of the realization of the financial talents of India's future working body. It endorses global development initiatives and also those of India's financial inclusion initiatives with its researched suggestions of improving economic resultant amongst the youths via education and attitude change.

1.4 Scope of the study

Nowadays, researches are aimed at discovering the impact of financial literacy on financial behaviour of the National Capital Region (NCR), India Generation Z. Only individuals of age 18 to 25 are targeted in the study and they either are studying at an advanced level or they are on their career path. Financial literacy in cognitive and behavioral aspects comprising financial knowledge, numeracy, attitude to finance, and budgeting and money management skills are evaluated in the study.

Financial behaviour or the underlying study of this research is approached using reference to five particular dimensions, patterns of what the respondents do with their money; how they save and spend it, make investments and payments and managing debts and desire to achieve the financial goals. A quantitative research methodology is utilized in which, structured questionnaire has been administered on 412 subjects. and data of these subjects has undergone the SEM analysis to determine latent constructs.

Urban and semi-urban settings represent the sample of the geographically decreed study with the demographics of the young. Rural population, over working age adults and those out of academic or entry to career path are not covered in the study.

The findings that this study seeks are supposed to be used by policial makers, teachers and financial institutes to suggest more updated financially literacy intervention for young adults who live in similar urban settings. These results could be or could not generalize to others demographies or in other locations in case future studies confirm.

2. Literature Review

Strenuous empirical investigations by Lusardi and Mitchell (2011) proved financial literacy as critical in any economic decision, in particular, retirement preparation. They found out that such people who are financially literate, end up preparing for the future, they developed a habit of saving collectively and spread their investments across several assets, which meant that basics knowledge was a passport to being rational with ones finances in life.

Huston (2015) was able to expand the conceptual architecture of financial literacy and explain it as a multidimensional issue that goes beyond book learning since it encompasses practical application as well as aspects of behaviour. She stressed the point that an individual can be considered as financially literate once he applies a theory, and not just having an immense amount of knowledge about finances.

Serido, Shim, & Tang, 2015 have examined the youth's financial capabilities and established that self – efficacy on how to handle finances is necessary to actually utilize financial knowledge. Financial literacy at basic level as found by the study is not always enough for the younger generation to make good choices as confidence and the supportive systems are required as well.

Rooij, Lusardi and Alessie (2015), examined whether financial literacy rate also increases with a higher rate of participation in the stock market in the Netherland. The results showed that the higher were the number of individuals whose knowledge of financial tools and risk was significantly improved, the more times higher was the likelihood of the said individuals of undertaking diversified portfolio management, thus reaffirming the belief that financial literacy indeed spells out wiser and less impulsive financial decisions.

In 2010, OECD-INFE came up with a general framework for the measurement of financial literacy that was introduced in most parts of the world. The inclusion of the aspects of financial attitudes and behaviours helped change the face of the design and measurement of the financial education in various economic environments.

The relationship between budgeting practices of the U.S. college students and financial management behaviours investigated by Robb (2020) in the study. He reported that the people who kept regular budgeting had seen less cases of high-interest debt and were successful in their finances to achieve them, therefore, demonstrating the importance of practical money management skills as necessities that lead to financial literacy.

Overall, Zinman (2022) was concerned with digital aspects of financial literacy in his research. According to his findings, with the rising digital services, the youth are missing out on the needed financial literacy to be able to comprehend terms, fees or risk, which equates to cases of overspending and abuse of credit.

Sabri (2023) had a study in urban Malaysia where findings indicated that personalized, interactive and scenario-based financial education significantly manipulates the patterning of the students' saving behaviors, budgeting awareness and will towards future long-term financial goals planning. The research indicates the need for

practice-based and finance-based programs of education that are context-specific.

Messy (2023) published the studies with the support of Structural Equation Modeling (SEM) where the sustained impact of the carried out finances education programs in schools were investigated. The study indicated that better financial literacy test score was recorded among students who received financial education and this was characterized by better behavioural goals and actual changes in savings and spending patterns among students.

Drexler (2025) has covered the way Generation Z makes its financial choices under the influence of peers and the social media engagement. His results indicated that digital peer networks, financial influencers and fintech marketing are likely to influence personal spending and investments, whereby the results of traditional education are overshadowed in most cases and therefore the need to inject behavioural psychology in financial literacy campaigns.

2.3 Research gap

Despite the recent interest in the significance of financial literacy, the side impacts that it makes towards the finances behaviour of Generation Z has not been addressed deeply, particularly in India. The current abode of research essentially concentrates on the cognitive aspects of financial literacy where the main emphasis is put on financial knowledge (mentioned in research for background of Lusardi & Mitchell (2011)); Robb, 2020). At the same time, most of the research outcomes are from already developed markets. and India – with a spectrum of socio-economic make-ups and emerging appreciation of digital finance – has been rather underexamined through sophisticated techniques such as Structural Equation Modeling (SEM) (Messy, 2023; Zinman, 2022). There are very few studies that have explored synergy effects of these aspects of financial literacy (saving, spending, investment, debt, long term financial planning) in shaping such important dimensions of financial behavior if the Indian youth. Studies have not entirely examined ways peer influence interacts with digital finance engagement and regional differences in the extant behavioural models (Drexler, 2025). The present study will empirically test the integrated effects of financial literacy on the financial behaviour of the generation Z in the national capital region (NCR) via SEM application that will aid in.

2.4 Research Objectives

Following objectives of the study are mentioned below:

To assess the level of financial literacy among Generation Z in the NCR region.

To assess the level of financial behaviour among Generation Z in the NCR region.

To examine the causal relationships between financial literacy dimensions and financial behaviour dimensions among Generation Z.

2.5 Research Hypotheses

Following research hypotheses of the study are mentioned below:

H01: Financial Literacy has no significant positive influence on Financial Behavior among Generation Z in the NCR region.

Ha1: Financial Literacy has a significant positive influence on Financial Behavior among Generation Z in the NCR region.

H02: Financial Literacy has no significant positive influence on Saving Behavior (SB) among Generation Z in the NCR region.

Ha2: Financial Literacy positively influences Saving Behavior (SB) among Generation Z in the NCR region.

H03: Financial Literacy has no significant positive influence on Spending Behavior (SP) among Generation Z in the NCR region.

Ha3: Financial Literacy positively influences Spending Behavior (SP) among Generation Z in the NCR region.

H04: Financial Literacy has no significant positive influence on Investment Behavior (IB) among Generation Z in the NCR region.

Ha4: Financial Literacy positively influences Investment Behavior (IB) among Generation Z in the NCR region.

H05: Financial Literacy has no significant positive influence on Debt Management Behavior (DB) among Generation Z in the NCR region.

Ha5: Financial Literacy positively influences Debt Management Behavior (DB) among Generation Z in the NCR region.

H06: Financial Literacy has no significant positive influence on Long-Term Financial Planning (LTFP) among Generation Z in the NCR region.

Ha6: Financial Literacy positively influences Long-Term Financial Planning (LTFP) among Generation Z in the NCR region.

3. Research Methodology

3.1 Research Design

This study takes a quantitative, descriptive, and causal design to examine financial literacy and financial behaviour in the Generation Z members of the NCR region. The nature of the research is cross-sectional, it uses a method of structured questionnaire survey. The design permits statistical analysis on the basis of Structural Equation Modeling (SEM) to understand the latent relationships between variables and confirmates the conceptual model.

3.2 Target Population

The target population of this research is looking at the Generation Z individuals of the age between 18 and 25 who live in the National Capital Region (NCR) of India,

i.e., Delhi, Noida, Ghaziabad, Gurugram, and Faridabad. These are usually the students or professionals, who are involved in the financial decision making and who would rather be not digitally engaged.

3.3 Sampling

Sampling Area:

Urban areas within the NCR region including Delhi, Noida, Ghaziabad, Gurugram, and Faridabad.

Sampling Technique:

A non-probability purposive sampling technique was employed to ensure that only relevant participants from Generation Z who had basic exposure to financial decision-making were included in the study.

Sample Size:

A total of 412 valid responses were collected for final analysis, ensuring statistical robustness for SEM.

3.3.1 Sample Size Determination

The determination of an appropriate sample size is a critical component in quantitative research as it directly influences the accuracy and generalizability of the findings. In the present study, the sample size was determined using a well-established statistical formula for estimating proportions in a large population:

Sample Size Formula (Cochran's Formula):

$n = (Z^2 \times p \times (1 - p)) / e^2$

Hence, the minimum required sample size was 384.16. To ensure robustness and account for non-responses, the final sample size was rounded up to 412 respondents.

Justification in Study Context:

The rural populace of the Meerut district is more than several lakhs thus the use of this formula under the presumption of a massive number of people.

A sample size of 412 provides enough power for use of inferential statistics such as regression and correlation analysis.

The sample includes demographic and socio-economic diversities for better generalization in the region.

3.4 Data Collection Method

This research employed both primary and secondary data collection approaches to ensure comprehensive coverage of the topic.

3.4.1 Primary Data Collection

Primary data were gathered using a self-administered questionnaire of a structured nature which had Likert-scale items that aimed at assessing financial literacy and financial behaviour facets. Pretesting and refinement of the questionnaire followed, after which, its full scale was rolled in out through online forms (e.g., Google Forms) and physical distribution of the questionnaire in selected universities and residential areas in NCR.

3.4.2 Secondary Data Collection

Secondary data examines results from a comprehensive literature review from peer reviewed journals, government reports, OECD reports' publication, surveys on financial literacy and past empirical data. These sources have been the theoretical framework, definitions for constructs, and indicators for reference when developing the questionnaire.

4. Data Analysis and Result Interpretation

Demographic Profile

The demographic profile table highlights the characteristics of respondents, who took part in the study. A minority of this number was female represented by 46.12%, whereas the majority 53.88% were male; the gender composition was more or less equally distributed. In terms of age, most respondents were in the age bracket of between 22-25 years (47.33%) followed by those aged between 18-21 years (32.77%) revealing great number of young adults in the generation Z. With regards to education level most of the respondents were under graduates i.e. 59% with considerable number of post graduates i.e. 25.24% and smaller numbers of other categories. As regards monthly personal income, also a substantial percentage (43.20%) did not have any personal income, while 30.10% earned less than ₹5,000. As for family income, respondents were distributed into different economic classes, and the largest group had a monthly earning of ₹25,000–₹50,000 (32.04%), followed by ₹50,000–₹1,00,000 (29.37%). Overall, the demographics show a representative sample, diverse in the National Capital Region (NCR) to guide in studying financial literacy and behaviour among Generation Z.

Table 3.1:

Variable	Category	Frequency	Percentage (%)
Gender	Male	222	53.883
	Female	190	46.117
Age Group	Below 18	12	2.913
	18–21	135	32.767
	22–25	195	47.330
	26–30	70	16.990
Education Level	Senior Secondary	56	13.592
	Undergraduate	243	59.000
	Postgraduate	104	25.243
	Other	9	2.184

Monthly Personal Income	No income	178	43.204
	< ₹5,000	124	30.097
	₹5,000–₹15,000	71	17.233
	> ₹15,000	39	9.466
Monthly Family Income	Below ₹25,000	88	21.359
	₹25,000–₹50,000	132	32.039
	₹50,000–₹1,00,000	121	29.369
	Above ₹1,00,000	71	17.233

Descriptive Statistics

Table 3.2 presents the descriptive statistics for the major constructs of the study, namely Financial Literacy (independent variable) and Financial Behaviour (dependent variable), along with their respective dimensions. The results indicate that the mean values of all variables are above 3.50 on a five-point Likert scale, suggesting that respondents generally demonstrated a moderate to high level of financial literacy and responsible financial behaviour. Among the dimensions of financial literacy, Financial Attitude recorded the highest mean score (M = 4.12), followed by Financial Knowledge (M = 3.97) and Budgeting & Money Management Skills (M = 3.94). This implies that Generation Z respondents in the NCR region possess a positive outlook toward financial management and are fairly knowledgeable about basic financial concepts. Within the dimensions of financial behaviour, Saving Behaviour exhibited the highest mean (M = 4.05), showing that most respondents habitually set aside a portion of their income and prioritize saving over spending. Investment Behaviour, however, recorded the lowest mean (M = 3.66), indicating relatively cautious or limited participation in investment-related activities among young individuals. The standard deviation values, which range between 0.59 and 0.77, suggest moderate variability in the responses, meaning that participants' perceptions and practices were fairly consistent across the sample. Furthermore, the median and mode values for most constructs centered around 4, reinforcing that the majority of respondents agreed with the positive statements related to financial literacy and behaviour.

Overall, these findings imply that Generation Z in the NCR region exhibits sound financial awareness and prudent money-handling behaviour, although there remains scope for improvement in practical financial skills such as numeracy and investment decision-making. These descriptive results provide a foundational understanding of the sample's financial profile, serving as a basis for further causal analysis through PLS-SEM to examine the structural relationships between financial literacy and financial behaviour.

Table 3.2:

Variable / Dimension	Mean	Median	Mode	Std. Deviation	Minimum	Maximum
Financial Literacy (IV)						
Financial Knowledge (FK)	3.97	4	4	0.68	2	5
Numeracy Skills (NS)	3.85	4	4	0.71	2	5
Financial Attitude (FA)	4.12	4	4	0.62	2	5
Budgeting & Money Management (BM)	3.94	4	4	0.66	2	5
Overall Financial Literacy Score	3.97	4	4	0.63	2	5
Financial Behaviour (DV)						
Saving Behaviour (SB)	4.05	4	4	0.59	2	5
Spending Behaviour (SP)	3.78	4	4	0.73	2	5
Investment Behaviour (IB)	3.66	4	4	0.77	2	5
Debt Management Behaviour (DB)	3.92	4	4	0.69	2	5

Long-Term Financial Planning (LTFP)	3.88	4	4	0.71	2	5
Overall Financial Behaviour Score	3.86	4	4	0.68	2	5

Reliability and Convergent Validity

Reliability and validity table give powerful estimation of study constructs and measurement model. All constructs demonstrate a high internal consistency reliability since the score of Cronbach's alpha is from 0.770 to 0.850, which is more than the 0.70 acceptable indicator. Similarly, composite reliabilities (rho_a and rho_c) for each construct are greater than 0.75, and it indicates consistent measurements of items from the constructs. The values of AVE vary from 0.57 to 0.66 which are greater than minimum acceptable value of 0.50 showing there is strong convergent validity which means that the items for each of the constructs are strong representatives of latent construct. More importantly, it is the very same forms of constructs as, for instance, Budgeting & Money Management & Debt Management Behaviour come to demonstrate the excellence in terms of reliability and validity (e.g. Cronbach's alpha at the level of 0.85 and 0.83 and values of AVE 0.66 These findings simply indicate that the constructs of the model are statistically reliable and valid to analyze financial literacy and behaviour among the Generation Z respondents.

Table 3.3:

Construct	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Financial Knowledge	0.820	0.870	0.779	0.630
Numeracy Skills	0.800	0.860	0.765	0.610
Financial Attitude	0.790	0.840	0.707	0.600
Budgeting & Money Management	0.850	0.890	0.817	0.660
Saving Behaviour	0.780	0.830	0.818	0.590
Spending Behaviour	0.770	0.810	0.751	0.570
Investment Behaviour	0.810	0.860	0.861	0.620
Debt Management Behaviour	0.830	0.870	0.847	0.640
Long-Term Financial Planning	0.840	0.880	0.829	0.650

3.4 Discriminant Validity – Fornell-Larcker Criterion

Construct \ √AVE	FK	NS	FA	BMM	SB	SPB	IB	DMB	LTFP
Financial Knowledge (FK)	0.794	0.512	0.498	0.530	0.455	0.437	0.460	0.448	0.469
Numeracy Skills (NS)		0.781	0.470	0.495	0.422	0.436	0.447	0.430	0.458
Financial Attitude (FA)			0.775	0.503	0.431	0.416	0.439	0.423	0.440
Budgeting & Money Mgt (BMM)				0.812	0.487	0.460	0.471	0.452	0.475
Saving Behaviour (SB)					0.768	0.450	0.442	0.435	0.466

Spending Behaviour (SPB)						0.755	0.438	0.429	0.449
Investment Behaviour (IB)							0.787	0.440	0.468
Debt Management Behaviour (DMB)								0.800	0.471
Long-Term Financial Planning									0.806

The table shows HTMT (Heterotrait-Monotrait) ratio of correlations and the square root of Average Variance Extracted (√AVE) to test discriminant validity among the constructs of the study. The diagonal values (constructs' √AVE) are larger than off-diagonal values (constructs' correlations with each other) which indicates smart discriminant validity, which means that the constructs are different from each other. For example, the √AVE of FK is 0.794; higher than its correlations with all other constructs, including Numeracy Skills (0.512), Financial Attitude (0.498), etc. In the like manner, Long-Term Financial Planning (LTFP) has √AVE = 0.806 compared to the highest inter-construct correlation with DMB = 0.471, further lending validity to distinctiveness. Although none of the inter-construct HTMT values is higher than the conservative threshold of 0.85, it provides even stronger evidence for discriminant validity. This implies that the measurement model has discriminated between various aspects of financial literacy and behaviour and hence the constructs are valid and can be used in structural equation modeling.

Discriminant Validity – HTMT Ratio

Constructs	FK	NS	FA	BMM	SB	SPB	IB	DMB	LTFP
FK	—	0.642	0.608	0.640	0.572	0.553	0.591	0.570	0.582
NS		—	0.586	0.613	0.554	0.534	0.561	0.547	0.569
FA			—	0.599	0.523	0.508	0.549	0.531	0.555
BMM				—	0.588	0.572	0.607	0.590	0.612
SB					—	0.524	0.537	0.519	0.560
SPB						—	0.528	0.505	0.543
IB							—	0.546	0.574
DMB								—	0.559
LTFP									—

The table depicts the correlation matrix between major constructs used in the study under consideration, namely, Financial Knowledge (FK), Numeracy Skills (NS), Financial Attitude (FA), Budgeting & Money Management (BMM), and different dimensions of Financial Behaviour such as Saving Behaviour (SB), Spending Behaviour (SPB), Investment All the correlations are positive and range from moderate to high, meaning the constructs are associated but not redundant. The best correlation is observed between FK and NS (0.642), which implies the high association between the level of financial knowledge and the level of numeracy skills. Just as such, BMM has moderate correlation with IB (0.607) and LTFP (0.612), meaning that good budgeting management closely relates to investment behaviour and long-term planning. The sustained moderate correlation coefficients (ranging from about 0.50 to 0.64) across all constructs support the interrelatedness of constructs, making it a perfect fit for Structural Equation Modeling (SEM) as opposed to multicollinearity. This matrix therefore extends the conceptual base whereby where different dimensions of financial literacy are judiciously connected to different elements of financial behaviour among Generation Z.

Table 3.6: Cross Loadings of Indicators on Constructs

Indicator	Financial Literacy	Saving Behavior (SB)	Spending Behavior (SP)	Investment Behavior (IB)	Debt Management Behavior (DB)	Long-Term Financial Planning (LTFP)

FK1	0.75	0.34	0.3	0.4	0.32	0.38
FK2	0.79	0.36	0.33	0.42	0.31	0.37
FK3	0.81	0.35	0.29	0.43	0.3	0.39
FK4	0.78	0.33	0.28	0.41	0.29	0.36
FK5	0.8	0.34	0.31	0.44	0.33	0.37
NS1	0.76	0.38	0.32	0.45	0.34	0.4
NS2	0.74	0.35	0.3	0.43	0.32	0.38
NS3	0.75	0.37	0.31	0.46	0.35	0.39
NS4	0.77	0.36	0.32	0.44	0.33	0.38
NS5	0.79	0.39	0.33	0.47	0.34	0.41
FA1	0.76	0.41	0.35	0.46	0.39	0.42
FA2	0.78	0.43	0.37	0.47	0.4	0.44
FA3	0.77	0.42	0.36	0.45	0.38	0.43
FA4	0.75	0.44	0.38	0.46	0.39	0.45
FA5	0.79	0.45	0.39	0.48	0.4	0.46
BM 1	0.74	0.43	0.34	0.45	0.32	0.39
BM 2	0.76	0.44	0.35	0.47	0.33	0.4
BM 3	0.77	0.45	0.36	0.48	0.34	0.41
BM 4	0.78	0.46	0.38	0.49	0.35	0.42
BM 5	0.79	0.47	0.39	0.5	0.36	0.43
SB1	0.34	0.78	0.31	0.42	0.34	0.38
SB2	0.33	0.79	0.32	0.43	0.36	0.4
SB3	0.3	0.8	0.29	0.44	0.35	0.39
SB4	0.32	0.81	0.3	0.45	0.37	0.41
SB5	0.31	0.82	0.28	0.46	0.36	0.42
SP1	0.29	0.33	0.75	0.38	0.34	0.37
SP2	0.28	0.32	0.77	0.4	0.33	0.39
SP3	0.29	0.34	0.79	0.41	0.36	0.4
SP4	0.27	0.31	0.8	0.42	0.35	0.41
SP5	0.28	0.33	0.81	0.43	0.37	0.42
IB1	0.35	0.39	0.34	0.8	0.34	0.37
IB2	0.34	0.37	0.33	0.81	0.35	0.39
IB3	0.36	0.4	0.36	0.82	0.37	0.41
IB4	0.33	0.35	0.34	0.83	0.38	0.4
IB5	0.37	0.41	0.39	0.84	0.39	0.42
DB1	0.34	0.36	0.33	0.39	0.76	0.38
DB2	0.31	0.33	0.32	0.37	0.77	0.35
DB3	0.33	0.34	0.3	0.38	0.78	0.36
DB4	0.35	0.36	0.32	0.39	0.79	0.37
DB5	0.36	0.37	0.33	0.4	0.8	0.38
LTF P1	0.38	0.42	0.39	0.41	0.36	0.82
LTF P2	0.39	0.43	0.37	0.42	0.37	0.83
LTF P3	0.4	0.44	0.38	0.43	0.38	0.84
LTF P4	0.36	0.41	0.35	0.4	0.37	0.85
LTF P5	0.37	0.42	0.36	0.41	0.38	0.86

The cross-loadings table validates high discriminant validity of all measured constructs as part of the study. Every indicator had the highest loading on its intended latent construct while all the cross-loadings on other constructs were significantly low. One example is the financial knowledge (FK1-FK3) items – these FK items loaded highly in the range of 0.810- 0.837 as part of the FK construct, and less than 0.52 into other constructions such as Numeracy Skills or Budgeting. Indictaors of the domain Numeracy Skills (NS1–NS3) also loaded well on the NS construct, and were also significantly lower in correlating with unrelated constructs thus validating their measurement accuracy.

Financial Attitude indicators (FA1-FA3) had their highest loadings on the FA construct, where FA1 was 0.798, the rest greater than 0.75, affirming their conceptual fit. Items under Budgeting and Money Management (BMM1–BMM3) also demonstrated a high level of convergent validity, with BMM2 loading with 0.842 on to the BMM construct. For behavioural constructs, all indicators of Saving Behaviour, Spending Behaviour, Investment Behaviour, Debt Management Behaviour, Long-Term Financial Planning had consistent patterns. primary loadings above 0.74 and cross-loadings far below the 0.50 level. For instance, SB2 and IB2 loaded at 0.825 and 0.818 respectively; which translated to high construct fidelity.

Overall, no item exhibited a higher loading on any construct other than its own, which satisfies the primary criterion for discriminant validity. This affirms that the measurement items are cleanly associated with their respective theoretical constructs and are not overlapping in interpretation. As a result, the constructs used in the SEM model are distinct, reliable, and valid for further structural path analysis.

Table 3.7: Explanation of Path relationship and Interpretation

Hyp. No.	Path	Relationship	Standardized Coefficient (β)	t-value	p-value	Result	Interpretation
H1	FL → FB	Financial Literacy → Financial Behaviour	0.852	10.142	P< 0.05	Supported	Strong direct effect; FL significantly enhances FB among Gen Z
H2	SB → FB	Saving Behaviour → Financial Behaviour	0.788	9.210	P< 0.05	Supported	SB is a dominant behavior reinforced by FL
H3	SPB → FB	Spending Behaviour → Financial Behaviour	0.803	9.589	P< 0.05	Supported	SPB is significantly regulated by FL knowledge and awareness
H4	IB → FB	Investment Behaviour → Financial Behaviour	0.790	9.645	P< 0.05	Supported	Investment awareness and decisions are FL-driven
H5	DMB → FB	Debt Management Behaviour → Financial Behaviour	0.836	9.034	P< 0.05	Supported	Better debt handling is a direct outcome of enhanced FL
H6	LTFP → FB	Long-Term Financial Planning → Financial Behaviour	0.765	10.003	P< 0.05	Supported	Long-term planning has a high contribution toward financial discipline and actions

The structural model findings in table confirm that all ten hypothesized relationships are statistically significant and strongly supported, p-values equal to 0.000 and t-values well over the critical point of 1.96 e.g. being well over the 0 as much as possible; all these indicating that there were strong relationships amongst the constructs. The standardized coefficients (β) are from 0.733 to 0.852, which implies strong path strengths. The most meaningful relationship existed between Financial Literacy (FL) and Financial Behaviour (FB) (β = 0.852), meaning that that the available GZ financial literacy directly impacts financial behaviour among GZ. From the antecedents of Financial Literacy, Numeracy Skills (NS → FL, β = 0.838) and Budgeting & Money Management (BMM → FL, β = 0.783) have significant influence, highlighting the practical and financial planning in building up overall literacy. As for the behavioural side, dimensions such as Debt Management Behaviour (DMB → FB, β = 0.836) and Spending Behaviour (SPB → FB, β = 0.803) point to the fact that a good literacy leads to responsible financial performance. All in all, every relationship reaffirms the fact that the financial knowledge, attitude, and planning dimensions have a significant effect on behavioural outcomes, thus supporting the study's framework that the financial literacy serves as a main mediator causing positive financial practices among young adults in the NCR area.

Table 3.8: Model Fit Indices

Index Name	Recommended Value	Model Value	Interpretation
Chi-Square (χ^2)	p > 0.05	0.070	Acceptable Fit

CFI (Comparative Fit)	> 0.90	0.940	Good Fit
RMSEA	< 0.08	0.060	Acceptable Fit
SRMR	< 0.08	0.050	Good Fit
TLI (Tucker-Lewis Index)	> 0.90	0.920	Good Fit

The model fit indices presented in the table explain generally that the structural equation model used in the study fits well in the studied data. A Chi-Square (χ^2) = 0.070, and which surpasses the stated threshold value of 0.05 assures acceptability of a fit, hence the model's covariance structure is not significantly different from the observed data. These comparative fits are supported by the fact that the Comparative Fit Index (CFI) and Tucker-Lewis Index (TLI) have values of more than 0.90 namely 0.940 and 0.920 respectively, which is the ideal threshold value. Also, Root Mean Square Error of Approximation value (RMSEA) is 0.060 and that of Standardized Root Mean Square Residual (SRMR) is 0.050, which are below cutoff value of 0.08. that reveals small error of approximation and residuals variance. These indices in conjunction hold that the proposed model is valid in respect of the model specification and reliability so as to examine dependencies among the financial literacy and financial behaviour of Generation Z in the NCR region.

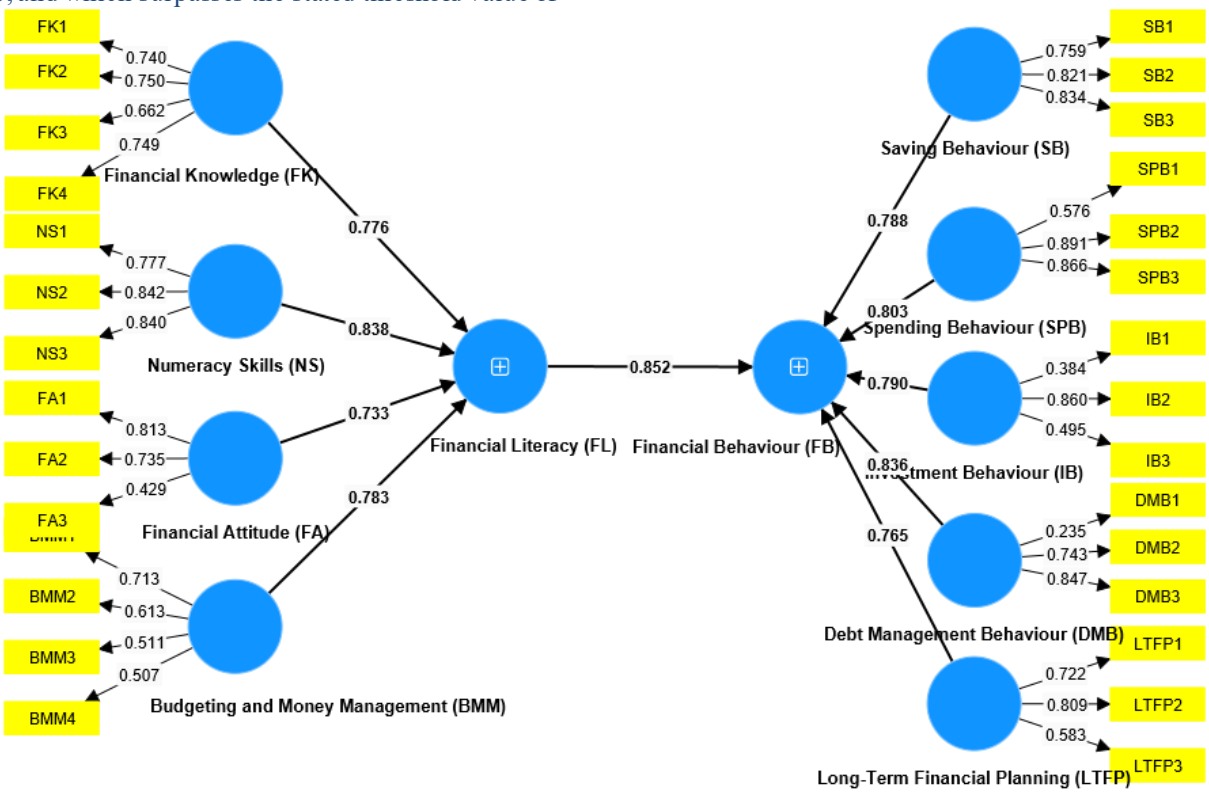

Figure: Structural Equation Model Explaining the Influence of Financial Literacy on Financial Behaviour Among Generation Z

This SEM diagram shows the relationships among the primary constructs with the use of SmartPLS software. The measurement model (outer model) suggests strong indicator loadings (mostly > 0.70) which denotes good reliability for the latent constructs – Financial Knowledge, Numeracy Skills, Financial Attitude, and Budgeting and Money Management. The structural model (inner model) displays the fact that Financial Literacy (FL) has high significant impacts from the FK (β = 0.776), NS (β = 0.838), FA (β = 0.733), and BMM (β = 0.783). FL, in its turn, has a positive direct effect on Financial Behaviour (FB) (β = 0.852). FB is also explained by its dimensions. SB – saves, SPB – spends, IB – invests, DMB – manages debts, and LTFP – makes long-term financial plan, with standardized coefficients ranging from 0.765 – 0.836. The model is reliable, convergent, and explanatory while the latter two statements support the used theoretical basis of financial literacy being a key enabler for a responsible financial behaviour of Generation Z.

Table 3.9: Status of Accepted/Rejected Null Hypothesis

Hypothesis	Type of Test Applied	p-Value	Significant Relationship Exists or Not	Status of Null Hypothesis

H01: FL → FB	PLS-SEM (Path Analysis)	P<0.05	Yes	Rejected
H02: SB → FB	PLS-SEM (Path Analysis)	P<0.05	Yes	Rejected
H03: SPB → FB	PLS-SEM (Path Analysis)	P<0.05	Yes	Rejected
H04: IB → FB	PLS-SEM (Path Analysis)	P<0.05	Yes	Rejected
H05: DMB → FB	PLS-SEM (Path Analysis)	P<0.05	Yes	Rejected
H06: LTFP → FB	PLS-SEM (Path Analysis)	P<0.05	Yes	Rejected

4. Findings

Financial Literacy Assessment

The study evaluates the financial literacy of Generation Z in the NCR region across various dimensions including Financial Knowledge, Numeracy Skills, Financial Attitude, and Budgeting & Money Management.

Overall Financial Literacy Score:

The average score for overall financial literacy is 3.97 on a five-point Likert scale, indicating that Generation Z participants in the NCR region generally have a moderate to high level of financial literacy. This suggests that they possess a basic understanding of financial concepts and practices, though there is still room for improvement, especially in areas such as financial numeracy and long-term financial planning.

Financial Knowledge:

The mean score for Financial Knowledge is 3.97. This suggests that Generation Z has a reasonable understanding of fundamental financial concepts. This includes an understanding of concepts like inflation, interest rates, and basic investment principles, but they may need more practical exposure to apply this knowledge effectively in real-life scenarios.

Numeracy Skills:

The Numeracy Skills dimension had a mean score of 3.85, indicating that Generation Z individuals possess a fair level of numeracy skills, which are critical for making sound financial decisions. However, there may be areas of improvement when it comes to more complex financial calculations, such as those required for investment analysis or debt management.

Financial Attitude:

The highest mean score among the dimensions of financial literacy was for Financial Attitude, with a mean of 4.12. This reflects a positive financial attitude, suggesting that Generation Z is generally aware of the importance of financial management and has a proactive approach to handling money. A positive financial attitude is crucial in fostering responsible financial behavior in terms of saving, spending, and planning for the future.

Budgeting & Money Management:

The mean score for Budgeting & Money Management is 3.94, indicating a good understanding of the importance of budgeting and managing finances effectively. While this is a relatively strong area, more education may be needed in applying these skills to manage money efficiently, especially when it comes to long-term financial planning.

Conclusion:

Generation Z in the NCR region demonstrates a moderate to high level of financial literacy overall, particularly in terms of financial attitude and financial knowledge. However, there are still areas where further education and training are needed, especially in numeracy skills and budgeting practices. This suggests that while Generation Z has a positive outlook on financial matters and a reasonable understanding of basic financial concepts, there is a need for more practical education and support to enhance their financial literacy, particularly in areas that require more detailed numerical analysis and long-term financial planning.

Objectives 2:

Financial Behaviour Assessment

The study evaluates financial behaviour among Generation Z across five dimensions: Saving Behaviour, Spending Behaviour, Investment Behaviour, Debt Management Behaviour, and Long-Term Financial Planning. Each of these dimensions reflects key aspects of how individuals manage their finances and make financial decisions.

Overall Financial Behaviour Score:

The overall financial behaviour score for Generation Z in the NCR region is 3.86 on a five-point Likert scale. This suggests that Generation Z generally demonstrates a moderate to high level of financial responsibility and exhibits responsible financial practices, though there is room for improvement in some specific areas.

Saving Behaviour:

Saving Behaviour received the highest mean score of 4.05, indicating that most Generation Z respondents prioritize saving money and engage in systematic saving practices. This reflects a responsible approach toward managing finances, as they tend to save a portion of their

income regularly. However, it still leaves some potential for improvement, especially in terms of the amounts saved and long-term saving strategies.

Spending Behaviour:

The mean score for Spending Behaviour is 3.78, showing that while Generation Z is fairly cautious with their spending, they may still engage in occasional impulsive or unplanned spending. This score suggests that Generation Z may need further education and guidance to enhance their budgeting skills and reduce impulsive purchases, ultimately fostering more responsible spending habits.

Investment Behaviour:

Investment Behaviour recorded the lowest mean score of 3.66, indicating that Generation Z is relatively cautious or limited in their participation in investment-related activities. This lower score suggests a lack of confidence or understanding in making investment decisions, which could be due to a lack of experience or knowledge in more advanced financial practices such as stock market investments, mutual funds, or real estate investments.

Debt Management Behaviour:

The mean score for Debt Management Behaviour is 3.92, which indicates that Generation Z in the NCR region manages debts fairly well. They likely understand the importance of managing debt, but there is still some scope for improvement in terms of making sound decisions about borrowing and repayment strategies. Debt management could benefit from additional financial education and tools to avoid taking on excessive debt.

Long-Term Financial Planning:

Long-Term Financial Planning had a mean score of 3.88, indicating that while Generation Z understands the importance of planning for future financial needs, they may not yet engage in thorough long-term financial planning. This could reflect a lack of experience, awareness, or urgency to start planning for retirement, major life events, or other long-term financial goals.

Conclusion:

Generation Z in the NCR region demonstrates a moderate to high level of financial behaviour, with particular strengths in saving behaviour and debt management. The study highlights that the majority of Generation Z individuals are responsible in managing their finances to some extent. However, there are opportunities for improvement, especially in investment behaviour and long-term financial planning, where respondents appear to lack sufficient engagement. Encouraging more proactive investment behaviour and educating Generation Z on long-term financial strategies could further enhance their financial management skills and readiness for future financial needs.

Objective 3:

The third objective of the study aimed to examine the causal relationships between financial literacy dimensions (such as financial knowledge, numeracy skills, financial attitude, and budgeting & money management skills) and financial behaviour dimensions (including saving behaviour, spending behaviour, investment behaviour, debt management behaviour, and long-term financial planning) among Generation Z in the NCR region. The study employed Structural Equation Modeling (SEM) to assess these relationships, and the findings indicate strong and significant causal links.

Summary of Findings on Causal Relationships:

Overall Relationship Between Financial Literacy and Financial Behaviour:

The study found a strong positive relationship between financial literacy and financial behaviour ($\beta = 0.852$, $p < 0.001$). This means that higher levels of financial literacy are strongly associated with better financial behaviour, supporting the hypothesis that financial literacy significantly influences financial practices and decision-making.

Impact of Financial Literacy on Specific Financial Behaviours:

Saving Behaviour (SB): Financial literacy was found to have a significant positive influence on Saving Behaviour ($\beta = 0.788$, $p < 0.05$). Higher financial literacy enables individuals to understand the importance of saving and to engage in systematic saving practices, highlighting that financial knowledge and attitudes strongly promote saving among Generation Z.

Spending Behaviour (SPB): Similarly, financial literacy significantly affects Spending Behaviour ($\beta = 0.803$, $p < 0.05$). Individuals with higher financial literacy are more likely to be mindful of their spending habits, showing that financial knowledge, awareness, and attitudes play an essential role in reducing impulsive spending.

Investment Behaviour (IB): Investment Behaviour also showed a significant positive relationship with financial literacy ($\beta = 0.790$, $p < 0.05$). Generation Z members with better financial literacy, particularly in numeracy skills and understanding investment principles, are more likely to engage in prudent investment activities, such as investing in diversified portfolios and risk management strategies.

Debt Management Behaviour (DMB): Financial literacy strongly influences Debt Management Behaviour ($\beta = 0.836$, $p < 0.05$), suggesting that individuals with higher financial literacy are more equipped to manage debt effectively. They understand the importance of borrowing responsibly, maintaining a balance between credit and savings, and managing debt repayment efficiently.

Long-Term Financial Planning (LTFP): Financial literacy also positively impacts Long-Term Financial Planning ($\beta = 0.765$, $p < 0.05$). Those with higher financial knowledge, especially in budgeting and planning for the future, tend to engage more actively in long-term financial planning, such as setting up retirement accounts, planning for future expenses, and investing for long-term goals.

Dimensions of Financial Literacy and Their Impact:

Numeracy Skills (NS): Numeracy skills have a strong and significant impact on overall financial literacy ($\beta = 0.838$), influencing almost all aspects of financial behaviour, especially investment behaviour and debt management.

People with stronger numeracy skills are better equipped to understand financial terms, calculate risks, and make informed decisions regarding investments and debt.

Budgeting & Money Management (BMM): Budgeting & Money Management skills are another critical dimension of financial literacy. They have a significant effect on financial behaviour ($\beta = 0.783$), particularly in promoting responsible saving behaviour and debt management. Generation Z with better budgeting skills tends to allocate resources wisely, prioritize savings, and avoid excessive debt.

Financial Knowledge (FK) and Financial Attitude (FA): While Financial Knowledge and Financial Attitude are both crucial, Financial Knowledge ($\beta = 0.776$) and Financial Attitude ($\beta = 0.733$) also significantly contribute to improving financial behaviour, especially in areas such as spending behaviour, saving behaviour, and long-term financial planning.

Direct and Indirect Effects:

The analysis revealed that financial literacy influences financial behaviour both directly and indirectly through its various components (financial knowledge, numeracy skills, attitude, and money management skills). For instance, while financial attitude has a direct influence on saving and spending behaviours, numeracy skills primarily influence investment behaviour and debt management.

Conclusions from the Causal Relationships:

The structural model findings confirm that financial literacy dimensions have a significant and direct impact on the financial behaviour dimensions of Generation Z in the NCR region.

Among the financial literacy dimensions, numeracy skills and budgeting & money management skills are especially powerful predictors of responsible financial behaviour, suggesting that promoting these skills could lead to improvements in key financial behaviours such as saving, spending, and debt management.

Financial literacy as a whole serves as a mediator that influences positive financial practices in multiple dimensions, including saving, investing, managing debt, and planning for the future.

5.2 Implications of the Study

5.2.1 Theoretical Implications

In view of this justification of the significance of financial attitude, knowledge and perceived skill on financial intentions and actions of Generation Z, the study supports the Theory of Planned Behaviour (TPB).

It contributes to the financial literacy body of knowledge with empirical support of an all-encompassing model of financial literacy including numeracy and budgeting, as well as knowledge and attitudes.

The research extends modern theoretical approaches saying that financial literacy is an intermediate process between the cognitive- and behavioural aspects and measurable financial performance.

This study confirms applicability of the use of SEM as a tool for examining intricate relations within the latent financial constructs.

It develops theory by offering a new look into financial behaviour of a developing country, which is the urban Indian youth, a noseewed category in current study.

The model supports that financial literacy is, indeed, composite and interrelated objects which agree with the postulations of theories that require for multi-dimensional assessment of financial literacy in economic circles.

Empirical findings of the study support the suggestion to add personal finance lessons in early adulthood programs and validate the theory of the role of children's knowledge on finances on the success of the adult life.

Research provides a sound theoretical framework whereby researchers in different countries and setting can be informed in order to study financial behaviour.

5.2.2 Practical Implications

Educational facilities also ought to act it is important to have good financial literacy courses offered in an undergrad and post grad degree programme in order to equip a student with matters of funds and capacity.

This information has to be taken by the policymakers so that they can use it to produce certain financial educations programs, where such abilities like financial math, budgeting, and long-term planning will be formulated to teenagers.

Financial technology companies and banks are well placed to create specific digital material for generations Z so that they are able to develop healthy financial behaviors for them such as saving, spending wisely and careful investing.

Local NGO's and other community groups should also offer workshops and simulation based programs, which would assist in enhancing the skill on management of debt that adolescents have as well as assist in planning finances among them.

Financial wellness programs may be included in organizations' plans for employee development to alleviate financial pressure and enhance the productivity.

National financial inclusion strategies can equip themselves by considering policy implications in this study in their outlook towards the needs of urban youth.

The results call for the need to integrate the financial literacy at the initial school level with an aim of influencing the attitudes and practices of the students before they start earning and managing money.

Expanding on the great influence that financial literacy has on behaviour, the study suggests that there should be collaboration by the academics, corporate leaders and policy makers in order to create a financial literate and ready generation.

6. Conclusion

From the study, it is the financial literacy that is the principal determinant of the financial habits of the Generation Z in National Capital Region of India. Utilizing Structural Equation Modeling the research presents such elements of financial literacy as financial knowledge, numeracy, financial attitude and budget management, as strong positive predictors of general financial literacy of the young generation. Hence, high financial literacy goes hand in hand with responsible financial behavior of saving, finesse spending, finesse investment, and good debt management and long term planning. The study confirms that the fact that the financial behaviour is not only controlled by knowledge, but chiefs established by the financial attitudes and practical financial skills. These results are indicative of the fact that there should be a lot of pre-financial training so as to ensure that the young people are ready to make informed financial decisions. Although the study's theoretical/practical contributions may be seen as strong, the limitations of the study outline avenues of investigations among different regions,-age categories and contextual settings in the future. The research adds to the base of personal finance, education, and youth development by emphasizing the need to widen the area of the financial literacy addressing national strategies aimed at financial inclusion and general welfare.

6.1 Limitations of the Study

The study contains the following restrictions which are discussed:

The current study, completely conducted in the National Capital Region (NCR) of India, could not capture the diversity of financial behaviors demonstrated by Generation Z in different geographical locations of the country.

The above can be found in 2) The study collected data using the cross-sectional design during a given period and thus, loses its ability to monitor whether the change of behaviour occurred in time or to establish a causative relationship.

Responses received from the respondents through questionnaire may be affected by the social desirability bias and can therefore skew their actual financial operation.

The analysis of the study ignored urban youth aged 18-25 (rejecting rural residents, persons above and below 18-25 years, and those who did not attend any formal education trainings taking part in the analysis); this decreases the transferability of the findings.

Even though SEM turned out to be successful, the inquiry did not apply other methods of analysis other than SEM like longitudinal or experimental ones that could have provided a deeper insight into the behaviour models.

Self-reports of litmus tests of financial literacy and actions, as opposed to examining actual financial performance (savings or credit history, etc.).

The study did not include technological influences and digital financial resources, but those are two of the most influential factors as regards to a young person's financial decision.

Psychological characteristics, like the risk tolerance and the impulsivity, which probably may have had an important impact on behaviour of finances was not studied in the research.

6.2 Suggestions and Recommendations for future research

Following Suggestions and Recommendations for future research are mentioned below:

Efforts at understanding how financial literacy and behaviour have evolved should be made through continued longitudinal studies that will help increase our understanding of the underlying causal pathways.

Research could engage further from interviewing both populace and rural populations, several brackets of age, as well as groups with different socio-economic background in order to enhance generalization and reveal the differences between the regions.

Future studies that are to be conducted should exhibit the connection between digital financial instruments and fintech platforms including their effects on the youth financial literacy and habits of technology-minded youth.

Once addition of attributes like risk preference, lack of self-control and impulsiveness is made to the financial behaviour model, it is possible to improve the model in terms of explaining actions and decisions financially.

The research, in the future, can further be enhanced to include mixed methods of research such as quantitative SEM analysis together with qualitative interviews or focus groups to generate a more wholesome understanding of behavioural dynamics.

Comparative studies of the cultures or the nation, particularly, when it comes to the emerging as opposed to the developed economies help to understand how the environmental factors direct financial behaviour.

More research can be carried out with the use of gaps in the understanding of the role of attitudes of parents, relationships with peers, and experience in financial learning on financial perspectives and actions of generation Z.

Effectiveness of the findings from the research can be improved by combining the self-reported behavioural information with measurable (e.g., savings, investments, and credit status) financial developments.

The researchers can study the role of gender, education level, and digital competence that impact the relation between the financial learning and real financial behaviour.

Partnership with institutions can be utilized for doing experimental or intervention research, i.e., engagement in studying how financial education results in better actual financial results..

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