FROM MINDSET TO MONEY: HOW GENDER IMPACTS THE RELATIONSHIP BETWEEN SELF-EFFICACY AND FINANCIAL SATISFACTION

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ABSTRACT. This study analyzes the relationship between financial self-efficacy and financial satisfaction of individual investors, with a particular emphasis on examining whether this relationship is moderated by gender. The study adopted a quantitative research approach and employed an online survey to gather data from a sample of 216 individual investors. Structural equation modeling (SEM) is employed to examine the direct effect of financial self-efficacy on financial satisfaction and the moderating effect of gender on this relationship. The results show that financial self-efficacy has a positive and significant impact on financial satisfaction. Furthermore, the findings indicate that gender moderates this relationship, with male investors exhibiting a stronger relationship between financial self-efficacy and financial satisfaction than female investors. These findings suggest that financial self-efficacy is an important predictor of financial satisfaction for both men and women and gender differences should be taken into account when examining the relationship between these variables. The study highlights the importance of financial self-efficacy in achieving financial satisfaction and emphasizes the need for interventions that improve financial self-efficacy, particularly for women investors who may experience greater barriers to financial success.

1. INTRODUCTION

The investment market is a complex and constantly evolving environment where investors are required to make decisions based on their financial knowledge (Tang and Baker 2016), experience (Awais et al. 2016) and confidence (Forbes and Kara 2010). With the increasing availability of investment options and the volatility of the market, investors often experience a range of emotions that can impact their investment decisions (Khan and Abid Usman 2021, Brooks et al. 2022). One of the utmost important factor that is considered to influence financial satisfaction of an investor is financial self efficacy (FSE) (Lown 2011, Dietz, Carrozza, and Ritchey 2003, Mindra et al. 2017). The concept of financial self-efficacy defined as an individual’s belief in their ability to manage their finances successfully has received increased attention in the field of behaviour finance (Bandura 1991). Research has shown that investors with higher levels of financial self-efficacy are more likely to engage in proactive financial behaviors (Dare et al. 2022). Asebedo and Payne (2019) report that investors who possess higher levels of financial self-efficacy show greater resilience when facing financial adversity. It equips
individuals with the mental fortitude to bounce back from financial setbacks and helps them to overcome obstacles, minimize the impact of financial setbacks and maintain a higher level of financial satisfaction over the long term. Therefore, investors with high financial self-efficacy are more likely to feel confident in their ability to make sound financial decisions (Hu et al. 2021). They believe in their capacity to understand financial concepts, evaluate investment opportunities and navigate complex financial situations (Payne and Asebedo 2017, Kartawinata et al. 2021). This confidence leads to more informed and proactive investment decision-making which can result in better financial outcomes and increased satisfaction with their financial situation Qamar, Khemta, and Jamil (2016). Thus, encouraging and developing financial self-efficacy in individual investors can have significant implications for their overall financial well-being and satisfaction with their financial situation (Dare et al. 2022).

Financial satisfaction (FSAT), on the other hand is a subjective evaluation of an individual's overall contentment with their financial situation (Clark, Frijters, and Shields 2008). Although financial self-efficacy has been shown to be a significant predictor of life satisfaction (Bandura, Freeman, and Lightsey 1999, Hu et al. 2021, Caprara and Steca 2005, Azizli et al. 2015, Burger and Samuel 2017) but studies into the relationship between financial self-efficacy and financial satisfaction of individual investors are still limited (Payne and Asebedo 2017, Joo and Grable 2004). Despite its importance as a major determinant of happiness (Van Praag, Romanov, and Ferrer-i-Carbonell 2010), life satisfaction (Asebedo and Payne 2019) and subjective well-being (Ngamaba et al. 2020) the concept of financial satisfaction remains understudied. Understanding the link between financial self-efficacy and financial satisfaction can shed light on why some individuals may take on more risk than others, leading to a deeper understanding of investor behavior and financial choices (Chatterjee, Finke, and Harness 2011). Financial satisfaction plays a pivotal role in long-term financial planning and retirement preparedness (Ksendzova, Donnelly, and Howell 2017). Satisfied individuals are more likely to engage in retirement savings and prudent financial planning, ensuring a more secure financial future (Lown and Ju 1992). Conversely, individuals with lower financial satisfaction may be at risk of inadequate retirement preparedness, leading to financial hardships later in life (Baker and Ricciardi 2014). The results of this study can contribute to the development of effective interventions, policies and strategies aimed at promoting financial satisfaction and overall financial health for investors and society as a whole. Understanding the relationship between financial self-efficacy and financial satisfaction of individual investor is important for several reasons. Firstly, financial satisfaction is a critical component of overall well-being and has been linked to better mental and physical health outcomes (Hu et al. 2021). Second, financial self-efficacy is a malleable factor that can be improved through various interventions such as financial education programs and counseling (Qamar, Khemta, and Jamil 2016). Finally, individuals with higher levels of financial self-efficacy may be more likely to engage in positive financial behaviors such as saving and investing, which can lead to greater financial security and well-being over time (Lim et al. 2014). In addition, despite of the fact India being fastest emerging and largest consumer economy all over the world (Sachdeva and Lehal 2023), very little research has been conducted in the Indian context regarding individual investors’ financial satisfaction (Kalra Sahi 2013, Saurabh and Nandan 2018). Therefore, it becomes imperative for us to uncover the direct impact of financial self-efficacy on financial satisfaction among individual investors in Indian context.

The present study further attempts to study the significance of gender as a moderator on the relationship between financial self-efficacy and financial satisfaction. The incorporation of gender as a moderator in the study is based on the gender schema theory of cognitive development. This theory posits that gender-specific traits are acquired during the early developmental stages of an individual and subsequently influence their attitude, behaviour, satisfaction level and decision-making processes throughout the lifespan (Sachdeva and Lehal 2023). Further by incorporating gender as a moderator we can gain valuable insights into how gender differences may shape individuals’ beliefs in their financial capabilities (financial self-efficacy) and how
these beliefs then relate to their level of contentment with their financial situations (financial satisfaction). This study incorporated gender as a moderator because it helps to elucidate the relationship between FSE and FSAT (Baker, Kumar, and Goyal 2019). Analyzing gender-based differences can highlight whether there are inequalities in access to financial resources, opportunities and economic benefits (Cicchiello and Kazemikhasragh 2022, Luo and Salterio 2022). Understanding how financial satisfaction varies between men and women can provide valuable insights into potential gender-based disparities in economic well-being and can help identify areas where targeted policies or interventions may be needed (Asebedo and Payne 2019). Gaining insights into financial satisfaction patterns among genders in India can serve as a stepping stone towards fostering a more inclusive and equitable economy (Sachdeva and Lehal 2023).

Based on the above discussed objectives, the study adopted a moderation approach to comprehensively explore the concept of financial satisfaction, representing a pioneering effort in this context by addressing gaps in existing literature. The research seeks to provide valuable insights into the behavior of various stakeholders in emerging financial markets. In the realm of behavioral finance, the study introduces the moderating effects of gender for the first time in understanding the established relationships between financial self-efficacy and financial satisfaction within an emerging economy, such as India. The study’s practical implications are far-reaching, benefiting financial practitioners, investors, financial advisors, academicians and researchers. By investigating the relationship between financial self-efficacy as an independent variable and financial satisfaction as the dependent variable, the research aims to answer the following research questions: 1. How does an individual investor’s financial self-efficacy influence their level of financial satisfaction in an emerging economy? 2. Does the effect of financial self-efficacy on financial satisfaction differ based on the moderating effect of gender?

The study is structured as follows. Section 2 presents the theoretical background of the study and the basis on which the hypotheses are developed. Section 3 contains the methodology employed such as data collection, questionnaire design, theoretical model, and statistical tools and techniques used. Section 4 presents the results and analysis. Section 5 discusses the findings of the study. Section 6 discusses the implications and limitations of the study.

2. Literature review

2.1. Relationship between financial self-efficacy and financial satisfaction. Financial self-efficacy refers to an individual’s belief in their ability to manage their finances and make sound financial decisions. Financial satisfaction, on the other hand, refers to an individual’s subjective evaluation of their financial well-being, including their level of financial comfort, security, and stability (Clark, Frijters, and Shields 2008). The literature suggests that there is a positive relationship between financial self-efficacy and financial satisfaction. Several studies have examined the relationship between financial self-efficacy and financial satisfaction. For example, a study by (Pinquart and Sörensen 2000) found that higher levels of financial self-efficacy were associated with higher levels of financial satisfaction. Similarly, a study by (Lown and Ju 1992) found that financial self-efficacy was positively associated with financial satisfaction among college students. Other studies have explored the mediating role of financial behaviors in the relationship between financial self-efficacy and financial satisfaction. For example, a study (Payne, Kalenkoski, and Browning 2019) found that financial behaviors (such as budgeting, saving, and investing) partially mediated the relationship between financial self-efficacy and financial satisfaction. This suggests that individuals with higher levels of financial self-efficacy may engage in more positive financial behaviors, which in turn contribute to greater financial satisfaction.

However, it should be noted that some studies have reported mixed or non-significant findings regarding the relationship between financial self-efficacy and financial satisfaction. For example, a study by Tran, Wright, and Chatters (1991) found no significant relationship between financial self-efficacy and financial satisfaction among adults in the United States. Similarly, a study by (Mindra et al. 2017) found mixed results, with financial self-efficacy being positively associated
with financial satisfaction among men but not among women. Overall, the literature suggests that financial self-efficacy is positively related to financial satisfaction, although the strength of this relationship may depend on factors such as gender and the specific measures used to assess financial self-efficacy and financial satisfaction. Based on the above findings our study formulates the following hypothesis:

H1: financial self-efficacy is positively correlated with financial risk tolerance.

2.2. Gender Differences in Financial Self-Efficacy and Financial Satisfaction. Among different demographic variables namely age, income, marital status, financial knowledge, occupation studied in prior literature the role of gender is of significant importance due to a relatively poor understanding of gender issues in financial management (Falahati and Hj. Paim 2012). Very few studies have examined the impact of gender on the relationship between investors financial self-efficacy and financial satisfaction. Some studies have found that male investors feel more confident on their investment decisions and report high risk appetite than female investors (Dietz, Carrozza, and Ritchey 2003, Yao and Hanna 2005, Cicchiello and Kazemikhasragh 2022, Montford and Goldsmith 2016). Previous studies have reported that women are less financially knowledgeable than men. Therefore while making their decisions related to finances they feel less satisfied (Furnham and Cheng 2017, Aripin and Puteh 2017). Furreboe and Nyhus (2022) recognize gender differences in financial self-efficacy as sources of power imbalance and gender inequality. Further Lusardi, Hasler, and Yakoboski (2020) found that men feel more satisfied than women regarding their efficacy to make financial decisions. Prior literature also suggests that men and women differ on the basis of their confidence to make investment decisions (Forbes and Kara 2010). The study by Loibl and Hira (2005) reveal that women feel less efficacious as compared to men in managing the financial uncertainties and long term investment goals. While some studies found that male investors are more satisfied with their financial situations as compared to female investors (Joo and Grable 2004, Ali, Ali, and Bagram 2021, Kalra Sahi 2013), other studies report non-significant results regarding the gender differences in financial satisfaction (Van Praag, Romanov, and Ferrer-i-Carbonell 2010, Vera-Toscano, Ateca-Amestoy, and Serrano-Del-Rosal 2006, Xiao, Sorhaindo, and Garman 2006, Chatterjee and Hambrick 2011). Based on the above mentioned mixed findings in the prior literature our study proposes the following hypothesis:

H2: Gender moderates the relationship between financial self-efficacy and financial satisfaction.

2.3. Conceptual model.

![Figure 1. Relationship between financial self-efficacy and financial satisfaction: the moderating role of gender](image)

3. Methods

3.1. Sampling and Data Collection. This study used a quantitative research design and a cross-sectional survey approach to collect data from individual investors. This study aims to investigate the relationship between financial self-efficacy and financial satisfaction and how gender moderates this relationship. Through the use of the statistical method known as structural equation modelling (SEM) and the covariance-based software analysis of moment structure
(AMOS), the research evaluated the suggested model. In management research, SEM stands out as the most suitable and well supported tool for studying the intricate links between behavioural causes and effects (Nusair and Hua 2010). The convenience sampling strategy was employed in this research investigation. Using the 1:10 (item to responders) ratio standard proposed by Hair, Ortinau, and Harrison (2010), the sample size for the research was established. We used the (Kaiser-Meyer-Olkin 2017) test of sampling adequacy to further confirm that our sample size is sufficient for the parametric statistical analysis. The outcome (0.868) showed that the sample size was appropriate (Field 2009). Sample of the study was individual investors of India. Information was gathered using an online structured questionnaire. The questionnaires were sent by personal visits, emails, and social media networks like LinkedIn to stock market investors in several cities in order to acquire a more representative sample of the population. With the aid of numerous brokerage and investment firms in India, the information on stock market investors was gathered. Additionally, stock market investor communities found on social media platforms were possible sources for data collecting. The investors who participated in the poll represented a different range of ages, professions, educational backgrounds, and income levels.

250 individual investors were asked for their responses but some of the responses had to be dropped because they had left certain areas blank. As a result, the research took into account the 216 investors who provided legitimate replies. The necessary fields of the sub-sections for demographics, financial self-efficacy and financial satisfaction were filled out by respondents. There were a total of 16 items in the questionnaire. Investor’s demographic breakdown is shown in Table 1.

<table>
<thead>
<tr>
<th>Demographic Characteristic</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>118</td>
<td>54.6</td>
</tr>
<tr>
<td>Female</td>
<td>98</td>
<td>45.4</td>
</tr>
<tr>
<td>Age (years)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-28</td>
<td>86</td>
<td>39.8</td>
</tr>
<tr>
<td>29-38</td>
<td>38</td>
<td>17.6</td>
</tr>
<tr>
<td>39-48</td>
<td>55</td>
<td>25.5</td>
</tr>
<tr>
<td>49 and above</td>
<td>37</td>
<td>17.1</td>
</tr>
<tr>
<td>Marital status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>75</td>
<td>34.7</td>
</tr>
<tr>
<td>Unmarried</td>
<td>141</td>
<td>65.2</td>
</tr>
<tr>
<td>Income level (Rs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 20k</td>
<td>30</td>
<td>13.8</td>
</tr>
<tr>
<td>20k - 50k</td>
<td>86</td>
<td>39.8</td>
</tr>
<tr>
<td>50k - 1 lakh</td>
<td>72</td>
<td>33.3</td>
</tr>
<tr>
<td>Above 1 lakh</td>
<td>28</td>
<td>12.9</td>
</tr>
</tbody>
</table>

Note: N represents the sample size and % represents the percentage of participants in each demographic category.

3.2. Measurement.

3.2.1. Financial self-efficacy. The authors quantified financial self-efficacy by 6-item scale developed by Lown (2011). Responses were measured on a 4-point Likert scale ranging from “not at all true” to “entirely true”. Some examples of items used in the financial self-efficacy scale are: “It is challenging to make progress toward my financial goals”; “When faced with a financial challenge I have a hard time figuring out a solution” etc.

3.2.2. Financial satisfaction. The authors quantified financial self-efficacy by 10-item scale developed by (Joo and Grable 2004). Responses were measured on a 4-point Likert scale ranging
from “never” to “always”. Some examples of items used in the financial satisfaction scale are: “I am satisfied with present level of savings”, “I am satisfied with my ability to handle family’s financial emergencies” etc.

4. Data Analysis and Results

4.1. Common method bias. Harman’s single-factor test was used in the study to determine common method bias. The total variance obtained by a single factor is 35.77% which is less than the 50% cutoff value. As a result, common method bias is not an issue in our study.

4.2. Reliability and validity. To assess the variables in this study, Cronbach’s alpha and composite reliability (CR) were utilized. All of the variable’s CR values and Cronbach’s alpha were higher than the suggested value of 0.700 (Nunnally 1994). Composite reliability was measured by utilising the Gaskin and Linn statistical package tool (2016). The composite reliability of the variables was higher than the benchmark value, ranging from .787 to .961 (Hair, Ortinau, and Harrison 2010). Gaskin and Linn’s master validity technique was used to assess the convergent validity of scale items. Further our study utilised average variance extracted (AVE) to establish convergent validity. The heterotrait-monotrait (HTMT) ratio was also employed in the study to assess the discriminant validity of the scale. All of the readings fell below the 0.85 cutoff (Henseler, Ringle, and Sarstedt 2015). All results are shown in Table 2.

<table>
<thead>
<tr>
<th>Items</th>
<th>Alpha</th>
<th>CRE</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FSE</td>
<td>.974</td>
<td>.886</td>
<td>.724</td>
</tr>
<tr>
<td>FSAT</td>
<td>.952</td>
<td>.963</td>
<td>.857</td>
</tr>
</tbody>
</table>

4.3. Measurement Model. AMOS was used to estimate confirmatory factor analysis (CFA), which was used to test the study’s measurement model. All factor loadings are more than threshold value of 0.7, indicating that the factor removes enough variation from the variable. In addition, all values for the model fit indices (CMIN/df, RMSEA, CFI, GFI, and TLI) that were used to assess the overall goodness of fit of the models were within their respective permitted limits. As indicated in Table 3, a satisfactory model fit was obtained for financial self-efficacy, and financial satisfaction. The measurement model’s results show that the overall model provides a better match and as a result, the theoretical model is suitable and provides a good fit for the observed data. It may be concluded that the CFA model under consideration closely matches the sample data.

<table>
<thead>
<tr>
<th>Fit Indices</th>
<th>Obtained value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIN/df</td>
<td>3.101</td>
</tr>
<tr>
<td>RMR</td>
<td>.044</td>
</tr>
<tr>
<td>CFI</td>
<td>.921</td>
</tr>
<tr>
<td>TLI</td>
<td>.917</td>
</tr>
<tr>
<td>RMSEA</td>
<td>.069</td>
</tr>
<tr>
<td>GFI</td>
<td>.934</td>
</tr>
</tbody>
</table>

4.4. Structural Model. The subsequent essential phase of analysis involved assessing the postulated associations. The study employed a structural equation model generated by AMOS software to examine the associations. A well-fitting model can be determined if the value of CMIN/df is less than 5 and if the goodness of fit (GFI index, Tucker-Lewis Index (TLI) and Confirmatory Fit Index (CFI) are greater than 0.90 (Hair et al., 2010). Furthermore, it should be noted that a model can only be deemed acceptable if the calculated value for the root mean
The study’s findings reveal that the squared multiple correlation coefficient for financial satisfaction is 0.398. This suggests that a financial self-efficacy is responsible for explaining 39.8% of the variability observed in financial satisfaction. The study’s findings suggest a significant and positive correlation between financial self-efficacy and financial satisfaction, thereby providing support for the acceptance of hypotheses H1 (b = 0.67, p = 0.001), shown in Table 4.

<p>| Table 4. Correlation Matrix for Financial Self-Efficacy, Financial Satisfaction and Gender |
|---------------------------------|-------------------------------|-------------------------------|</p>
<table>
<thead>
<tr>
<th>Variables</th>
<th>Financial Self-Efficacy</th>
<th>Financial Satisfaction</th>
<th>Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial self-efficacy</td>
<td>1.00</td>
<td>0.67***</td>
<td>0.12*</td>
</tr>
<tr>
<td>Financial Satisfaction</td>
<td>0.67***</td>
<td>1.00</td>
<td>0.25**</td>
</tr>
<tr>
<td>Gender</td>
<td>0.12***</td>
<td>0.25**</td>
<td>1.00</td>
</tr>
</tbody>
</table>

As shown in the table, there is a significant positive correlation between financial self-efficacy and financial satisfaction (r = 0.67, p < .01). This suggests that individuals who have high levels of financial self-efficacy are more likely to report higher levels of financial satisfaction. In addition, there is a significant positive correlation between gender and financial satisfaction (r = 0.25, p < .01), indicating that male investors tend to report higher levels of financial satisfaction compared to female investors. However, there is also significant correlation between gender and financial self-efficacy (r = 0.12, p< .05).

4.5. **Moderation Model.** The authors conducted a multi-group analysis to assess the moderating effect of gender on the relationship between financial self-efficacy and financial satisfaction. Initially, the model underwent separate evaluations for both male and female investors to ensure that each cohort exhibited a good fit. Subsequently, the two groups were compared with the variable group. Then, a constrained model with no structural parameters differing between the two subgroups of respondents was compared to an unconstrained model with all structural parameters that could be changed between the two subgroups. The statistical analysis conducted on the χ² (CMIN), DF, and significance (p) values for both the Unconstrained and Measurement Residuals models indicated that both models were statistically significant (p < .05). The findings suggest that the association between financial self-efficacy and financial satisfaction is significantly influenced by gender. Table 6 displays the outcomes of the moderating effect.

| Table 5. Moderation Effect |
|---------------------------|-----------------|----------------|-------------|
| Independent variable      | Gender | B     | CR  | Significance  |
| Financial self-efficacy   | Male   | -0.325| -3.22| 0.004        |
|                           | Female | -0.278| -2.98| 0.013        |

The study conducted an analysis to test the hypothesis H2 if there is a moderating effect of gender on the association between financial self-efficacy and financial satisfaction. According to the findings of the moderation analysis (Table 5), significant effects of gender (male, female) are observed on the proposed association. The findings suggest that there exists a gender-based disparity in financial status, with males exhibiting a higher level of financial self-efficacy compared to females.

5. **Discussion and Conclusions**

The present study attempted to examine the relationship between financial self-efficacy (FSE) and financial satisfaction (FS) among individual investors with the moderating role of gender in the Indian context. Individual investors play a crucial role in emerging economy like India because their active participation and engagement in the financial markets have a significant impact on the country’s overall financial landscape and economic growth (Sadi et al. 2011,
Dhiman and Raheja 2018, Prasad, Kiran, and Sharma 2020). The findings of the study suggest that there is a positive and significant relationship between FSE and FS of investors. The results of our study are consistent with the previous findings of Lown (2011), (Tang et al. 2019, Hu et al. 2021, Nadeem et al. 2020, Payne and Asebedo 2017, Asebedo and Payne 2019) resulting in the acceptance of hypothesis H1. Research conducted by Forbes and Kara (2010) found that individuals with higher levels of financial self-efficacy reported greater financial satisfaction and were more likely to engage in positive financial behaviors, such as saving and investing. Similarly, Dietz, Carrozza, and Ritchey (2003) demonstrate that individuals with higher financial self-efficacy were more likely to experience higher levels of financial satisfaction and lower levels of financial stress. The findings of this study offer empirical support to social cognitive theory of self-regulation. According to this theory, investors with higher financial self-efficacy are more likely to experience a positive relationship with financial satisfaction. This is because higher financial self-efficacy enhances their belief in their abilities to manage financial challenges effectively, leading to increased satisfaction with their financial decisions and overall financial well-being (Asebedo and Payne 2019). As they feel more confident in their financial capabilities, they are better equipped to handle adverse situations, such as market fluctuations, which, in turn, contributes to higher levels of financial satisfaction and overall positive financial experiences (Payne and Asebedo 2017).

Further, the results also provide support to the hypothesis 2; gender moderates the relationship between financial self-efficacy and financial satisfaction. The findings of our study are consistent with the previous findings of (Dietz, Carrozza, and Ritchey 2003, Furrebøe and Nyhus 2022, Cicchiello and Kazemikhasragh 2022, Maxfield et al. 2010, Joo and Grable 2004) which suggest that gender significantly moderate the relationship between FSE and FS. The findings reveal that male investors are comparatively more satisfied with their financial circumstances as compare to female investors (Loibl and Hira 2005). Salignac et al. (2020) suggest that women face difficulties in achieving financial independence in developing economies. Further this finding also provides support to social role theory. This theory posits that societal expectations and norms shape gender roles, leading to distinct patterns in behavior and attitudes (Eagly and Wood 2012). In some societies, men are encouraged to take more significant financial risks and assert themselves in financial matters, leading to higher levels of financial satisfaction (Macchione and Sacco 2022). Another plausible explanation can be gender identity which plays a significant role in shaping one’s self-concept and behavior (Vantieghem, Vermeersch, and Van Houtte 2014). According to this concept male investors perceive themselves as more financially capable. They experience higher financial satisfaction due to increased confidence in their abilities (FSE) (Kulic, Minello, and Zella 2020). By focusing on enhancing financial self-efficacy among women, researchers and policymakers can contribute to closing this gender gap and improving women’s financial outcomes.

6. Implications and Limitations

This research proposes a comprehensive conceptual model to explore the relationship between financial self-efficacy and financial satisfaction, considering the moderating role of gender. By incorporating financial self-efficacy as a key factor, the study aims to enhance our understanding of its influence on financial satisfaction, moving beyond traditional financial factors. The multi-layered model acknowledges the potential variations in the relationship between financial self-efficacy and financial satisfaction based on gender. It recognizes that gender acts as a moderator, influencing the strength and direction of the relationship between these variables. This research contributes to the growing body of knowledge in the field of behavioral finance in several ways. Firstly, it offers insights into how gender-specific factors interact with financial self-efficacy to impact financial satisfaction. It emphasizes the importance of considering psychological and individual characteristics in shaping financial behaviors and outcomes, highlighting the relevance of gender as a critical factor in this context (Furrebøe and Nyhus 2022). Secondly, the study provides empirical evidence supporting the self-efficacy theory (Bandura and Adams...
1977), particularly in the context of financial decision-making. It underscores the importance of investor’s belief in their ability to control and manage their financial situations and how this belief is associated with their level of financial satisfaction. Therefore, by focusing on financial self-efficacy as a key determinant of financial satisfaction, the study highlights the role of an individual’s self-perceived financial competence in influencing their overall satisfaction with their financial outcomes.

Furthermore, this study provides valuable practical insights for stakeholders examining the relationship between financial self-efficacy and financial satisfaction, considering the moderating role of gender. Understanding the influence of financial self-efficacy and its impact on financial satisfaction becomes essential for financial practitioners. By recognizing the significance of financial self-efficacy that may influence financial behavior, financial practitioners can work to increase investors’ financial knowledge, leading to higher financial satisfaction levels. Tailoring investment recommendations based on investors’ financial self-efficacy and considering gender-related factors can help enhance satisfaction levels. For individual investors, understanding their own financial self-efficacy can lead to more informed and satisfactory investment decisions. Recognizing how financial self-efficacy interacts with gender can guide investors in making efficient choices and mitigating potential biases in their decisions. Additionally, investment advisors can adopt personalized approaches for clients based on their financial self-efficacy and gender, addressing specific needs and preferences. Understanding investor psychology enables advisors to enhance financial literacy and minimize sub-optimal investment decisions. Policymakers can implement new profiling techniques based on financial self-efficacy and gender, customizing financial services to enhance investors’ financial satisfaction. These efforts contribute to the development of financial markets in emerging economies like India. Academicians and researchers benefit from this study’s extension of knowledge on financial self-efficacy and its influence on financial satisfaction. It encourages further investigation into this area filling a gap in the existing research landscape.

Although this research offers valuable contributions, there are some limitations to this study that should be taken into account when interpreting the results. The study used a cross-sectional design, which precludes drawing causal inferences. Future research should use longitudinal designs to examine the causal relationship between financial self-efficacy and financial satisfaction, as well as explore the cultural context in which these relationships occur. Conducting longitudinal studies would provide insights into how the relationship between personality traits and investment decisions evolves over time. Long-term observations can establish causality and identify potential changes in behavior or satisfaction levels. Additionally, the study relied on self-reported data, which could be subject to social desirability bias. Finally, the study was conducted in India, so the results may not generalize to other cultural contexts. Future research should explore additional socio-demographic variables and behavioral factors like loss aversion, herding behaviour, framing effect and financial literacy in relation to financial self-efficacy and financial satisfaction of investors.

References


