Financial Prosperity of Households through Financial Literacy, Financial Management Behavior and Financial Participation: Empirical Study

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ABSTRACT

Objective: *Financial Prosperity of any households is the major aim of developing countries as it highly determines the economic status of a country. As a result, this research was performed to examine many elements influencing the Financial Prosperity (FWB) of households in the Dakshina Kannada region. Simultaneously, researchers aim to analyse Financial Prosperity enhancement through Financial participation (FI), financial literacy (FL) and Financial Management Behavior (FB).*

Methodology: *The set of questions in a well-thought-out form was utilized to gather data for this research. The data collection survey received 398 replies, which were then analysed using a range of statistical approaches to suit the study's objectives. Structural Equation Modeling (SEM) and few inferential analyses were used with SPSS 26 and SPSS AMOS 23. Secondary data was also investigated utilising a range of internet resources, such as Google Scholar, Science Direct, Tailor and Francis, Emerald Publications, Srinivas publications, and so on.*

Findings: *The findings revealed that age, educational qualifications, income level, and marital status all had a substantial impression on household financial literacy, inclusive finance, financial management behaviour, and Financial Prosperity. Financial literacy has a negligible impact to Financial Prosperity, but when it is mediated through financial participation and financial management behavior of households, it has a large contribution to Financial Prosperity. Furthermore, financial participation leads to financial prosperity in a substantial manner through the intercession of financial management behavior.*

Originality/Value: *As the study ensured great impact of financial literacy on financial prosperity through better financial behavior and financial participation, policy framework can be implemented by the policy makers and local regional authorities in promoting financial literacy and its significance in enhancing financial prosperity among the households of DK. Apart from that the study is restricted to small geographical location, hence generalizing the result to whole country may be trivial.*

Type of Paper: *Empirical study*

Keywords: Financial Prosperity, Financial Literacy (FL), Financial Management Behavior (FB), Financial Participation (FI).

1. INTRODUCTION :

Majority of the rural households in developing nation are excluded from the financial access through financial institutions [1-2], due to the fact that financial access in developing nations are still lacking in comparison with developed nations; as a result focus on Financial participation is quite essential. Blanco (2013) [3] illustrates the effect of FI on economic development using data from 16 nations spanning the years 1961 to 2010. According to Blanco, high-income countries have a far greater effect of FI on Economic development than low-income countries. Hence, Concern should be expressed about

Financial Exclusion (FE). Numerous researches at various academic levels support the idea that beside major role played by the financial participation in reducing the poverty it also highly promotes inclusive prosperity with economic development [4-8]. A sound financial system is a fundamental tool for offering diversified financial services, such as loan facility, payments facility, savings, and investment products, to a sizable portion of the population [9]. Supporting to which the previous studies conducted in Ghana such as [10-13] suggested that financial participation and financial literacy are the major catalyst in enhancing rural growth. However, Atkinson and Messy (2013) [14] contend that by preventing poor people from fully utilizing already-existing products, access hurdles are created due to a illiteracy, ignorance, lack of self-realization, and inadequate managing habits and conduct that results into diminished utilization of financial products and services. As per the previous studies it is witnessed that financial literacy is very vital. Moreover mere financial literacy is not enough to accomplish financial participation, personal financial management behavior is also essential. As an extension of prior research, the current study looks into the role of financial behavior and financial participation in the relationship between literacy level of financial aspects and financial prosperity, which leads to better financial status for households. It also investigates the function of financial management behavior between financial participation and financial prosperity.

2. RELATED WORKS :

According to the OECD (2009) [15], it is vital to educate and empower the underprivileged sections of society so that they are not unaware of financial facilities and are able to assess diversified financial offerings and services for a sound judgments. In this regard, the OECD has argued that improving financial literacy is that action through which one can enhance their knowledge on financial products, services, theories, and concepts through training, instructions, and advice from experts to face future financial uncertainties; this practice ensures improved financial prosperity of society (OECD, 2005) [16]. There is a wealth of literature on literacy level of financial aspect and inclusion. In order to extract relevant literatures, researcher used “AND” and “OR” between the study variables. At an initial stage, researcher wanted to find the articles consisting two variables together for which the key word such as “financial literacy OR financial management behavior”, “financial management behaviour OR financial prosperity”, “financial management behavior OR financial well-being”, “financial literacy OR financial participation”, “financial literacy OR financial inclusion”, “financial inclusion OR financial prosperity”, “financial inclusion OR financial management behavior” were used. Furthermore to find the articles having only one variable researcher used “AND” between the variables. Apart from that the researchers used “Economic Development”, “Rural Growth” and “Financial capability” as a key word for further understanding of problems. These key-words were fed into Google search engine that is “Google Scholar” and numerous articles were extracted**.** The selected articles considering the relevancy of the study has been discussed in the below table 1 and also in conceptual framework.

Table 1: The numerous works on Literacy level on financial aspects, Inclusive Finance, Financial Management Behaviour and Financial (Prosperity) Well-Being have been discussed below:

S. No	Area	Contribution	Authors
1	Financial Literacy	Literacy concerning financial aspect means a person’s capability to effectively manage one's finances through preventing financial degradation, unforeseen events, and the accumulation of wealth.	(Mahdzan & Peter Victorian, 2013; Zakaria et al., 2016). [17][18]
2	Financial participation	Financial participation refers to how easily everyone in the economy may access, use, and be a part of the financial system.	(Rani, 2015). [19]
3	Financial Behavior	Setting and maintaining a budget, purchasing, borrowing, investing it, and risk control are all examples of financial behaviour.	(Xiao, 2008). [20]

4	Financial Prosperity	Financial prosperity is a person's perspective on their financial situation based on objective factors and how they evaluate it in comparison to norms.	Porter (1990). [21]
5	Economic Development	A nation's financial infrastructure needs a solid basis to grow and prosper economically, and Financial participation is crucial to laying that foundation.	(Sharma, 2016). [22]
6	Rural Growth	Enhancement in the standard of living leads to rural growth by reducing the level of poverty and encouraging entrepreneurship programmes, community development programmes such as road connectivity, health infrastructure, housing facility, education and empowerment programmes.	(Savitha & Jyothi, 2013). [23]; (Divya, 2014). [24]; (Nayak, 2012). [25]
7	Financial capability	Learning about finances is linked to better attitudes and behaviours, which, if maintained, may lead to increased financial capabilities.	(Batty et al., 2015). [26]

The preceding review provided an overview of various financial words and concepts. Aside from learning numerous concepts, pointing out personality traits, talents, or behaviors that distinguish some people from others in identical situations and enable them to prosper in good times is crucial. Such data can assist a range of stakeholders in facilitating and integrating their efforts to improve people's FWB [27] [28].

3. RESEARCH GAP :

Several prior research have been undertaken to show the relationship between FL, FB, FWB and FI in various geographical locations. However, because of the scarcity of published studies in the Dakshina Kannada district demonstrating the above correlations among the selected criteria triggered the researchers to conduct this study. Furthermore, this study provides a single point of entry to examine the direct and indirect influence of financial literacy, financial management behaviour, and financial participation on Financial Prosperity. As a result, this study is one of a kind since it empirically tests the existing relationship in the Dakshina Kannada district.

4. RESEARCH AGENDA :

- What are the factors that influence Financial Prosperity?
- What is the effectiveness of financial participation and financial Management behavior in mediating the relationship between financial literacy and Financial Prosperity?
- How well does financial participation contribute to Financial Prosperity via financial behaviour?

5. OBJECTIVES :

- To identify the factors contributing to financial prosperity.
- To assess the critical role of financial participation and Financial Management Behaviour in enhancing Financial Prosperity through financial literacy.
- To analyze the impact of financial participation on Financial Prosperity through better financial behavior.

6. CONCEPTUAL FRAMEWORK AND POSTULATE DEVELOPMENT :

6.1 Financial Literacy and Financial participation:

Financial participation, according to Allen, Demirguc-Kunt, Klapper and Martinez Peria (2016) [29], refers to adults having access to the right financial services as well as being able to use them efficiently. In this regard banks should adopt innovative strategies to ensure sufficient inclusion of all the sections of the society [30]. One among them can be conducting financial literacy programmes, as it improved people's understanding of the financial products and services that are accessible to them and also to help them in gaining their in-depth notion with the particulars of these products and services in Asia, according to [31]. Financial literacy does indeed assist people, particularly the poor, in making informed financial decisions and selections prior to using financial services provided by financial intermediaries [32]. Moreover the literacy among rural households enhances socio-economic development [33]. Moreover the proportion of people who can access the different financial services that financial institutions provide determines the economy's growth [34-36]. However, due to individuals' lack of technical knowledge of financial management, they make bad or incorrect investment and borrowing decisions, which decreases the ability of households to generate revenue [37]. These arguments suggest that people with poor financial management skills or those who lack financial literacy find it challenging to use financial services in ways that will boost their income and improve the welfare of their households [38-39]. Based on the above arguments the researchers has framed the below postulates;

P_{01} : Rise in financial literacy positively enhances Financial participation.

6.2 Financial participation and Financial Behaviour:

Financial participation (FI) emphasizes a variety of factors, including accessibility, availability, and financial system use. It benefits an overall more inclusive financial system. According to Karlan and Zinman (2010) [40], higher consumer credit availability has a variety of beneficial effects on household health, including making it easier to keep a job and bringing in more money. With regard to Financial participation it is measured by factors like having access to banking infrastructure, holding financial products that have been opened by a third party, holding one financial product, holding more than one financial product, as well as using and comparing financial products to see if they are linked to seven financial behaviors such as Budgeting, having an emergency savings, making ends meet, purchasing only what one may afford, paying bills on time, make adequate use of savings, and creating financial objectives are some examples of these habits Financial participation is proven to be correlated with good financial behaviour, particularly when families have the chance, knowledge, or desire to use and carry out a behaviour that interacts with the financial system[41]. As per these studies it can be postulated that;

$P_{02:}$ High Financial participation enables better financial behavior.

6.3 Financial Literacy and Financial Behaviour:

People who lack financial literacy are more likely to make poor financial decisions and fall prey to dishonest financial tactics [42]. As Financial literacy enhances one’s ability to manage money concerns and maintain long-term financial security, provides fundamental understanding of financial principles [43-44]. In addition, studies showed a remarkable association between financial behaviour and financial education. This information helps people to organise their finances, save money for unexpected expenses, make smart investments, and set financial goals [45-46]. This shows that improved financial literacy also leads to more lucrative financial product investments and improved retirement planning [47-48]. However, studies like [49] show the significance of awareness related approach which can modify behaviour or collate information and behaviour and may create constrained generalizing impact. supporting to which people using credit cards are more likely to take money out of the ATM and use it to make purchases.

P_{03}: High financial literacy contributes to better financial behavior.

6.4 Financial Behaviour and Financial Prosperity:

Financial literacy and FinBs have a beneficial association, according to the literature [50-53]. Prior research has shown that good financial management practices, such as managing cash flow and using credit, savings, and investment products responsibly, are necessary for people to achieve short- or long-term financial wellbeing e.g. [54-55]. Additionally, [56] observed a relationship between financial performance, FinB, and financial knowledge. According to [57], a person's attitude toward awareness of sound money management is influenced by their level of financial literacy. This mindset influences how one manages their finances in practice, which in turn affects the results of that management. It may be less likely for people to fall victim to dishonest sales tactics used by financial product and service providers if they have financial education and decision-making experience [58]. In support of this [59-60] also argue that, FinBs have a role in how financial education affects FWB. Sehrawat, K., Vij, M., & Talan, G. (2021) [61] highlighted the theoretical framework which was adapted from Deacon and

Firebaugh (1988) [62] which demonstrates that financial literacy enables Financial Management Behaviour which further contributes to Financial Prosperity which is shown below.

Fig. 1: *Conceptual Framework by Deacon and Firebaugh (1988) cited by Sehrawat, K., Vij, M., & Talan, G. (2021) with the self-depiction [61-62]*

P_{04}: Better Financial Management Behaviour majorly enhances Financial Prosperity.

6.5 Financial participation and Financial Prosperity:

According to Kempson, E., Finney, A., & Poppe, C. (2017) [63], a person is financially well-off if they are able to easily meet all of their present obligations and requirements and have the monetary sustainability to do so in the future. By providing access to payment systems and lowering transaction costs, [29] argue that access to the monetary system improves financial wellbeing. However, it is unclear how using financial products and services is related to sound financial behaviour at the micro level. Increase in consumer demand for the services related to money or finance can enhance distribution of risk, growth of stable economy and also boosting the overall advancement of financial industry [64]. In recent years, financial participation (FI) has drawn attention as an essential element of global sustainable development [65]. Due to the relationship between economic prospects and access to financial services, which has a special effect on the poor due to their ability to borrow, save, and invest [66]. Duvendack et al., (2011) [67] study the effectiveness of small financing on the growth of of low-income households. As per their results it was found that financial access from Micro finance had a substantial impact on changes in household socio-economic development. Furthermore Women's participation in financial system also globally enhances socio-economic prosperity; claim [68-69] [13]. Furthermore, a study of street sellers discovered that financial participation considerably improves Financial Prosperity [70]. As per the above arguments we can postulate that:

P_{05}: Financial participation significantly determines the Financial Prosperity of the individual.

6.6 Financial Literacy and Financial Prosperity:

According to the review conducted on previous related works, financial literacy and financial wellbeing have different definitions and measurements. Furthermore, financial actions and demographic features appear to interfere and contribute to the connection between financial literacy and financial prosperity, which appears to be advantageous [71]. The findings revealed a link between age and education, as well as financial literacy and well-being. Men and married people have higher levels of financial literacy. Financial literacy increases Financial Prosperity, demonstrating a link between financial participation and financial behaviour. Financial wellness has been the topic of various researches, including [72].

P_{06}: Financial literacy has correlation with Financial Prosperity.

6.7 Self-Efficacy Theory:

The term "self-efficacy theory" describes how people rate their potential to develop the desired financial behaviour and to become financially capable by having adequate financial knowledge, a positive financial attitude, and Financial participation [73]. This theory strongly pressured on the significance of financial knowledge, behavior and inclusion in attaining financial capability which is essential to attain Financial Prosperity. In support of which the result of one study depicted that Financial Prosperity is positively impacted by financial knowledge, financial behaviour, and financial participation. Financial behaviour and Financial participation also serve as a moderator for the impact of financial knowledge on Financial Prosperity [74]. The researcher has also demonstrated the relationship between these variables which is depicted below in figure 2.

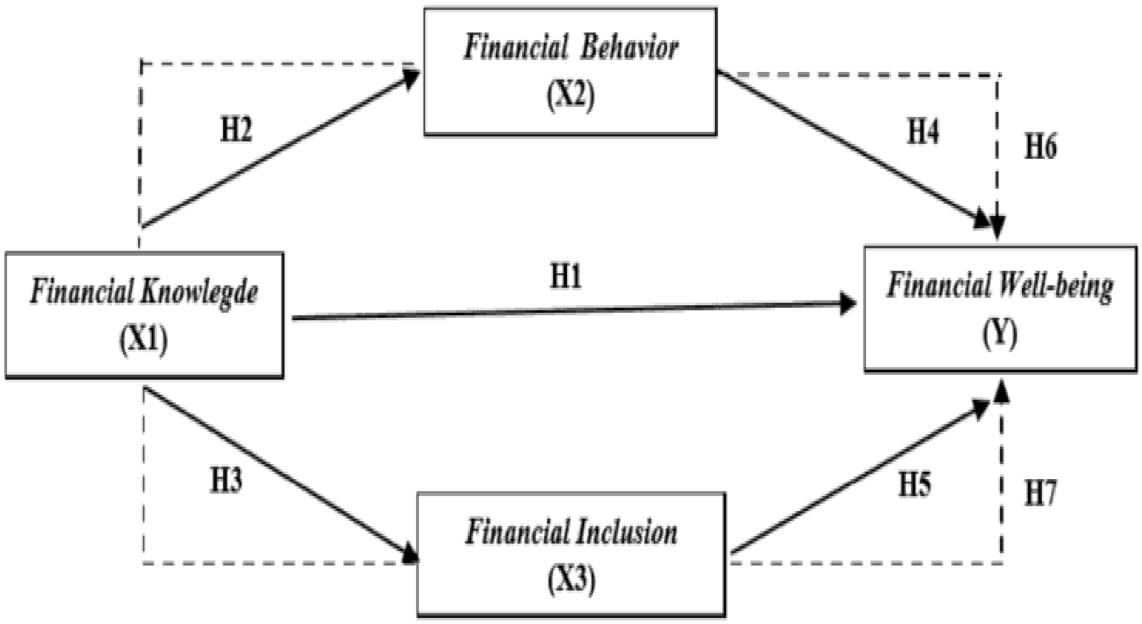

Fig 2: Conceptual framework by Selvia, G., Rahmayanti, D., Afandy, C., & Zoraya, I. (2021) [74]

P_{07}: Financial literacy highly contributes to Financial Prosperity through the mediation of financial participation and financial management behavior.

Aside from the above conceptual framework indicating various hypothetical relationships, this study also attempts to analyse the mediating impact of financial behaviour between inclusive finance and financial (prosperity) well-being, as well as the influence of various demographic factors on the literacy level of financial aspects, inclusive finance, management behavior of finance, and financial prosperity of Dakshina Kannada households. Many postulates were created based on the aforesaid conceptual and theoretical framework, and the conceptual model is shown below (Figure 3):

$P_{08:}$ Financial participation highly influences Financial Prosperity through the mediation of financial behaviour.

7. CONCEPTUAL MODEL :

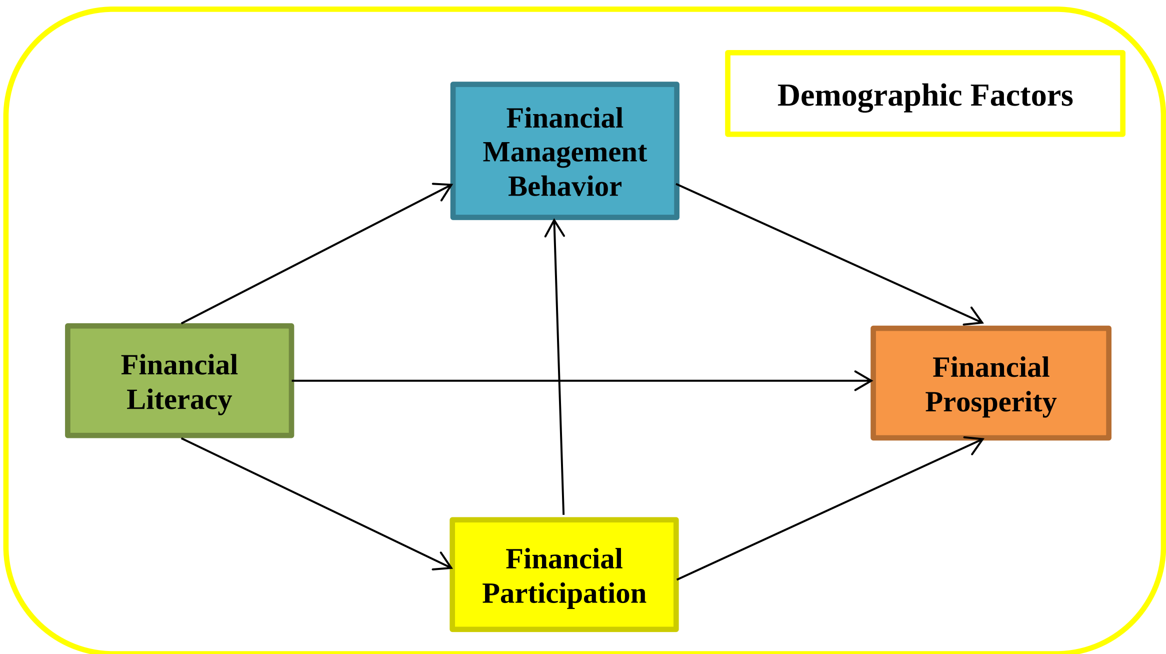

Fig. 3: Developed by the researcher by considering the above conceptual framework.

8. HYPOTHESES :

H1: Financial Management Behavior (FB), Financial Literacy (FL), Financial Prosperity (FWB) and financial participation (FI) of the households are significantly influenced by their demographic factors.
H2: Financial literacy of households has direct influence on financial participation.
H3: Financial Management Behaviour of households are significantly influenced by financial literacy.
H4: Financial participation remarkably influences Financial Management Behaviour of the households.
H5: Financial literacy has correlation with Financial Prosperity.
H6: Financial participation significantly determines the Financial Prosperity of the households.
H7: Financial Management Behaviour of the households majorly contributes to their financial (prosperity) well-being.
H8: Literacy level on financial aspects significantly impacts financial (prosperity) well-being of households through the mediation of Financial participation and financial behavior.
H9: Financial participation significantly influences Financial Prosperity of the households through the mediation of financial behavior.

9. RESEARCH METHODOLOGY :

The study adopted structured questionnaire as a method of data collection. Building the questionnaire based on various constructs is a very crucial stage, as the results will be based on the selected measurement scales as well as constructs which has supportive evidences from previous researches or focused group interview. Hence the questionnaire in this research was framed using various standardized measurements for financial literacy from [75][76][77][78][79]; for Financial participation measurements were referred from [80][81]; for Financial Management Behavior [82][83][84] and for Financial Prosperity standardized measurement was referred from[85]. 398 responses to the original data collecting survey were obtained, and these responses were further analysed utilising a variety of statistical techniques to meet the study's objectives. These tools included ANOVA and Structural Equation Modeling (SEM) using SPSS 26 and SPSS AMOS 23. 33 items were used to measure literacy level on financial aspects, inclusive finance, financial management behavior and Financial Prosperity; financial literacy is measured using 9 indicators, Financial Management Behaviour is measured using 7, Financial participation is measured using 10, and Financial Prosperity is measured using 7 items. Since the goal of this survey was to determine how much people agreed and knew about the aforementioned constructs, a five-point Likert scale was used. The Financial participation, financial behaviour, and Financial Prosperity statements are rated on a scale of agreement, with V designating "Strongly Agree," IV "Agree," III "Neutral," II "Disagree," and I "Strongly Disagree." According to Paguigan, G. J., and Jacinto (2018), a Likert scale of 5-point was used to assess financial literacy, with 5 standing for "Fully aware," 4 for "Aware," 3 for "Neither aware nor not aware," 2 for "Not aware," and 1 for "Fully not aware." Additionally, secondary data has been examined using a variety of online resources, including Google Scholar, Science Direct, Tailor and Francis, Emerald Publications, Srinivas publications, etc.

10. ANALYSIS :

10.1 Sample Profile:

The study addressed the literacy level on financial aspects, inclusive finance, financial management behavior and financial wellbeing among the households in the region of Dakshina Kannada. Before analysis the collected data from the household it is essential to glance through their demographical background. As per the percentage analysis it was witnessed that 46.2% of the respondents belong to 25-35 years age category and 35.9% of them are within the age category of 35-45. As far as educational background of the samples is concerned majority (34.9%) of them is having high school level of education and 27.1% of them are having only primary education. When the study is related to financial aspects of the households it becomes vital to assess their income level. It was witnessed that majority (40.2%) of the households have the income level of 10000 to 20000 on a monthly basis. Only few (9.3%) have the income level above 40000. Many people will set aside monies for future needs like retirement, children's education, the purchase or construction of a home, or other unexpected expenses [42]. Hence savings tends to be the major factor influencing financial capabilities as a result this research has also considered savings as one of the demographic factor. In this study savings of the households in case of majority of the households ranges from 2500-5000 (31.9%) and 5000 – 7500 (31.9%) on a monthly basis. Next majorities (20.1%) save more than 7500 in a month. As far as religious status of the households is concerned majority of the households living in Dakshina Kannada is Hindu (65.8%). Their marital status revealed that majority (86.2%) of the respondents is married. Furthermore 24.4% of household respondents are private employees and 20.6% are Government employees. These sample profile further helps in understanding and analyzing the association between various parameters of financial capabilities and Financial Prosperity which is further discussed in the inferential analysis.

10.2 Inferential Analysis:

H1: *Financial Behavior, Financial Literacy, inclusive finance, and Financial (prosperity) Well-being of the households are significantly influenced by their demographic factors.*

H1a: *Financial Management Behaviour (FB), Financial Literacy (FL), financial participation (FI), and Financial prosperity of the households are significantly influenced by their age.*

Table 2: One-way ANOVA results presenting the influence of age on FB, FL, FP and FP

Variables	Less than 25	25 to 35	35 to 45	Above 45	F	P
Financial Literacy	39.5	36.1957	35.1888	34.9744	8.574	.000
Financial Participation	43.7813	40.0217	40.2168	39.359	5.906	.001
Financial Behavior	30.9688	28.1685	28.2168	28.1538	6.907	.000
Financial Prosperity	29.75	26.9674	28.1678	28.8462	9.567	.000

Source: Primary Data

Table 2 shows how age influences financial behaviour, participation in the financial system, financial education level, and Financial Prosperity. According to the statistics, the age groups under 25 (43.7813), 25 to 35 (40.0217), 35 to 45 (40.2168), and above 45 (39.359) showed great extent of Financial participation in comparison to their financial behaviour, financial literacy, and financial (prosperity) well-being. Furthermore, there are significant disparities in Financial Conduct, Financial Literacy, Access To finance, and Financial Prosperity within the household age groups. Thus, age has a significant effect on financial management behaviour, financial education, access to financial services, and financial (prosperity) well-being of households, leading to H1a acceptance. This result is in support of [86][87][88][89][90]which shows that Financial Behavior, Financial participation, Financial Literacy and Financial Prosperity of the households are significantly influenced by their age.

H1b: *Financial Management Behavior (FB), Financial Literacy (FL), Financial participation (FI), and Financial (prosperity) Well-being (FWB) of the households are significantly influenced by their educational qualification.*

Table 3: One-way ANOVA results presenting the influence of educational qualification on FB, FL, FI and FWB

Variables	Illiterate	Primary	High school	SSLC	PUC	IT/DIP	UG	PG & Above	F	P
Financial Literacy	34.43	35.56	36.63	36.35	35.96	37.25	32.87	38.28	2.42	.019
Financial participation	38.33	40	41.41	41.42	39.53	41.25	32	43.28	10.15	.000
Financial Behavior	26.6	28.14	29.10	29.23	27.80	28.87	24	30.57	7.97	.000
Financial Prosperity	28.1	28.76	27.05	28.59	26.30	26.75	26.18	30	4.81	.000

Source: Primary Data

The data in table 3 indicates how educational attainment influences financial literacy, Financial participation, financial behaviour, and financial (prosperity) well-being. According to the report, the following educational qualifications showed great extent of Financial participation: illiterate (38.33), primary (40), high school (41.41), SSLC (41.42), PUC (39.53), IT/Diploma (41.25), UG (32), and PG & above (43.28). Furthermore, there are significant disparities in Financial Knowledge, Financial Conduct, Access to finance, and Economic Well-Being among households with varying educational degrees. Thus, educational quality has a significant impact on Literacy extent on financial aspects, access to financial service, financial behaviour, and financial health of households, which leads to H1b acceptance. The study conducted by [91][92][93][94] also found that Financial Behavior, Literacy level about financial aspects, Financial participation, and Financial (prosperity) Well-being of the households are significantly influenced by their educational qualification.

H1c: *Households' literacy level of financial aspects (FL), financial behaviour (FB), financial participation (FI), and Financial Prosperity (FWB) are all heavily influenced by their income level.*

Table 4: One-way ANOVA results presenting the influence of income level on FB, FL, FI and FWB

Variables	Less than 10000	10000 to 20000	20000 to 30000	30000 to 40000	Above 40000	F	P
Financial Literacy	36.2958	36.425	35.791	35.3651	34.8378	1.294	.272
Financial participation	41.0986	40.6	40.6418	39.7778	38.0541	2.692	.031
Financial Behavior	28.8169	28.625	28.4478	28	27.3243	1.606	.172
Financial Prosperity	28.0845	27.9563	27.5075	27.6667	27.4054	.479	.751

Source: Primary Data

The data in table 2 demonstrates the relationship of income level on financial education, access to finance, financial behaviour, and financial (prosperity) well-being. According to the findings, the level of financial participation is high in the income ranges of less than $10,000 (41.0986), $10,000 to $20,000 (40.6), $10,000 to $30,000 (40.6418), $10,000 to $40,000 (39.7778), and $10,000 to $40,000 (38.0541). Furthermore, access to finance, financial education, financial planning behaviour, and Financial Prosperity varied dramatically across income levels. As a result, income levels have a substantial influence on financial knowledge, financial behaviour, access to finance, and financial health of households, culminating in H1c acceptance. influence of income level is also address by [91][94] which gives a clear picture that Financial management Behavior, Financial knowledge, Financial participation, and Financial (prosperity) Well-being of the households are significantly influenced by their educational qualification.

H1d: *Financial Management Behaviour (FB), Financial participation (FI), Financial Literacy (FL), and Financial (prosperity) Well-being (FWB) of the households are significantly influenced by their marital status.*

Table 5: Independent sample t-test results presenting the influence of educational qualification on FB, FL, FI and FWB

Variables	Single	Married	P
Financial Literacy	37.6182	35.7172	.005
Financial participation	41.8182	40.0904	.019
Financial Behavior	29.3091	28.2653	.034
Financial Prosperity	27.9818	27.7784	.681

Source: Primary Data

The data in table 3 shows how marital status influences financing decisions, access to financial services, financial education, and financial health. According to the statistics, single (41.8182) and married (40.0904) people had great extent of financial participation when compared to their financial conduct, financial knowledge, and financial (prosperity) well-being. Furthermore, there are substantial differences in Financial Conduct, Financial Literacy, access to finance, and Financial (Prosperity) Well-Being between single and married respondents. Thus, marital status has a significant impact on financial conduct, financial education, access to financial service, and financial (economic success) well-being of households, leading to H1d acceptance. This result is also in support of the results of [93][90]. Hence it can be finally supported that financial participation (FI), Financial Literacy (FL), Financial Management Behavior (FB), and Financial Prosperity (FWB) of the households are significantly influenced by their marital status.

10.3 Regression analysis:

As depicted in the proposed model the study attempted to test the direct impact of each variable on the other through structural equation modeling or multiple regression analysis. The result of which is depicted as below;

H2: *Financial literacy of households has direct influence on financial participation.*
H3*: Financial Management Behaviour of households is significantly influenced by financial literacy.*
H4: *Financial participation remarkably influences Financial Management Behaviour of the households.*
H5: *Financial literacy has correlation with Financial Prosperity.*
H6: *Financial participation significantly determines the Financial Prosperity of the households.*
H7: *Financial Management Behaviour of the households majorly contributes to their Financial Prosperity.*

Table 6: Direct effect Results with regard to FB, FL, FI and FWB

Direct effect			S. Est.	S.E.	C.R.	P	Label
Financial participation	<---	Financial Literacy	.750	.056	9.861	***	Highly Significant
Financial Behavior	<---	Financial Literacy	.273	.046	3.786	***	Highly Significant
Financial Behavior	<---	Financial participation	.698	.083	7.247	***	Highly Significant
Financial Prosperity	<---	Financial Literacy	.096	.101	.735	.462	Not Significant
Financial Prosperity	<---	Financial Behavior	.432	.346	1.528	.027	Significant
Financial Prosperity	<---	Financial participation	.607	.259	2.458	.014	Significant

Source: Primary Data

The suggested model's model fit was evaluated using AMOS with the minimum requirements H2-H7. According to table 6, financial literacy has a substantial direct effect on financial participation (H2) (E=.750, P <0.01), demonstrating that higher financial literacy leads to high Financial participation among households, as corroborated by [95][96][97]. Financial literacy also has a highly significant impact on financial behaviour (H3) (E=.273, P <0.01), indicating that an increase in financial knowledge leads to an increase in financial behaviour, as demonstrated by the study conducted by [98-99]. Similarly, access to finance has a large and substantial impact on household financial conduct (H4) (E=.698, P <0.01), suggesting that increasing financial participation leads to improved financial behaviour. However, financial education has no substantial direct impact on Financial Prosperity (H5), with the lowest estimate of.096 indicating a minor contribution in favour of this [100]. Furthermore, an increase in financial conduct has a direct and significant impact on financial health (H6) (E=.432, P.005). Finally, and most critically, access to finance has a significant impact on Financial Prosperity (H7) (E=.607, P.005). This means that increasing financial participation improves the economic well-being of households, lending credence to the prior study undertaken by [70]. Except for H5, the following hypotheses were accepted: H2, H3, H4, H6, and H7. Various studies also have been conducted such as [101-110] on financial literacy (FL), Financial participation (FI), financial behaviour (FB) and Financial Prosperity (FWB) and majority of the articles are in support of the study results.

10.4 Mediation Analysis:

H8: *Literacy level on financial aspects (FL) significantly impacts financial prosperity (FWB) of households through the mediation of financial participation (FI) and Financial Management Behaviour (FB).*

Mediation analysis was conducted to assess the mediating role of Financial Management Behaviour and Financial participation in relationship between financial literacy and Financial Prosperity. The results of total, direct and indirect effect is shown in the below table 7.

Table 7: Results of mediating effect in case of Financial Management Behaviour and Financial participation as a mediator.

Effect	Standardized Estimation (SE)	P-value	Results
Financial Behaviour			
Effect (Total)	0.70	P<0.01**	Statistically significant
Effect (Direct)	0.10	P>0.05	Not significant
Effect (Indirect)	0.60	P<0.01**	Statistically significant
Financial participation			
Effect (Total)	1.36	P<0.01**	Statistically significant
Effect (Direct)	0.10	P>0.05	Not significant
Effect (Indirect)	1.26	P<0.01**	Statistically significant

Source: Data Analysis

As per the mediation analysis shown in the table 7 presented the estimate showing direct, total and indirect effect of the study variable. When the Financial Management Behaviour plays a mediating role between financial literacy and Financial Prosperity, the total effect shows the estimate value of 0.70 with the statistical significant result (P<0.01**). Moreover it was witnessed that there is insignificant direct impact of financial literacy on Financial Prosperity (E=0.10, P>0.05) but when Financial Management Behaviour is mediated in relationship between financial literacy and Financial Prosperity the effect is significantly high as the indirect effect showed the estimate value of 0.60 with p below 0.01. Hence financial literacy significantly contributes to financial prosperity via financial conduct. Secondly, considering Financial participation as a mediator between financial literacy and Financial Prosperity it was evidenced that there is a total effect of E=1.36 which is comparatively higher than the total effect of mediation of financial behavior. As shown above there is insignificant direct effect of financial literacy on the Financial Prosperity. But when Financial participation is mediated between these two the effect is immensely significant with the estimate value of 1.26 (P<0.01**). Overall it can be inferred that Financial Management Behaviour and Financial participation significantly mediates the relationship between financial literacy and Financial Prosperity, but financial participation highly contributes to Financial Prosperity than mere financial behavior. Similarly [111][46] have also analysed the mediating role financial behaviour and Financial participation and found the supporting results. Therefore H8 shall be accepted.

H9: *Financial participation significantly influences Financial Prosperity of the households through the mediation of financial behavior.*

The above mediation analysis assessed the mediating role of Financial Management Behaviour and Financial participation between financial literacy and Financial Prosperity. H9 is concerned with assessing the mediating role of Financial Management Behaviour in relationship between financial participation and Financial Prosperity. The results in this regard are shown in the table 8.

Table 8: Results of Total, Direct and Indirect effect in case of Financial Management Behaviour as a mediator between financial participation and Financial Prosperity.

Effect	Standardized Estimation (SE)	P-value	Results
Effect (Total)	1.13	P<0.05**	Statistically significant
Effect (Direct)	0.61	P<0.05**	Statistically significant
Effect (Indirect)	0.52	P<0.05**	Statistically significant

Source: Data Analysis

Table 8 depicts the result of total, direct and indirect effect of financial behaviour as a mediator between financial participation and well-being. As per the result the total effect is significantly high (E=1.13, P<0.05**). But according to the direct and indirect results Financial participation has highly significant direct effect (E=0.61) on the Financial Prosperity than the indirect effect witnessed due to the mediation of Financial Management Behaviour (E=52, P<0.05**). However Financial Management Behaviour also shows a significant mediating effect between financial participation and Financial Prosperity. Therefore we can conclude that financial participation significantly influences Financial Prosperity of the households through the mediation of Financial Management Behaviour indicating the similar results shown in the study conducted by [45], H9 is accepted.

11. TESTED MODEL :

To test the hypothesis 2 to hypothesis 9 the study implemented Structural equation modeling using SPSS AMOS 26. The implementation of SEM required the fulfillment of various assumption after testing the goodness fit of the model the below shown hypothetical relationships were tested. The results which was presented and interpreted in a above sections are depicted in the below figure with estimate value to get the better notion on the tested relationship.

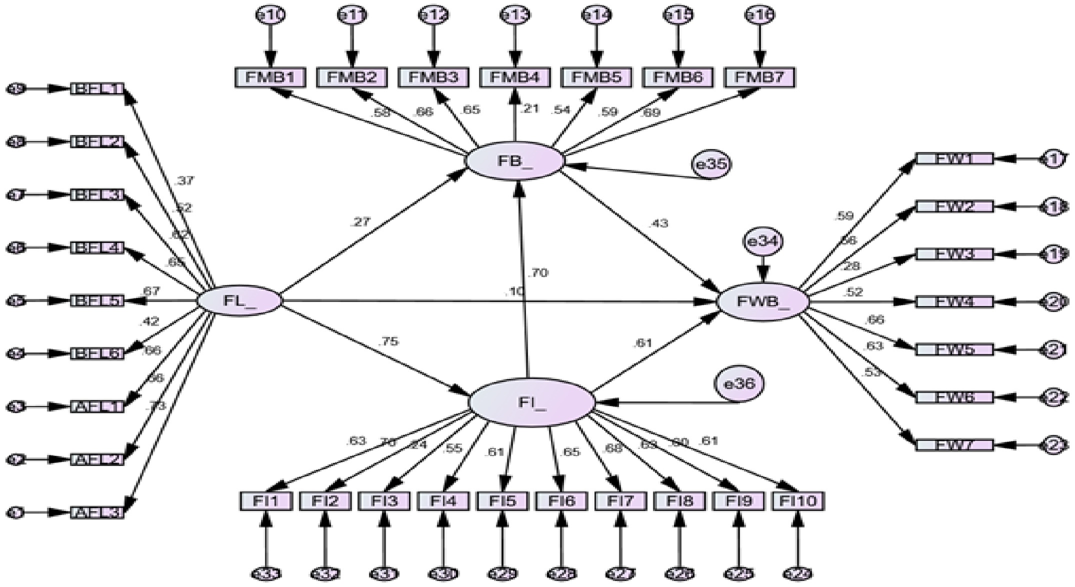

Fig. 4: Tested model on FB, FL, FI and FWB.

Note: FB= Financial Management Behavior, FL= Financial Literacy, FI= Financial Participation and FWB= Financial Prosperity

12. PRACTICAL IMPLICATIONS :

Based on prior models and frameworks, this study tried to evaluate the effectiveness of this model by taking into account various demographic profiles and the impact of financial participation on financial behavior leading to Financial Prosperity. According to the findings, financial participation is a major catalyst, either directly or indirectly; thus, the findings of this study have emphasized the importance of financial participation in improving the Financial Prosperity of every household. The same study can also be carried out in different geographical regions to assess the impact of each variable on Financial Prosperity in the chosen region. The result of this study is also an extension to those studies which has recommended high awareness of financial products so that more population can be included financially which can in turn contribute to Financial Prosperity. Hence this result is a useful tool for policy makers, financial institutions, government authorities to conduct aggressive campaigns to promote financial literacy and financial participation.

13. CONCLUSION :

The purpose of this study was to examine the effect of financial knowledge or literacy on financial (prosperity) well-being via the mediation of financial management behaviour and financial participation, as well as to assess the role of financial management behaviour in mediating the relationship between financial participation and Financial Prosperity. According to the findings, financial literacy has a negligible direct effect on Financial Prosperity; however, financial literacy of households significantly contributes to their financial participation, and financial participation has a significant impact on the Financial Prosperity of households in Dakshina Kannada. Furthermore, financial literacy influences financial management behaviour, which enhances Financial Prosperity once again. Aside from these findings, the study discovered that financial participation significantly influences financial management behaviour, which leads to Financial Prosperity. Taking into account all of the findings, it was discovered that Financial participation here is a crucial trigger in impacting Financial Prosperity. As a result, expanding financial participation is critical for enhancing household Financial Prosperity, which also presents a rising possibility for a country's growth via improving economic status.

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