Asian Journal of Finance (2026) 3(1), 86-105

Journal homepage: https://www.sab.ac.lk/mgmt/ajf/
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Article

An integrated role of cognitive and psychological mechanisms in shaping financial well-being: Evidence from Sri Lankan Public Sector Physicians

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Abstract: *Financial literacy has become a national priority in Sri Lanka, particularly in light of the country's persistent economic challenges. Despite decades of increased focus on financial education, the nationwide financial literacy survey conducted in 2021 reported that although Sri Lankans have a satisfactory level of financial knowledge, their financial attitudes and actual financial behaviour lag behind their financial knowledge. Hence, financial literacy can no longer be considered to be directly associated with financial well-being, and there is a need to examine mechanisms that convert financial literacy into positive financial behaviour and thereby improve financial well-being. Concerning the widely held belief in the significance of psychological processes in making behavioural changes, this study attempts to examine whether individuals' psychological states, in particular financial self-efficacy and financial resilience, can help in explaining the gap between financial literacy and their financial well-being. The study is particularly concentrated among Sri Lankan public sector physicians, as they often lack formal financial education or training; however, they are expected to be financially secure due to their high-income status. Data collected from a sample of 101 government-employed physicians in Sri Lanka were analysed using regression analysis with the PROCESS macro available in the IBM SPSS software. The findings show that financial literacy influences financial well-being only when financial self-efficacy and financial resilience act as mediators. These results highlight the significant role of financial self-efficacy and financial resilience as psychological mechanisms in translating financial literacy cognitions into financial well-being of the public sector physicians. This study makes a theoretical contribution by extending the conceptualisation of financial capability as integrative of both cognitive and psychological mechanisms that guide financial behaviours, leading to financial well-being. From a practical standpoint, the findings highlight that financial literacy interventions should be designed beyond the dissemination of financial knowledge to strengthen individuals' confidence in applying financial knowledge and their capacity to withstand financial shocks. Accordingly, these implications are*

Received
23 July 2024
Revised
06 November 2024
Accepted
07 February 2025
Published
30 October 2026

Citation: K.V. Aruna Shantha (2026). An Integrated Role of Cognitive and Psychological Mechanisms in Shaping Financial Well-Being: Evidence from Sri Lankan Public Sector Physicians. *Asian Journal of Finance, 3*(1). 86-105. https://doi.org/

Asian Journal of Finance
© Faculty of Management Studies Sabaragamuwa University of Sri Lanka
ISSN: 2806-5107

especially pertinent to the execution of Sri Lanka's National Financial Literacy Road-map.

Keywords: Financial attitude, financial awareness, financial literacy, financial knowledge, financial self-efficacy, financial resilience, financial wellbeing.

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1. INTRODUCTION

Financial literacy refers to a combination of knowledge, attitudes, skills, and behaviours necessary for sound financial decision-making. In personal finance, financial literacy shapes the decisions people make about saving, investing, borrowing, and managing risk, which ultimately contribute to their financial well-being (Madhushani & Rajapakse, 2023). Financial literacy is now regarded as a fundamental life skill since it is crucial for increasingly complicated financial decisions that individuals make in the current financial landscape characterised by a large variety of financial products, the globalisation of financial systems and increased economic uncertainty. Thus, financial literacy has become imperative for effective living in today's complex socio-economic environment (Das & Mahapatra, 2023; Singh & Sharma, 2021; Tohar & Akron, 2025).

Financial well-being is an individual's perception of his/her ability to sustain the current and anticipated desired living standards and enjoy financial freedom (Brüggen et al., 2017). It is "a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future and is able to make choices that allow them to enjoy life" (Consumer Financial Protection Bureau, 2015, p.18). The literature largely revealed the direct association between financial literacy and financial well-being. Strong financial literacy has been repeatedly linked to reduced financial stress, proactive financial planning, and better preparedness for financial shocks (Zhang & Chatterjee, 2023). On the other hand, a lack of financial literacy can lower overall life satisfaction and jeopardise both short-term and long-term financial stability (Dunuthilake, 2022). Accordingly, the importance of financial literacy in fostering financial well-being has been increasingly recognised in the literature (Hwang & Park, 2023; Malik et al., 2024; Choowan et al., 2025).

The concept of financial literacy has also been advanced with a multidimensional perspective. As one such perspective, financial literacy refers to the mental process through which a person understands and responds to financial matters. Tohar and Akron (2025) propose financial literacy cognitions which comprise three cognitive components, namely financial knowledge, financial attitude and financial awareness. Financial knowledge relates to understanding fundamental financial concepts such as interest rates and inflation. Financial attitudes reflect one's mindset relating to short-term financial decision-making, which includes those relating to day-to-day financial matters such as savings vs. spending decisions. Financial awareness relates to a person's awareness towards long-term financial

risks, issues, and challenges such as mortgages, retirement planning, and indebtedness. Tohar and Akron (2025) claim that these three cognitive components have a substantial impact on both positive and negative financial behaviour, resulting in financial well-being.

1.1 Research Problem

Given the persistent economic instability and people's reliance on informal financial practices, financial literacy has become a crucial research and policy concern in Sri Lanka. According to the Financial Literacy Survey Sri Lanka 2021, conducted by the Central Bank of Sri Lanka, 57.9% of Sri Lankans were reported to be financially literate with a satisfactory level of financial knowledge; however, their financial attitudes and actual financial behaviour lag behind their financial knowledge (Central Bank of Sri Lanka, 2021). In addition, despite a satisfactory level of financial knowledge among Sri Lankans, the Central Bank's Annual Economic Review (2023) emphasises that they frequently fail to apply this knowledge effectively in their financial decision-making, which would result in problematic behaviours such as excessive borrowing, susceptibility to financial scams and persistent over-indebtedness. Consistent with this view, Choowan et al. (2025), through a meta-analytical review of experimental studies, identified substantial heterogeneity in the effect of financial literacy on financial behaviour and emphasised that the pathway from financial literacy to financial well-being requires further research. Tohar and Akron (2025) also demonstrate that while financial knowledge and attitude foster positive behaviours, they are not sufficient to reduce negative financial behaviour, such as reckless spending or over-indebtedness. Accordingly, the evidence suggests that acquisition of financial knowledge alone does not ensure its effective translation into positive financial behaviours leading to financial well-being. Drawing on Prospect Theory (Kahneman & Tversky, 1979), Self-efficacy Theory (Bandura & Adams, 1977) and Social Cognitive Theory (Bandura, 1986), this study attempts to address the question of what psychological mechanisms enable financial literacy cognitions to be translated into positive financial behaviour that enhances financial well-being. Based on these theoretical perspectives, it is argued that financial self-efficacy and financial resilience function as psychological enablers which improve individuals' psychological preparedness to make wise financial choices, thereby facilitating the translation of financial literacy cognitions into positive financial behaviour that enhances financial well-being. Accordingly, this study examines whether financial literacy cognitions influence financial well-being while financial self-efficacy and financial resilience serve as mediating psychological mechanisms.

The study of this financial literacy-well-being gap is especially crucial for individuals who do not have formal financial education but are assumed to be financially secure based on their high income, as a high income alone does not necessarily ensure improved financial well-being. Accordingly, this study is particularly concentrated on a segment of professionals, known as Sri Lankan public sector physicians, due to the following reasons. First, they lack

formal financial education or training; however, they are expected to be financially secure due to their high-income status. Second, since the literature reveals that even professionals may experience financial difficulties caused by low financial literacy (Jayakody & Gunaratne, 2020), and psychological states such as low financial self-efficacy (Farzan, 2024), their relatively high and stable income does not necessarily guarantee positive financial behaviours leading to financial well-being. Thus, Sri Lankan public sector physicians appear to be an ideal context for the study of the financial literacy-well-being gap.

By examining the financial literacy-well-being gap in this unique context, the study offers the following contributions to literature and practice. First, it extends the conventional conceptualisation of financial capability (as consisting of knowledge, skills, attitudes, and behaviour) by conceptualising it as integrative of both cognitive and psychological mechanisms that guide financial behaviours, leading to financial well-being. Second, it fills a patent empirical gap by concentrating on a segment of the population in Sri Lanka who, despite their high income, frequently lack sufficient financial capabilities. Thus, the findings of the study will facilitate the execution of Sri Lanka's National Financial Literacy Roadmap for this segment of the population. Third, by examining cognitive and psychological dimensions leading to better financial behaviours, it advances the literature showing the need for a comprehensive perspective in the studies on financial well-being. Fourth, since the study expands knowledge of the mechanisms by which financial well-being is enhanced, its findings will influence national financial education strategies, direct the creation of focused literacy interventions, and offer useful insights for professional training institutions and healthcare administrators for developing continuous professional development programmes. Overall, the findings highlight that financial literacy interventions should be designed beyond the dissemination of financial knowledge to strengthen individuals' confidence in applying financial knowledge and their capacity to withstand financial shocks.

The rest of the paper is organised as follows. Section 3 reviews the relevant literature and develops the hypotheses to be examined. The research methodology is detailed in Section 4. Section 5 discusses hypothesis testing results. Section 6 concludes the paper. The theoretical and practical implications of the study are discussed in Section 7.

2. LITERATURE REVIEW

2.1 Theoretical Review

The concepts of financial literacy and financial well-being have attracted increased attention in personal finance, economics, and behavioural science. According to Das and Mahapatra (2023) and the Central Bank of Sri Lanka (2021), financial literacy is defined as a combination of financial knowledge, behaviour, and attitude that enables people to make wise decisions about the use and management of money. The eventual outcome of financial literacy is financial well-being, which is reflected through a person being able to fulfil present

and future financial commitments, preserve financial stability, and experience financial freedom (Bruggen et al., 2017). The interaction between these two concepts has become the main emphasis of current personal finance research.

Financial literacy plays a vital role in financial planning since it empowers people to make wise decisions about saving and spending throughout their lives. An early theoretical basis is provided by Modigliani and Brumberg's life cycle hypothesis, which states that people save during periods of high income and dissave during periods of low income, such as retirement (Hayes, 2024; Zhang & Chatterjee, 2023). Maslow's hierarchy of needs supports this perspective by stating that financial stability is a prerequisite for higher-order accomplishments. It suggests that a person's psychological and safety needs, which are essential elements of financial well-being, are directly impacted by income and its efficient management (Prakash et al., 2022). According to traditional theories such as Expected Utility Theory and Rational Choice Theory, people use rational calculations to make decisions that maximise their own interests (Ganti, 2024; Biglieri, 2022). According to these theories, financially literate individuals are better at analysing risk-return trade-offs and digesting financial data, which helps them make better financial decisions. However, Kahneman and Tversky's Prospect Theory (1979) offers an alternative behavioural perspective to these classical views by showing how individuals frequently use heuristics and are impacted by their psyches in ambiguous situations.

Self-efficacy Theory (Bandura & Adams, 1977) and Social Cognitive Theory (Bandura, 1986) can be recognised as critical theoretical frameworks for comprehending the psychological processes by which financial literacy promotes financial well-being. These theories highlight the role of individuals' beliefs in their capabilities to execute behaviour in influencing their actual behaviour. When it comes to making financial decisions, those who are more financially literate are more likely to have a better sense of financial self-efficacy, which indicates that they believe they are capable of handling debt, managing finances, and creating future plans. Accordingly, financial literacy operates as a cognitive mechanism that changes individuals' confidence and their emotional responses to financial issues. Based on these theoretical viewpoints, this study argues that individual's financial self-efficacy and resilience serve as psychological means that convert financial literacy into financial well-being. In other words, financial literacy does not merely result in individuals' mental capacity to make wise financial choices. However, it occurs if it strengthens their psychological resilience, lowering the perceived weight of financial difficulties and boosting self-confidence in their capacity to handle them. Thus, theoretically, there exists the mediating role of self-efficacy and resilience as crucial psychological mechanisms in converting financial literacy into financial well-being.

2.2 Empirical Review

Previous empirical studies consistently confirm that financial literacy significantly influences financial well-being. The studies by Lone and Bhat (2022), Das and Mahapatra (2023), and Singh and Sharma (2021) provide evidence that individuals with stronger financial literacy tend to demonstrate better saving behavior, reduced financial stress, and a greater sense of financial security. For instance, financial knowledge has been found to positively affect financial well-being (Das & Mahapatra, 2023; Iramani & Lutfi, 2021). However, certain research (for example, Chauhan et al., 2022; Chaity et al., 2024) suggests that financial knowledge alone may not be sufficient, as it does not always translate into improved financial outcomes without the support of positive financial attitudes and financial awareness. In addition, Choowan et al. (2025), through a meta-analytical review of experimental studies, identified a substantial heterogeneity in the effect of financial literacy on financial behavior, and emphasized that the pathway from financial literacy to financial well-being require further research. These findings point to the fact that financial literacy is no longer considered to be directly associated with financial well-being, and there is a need to examine mechanisms that convert financial literacy into positive financial behaviour and thereby improve financial well-being.

Financial literacy cognitions and financial well-being

Recent research has increasingly moved beyond a singular focus on financial knowledge to explore financial literacy as a broader set of cognitive, attitudinal, and perceptual dimensions. A significant advancement in this regard is the cognitive framework for financial literacy introduced by Tohar and Akron (2025). Their model comprises three distinct time-horizon-based and interrelated financial literacy cognitions, namely financial knowledge, financial attitude, and financial awareness. These dimensions are mapped according to an individual's short-term vs. long-term financial planning horizons. Tohar and Akron (2025) empirically find that all three cognitions significantly influence positive financial behaviour, such as budgeting, saving, and careful spending. More importantly, financial awareness cognition in their framework, which captures individuals' understanding of long-term financial obligations like mortgages, retirement planning, and debt portfolios, emerges as a distinct cognitive domain, challenging earlier frameworks that often-treated awareness as a derivative of financial knowledge. Accordingly, consistent with Tohar and Akron (2025), this study proposes that all three financial literacy cognitions promote positive financial behaviour, leading to higher financial well-being, as given by hypotheses H1a, H1b and H1c.

H1: Financial literacy positively influences the financial well-being of physicians.

H1a: Financial knowledge positively influences the financial well-being of physicians.

H1b: Financial attitudes positively influence the financial well-being of physicians.

H1c: Financial awareness positively influences the financial well-being of physicians.

Tohar and Akron (2025) demonstrate that while financial knowledge and attitude foster positive behaviours, they are not sufficient in isolation to reduce negative financial behaviour, such as reckless spending or over-indebtedness. This asymmetry suggests that financial literacy cognitions do not alone translate into better financial decisions, particularly in emotionally charged or uncertain contexts, which are consistent with behavioural finance theories such as Prospect Theory. Choowan et al. (2025), through a meta-analytical review of experimental studies, also identified substantial heterogeneity in the effect of financial literacy on financial behaviour and emphasised that the pathway from financial literacy to financial well-being requires further research. These findings point to the fact that financial literacy is no longer considered to be directly associated with financial well-being, and there is a need to examine mechanisms that convert financial literacy into positive financial behaviour and thereby improve financial well-being. Given this evidence, based on the Prospect Theory (Kahneman & Tversky, 1979), Self-efficacy Theory (Bandura & Adams, 1977) and Social Cognitive Theory (Bandura, 1986), this study argues that it is essential to incorporate individuals' psychological states into models that examine the link between their financial literacy and financial well-being. Building on this, and as an extension of Tohar and Akron's (2025) conceptual framework, this study proposes that financial self-efficacy and financial resilience serve as mediating variables in the relationship between financial literacy cognitions and financial well-being.

Role of Financial Self-Efficacy

Financial self-efficacy refers to an individual's confidence in their ability to seek out and use information effectively when making financial decisions (Netemeyer et al., 2018). A stronger belief in one's financial capability tends to lead to better financial outcomes over time (Hadar et al., 2013; Bruggen et al., 2017). Thus, financial self-efficacy can be considered a resource that helps individuals stay motivated and resilient when facing financial challenges (Kammeyer-Mueller et al., 2009). Hence, individuals with higher financial self-efficacy are more likely to practice financial discipline aimed at achieving long-term goals (Chowdhry & Dholakia, 2016). Supporting this view, Chaity et al. (2024) and Lone and Bhat (2022) further reveal that individuals with a high level of financial self-efficacy will better act in overcoming financial issues, which in return result in inspiring positive financial practices such as working towards financial objectives, ultimately improving financial well-being. Accordingly, financial self-efficacy is expected to be positively linked to financial well-being. Further, the findings of previous studies show that financial self-efficacy is shaped through financial literacy cognitions such as financial knowledge and financial attitudes. For instance, Chaity et al. (2024) reveal that financial knowledge and financial attitudes have a significant positive impact on financial self-efficacy. Rahahleh (2023) also finds that financial attitude has a

significant positive influence on financial self-efficacy. Accordingly, based on the implications of Self-efficacy Theory of Bandura and Adams (1977) and the above empirical evidence, it can be expected that financial self-efficacy functions as a psychological enabler that improves individuals' psychological preparedness to make wise financial choices, thereby facilitating the translation of financial literacy cognitions into positive financial behaviour that enhances financial well-being. Thus, this study proposes the following hypotheses to examine the mediating role of financial self-efficacy in the relationship between financial literacy and financial well-being:

H2: Financial self-efficacy mediates the relationship between financial literacy cognitions and financial well-being of physicians.

H2a: Financial self-efficacy mediates the relationship between financial knowledge and financial well-being of physicians.

H2b: Financial self-efficacy mediates the relationship between financial attitudes and financial well-being of physicians.

H2c: Financial self-efficacy mediates the relationship between financial awareness and financial well-being of physicians.

Role of Financial Resilience

Financial resilience refers to the ability to endure, adjust to, and recover from financial shocks, such as lost income, unforeseen costs, or market disruptions (Kempson et al., 2017; Klapper & Lusardi, 2020). Resilience encompasses both an individual's resources, such as savings, credit availability, and insurance, as well as their adaptive tactics and preparedness to deal with financial shocks. Recent research has shown that financial resilience is a crucial factor in determining financial well-being, especially in settings characterised by uncertainty, increased living expenses, and economic volatility. For instance, García-Santillán and Santana (2025) demonstrate that people with higher financial resilience are better positioned to maintain financial stability and satisfaction even in the face of adversity.

Both theoretical and empirical research support the view that financial resilience transforms financial literacy cognitions into better financial behaviours, thereby improving financial well-being. Social cognitive theory implies that cognitive competencies facilitate the development of effective strategies and self-regulatory capacities, which consequently influence behavioural and emotional outcomes (Bandura, 1997). Accordingly, financially literate individuals are better able to predict future requirements, comprehend financial dangers, and create sound financial strategies, all of which contribute to resilience. Kempson et al. (2018) support this view, demonstrating that better resilience indicators, such as emergency funds and diversified financial resources, are linked to higher levels of financial attitudes and awareness. As a result, financially literate individuals are more likely to maintain adaptive financial behaviours in the face of uncertainty, which enables them to

improve their financial well-being. Studies conducted during economic downturns provide further support for this view. For instance, the study conducted by Klapper and Lusardi (2020) during the COVID-19 pandemic reveals that individuals with higher financial resilience experience less decline in their financial well-being, even under stress. Thus, it can be argued that financial literacy cognitions promote resilience by giving individuals the cognitive skills and behaviours needed to create and maintain financial buffers. These safeguards help to maintain steady financial paths, lessen the psychological impact of uncertainty, and guard against financial shocks. In this way, financial resilience is a direct result of financial literacy, which in turn influences financial well-being. The Conservation of Resources theory also proposes that people with greater resources, in this case financial resilience resulting from financial literacy cognitions, are better equipped to endure loss and preserve well-being (Hobfoll, 1989). Accordingly, based on the above theoretical perspectives and empirical evidence, it can be expected that financial resilience acts as a psychological mechanism that transforms financial literacy cognitions into financial well-being. Thus, this study proposes the following hypotheses to examine the mediating role of financial resilience in the relationship between financial literacy and financial well-being:

H3: Financial resilience mediates the relationship between financial literacy cognitions and financial well-being of physicians.

H3a: Financial resilience mediates the relationship between financial knowledge and financial well-being of physicians.

H3b: Financial resilience mediates the relationship between financial attitudes and financial well-being of physicians.

H3c: Financial resilience mediates the relationship between financial awareness and financial well-being of physicians.

Figure 1 presents the conceptual framework of the study, which is developed to represent the hypotheses H1, H2 and H3.

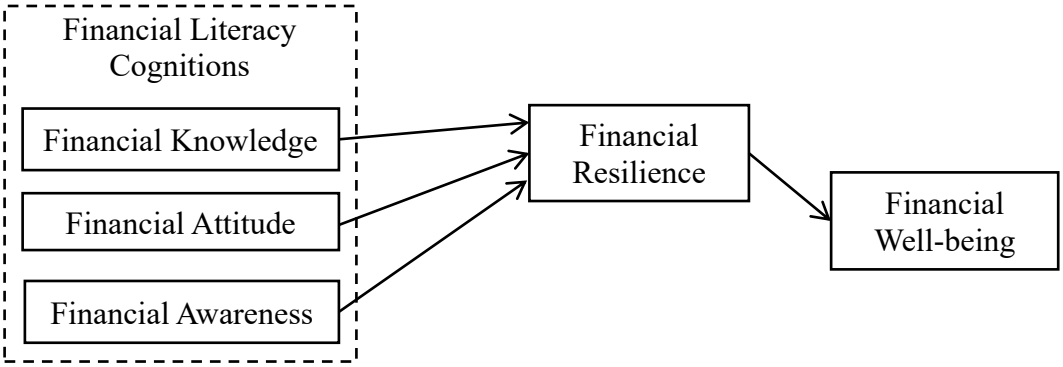


Figure 1: Conceptual Framework of the Study

***Source**: Author's Creation*

3. METHODOLOGY

This study adopts a quantitative research approach and cross-sectional research design to examine the influence of financial literacy cognitions on financial well-being. The target population for this study comprised physicians employed in Sri Lankan public hospitals. Convenience sampling was employed to select participants based on their accessibility and willingness to participate in the study. A self-administered questionnaire was distributed to 400 physicians via email, WhatsApp and in print form. The valid responses obtained were 101, which represents a response rate of 25%. The use of convenience sampling and the relatively low response rate may result in limited generalizability of the findings and the possibility of non-response bias. To mitigate these concerns, as shown in Table 1, responses to the questionnaire were obtained from physicians with diverse demographic and professional characteristics to enhance the representativeness of the sample. Accordingly, the findings should be generalised primarily to the public sector-employed physicians in Sri Lankan public hospitals, rather than to physicians in general.

Table 1: Profile of Survey Participants

Categories		Frequency	Percentage
Age	25-34 years	52	51.5%
	35-44 years	30	29.7%
	45-54 years	19	18.8%
	55 years or above	0	0.0%
Gender	Male	43	42.6%
	Female	58	57.4%
Marital Status	Married	62	61.4%
	Unmarried	39	38.6%
Work Experience in years	Less than 5 years	47	46.5%
	5-15 years	37	36.6%
	16-26 years	17	16.8%
	More than 26 years	0	0.0%
Monthly income	Preliminary Grade Salary	41	40.6%
	Grade II Salary	38	37.6%
	Grade I Salary	20	19.8%
	Consultant Salary	0	0.0%

***Source**: Author's Creation*

The questionnaire was developed based on validated measurement items from the existing literature. It consisted of two sections: the first section captured demographic information, while the second focused on measuring the constructs of the study. Financial literacy cognitions were measured using 16 items, of which 7 items were for financial knowledge, 4 items for financial attitude and 5 items for financial awareness, as adapted from

the works of Das and Mahapatra (2023) and Tohar and Akron (2025). Consistent with Lone and Bhat (2022), financial well-being was treated as a multidimensional construct encompassing financial preparedness for emergencies, money management stress, and perceived financial security, measured through 9 items. Financial resilience was assessed using 7 items derived from Salignac et al. (2019), while financial self-efficacy was operationalised as a unidimensional construct using 4 items adapted from Zhang and Chatterjee (2023). All items were rated on a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). A pilot study was conducted for a sample of 20 respondents to assess the face and content validity of the instrument. Based on the feedback received, minor revisions were made to improve clarity and ensure alignment with the study's objectives.

In the data analysis, reliability and validity of the constructs were first assessed based on the criteria provided in Tables 2 and 3. Cronbach's Alpha and Composite Reliability values are used for assessing internal consistency reliability of constructs. As shown in Table 2, Composite Reliability values of all the constructs exceed the 0.7 level, which indicates their internal consistency reliability. The same can be supported by Cronbach's Alpha values, since they are either closer to or exceed the 0.7 level (Taber, 2018). All the constructs also exhibit average variance extracted values (AVE) in excess of the cut-off level of 0.5, confirming their convergent validity. The discriminant validity was assessed by referring to the Fornell and Larcker criterion, as presented in Table 3. The discriminant validity was confirmed since the square root of AVE values of all the constructs is higher than their correlation coefficients with other constructs. Then, descriptive analysis was conducted using statistics - mean, standard deviation, skewness and kurtosis which summarise responses relating to the model's constructs. In the test of hypotheses, mediation analyses were conducted using the PROCESS macro, powered by IBM SPSS software.

Table 2: Test of Reliability and Validity

Construct	Cronbach's Alpha	Composite Reliability	Average Variance Extracted
Financial Knowledge (FKW)	0.731	0.812	0.508
Financial Attitude (FAT)	0.633	0.813	0.520
Financial Awareness (FAW)	0.644	0.817	0.529
Financial Well-being (FWB)	0.804	0.911	0.536
Financial Self-efficacy (FSE)	0.621	0.851	0.593
Financial Resilience (FRS)	0.741	0.828	0.511

***Source**: Author's Creation*

Table 3: Fornell-Larcker Criterion Analysis for Assessing Discriminant Validity

	FKW	FAW	FAT	FWB	FSE	FRS
Financial Knowledge (FKW)	**0.713**					
Financial Awareness (FAW)	0.224	**0.727**				
Financial Attitude (FAT)	0.538	0.544	**0.721**			
Financial Well-being (FWB)	0.420	0.612	0.476	**0.732**		
Financial Self-efficacy (FSE)	0.422	0.474	0.511	0.719	**0.770**	
Financial Resilience (FRS)	0.432	0.526	0.569	0.692	0.621	**0.715**

***Source**: Author's Creation*

Note: This table presents a comparison between each construct's square root of AVE value (as given in bold on the diagonal) and its correlations with the other constructs for assessing the discriminant validity. A construct's discriminant validity is confirmed when its square root of AVE is larger than its correlation values with other constructs (Fornell & Larcker, 1981)

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

As shown in Table 4, the mean scores for all six constructs ranged between 3.078 and 3.743 on a five-point Likert scale. Financial awareness reported the highest mean value (M = 3.743, SD = 0.532), followed by financial knowledge (M = 3.636, SD = 0.535), and financial attitude (M = 3.584, SD = 0.671), indicating that respondents moderately agreed with items under these constructs. This suggests that public sector-employed physicians in Sri Lanka generally possess an above-average level of financial literacy.

Table 4: Descriptive Statistics

Construct	Mean	Std. deviation	Skewness	Kurtosis
Financial Knowledge (FKW)	3.636	0.535	0.093	-0.403
Financial Attitude (FAT)	3.584	0.671	0.077	-0.612
Financial Awareness (FAW)	3.743	0.532	-0.239	-0.005
Financial Well-being (FWB)	3.155	0.577	-0.646	0.498
Financial Self-efficacy (FSE)	3.078	0.708	-0.084	-0.471
Financial Resilience (FRS)	3.352	0.576	-0.998	0.447

***Source**: Author's Creation*

The mean values for financial well-being (M = 3.155, SD = 0.577), financial self-efficacy (M = 3.078, SD = 0.708) and financial resilience (M = 3.352, SD = 0.576) indicate a moderate level of agreement among respondents in relation to their perceived financial condition and confidence in managing personal finances. In addition, all constructs exhibit skewness and kurtosis values relatively close to zero, suggesting their approximately normal distributions. Overall, the distributional characteristics of the constructs support the validity of proceeding with parametric inferential analyses.

4.2 Hypothesis Testing Results

The results shown in Tables 5 and 6 provide evidence for testing hypotheses H1, H2 and H3. As given in Panel A of Table 5, the coefficient of path FKW FWB is insignificant. Thus, financial knowledge has no direct impact on financial well-being, which therefore does not support the hypothesis H1a. This result aligns with the findings of Chauhan et al. (2022) and Chaity et al. (2024), which reveal an insignificant direct effect of financial knowledge on financial well-being. However, the mediation analysis results, as presented in Table 6, show that the path **FKW ⟶ FSE ⟶ FWB** is positive and significant (b=0.100, p<0.01). Accordingly, supporting the hypothesis H2a, financial knowledge positively influences financial well-being through the mediation of financial self-efficacy. The insignificance of the direct path and significance of the indirect path indicate the full mediation of financial self-efficacy in the indirect effect of financial knowledge on financial well-being. These findings suggest that financial knowledge contributes to financial well-being only when individuals feel confident in their ability to apply that knowledge. However, these findings are contrary to those of Chaity et al. (2024), which report the absence of a mediation effect of financial knowledge on financial well-being through financial self-efficacy. Similarly, Table 6 shows that the path **FKW ⟶ FRS ⟶ FWB** is positive and significant (b=0.270, p<0.01). Accordingly, supporting hypothesis H3a, financial knowledge positively influences financial well-being through the mediation of financial resilience. The insignificance of the direct path and significance of the indirect path indicate the full mediation of financial resilience in the indirect effect of financial knowledge on financial well-being. It suggests that financial knowledge leads to financial well-being only when it fosters resilience by equipping individuals with adaptive tactics and psychological preparedness to deal with financial shocks.

Table 5: Regression results on the direct effect of financial literacy on financial well-being

Path	Coefficient	t-statistic	p-value	R^2
Panel A: Effects of financial knowledge, self-efficacy and resilience on well-being				
FKW ⟶ FWB	0.087	1.555	0.123	0.800
FSE ⟶ FWB	0.178**	3.391	0.001	
FRS ⟶ FWB	0.699**	11.187	0.000	

Panel B: Effects of financial attitudes, self-efficacy and resilience on well-being				
FAT ⟶ FWB	0.009	0.178	0.859	0.795
FSE ⟶ FWB	0.197**	3.681	0.000	
FRS ⟶ FWB	0.707**	10.951	0.000	
Panel C: Effects of financial awareness, self-efficacy and resilience on well-being				
FAW ⟶ FWB	0.085	1.313	0.192	0.798
FSE ⟶ FWB	0.194**	3.800	0.000	
FRS ⟶ FWB	0.664**	9.327	0.000	

***Source**: Author's Creation*
*Note: * and ** denote significance at 0.05 and 0.01 levels, respectively.*

Similarly, as shown in Panel B of Table 5, financial attitude demonstrated an insignificant direct effect on financial well-being (b=0.009, p>0.05), which therefore does not support the hypothesis H1b. This finding is not consistent with certain previous studies such as Das and Mahapatra (2023), Chauhan et al. (2022), Chaity et al. (2024), and Bhatia and Singh (2023), which found a direct link between financial attitude and well-being. On the other hand, supporting the hypothesis H2b, the mediation analysis results reveal that the path **FAT ⟶ FSE ⟶ FWB** is positive and significant (b=0.109, p<0.01). The insignificance of the direct path and significance of the indirect path confirm the full mediation of financial self-efficacy in the indirect effect of financial attitudes on financial well-being. Thus, the results support the view that financial attitudes improve financial well-being only if they develop financial self-efficacy. Further, supporting the hypothesis H3b, Table 6 shows that the path **FAT ⟶ FRS ⟶ FWB** is positive and significant (b=0.303, p<0.01). Accordingly, financial attitudes positively influence financial well-being through the mediation of financial resilience. The insignificance of the direct path and the significance of the indirect path indicate the full mediation of financial resilience in the indirect effect of financial attitudes on financial well-being. This suggests that financial attitudes lead to financial well-being only when they foster resilience by equipping individuals with adaptive tactics and psychological preparedness to deal with financial shocks.

Table 6: Regression results on mediating effects of financial self-efficacy and financial resilience

Path	Direct Effect	Indirect Effect	Confidence Interval for Indirect Effect	
			LLCI	ULCI
Panel A: Mediating effect of financial self-efficacy				
FKW ⟶ FSE ⟶ FWB	0.087	0.100**	0.013	0.184
FAT ⟶ FSE ⟶ FWB	0.009	0.109**	0.014	0.195
FAW ⟶ FSE ⟶ FWB	0.085	0.122**	0.018	0.208

Panel B: Mediating effect of financial resilience				
FKW ⟶ FRS ⟶ FWB	0.087	0.270**	0.102	0.482
FAT ⟶ FRS ⟶FWB	0.009	0.303**	0.172	0.473
FAW ⟶ FRS ⟶ FWB	0.085	0.456**	0.289	0.675

***Source**: Author's Creation*
*Note: * and ** denote significance at the 0.05 and 0.01 levels, respectively.*

In addition, the results presented in Panel B of Table 5 reveal that financial awareness has no direct effect on financial well-being (b=0.085, p>0.05). However, supporting hypotheses H2c and H3c, respectively, the results show that financial awareness has an indirect effect on financial well-being through the mediation of financial self-efficacy (as reflected by the significance of the path FAW□FSE□FWB) and financial resilience (as reflected by the significance of the path FAW□FRS□FWB), as presented in Table 6. The insignificance of the direct effect is not consistent with previous studies such as Das and Mahapatra (2023), Chauhan et al. (2022), Rahman et al. (2021), and Bhatia and Singh (2023), which acknowledged the impact of financial awareness on individual financial outcomes. Overall, these findings suggest that financial knowledge, attitude, and awareness contribute to financial well-being only when individuals feel confident in their ability to apply that cognitive capability and are equipped with adaptive tactics and psychological preparedness to deal with financial shocks. Accordingly, the results highlight the importance of financial self-efficacy and financial resilience as pivotal psychological mechanisms in translating financial literacy cognitions into financial well-being.

5. CONCLUSION

This study provides valuable empirical insights into how different dimensions of financial literacy, namely financial knowledge, financial attitude, and financial awareness, contribute to the financial well-being of public sector-employed physicians in Sri Lanka. Since the findings reveal that financial knowledge, financial attitude, and financial awareness do not exert a direct influence on financial well-being, and their effects are fully mediated through financial self-efficacy and financial resilience, it can be argued that the cognitive aspect of financial literacy is insufficient to drive financial well-being unless it is accompanied by a strong sense of self-belief and confidence in one's financial cognitions, and adaptive capabilities and psychological preparedness to deal with financial shocks. Thus, financial self-efficacy and financial resilience play critical roles in activating the potential of financial knowledge, attitudes, and awareness to improve financial well-being. Accordingly, these results collectively support the conclusion that financial self-efficacy and financial resilience are key psychological mechanisms that facilitate the translation of financial literacy cognitions into financial well-being.

5.1 Implications of the Study

The findings of this study offer several important theoretical and practical implications, particularly relevant to the advancement of financial literacy efforts in Sri Lanka, as follows.

Theoretical Implications

Theoretically, the study contributes to existing literature by showing the pivotal role of psychological mechanisms in converting financial literacy cognitions into financial well-being. It extends the conventional conceptualisation of financial capability by conceptualising it as integrative of both cognitive and psychological mechanisms that guide financial behaviours, leading to financial well-being. Accordingly, financial capability should encompass not only cognitive dimensions such as financial knowledge, attitudes, and awareness, and behavioural aspects like financial skills, but also psychological enablers such as financial self-efficacy and financial resilience that empower individuals to act on their knowledge and apply their skills in financial decision-making. Thus, this study provides a broader conceptualisation of financial capability. In particular, the empirical results provide support for conceptualising financial self-efficacy and financial resilience as psychological mechanisms through which financial literacy cognitions contribute to financial well-being.

Practical and Policy Implications

Practically, the results of this study emphasise the need for financial education initiatives to move beyond the dissemination of cognitive content to actively cultivate financial self-efficacy and financial resilience as psychological enablers. Accordingly, for public sector-employed professionals, financial education initiatives should be developed by incorporating scenario-based exercises to practice financial risk assessment, budgeting, debt management, retirement preparation, and emergency planning and to build confidence in applying financial knowledge and be equipped with adaptive tactics and psychological preparedness to deal with financial shocks. Such initiatives are particularly relevant for professional groups such as public sector-employed physicians to improve their cognitive and psychological readiness required for effective financial decision-making.

At the policy level, the study's findings are crucial for the successful implementation of Sri Lanka's National Financial Literacy Road-map, which aims to promote financial well-being across different segments of society. To ensure successful progression, the road-map should incorporate strategies that strengthen not only the cognitive and behavioural dimensions of financial literacy, but also the psychological dimension, by embedding self-efficacy and resilience-building strategic interventions. These psychological outcomes should also be measured along with conventional knowledge, attitudes and behavioural outcomes over pre- and post-intervention periods rather than assuming that participation

alone improves financial well-being. Further, public-sector institutions and professional development providers should be encouraged to integrate financial self-efficacy and resilience training into their continuing professional development programmes, thereby enhancing the financial well-being of the country's professional workforce.

ACKNOWLEDGMENTS

The author gratefully acknowledges the valuable support provided by Ms G.D.T.R. Pramodya in the data collection process, and the anonymous reviewers for their constructive and insightful comments, which have contributed significantly to improving the quality and clarity of the manuscript.

CONFLICT OF INTEREST

The authors declare no conflicts of interest.

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