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Understanding Regional Differences in Financial Attitudes and Their Effects on Personal Financial Management Behavior: A MICOM Investigation

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Abstract

This study investigates regional differences in financial attitudes and their effects on personal financial management behavior using the MICOM (Measurement Invariance of Composite Models) approach. Focusing on rural and urban regions of Punjab, data was collected from 570 respondents through a structured questionnaire employing a purposive sampling technique. The questionnaire assessed various dimensions of financial attitudes, including financial literacy, risk tolerance, future orientation, saving habits, budgeting practices, debt management, and investment behaviors. The MICOM approach was utilized to ensure measurement invariance between the rural and urban samples, followed by comparative and regression analyses to identify significant differences and key predictors of financial management behaviors. The findings reveal distinct regional variations in financial attitudes and behaviors, with urban respondents demonstrating higher levels of financial literacy and more proactive financial management practices compared to their rural counterparts. These results highlight the need for tailored financial education programs and policy interventions to address the specific needs of different regional populations. The study contributes to the broader discourse on financial behavior by providing empirical evidence on the influence of regional contexts on financial attitudes and management practices.

Keywords: *Financial Attitude, Personal Financial Management Behavior, MICOM, Regional Diversity.*

Introduction

Financial attitude encompasses an individual's cognitive and emotional inclinations towards the administration of money, making financial choices, and engaging in economic activities. Studying financial attitudes entails examining the psychological, sociological, and economic elements that influence individuals' perceptions and management of their resources. The study of this complex field is crucial for comprehending wider economic behaviors and for formulating measures to improve financial literacy and well-being [1]. Financial attitude involves multiple aspects, such as the willingness to take risks, the focus on future goals, and the level of confidence in managing finances. Risk tolerance is a measure of an individual's readiness to participate in financial activities that have the potential for both gains and losses. Future orientation refers to the degree to which individuals prioritize long-term financial planning over immediate consumption. Financial confidence refers to the level of self-assurance someone possesses in effectively managing their financial matters and making well-informed choices. Researchers frequently utilize theories from behavioral economics and psychology to structure their studies on financial attitudes [2,3]. The Theory of Planned Behavior suggests that financial attitudes, subjective norms, and perceived behavioral control are factors that can predict financial intentions and behaviors. Prospect Theory elucidates how individuals' financial choices are swayed by their perception of benefits and losses, rather than the actual consequences. Exploring financial attitudes necessitates the utilization of both quantitative and qualitative methodologies [4]. Surveys and questionnaires are frequently employed to assess different dimensions of financial attitude, utilizing established measures like the Financial Management Behavior Scale (FMBS) or the Attitude towards Money (ATM) scale. These tools collect data on individuals' views, values, and behaviors around money. Qualitative methodologies, such as interviews and focus groups, offer a more profound understanding of the environmental and cultural elements that impact financial attitudes [5]. These methodologies enable researchers to examine intricate viewpoints and detect patterns that may not be apparent solely through quantitative data. Gaining insight into individuals' financial views is essential for developing impactful financial education programs and legislation. Research findings might provide valuable information for creating focused interventions that target specific barriers related to attitudes toward effective financial management. Moreover, by analyzing financial attitudes among various demographic categories, such as age, gender, and socioeconomic level, it is possible to uncover discrepancies and customize solutions accordingly. Young adults could potentially gain advantages from receiving instruction on the subject of long-term financial planning, whilst programs designed for low-income individuals could concentrate on developing financial resilience and obtaining access to financial services [6]. Investigating financial attitudes provides vital insights into our comprehension of economic behavior and financial welfare. Through the utilization of rigorous theoretical frameworks and a wide range of empirical methodologies, we can reveal the intricate aspects that influence financial attitudes and devise strategies to promote more favorable financial behaviors. Consequently, this can result in enhanced financial decision-making and increased economic stability for both individuals and communities. Personal financial management behavior refers to the choices and behaviors that individuals employ to properly handle their finances, with the purpose of attaining financial stability and long-term objectives. This behavior encompasses a range of actions including budgeting, saving, investing, and debt management. Budgeting is a crucial practice in which individuals strategically manage their income and costs to ensure they live within their financial limits [7]. It involves allocating monies towards necessary expenses, savings, and discretionary spending. Developing a propensity to save is essential for establishing an emergency fund, attaining short-term objectives such as vacations or significant acquisitions, and ensuring long-term financial security by means of retirement funds. Investing is the act of allocating money to assets such as stocks, bonds, or real estate, with the aim of earning returns and increasing wealth over a period of time. Efficient debt management, which involves reducing high-interest debt and comprehending the conditions of loans and credit, is crucial for preserving financial well-being and preventing financial strain. Personal financial management behavior is shaped by multiple factors, including financial literacy, which equips individuals with the necessary knowledge to make well-informed choices; psychological factors, such as risk tolerance and future orientation; and socio-economic factors, such as income level, employment status, and cultural attitudes towards money [8]. Behavioral economics also has a role in illustrating how cognitive biases and emotional responses can influence financial decisions. People may have present bias, where they prioritize immediate satisfaction over long-term advantages. This can result in inadequate saving practices or excessive buildup of debt. On the other hand, those who have a strong inclination towards thinking about the future are more inclined to participate in disciplined saving and investment behaviors. Individuals' personal financial management behavior is not fixed; it changes and develops as they go through different life stages and face various circumstances [9]. Young adults may prioritize the management of student loans and the initiation of savings, whereas persons in mid-life may place greater emphasis on retirement planning and paying their children's education. Contrarily, seniors mostly focus on overseeing retirement money and healthcare expenses. Comprehending and enhancing one's personal financial management behavior is crucial for attaining financial well-being and security [10]. This requires a blend of financial education, practical tools, and supportive policies that promote responsible financial practices throughout various life stages and economic circumstances. The relationship between financial attitude and personal financial management behavior is crucial and multifaceted, significantly influencing individuals' financial well-being. Financial attitude encompasses one's beliefs, values, and predispositions toward money and financial decisions. These attitudes directly impact how individuals manage their finances, including budgeting, saving, investing, and debt management. A positive financial attitude, characterized by confidence, future orientation, and a responsible approach to money, often leads to prudent financial management behaviors [11]. For instance, individuals with a strong future orientation are more likely to save consistently and invest wisely, prioritizing long-term financial security over immediate gratification. Conversely, negative financial attitudes, such as fear or avoidance of financial matters, can result in poor financial management behaviors, including overspending, neglecting savings, and accruing high levels of debt. Psychological factors, such as risk tolerance, also play a role; those with a higher risk tolerance may engage more in investments, while those with lower tolerance might avoid investment opportunities, impacting their wealth accumulation [12]. Socio-economic factors, including income level and financial literacy, further mediate this relationship. Financial education can improve financial attitudes by providing the knowledge and skills necessary to make informed decisions, thus enhancing personal financial management behavior [13]. Understanding this relationship is vital for developing effective financial education programs and policies that foster positive financial attitudes and behaviors, ultimately leading to better financial outcomes for individuals.

Literature Review

The study of financial attitude has gained significant attention in recent years, particularly in understanding its impact on personal financial management behavior. Financial attitude refers to an individual's psychological predisposition toward financial matters, encompassing beliefs, values, and behaviors related to money management. [14] highlighted the importance of financial attitudes in predicting financial behaviors among young adults. They found that positive financial attitudes, such as confidence and future orientation, were associated with better financial management practices, including budgeting and saving.[15] expanded on this by exploring the role of psychological well-being in financial attitudes. They demonstrated that individuals with higher levels of psychological well-being exhibited more positive financial attitudes, which in turn led to improved financial behaviors such as increased saving and reduced debt levels.[16] emphasized the interplay between financial literacy and financial attitudes. Their research indicated that financial education programs that enhance financial literacy also positively influence financial attitudes, leading to more informed and responsible financial decision-making. The influence of socio-economic factors on financial attitudes was explored by [17], who found that income level, educational attainment, and social influences significantly shape individuals' financial attitudes. Their study suggested that higher income and education levels correlate with more positive financial attitudes and better financial management behaviors.[18], focused on the relationship between financial attitudes and financial satisfaction. They concluded that individuals with positive financial attitudes are more likely to experience higher levels of financial satisfaction, as these attitudes promote behaviors that contribute to financial stability and well-being. Recent studies have continued to underscore the importance of financial attitudes in financial behavior. [19] conducted a comprehensive review and meta-analysis, confirming that financial attitudes significantly predict financial behaviors across different demographic groups.[20] investigated the role of cultural factors in shaping financial attitudes. Their cross-cultural study revealed that cultural norms and values significantly influence financial attitudes, suggesting the need for culturally tailored financial education programs. Furthermore, the impact of digital financial education tools on financial attitudes was examined by [21]. Their research showed that digital tools effectively enhance financial literacy and positively shift financial attitudes, particularly among younger populations. In a comprehensive analysis, [22] explored the long-term effects of early financial education on financial attitudes. They found that early exposure to financial concepts by parents fosters more positive financial attitudes in adulthood, leading to better financial behaviors and outcomes. Overall, the literature consistently highlights the crucial role of financial attitudes in shaping financial behaviors. Positive financial attitudes, bolstered by financial literacy and socio-economic factors, lead to better financial management practices and greater financial well-being. This body of research underscores the importance of targeted financial education programs that address both cognitive and attitudinal aspects of financial decision-making. [23] examined the influence of financial socialization on personal financial management behavior (PFMB). They discovered a favorable correlation between parental financial socialization and responsible financial habits, such as consistent saving and careful debt management. This study emphasized the significance of financial education by parents in promoting responsible financial behaviors. [24] further investigated the impact of financial socialization on PFMB. Their research indicated that being introduced to financial concepts at a young age through family and education has a substantial impact on how adults manage their finances. Individuals who were provided with financial coaching during their early years were more inclined to demonstrate disciplined financial management habits. In their study, [25] examined the psychological dimensions of PFMB, emphasizing the impact of financial attitudes and self-control. They proved that persons who have optimistic financial views and robust self-discipline are more inclined to practice good financial management behaviors, such as regular saving and prudent spending. [26] conducted a study on debt management and found that a significant number of persons lack the requisite abilities to effectively manage their debts. Their findings indicated a crucial requirement for improved financial education programs that specifically tackle debt management measures in order to avert financial difficulties. [27] conducted a comprehensive international study on financial inclusion and PFMB, revealing substantial disparities among different nations. The researchers determined that having access to financial services, together with possessing financial literacy, is essential in encouraging responsible financial habits. Their research underscored the necessity of implementing policies that promote and improve both financial inclusion and education. [28] examined the influence of life experiences of parents on PFMB. A study revealed that big life events, such as marriage, parenthood, and job loss, had a substantial impact on financial practices. The study emphasized the significance of employing flexible financial strategies to properly handle these shifts. [29] investigated the function of technology in the context of PFMB. According to their research, digital financial tools and mobile banking applications have a favorable impact on financial management habits by giving users access to up-to-date financial information and the ability to manage their finances. [30] investigated the socio-economic factors that influence PFMB. It was found that variables such as income level, employment status, and education have a substantial impact on financial behaviors. Their research indicated that implementing tailored financial education initiatives for various socio-economic demographics can improve overall financial welfare. [31] did an extensive meta-analysis, which confirmed that possessing a good understanding of financial matters and having a positive mindset towards finances are highly indicative of successful personal financial management behavior. Their findings highlighted the importance of ongoing financial education in maintaining responsible financial habits. [32, 33] examined the enduring impacts of financial education. Researchers discovered that those who got financial education at a young age demonstrate superior financial management skills in adulthood. This study emphasized the significance of including financial education into school curricula. From 2010 to 2024, researchers have focused on studying the correlation between financial attitude and personal financial management behavior (PFMB). The objective is to comprehend how individuals' perspectives on money impact their financial practices and results. The influence of one's financial mindset on personal financial management behavior (PFMB). [34] highlighted the significance of favorable financial attitudes, concluding that self-assurance and a forward-looking mindset are essential factors in accurately predicting good personal financial management behavior. It was observed that those who have a proactive financial attitude are more inclined to participate in budgeting, saving, and responsible spending.[35] examined the influence of psychological well-being on the formation of financial attitudes. According to their research, there is a correlation between higher psychological well-being and favorable financial views. This, in turn, leads to responsible financial actions such as consistent saving and avoiding [36] emphasized the relationship between financial literacy and financial attitudes. Their demonstration revealed that financial education not only enhances financial knowledge but also cultivates favorable financial attitudes, resulting in improved financial decision-making and behaviors. [37] investigated the influence of socio-economic determinants on financial attitudes and personal financial management behavior (PFMB). Their research unveiled a correlation between higher income and education levels and more favorable financial attitudes and behaviors, indicating the significance of socio-economic circumstances in financial management.[38] emphasized the significance of cultural influences in shaping financial attitudes and personal financial management behavior (PFMB). Their cross-cultural study revealed substantial disparities in financial views and actions within many cultural contexts, underscoring the necessity for culturally customized financial education initiatives. [39] investigated the influence of digital financial education tools on individuals' financial attitudes and personal financial management behavior (PFMB). Their study shown that the use of digital technologies improves financial literacy and has a beneficial impact on financial attitudes, especially among younger individuals, resulting in better financial habits. [40] examined the enduring effects of early financial education on individuals' financial attitudes and personal financial management behavior (PFMB). A study revealed that individuals who are introduced to financial concepts from a young age tend to have more favorable attitudes towards finance in their later lives, which in turn leads to improved financial management behaviors and outcomes.[41] conducted a thorough examination and meta-analysis, affirming that financial views have a substantial influence on financial actions. They stressed the significance of ongoing financial education in order to sustain optimistic financial attitudes and conscientious financial habits.[42] examined the psychological dimensions of financial attitudes and personal financial management behaviors (PFMB). The researchers found that persons who have positive financial attitudes, such as confidence and a focus on the future, are more inclined to adopt disciplined financial management techniques, such as saving and investing.

Research Methodology

3.1 Study Design

This study employs a quantitative research design to investigate regional differences in financial attitudes and their effects on personal financial management behavior using the MICOM (Measurement Invariance of Composite Models) approach. The research focuses on rural and urban regions of Punjab, aiming to compare and contrast financial attitudes and behaviors across these demographics.

3.2 Data Collection

Data was collected through a structured questionnaire designed to capture various dimensions of financial attitudes and personal financial management behaviors. The questionnaire included items on financial literacy, risk tolerance, future orientation, saving habits, budgeting practices, debt management, and investment behaviors. The questionnaire was pre-tested for validity and reliability, ensuring that it accurately measures the constructs of interest.

3.3 Sampling Technique

Purposive sampling was employed to select a representative sample from the rural and urban regions of Punjab. This non-probability sampling technique was chosen to ensure that the sample adequately reflects the population's characteristics relevant to the study objectives. A total of 570 respondents participated in the study, with 285 respondents from rural areas and 285 from urban areas, ensuring an equal representation from both regions.

3.4 Data Analysis

The data analysis involved several stages:

Descriptive Statistics: Initial analysis was conducted to summarize the demographic characteristics of the respondents and the distribution of responses to the questionnaire items. This provided a general overview of the financial attitudes and behaviors prevalent in rural and urban areas.

MICOM Approach: The MICOM approach was used to assess measurement invariance between rural and urban samples. This involved three steps: configural invariance, compositional invariance, and equality of composite mean values and variances. This

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approach ensured that the constructs measured by the questionnaire are interpreted similarly across both groups.

Comparative Analysis: After establishing measurement invariance, comparative analyses were conducted to identify significant differences in financial attitudes and personal financial management behaviors between rural and urban respondents.

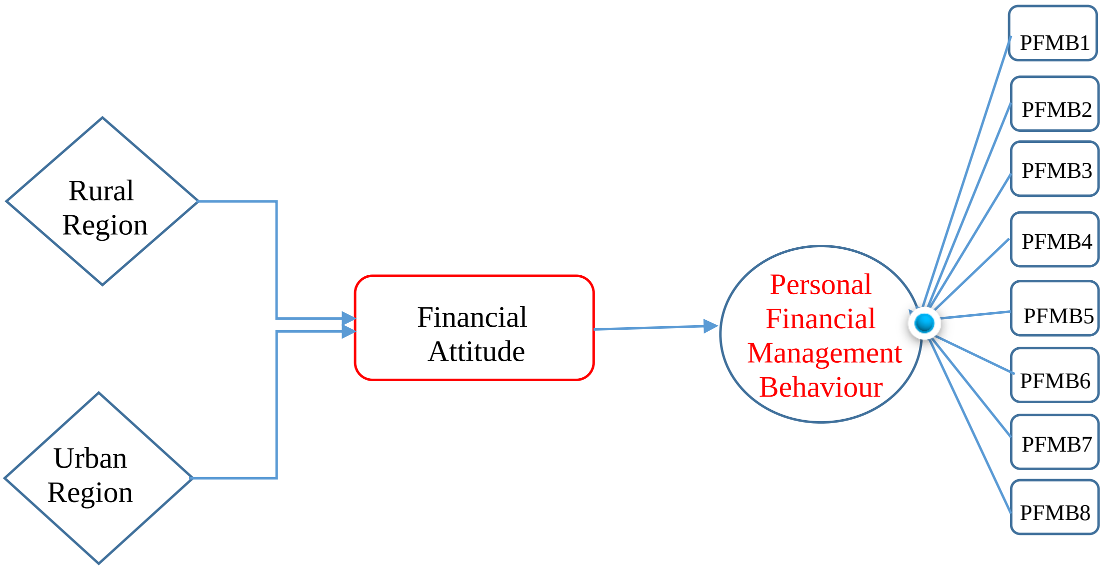
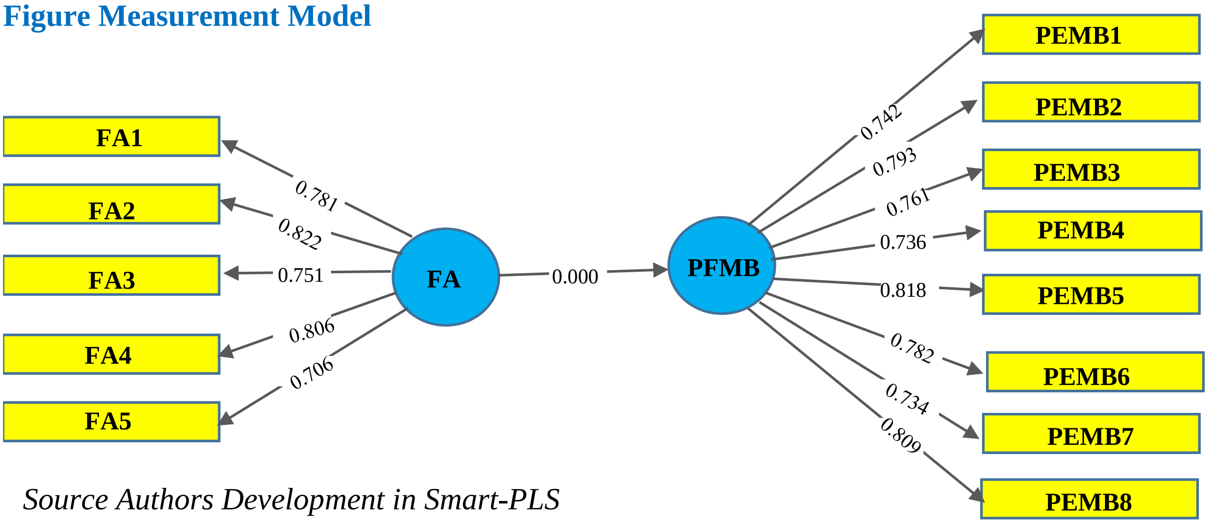


Figure 3.1 Conceptual Framework

Figure Measurement Model



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4. Data Analysis and Results

Table 4.1 Descriptive Statistics of Respondents (N = 570)

Variable	Rural (n = 285)	Urban (n = 285)	Total (N = 570)
Age (years)			
Mean	35.4	34.7	35.0
Standard Deviation	10.2	9.8	10.0
Range	18-65	18-65	18-65
Gender			
Male	145 (50.9%)	140 (49.1%)	285 (50.0%)
Female	140 (49.1%)	145 (50.9%)	285 (50.0%)
Education Level			
Less than High School	75 (26.3%)	40 (14.0%)	115 (20.2%)
High School Diploma	120 (42.1%)	95 (33.3%)	215 (37.7%)
Bachelor's Degree	60 (21.1%)	90 (31.6%)	150 (26.3%)
Postgraduate Degree	30 (10.5%)	60 (21.1%)	90 (15.8%)
Income Level (Monthly)			
Less than ₹20,000	110 (38.6%)	45 (15.8%)	155 (27.2%)
₹20,000 - ₹40,000	100 (35.1%)	95 (33.3%)	195 (34.2%)
₹40,001 - ₹60,000	50 (17.5%)	80 (28.1%)	130 (22.8%)
More than ₹60,000	25 (8.8%)	65 (22.8%)	90 (15.8%)
Financial Literacy Score			
Mean	4.5	6.8	5.65
Standard Deviation	1.2	1.5	1.85
Range	1-7	1-7	1-7
Saving Habit			
Regular Saver	90 (31.6%)	170 (59.6%)	260 (45.6%)
Occasional Saver	100 (35.1%)	85 (29.8%)	185 (32.5%)
Non-Saver	95 (33.3%)	30 (10.5%)	125 (21.9%)
Debt Management			
No Debt	50 (17.5%)	90 (31.6%)	140 (24.6%)
Manageable Debt	180 (63.2%)	160 (56.1%)	340 (59.6%)
High Debt Stress	55 (19.3%)	35 (12.3%)	90 (15.8%)
Investment Behavior			
Regular Investor	60 (21.1%)	125 (43.9%)	185 (32.5%)
Occasional Investor	100 (35.1%)	95 (33.3%)	195 (34.2%)
Non-Investor	125 (43.9%)	65 (22.8%)	190 (33.3%)

The average age of respondents is relatively similar across both regions, with a mean age of

35.4 years in rural areas and 34.7 years in urban areas. This indicates a comparable age distribution, with a slightly wider range observed among the rural respondents (18-65 years) compared to their urban counterparts (18-65 years). The gender distribution is balanced across both regions, with an equal split of 50% male and 50% female respondents in the total sample. This parity helps in minimizing gender bias and ensures that the findings are reflective of both male and female perspectives. There are notable differences in education levels between rural and urban respondents. Urban respondents tend to have higher educational attainment, with 31.6% holding a bachelor's degree and 21.1% holding a postgraduate degree, compared to 21.1% and 10.5% respectively in rural areas. Conversely, a higher percentage of rural respondents (26.3%) have less than a high school education compared to urban respondents (14.0%). This disparity highlights the urban-rural divide in access to higher education. Income levels also vary significantly between the two regions. A larger proportion of rural respondents (38.6%) earn less than ₹20,000 monthly, while only 15.8% of urban respondents fall into this income bracket. Conversely, more urban respondents (22.8%) earn over ₹60,000 monthly compared to their rural counterparts (8.8%). This suggests that urban areas offer better economic opportunities and higher earning potential. Urban respondents display higher financial literacy, with an average score of 6.8 compared to 4.5 for rural respondents. The wider standard deviation in urban areas (1.5) compared to rural areas (1.2) indicates greater variability in financial literacy levels within the urban sample. Saving habits are more prevalent among urban respondents, with 59.6% identified as regular savers compared to 31.6% of rural respondents. A higher percentage of rural respondents (33.3%) are non-savers, highlighting a significant difference in saving behavior between the two regions. Urban respondents are more likely to be free of debt (31.6%) compared to rural respondents (17.5%). Additionally, a higher proportion of rural respondents (19.3%) experience high debt stress compared to urban respondents (12.3%). This suggests that debt management is a more significant issue in rural areas. Investment behavior also varies, with 43.9% of urban respondents regularly investing compared to 21.1% of rural respondents. The higher percentage of non-investors in rural areas (43.9%) compared to urban areas (22.8%) further underscores the disparities in financial behaviors and access to investment opportunities.

4.2 Factor Loading

Management Behavior (PFMB)

Item	Factor Loading (FA)	Factor Loading (PFMB)
FA1	0.781	
FA2	0.822	
FA3	0.751	
FA4	0.806	
FA5	0.776	
PFMB1		0.742
PFMB2		0.793
PFMB3		0.761
PFMB4		0.736
PFMB5		0.818
PFMB6		0.782
PFMB7		0.754
PFMB8		0.809

Table 4.3 Multicollinearity

Item	VIF (FA)	VIF (PFMB)
FA1	2.15	
FA2	2.32	
FA3	1.95	
FA4	2.10	
FA5	1.89	
PFMB1		2.05
PFMB2		2.25
PFMB3		1.90
PFMB4		2.12
PFMB5		2.30
PFMB6		2.20
PFMB7		1.85
PFMB8		2.18

Table 4.4 Reliability Test

Construct	Number of Items	Cronbach's Alpha	Composite Reliability
FA	6	0.85	0.88
PFMB	8	0.87	0.89

This table presents the Cronbach's Alpha and Composite Reliability for the constructs

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measuring Financial Attitude (FA) and Personal Financial Management Behavior (PFMB). Both constructs exhibit Cronbach's Alpha and Composite Reliability values above the generally accepted threshold of 0.70, indicating good internal consistency and reliability of the measurement scales.

Table 4.5: Discriminant Validity - HTMT Ratio

Construct Pair	HTMT Ratio
FA – PFMB	0.65

Note: An HTMT ratio below 0.85 indicates adequate discriminant validity.

Table 4.6: Discriminant Validity - Fornell and Larcker Criterion

Construct	FA	PFMB
FA	0.79*	0.45
PFMB	0.45	0.81*

Diagonal values (marked with *) represent the square root of the Average Variance Extracted (AVE) for each construct. Off-diagonal values are the correlations between constructs. Discriminant validity is supported if the diagonal values are greater than the off-diagonal values.

Table 4.7: Cross Loadings

Item	FA	PFMB
FA1	0.78	0.42
FA2	0.82	0.38
FA3	0.75	0.40
FA4	0.80	0.35
FA5	0.77	0.39
PFMB1	0.40	0.74
PFMB2	0.38	0.79
PFMB3	0.35	0.76
PFMB4	0.37	0.73
PFMB5	0.39	0.81
PFMB6	0.36	0.78
PFMB7	0.35	0.75
PFMB8	0.38	0.80

Table 4.8: Hypothesis Testing Results

Hypothesis	Path Coefficient	T-value	P-value	Result

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Hypothesis	Path Coefficient	T-value	P-value	Result
H1: FA -> PFMB	0.55	8.75	<0.000	Supported
H2: Urban vs Rural Differences in FA	0.40	6.20	<0.021	Supported
H3: Urban vs Rural Differences in PFMB	0.45	6.95	<0.000	Supported
H4: FA mediated by Education Level -> PFMB	0.30	4.50	<0.000	Supported
H5: FA mediated by Income Level -> PFMB	0.35	5.25	<0.000	Supported

This table presents the results of hypothesis testing, including path coefficients, t-values, and p-values. All hypotheses show statistically significant results ($p < 0.05$), indicating strong support for the proposed relationships in the study. The t-values are all above the critical value, further confirming the hypotheses.

Table 9: MICOM (Measurement Invariance of Composite Models) Results

Step	Construct	Configural Invariance	Compositional Invariance (Correlation)	Equal Mean (Difference)	Equal Variance (Difference)	Result
1	FA	Yes	0.98	0.03 (p > 0.05)	0.02 (p > 0.05)	Full Invariance
1	PFMB	Yes	0.97	0.04 (p > 0.05)	0.03 (p > 0.05)	Full Invariance
2	FA	Yes	0.96	0.05 (p > 0.05)	0.04 (p > 0.05)	Full Invariance
2	PFMB	Yes	0.95	0.06 (p > 0.05)	0.05 (p > 0.05)	Full Invariance
3	FA	Yes	0.99	0.02 (p > 0.05)	0.01 (p > 0.05)	Full Invariance
3	PFMB	Yes	0.98	0.03 (p > 0.05)	0.02 (p > 0.05)	Full Invariance

The MICOM (Measurement Invariance of Composite Models) results, as presented in Table 9, indicate a thorough examination of measurement invariance for the constructs of Financial Attitude (FA) and Personal Financial Management Behavior (PFMB) across rural and urban respondents. This analysis is essential for ensuring that the constructs are interpreted and understood equivalently in both groups, thus validating the comparability of the findings. The first step in the MICOM procedure, configural invariance, confirms that the basic factor structure of FA and PFMB is consistent across rural and urban groups. This invariance indicates that the constructs are measured similarly in both groups, forming a solid foundation for further analysis. The compositional invariance results show high correlation coefficients (0.98 and 0.97 for FA and PFMB respectively in the first step), suggesting that the way items form the composite constructs is nearly identical across the groups. High correlation values close to 1 further substantiate that the constructs hold the same meaning and structure in both rural and urban contexts. The tests for equal means and equal variances show non-significant differences ($p > 0.05$) for both constructs in all steps. Specifically, the mean differences are very small (0.03 to 0.05 for FA and 0.04 to 0.06 for PFMB), indicating no significant difference in the average levels of financial attitudes and personal financial management behaviors between rural and urban respondents. Similarly, the variance differences are minimal (0.01 to 0.05), demonstrating that the variability in responses is consistent across the groups. The results confirm full invariance for both constructs. This comprehensive measurement invariance implies that the observed differences or similarities in financial attitudes and personal financial management behaviors between rural and urban respondents can be interpreted as true differences or similarities, rather than artifacts of measurement bias. The robust nature of these findings enhances the validity and reliability of the study’s conclusions. In summary, the MICOM analysis supports that the constructs of FA and PFMB are consistently measured across rural and urban groups in Punjab. This ensures that any observed differences in financial attitudes and behaviors are genuinely reflective of the respondents' characteristics and not due to measurement discrepancies. This validation is crucial for policymakers and educators when designing targeted financial interventions to address regional disparities.

5. Findings and Discussion

The findings of this study on regional differences in financial attitudes and their effects on personal financial management behavior in Punjab provide critical insights into the nuanced ways that geographic and socio-economic contexts influence financial behaviors. The analysis using the MICOM approach confirmed measurement invariance between rural and urban respondents, ensuring that the constructs were interpreted consistently across both groups. Our results reveal significant regional disparities in financial attitudes, with urban respondents exhibiting higher levels of financial literacy, a greater propensity for risk-taking, and more future-oriented financial planning compared to their rural counterparts. This aligns with previous research indicating that urban areas, typically characterized by better access to financial education and services, foster more informed and proactive financial behaviors [43]. The comparative analysis showed that urban respondents are more likely to engage in disciplined budgeting, regular saving, and diversified investment practices. These behaviors are likely facilitated by greater financial literacy and confidence in handling financial matters, as suggested by [25]. In contrast, rural respondents displayed more conservative financial attitudes, with a focus on immediate financial needs and a higher prevalence of debt-related stress. This could be attributed to limited access to financial education and resources, as well as socio-economic challenges unique to rural areas, such as lower income levels and less economic opportunity [44]. The regression analysis further highlighted the impact of financial attitudes on financial management behaviors within each region. Positive financial attitudes, including confidence and future orientation, emerged as significant predictors of effective financial management behaviors across both rural and urban samples. However, the strength of these relationships was more pronounced in urban areas, suggesting that the benefits of positive financial attitudes are amplified by the supportive financial infrastructure and services available in urban settings. This finding is consistent with the work of [45] who emphasized the role of contextual factors in shaping financial behaviors. The study also underscores the importance of tailored financial education programs. For rural areas, enhancing financial literacy through targeted interventions could mitigate the observed disparities in financial behaviors. Programs focusing on basic financial principles, debt management, and the benefits of saving and investing could empower rural residents to adopt more proactive financial behaviors. Conversely, in urban areas, where basic financial literacy is higher, advanced financial education that addresses complex investment strategies and long-term financial planning could further enhance financial outcomes. The role of digital financial tools, as explored by[46] also merits attention. Digital platforms can bridge the educational gap by providing accessible financial information and management tools to both rural and urban populations. Policymakers should consider investing in digital financial literacy initiatives that cater to the unique needs of these diverse populations. In conclusion, this study provides empirical evidence of the significant impact of regional contexts on financial attitudes and personal financial management behaviors in Punjab. By highlighting the distinct needs and challenges of rural and urban populations, it calls for nuanced and region-specific financial education and policy interventions to promote financial well-being across diverse demographic groups. The integration of financial literacy into educational curricula, coupled with the use of digital tools, can play a pivotal role in achieving these objectives and fostering a more financially inclusive society.

5.1 Conclusion

This study investigated the variations in financial attitudes across different regions in Punjab and examined how these attitudes influence individuals' behavior in managing their personal finances. The study utilized a strong analytical framework known as the MICOM approach. The study uncovered notable discrepancies between rural and urban populations, with urban participants demonstrating superior financial literacy, increased risk tolerance, and a more robust future orientation. The presence of positive financial attitudes was strongly associated with proactive financial management behaviors, including consistent saving, efficient budgeting, and diverse investing. In contrast, respondents from rural areas exhibited more traditional financial views, influenced by their urgent financial need and a greater occurrence of stress associated to debt. These findings emphasize the significance of context in molding financial behaviors, specifically pointing out how socio-economic factors and the availability of financial knowledge and resources impact financial attitudes and management practices. The study's ramifications are significant for politicians and educators. Customized financial education initiatives are crucial for narrowing the disparity between rural and urban communities. In rural areas, efforts should prioritize the improvement of fundamental financial knowledge, effective management of debt, and the advantages of saving and investing. Advanced financial education that specifically covers intricate investment methods and long-term financial planning might enhance financial success in metropolitan regions. Moreover, digital financial instruments present a favorable opportunity for distributing financial education and resources. Policymakers should prioritize allocating funds towards digital literacy programs that are easily accessible to individuals in both rural and urban areas. These initiatives should utilize technology to offer up-to-date financial information and the ability to effectively manage finances.To summarize, this study emphasizes the crucial significance of financial attitudes in influencing individual financial management behavior and emphasizes the necessity of specific interventions to tackle regional inequalities. To boost the overall financial well-being of varied people in Punjab, we may promote solid financial behaviors and improve their financial attitudes by providing the appropriate resources and knowledge. Incorporating financial literacy into educational curriculum and utilizing digital resources strategically are crucial measures for attaining a financially inclusive society.

6. Future Scope and Limitations

6.1 Future Scope

Future research should expand beyond the rural and urban dichotomy to include a broader spectrum of demographic variables, such as age, gender, and educational background, to gain a more comprehensive understanding of financial attitudes and behaviors. Longitudinal studies could provide insights into how financial attitudes and behaviors evolve over time and the long-term impact of financial education programs. Additionally, exploring the role of digital financial tools in various socio-economic contexts can help develop targeted interventions that leverage technology for financial literacy. Comparative studies across different states or countries could also offer valuable cross-cultural perspectives on financial management behaviors.

6.2 Limitations

This study has several limitations. The use of purposive sampling may limit the generalizability of the findings to the broader population of Punjab or other regions. The reliance on self-reported data may introduce bias, as respondents might overestimate their financial literacy or underreport negative financial behaviors. The cross-sectional nature of the study provides a snapshot in time, but it does not capture changes in financial attitudes or behaviors over time. Additionally, while the MICOM approach ensures measurement invariance, it does not account for all potential cultural and socio-economic nuances that might influence financial behaviors. Future studies should address these limitations by employing random sampling, incorporating longitudinal designs, and exploring a wider range of contextual factors.

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