

Effect of Financial Literacy on Financial Well-Being in Georgia

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Abstract

Making correct financial decisions requires a certain level of financial literacy, namely knowledge of different financial products and services and planning and managing personal finances, among others. While people with low to no financial literacy tend to have higher costs, like higher interest rate on their credits, a financially literate person is more likely to use financial services more cheaply and efficiently. This study evaluates the influence of number of socio economic and demographic factors like age, gender, income and education on level of financial literacy of people in Georgia, and the relationship between financial knowledge, financial attitude, and well-being.

Keywords: Financial Literacy, Well-Being, Subjective Knowledge

1.Introduction

Is saving money and investing it regularly for the future a sound and a necessary action? How do you decide where to invest your hard earned money and what do you consider while making the investment? Do you know why money in your pocket is worth more today than the same money tomorrow? Having the answers to these types of questions determines how financially literate a person is, although there are numerous different and complex definitions for the term “financial literacy”, it can simply be reduced to one’s ability to efficiently manage money (ZUCCHI, 2022) – knowing how and when to save or borrow money, what to spend it on and how much to spend, while also being able to ensure sufficient income for the future and retirement. So you really don’t have to have a doctorate in finance to be financially literate, as long as you understand key financial concepts and are able to effectively use your knowledge in real life scenarios to make well informed decisions about your everyday finances. Although the real life is a bit more complicated and there’s many other factors that come to play when making financial decisions, like psychological ones where people tend to act irrationally due to their impulses or emotions, despite their prior knowledge, despite all this a financially literate person is still expected to be capable of making sound financial decisions.

Not being able to understand simple finance is a serious issue around the world and especially in developing countries like Georgia, where people aren’t exactly known for their habits to plan for their retirement or for investing their money regularly. And especially now, when more and more financial services and products are being introduced, financial literacy has become a necessity for survival and prosperity. What is worrying is that results from studies from all over the world, from both developed countries like United States and emerging and developing ones like India and Brazil suggest that a large portion of population, especially the younger ones do not understand basic financial concepts (Lusardi & Tufano , 2009) (ZUCCHI, 2022).

The goal of this paper is to determine the perceived and actual level of financial literacy of the people in Georgia and how it may affect their present and future financial well-being. How do people achieve financial literacy? Is it exclusively because of education or is it something that comes naturally from life experiences and learning from other people from around you like your parents? Are financially literate people profoundly better off?

The research is especially important now in the age of globalization and technological advancement, we can virtually access almost every financial service and product from around the world, so it’s important to understand if people in Georgia have enough knowledge to use those new opportunities to improve their well-being or at very least not be overwhelmed or get in financial trouble by using wrong types or amount of financial products. Here,

financial education becomes an especially important issue, the government should promote financial literacy to help people deal with everyday financial decisions, as more people are aware about what influences the purchasing power of their money, how inflation works, they'll be able to make more sound life choices and not make impulsive or panic induced decisions, which often leads to severe financial crises.

Understanding the level of financial literacy among the Georgian people is the first key step in identifying what needs to be done and how to promote it, in order to improve the counties underdeveloped financial sector and provide more opportunities for future growth.

2.Literature

An essential aspect of life is having financial security. In addition to offering the much-needed independence and peace of mind, having control over your finances can open up opportunities for development, progress, and success. The ability to comprehend and use different financial tools, such as personal financial management, budgeting, and investing, is referred to as financial literacy. Financial literacy is a lifetime learning process since financial systems, platforms, and technology are constantly evolving and changing.

There comes a time in every person's life when they have to make financial decisions on a daily bases regarding their personal and professional life, like borrowing and repaying loans, deciding how much to spend and on what and how much to save and where in order to get desired return considering the risks that come with it. So understanding basic finance is critical for living a successful personal and professional life. Since the well-being of individuals is positively related to economic development of the country, it's important that people know how to manage money in an effective way, but what determines why some people are good at managing their finances better than others? What makes a person financially literate?

2.1. Subjective and Objective Financial Knowledge

The term "financial knowledge" refers to the learning of certain abilities in addition to the possession of information and awareness of various financial goods (Lusardi et al., 2017). The term "financial ability" distinguishes itself from "financial knowledge" by referring to one's capacity to carry out financial responsibilities and to successfully address issues that are connected to one's finances (Christelis et al., 2010; Cole and Shastry, 2008). The literature makes reference to objective knowledge, which may be defined as precise information on a product or service that is retained by a customer in their long-term memory (Carlson et al., 2007). In the realm of finance, objective financial knowledge refers to an individual's capacity to understand the financial concepts necessary to make prudent financial decisions (Lusardi and Mitchell, 2006; Lusardi and Tufano, 2015). This

ability is measured by an individual's level of financial literacy. In the second instance, literature refers to subjective knowledge as consumers' self-assessed impressions of what they believe or feel they know (Carlson et al., 2007). As an example, knowing that a mutual fund is a type of collective investment vehicle is objective information, however the consumer's subjective understanding of how to invest in a mutual fund is subjective knowledge (Hadar et al., 2013). Subjective financial knowledge improves people's subjective financial well-being by allowing them to make more responsible financial decisions (Tang and Baker, 2016). When compared to people who have a low opinion of their own knowledge, people who feel knowledgeable about financial products and services are more likely to acquire products that will enhance their financial security (e.g. investments in shares, insurance and mortgage) and avoid products that will potentially harm their financial situation (e.g. debts) (Farrell et al., 2016). According to previous research, it may be argued that persons who have a high degree of objective knowledge are better able to manage their own finances. Prior studies have shown that the ability and skill to plan a purchase of a product is closely connected to objective information (Hadar et al., 2013). The ability to better organize one's finances is positively correlated with an increase in one's level of financial pleasure as well as a reduction in the amount of stress that is brought on by one's own personal financial circumstances (Joo and Grable, 2004). In a similar line, improved financial planning assists individuals in achieving their objectives, which in turn allows them to meet both their ongoing and (un)anticipated monetary requirements (Borden et al., 2008).

H1. Subjective knowledge positively and significantly influences financial well-being.

2.2. Financial Literacy

Financial literacy is defined as the ability to assess and use different financial products and make informed decisions for the long term future in order to maximize return (Mandel, 2007). More limited definitions have been presented in studies that use financial literacy as actual financial knowledge, emphasizing the grasp of basic financial concepts while ignoring whether and how this information is put to use (Ramalho & Forte, 2018), while more board definition suggests that Financial literacy is the ability to apply motivation, confidence, and skills to financial decisions in order to improve one's financial well-being (OECD, 2014) because financial literacy should provide individuals with useful skills for real life scenarios like knowledge about debt structure, interest compounding (Lusardi & Tufano, Debt Literacy, Financial Experiences, and Overindebtedness, 2009). Thus financial literacy is depicted as a model in which actual financial knowledge predicts perceived financial behavior and financial attitude, which are observed by analyzing behaviors that show how people act in specific situations (Schrader & Lawless, 2004).

Financial literacy has been used interchangeably with financial education and financial knowledge. However, both concepts are conceptually distinct in that financial literacy is more comprehensive than financial education; consequently, employing them interchangeably might lead to confusion (Potrich , Vieira, & Mendes-Da-Silva, 2014). Understanding and use are two characteristics of financial literacy: understanding reflects personal financial knowledge through financial education, while use relates to the management of personal financial knowledge (Huston, 2010). In this case, the individual may have financial information, but in order to be deemed literate, he must be able to apply it while making decisions. As a result, financial literacy encompasses more than just financial education (McCormick, 2009).

H2: Financial literacy positively and significantly influences financial well-being.

2.3. Financial Behaviour

The most important aspect of financial literacy is behavior. The benefits of financial literacy are driven by behaviors like budgeting and establishing a financial safety net. Financial Practices Index developed by (Hilgert, Hogarth, & Beverly , 2003).

The majority of financial literacy studies conclude that an individual's financial behaviour based on using their understanding of financial concepts to make financial decisions, argued that the large impact of financial literacy on financial behavior could be attributable to measurement issues with financial literacy or ignoring other aspects of financial literacy (Fernandes, Lynch, & Netemeyer , 2013). A person may believe that saving for the future is vital (attitude), but whether they really save (behavior) depends on this belief, which might be the result of financial education programs that focus solely on technical knowledge and ignore behavioral components such as self-confidence and others, as the research points out, making them less effective. This emphasizes the significance of diagnosing people's profiles in order to build solutions capable of reducing behavioral biases (Ramalho & Forte, 2018).

A link between knowledge and behavior has been established by (Mouna & Anis, 2016), with gains in knowledge having a positive impact on personal financial behavior. So financial education has numerous advantages, including stock market participation. Any increase in financial literacy will have a significant influence on small investors and their capacity to plan for the future while avoiding debt traps. Well-designed financial education projects can reduce demand-side barriers to more effective financial inclusion, allowing impoverished people to better manage household resources and start income-generating businesses.

H3. Higher financial behavior score has a positive relationship with financial well-being.

2.4. Financial Well-Being

In their study (Xiao & Porto, 2017) offer financial satisfaction as a variable to explain the effect of financial literacy on financial well-being, both subjective and objective, where subjective financial well-being is measured by perceptions and evaluations of financial statuses, while objective financial well-being is frequently measured by income and wealth-related indicators. Financial satisfaction is strongly linked to subjective financial literacy. Subjective financial literacy appears to be a substantial mediator between financial education and financial satisfaction, according to the data. Financial behavior appears to be a powerful mediator between financial education and financial contentment, financial literacy is highly linked to positive financial behavior. Financial education appears to have both direct and indirect effects on financial satisfaction, according to the research (Chen, Chen, & Xiao, 2014). Financial satisfaction is influenced by both financial education and perceived financial capacity, Perceived financial capability is financial self-efficacy. The results suggest that financial education enhances financial self-efficacy, which improves financial well-being. On the other hand, consumers with high financial capability (measured by various financial behaviors) may not need financial education to obtain financial satisfaction, but consumers with low financial capability may benefit from financial education. The findings imply that financial education provides a number of advantages for promoting financial well-being, including facilitating information acquisition, increasing confidence in knowledge and competence, and encouraging action (Xiao & Porto , 2017).

Financial literacy appears to have a positive impact on household and individual financial behavior, particularly among entrepreneurs, according to empirical research. Financial concepts are crucial to corporate operations, such as keeping track of expenses, revenue, and investment choices, and understanding them can aid in correct risk appraisals and prospects between competitive options (Abubakar, 2015). Consumers who are financially literate tend to handle their own finances more effectively than those who are not. They also make better use of retail banking services. All financially competent participants said they had a checking account, and 75% said they had a savings account, compared to 88.6% and 57.1 percent for those with low financial literacy, respectively. Financially literate respondents were also more likely to utilize online and mobile banking for a variety of purposes, they also contact customer support less frequently. Given that providing banking services online and via mobile saves financial institutions money compared to serving customers in a branch or over the phone, financially literate customers may be less expensive for companies (Nejad & Javid, 2018).

3. Data Collection and Methodology

A survey was used to obtain data for the study. The questionnaire asked participants to rate their financial literacy, locus of control, and attitudes on financial behavior on a five-point Likert scale. The study was aimed at people who are over 18 ages, and already have contact with financial institutions. People that were targeted were given surveys to complete, and they did so voluntarily. In conclusion, a convenience sample was used in this investigation. Because the target population had already been identified, this sampling strategy was employed for both the pilot and the original study. Between March 2022 and June 2022, the research's data collection phase was finished. The survey is sent to target people by e-mail and received by e-mails, using a google form to prepare the survey's questions. The original main study used a convenience sample of 500 financially independent individuals over the age of 18, with a focus on Tbilisi.

More than half of the participants are private sector personnel which is 52 percent of the total, then 18 percent are self-employed, and retirees made up only 2 percent. According to the sample's demographic table (table 1) data, 43.8 percent of the participants are males and 56.3 percent are females, with 43 percent having a bachelor's degree and being between the ages of 20 and 25 (table 1).

Nearly 55% of those who took part are aged 20-25, while 31% are 26-45. In terms of income, table1 shows 40 percent a monthly salary of less than 800 GEL, while 24 percent claim a monthly income greater than 800 and less than 1500. The rest of the participant's income (around 37 percent) is more than 1500 GEL per month.

The mean scores of variables are illustrated in table 2. The Mean score of financial attitudes is 4.2857 with a standard deviation of 0.753, while other variables' mean is ranging from 2.79 to 3.89 such as financial literacy is 3.89 with a standard deviation of 0.9013, and the mean of financial well-being is 2.8333 with a standard deviation of 0.67743. The distribution of both construct is presented in Figure 1

Table 3 presents the correlation between some demographic factors such as age, education, gender and income and financial well-being, and subjective knowledge. At first, except age, all other demographic factors are significantly correlated with subjective knowledge. The stronger correlation is with income($r = 0.455$), being with education($r = 0.429$), being a negative relation with gender($r = -0.193$).As evident in table 3, financial well-being has any significant correlation with demographic indicators.

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3.1. Measurement Model

The method that Rosen et al. (2017) employ to define subjective knowledge, which is the confidence in one's understanding of financial concerns, is used for implementing the construct. The purpose of the first model is to investigate the connection between individuals' subjective and objective financial knowledge, as well as their behaviors and their overall financial well-being. It is hypothesized that a positive correlation exists between an individual's level of subjective financial knowledge, as well as knowledge and behaviors around money, and their level of financial well-being.

Measurement scales the scales that were utilized in order to measure the primary components of this study are detailed in Table II (Study 1) below. The dependent variable known as "subjective financial well-being" (SubjKnow) was evaluated based on an adapted version of six questions taken from a scale developed by Gerrans et al (2014). We adapted five questions from Bell and Eisingerich (2007) and Fernandes et al. and used them to evaluate objective knowledge (OKnow). For the purpose of measuring subjective knowledge (SKnow), items originally developed by Bell and Eisingerich (2007) and Kleiser and Mantel were modified (1994). This scale was selected because it conveys the perceptions that consumers have regarding what they think they know about financial services. Specifically, the scale was chosen because it measures customers' perceptions of their own knowledge. In order to measure subjective financial knowledge 5 items are used on a five-point scale where 1=strongly disagree, and 5= strongly agree (table4)

Table 1 Correlation of socioeconomic factors with financial well-being and subjective financial knowledge

	Financial well-being	Subjective Knowledge
Age	0.050	-0.002
Education	-0.143	.429**
Gender	-0.036	-.193*
Income	0.050	.455**
** Correlation is significant at the 0.01 level		
* Correlation is significant at the 0.05 level		

Table 2 Demographic information of respondents

	Frequency	Percent
Age		
20-25	77	53.5
26-45	45	31.3
46-60	22	15.3
Education		
Elementary	14	9.7
High-school	18	12.5
University	65	45.1
Master degree	33	22.9
Ph.D. degree	14	9.7
Gender		
Male	63	43.8
female	81	56.3
Income		
less than 800	56	38.9
between 800-1500	35	24.3
more than 1500	53	36.8
Occupation		
Private sector	75	52.1
Public sector	20	13.9
Self-Employed	26	18.1
Retired	3	2.1
Others	20	13.9
Total	144	100

Table 3 Descriptive Statistics

	N	Mean	Std. Deviation
Financial well-being	144	2.8333	0.67743
Subjective knowledge	144	2.7972	1.33757
Financial behavior	144	3.7257	0.84398
Financial literacy	144	3.8993	0.9013
Financial attitude	144	4.2857	0.75309

Table 4 Exploratory factor loadings, reliability and variability results.

	Components			
	SubjKnow	FinBeh	FinLiteracy	Well-being
SubjKnow1	0.860			
SubjKnow2	0.874			
SubjKnow3	0.905			
SubjKnow4	0.879			
SubjKnow5	0.840			
FinBeh1		0.610		
FinBeh2		0.602		
FinBeh3		0.599		
FinBeh4		0.682		
FinBeh6		0.752		
FinLiteracy2			0.848	
FinLiteracy3			0.836	
well-being2				0.820
well-being4				0.837
<i>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</i>	0.833			
<i>Bartlett's Test of Sphericity</i>	<0.001			
<i>Cronbach's Alpha</i>	0.938	0.750	0.751	0.640
<i>AVE</i>	0.665	0.516	0.668	0.517
<i>Composite Reliability</i>	0.888	0.840	0.784	0.762

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

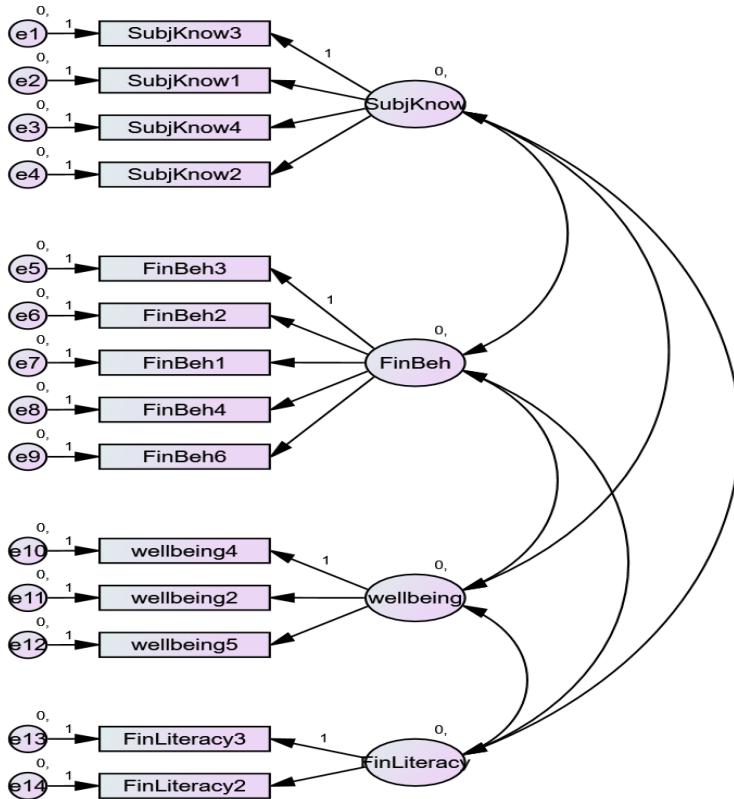
3.2. Exploratory Factor Analysis, validity and reliability

In order to conduct the analysis for this study, BM SPSS Statistics and AMOS 24 were utilized. In order to validate the hypotheses behind the research, structural equation modeling (SEM) was applied. These software packages do not support working with missing values; as a result, the missing values of the indicators for some variables were filled in by calculating the median values applicable to those indicators. Because it reveals the degree of measurement error in latent variables, structural equation modeling (SEM) delivers a more accurate measurement than regression models provide (Hair et al., 2014). In this thesis, At first structural equation modeling (SEM) was used to investigate the direct effect that financial literacy, financial behavior, and subjective knowledge on financial well-being.

Factor analysis was employed to build the constructs of dependent and independent variables. The principal component analysis revealed three components. Table 4 shows the factor loadings of these items using the Promax approach. Additionally, Cronbach alpha, average extracted variance (AVE), composite reliability (CR), and

Kaiser- Meyer-Olkin (KMO) values may be found in table 1.KMO value is 0.833, which confirms the suitability of our sample for suitable factor analysis.

Figure 1 CFA



In terms of internal consistency, the Cronbach's alpha values of the variables range between 0.599 and 0.905, as indicated in Table 4 (Nunnally and Bernstein, 1994;Matin et al.,2021; Dilanchiev et al.,2023; Karaev &Mercan,2023). Convergent validity is defined as an AVE value of 0.50 or above, which indicates that the latent variables (constructs) adequately explain at least half of the indicator variables (Fornell and Larcker, 1981). Table 4 shows that all components have AVE values over 0.50 and CR values that are larger than the AVE values. Discriminant validity has been demonstrated using the Fornell-Larcker (1981) criteria and cross-loading (*Table 5*): the square root of each construct's AVE is greater than its correlation with another construct, and (2) each item loads greatest on its associated construct.

Table 5 Fornell-Larcker Criteria

	Subjective Knowledge	Financial Behavior	Well-being	Financial Literacy
Subjective Knowledge	0.816			
Financial Behavior	0.590***	0.718		
Well-being	0.183**	0.347***	0.719	
Financial Literacy	0.298***	0.527***	0.207**	0.818

3.3. Confirmatory factor analysis

The exploratory factor analysis (EFA), which is what was used at the beginning of the study and reveals the factor structure of the scale, was followed by the confirmatory factor analysis (CFA), which was performed to confirm this new factor structure. Confirmatory factor analysis is a very general method that is utilized in the testing of hypotheses concerning latent variables (Tabachnick and Fidell, 2013; Khoshtaria et al., 2021; Mercan et al., 2020). Figure 2 illustrates the CFA. Under the CFA, numerous indexes are advised to measure the adequacy of the model. The most frequently reported indices were chosen for this study: normed chi-square, which has an Absolute Agreement Index of approximately average root profit; root mean square error of approximation (RMSEA); Goodness of Fit Index (GFI); Adjusted Goodness of Fit Index (AGFI) and Comparative Fit Index (CFI).

Table 6 shows all index values are within the acceptable range. This result suggested that the measurement model of structural infrastructure provided a good fit. $X^2/df = 3.347$, CFI = 0.934, SRMR = 0.058, RMSEA = 0.076 5 0.050.

- (1) RMSEA < 0.08 (Hair et al., 2006)
- (2) $X^2 / df < 3.0$ (Hair et al., 2006; Kline, 2005)
- (3) CFI and IFI > 0.90 (Hair et al., 2006)

Table 6 Model fit indexes

	Estimate	Threshold	Interpretation
CMIN	237.641	--	--
DF	71	--	--
CMIN/DF	3.347	Between 1 and 3	Acceptable
CFI	0.934	>0.95	Acceptable
SRMR	0.058	<0.08	Excellent
RMSEA	0.076	<0.06	Acceptable

4.Measurement Results

The entire sample was run through a structural equation model in order to determine the direct or main effects (figure 3). The findings of the direct impact hypothesis as well as the model estimates of the sample are shown in Table 6. The findings supported the H1 hypothesis, which said that Subjective Knowledge has a favorable impact on financial well-being. Table 6 demonstrates that Subjective knowledge isn't a significant influence, with a standardized coefficient of -0.025, as shown in the table ($p = 0.672$). According to Table 6, the variable measuring only Financial Behavior has a positive significant effect (coefficient =0.278, standard error=0.072 and $p = 0.000$), and provides support for the H3 hypothesis. At the same time, Table 4 shows financial literacy variable has also an insignificant effect on financial well-being, which is rejecting the H2 hypothesis. In short, findings support H3, but rejecting H1 and H2.

Table 7 Direct impact estimates

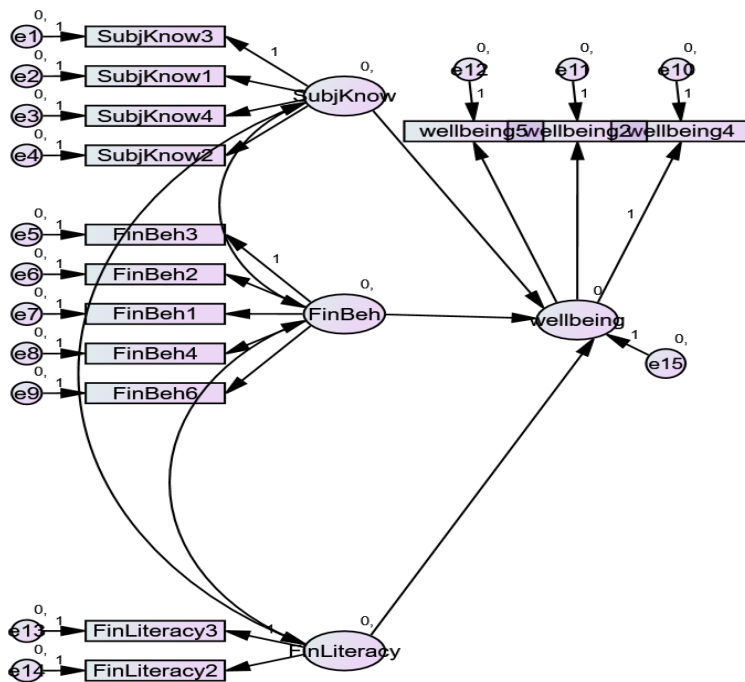
			Estimate	S.E.	C.R.	P	results
well-being	<---	SubjKnow	-0.025	0.058	-0.423	0.672	rejected
well-being	<---	FinBeh	0.278	0.072	3.855	***	supported
well-being	<---	FinLiteracy	0.051	0.095	0.533	0.594	rejected

As model1 results demonstrate only the financial behavior of people has a positive significant effect on their financial well-being. Therefore, I applied the model2 where financial behavior is used as a mediator role between the other independent variables and financial well-being (figure 4)

Future welfare levels are influenced by people's financial decisions now. From a behavioral finance perspective, this second model estimates the role of financial literacy, subjective knowledge, and financial attitude over their

financial behavior decisions. Decision-makers can use the findings of this study to help further their own understanding of the subject matter and make better decisions moving forward. Structured equation models based on scales are used to test the validity and reliability of the data gathered from companies. Understanding basic financial concepts, financial products and services, and correct financial attitude and behavior helps people make informed and balanced short- and long-term decisions about their finances. The relevance of the relationship between financial knowledge and behavior has risen as a result of factors such as growing obligations, higher levels of borrowing, challenges posed by social security difficulties, and an increase in the average life expectancy (Agustina and Mardiana, 2020). Kholilah and Iramani (2013), on the other hand, discovered that having financial knowledge might have a detrimental influence on one's financial behaviors.

Figure 3 Measurement model



Fernandes et al., 2014 analyzed the effects of financial education and literacy on financial behavior and found varied results. Another study by Ambuehl et al., 2014; Brown et al., 2014 continues to indicate that financial education has a favorable impact on consumer financial behavior and wellbeing.

Atkinson et al., 2006 defined financial literacy as the capacity to apply particular degrees of financial knowledge and engage in desired financial behaviors in order to achieve one's financial well-being. The term "attitude" was also used to refer to the capacity to apply particular degrees of financial knowledge.

It is believed that financial education can help consumers become more financially literate and encourage them to engage in better financial behaviors. (Atkinson et al., 2006). Lusardi and Mitchell, (2014) reported financial knowledge encourages good financial behavior and improves the financial well-being of people. The Model2 study analyzed financial well-being, subjective financial knowledge, financial literacy, and attitude toward financial well-being in Georgia.

5. Conclusion and Recommendation

Financial literacy is becoming increasingly important especially in the age of globalizing with new financial products being offered to people on a regular basis, policymakers should begin to pay attention to the growing significance of financial literacy in preserving the economic prosperity of both individuals and societies and understanding what is the level of financial literacy and factors contribute to it is a powerful tool for policymakers to identify how to target where it lacks and improve it.

In order for people to maintain their financial security and welfare under the current system of financialized capitalism, people must use financial products and services. Within this regime, institutional actors create and promote future visions that influence how people manage their personal finances by encouraging them to adopt specific financial logics, understandings, and behaviors financial literacy and education is a significant institutional setting where such theories are created and shared with the public. It becomes especially crucial to customize financial education programs' content and format to their target audience and to take into account complementary interventions in order to achieve the final aim, whether it be boosting business efficiency or increasing financial access. Additionally, vulnerable populations must be recognized and targeted in light of supply-side failures.

It has been investigated if financial education has a direct or indirect impact on subjective financial well-being. Objective and subjective measures of financial literacy, as well as the perceived and actual levels of financial literacy and financial knowledge, financial behavior may serve as mediators in the relationship between a person's financial education and their level of financial well-being. The findings show that subjective financial knowledge and financial literacy have no significant effect on financial well-being, while financial behavior has a significant impact on financial well-being. As a mediator between financial knowledge, literacy, attitude and financial

wellbeing, financial behavior positively and significantly mediate financial attitude and financial literacy. According to the findings, financial education provides important advantages for boosting financial well-being, including easing information acquisition, building confidence in knowledge and ability, and encouraging action. Findings from this study provide an approach for improving the financial well-being of consumers by distributing knowledge about financial products and services. An increase in both objective and subjective financial knowledge is shown to improve the financial well-being of financial consumers.

Keeping a close eye to the level of financial literacy among people and finding ways to improve it, are one of the key and important factors in order to maximize the living standard of society. If the government develops a plan to integrate financial education in more programs at schools and universities it could avoid huge risks like credit risks and panics in the market that can cause the whole financial sector to decline greatly, with relevant financial education people are more likely to know what to expect and how to act in a way that will benefit them and the society in the future, without causing unnecessary disturbance in the market.

5.1. Practical Implication of the Study

Studying what influences the financial behavior of Georgian citizens can potentially provide a useful tool for finding the ways to improve their financial literacy and financial well-being. There can be some government programs that promote financial education from earlier ages which could help people later in making better financial decisions, which will eventually lead to a more developed financial sector and Economy as a whole.

5.2. Limitations of Research

The study sample comes mostly from the capital city of Tbilisi, a larger sample and respondents from more different parts of Georgia would provide a more precise results

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