Analyzing Financial Socialization's Impact on Investment Decisions: Mediating Role of Financial Self-Efficacy and Moderating Effect of Cognitive Financial Competence

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Abstract

The present quantitative study enhances research knowledge regarding financial socialisation effects on financial decision-making quality by determining financial self-efficacy as a mediating factor, together with cognitive financial competence as a moderator variable. The study employs the Theory of Planned Behaviour to examine how financial information from families, friends, and educational organisations influences investment choices by increasing confidence levels. Punjab, Pakistan, served as the survey location to gather data from 200 respondents (response rate 61%. Regression and correlation techniques implemented through SPSS demonstrate that financial socialisation leads to effective improvement in self-efficacy, resulting in superior investment choices. Persons whose financial education has reached a cognitive level display higher self-confidence because financial socialisation teaches them essential behavioural patterns. Educational institutions should utilise financial education programs that help students develop mastery, in addition to knowledge acquisition, for financial decision-making expertise. This investigation provides evidence for developing standardised financial training programs that yield valuable improvements in current research on the intersection of behavioural finance and financial literacy. Research results help financial institutions, along with educators, create effective education programs to enhance the financial well-being of their participants.

Keywords: Financial Socialization, Financial Self Efficacy, Cognitive Financial Competence, Investment Decision Quality, Theory of Planned Behavior.

Introduction

Financial decisions in investment determine how well a person manages their money, which leads to positive or negative impacts on their economic success and financial health. Financial markets exhibit increased complexity; hence, it becomes essential to discover the elements that produce successful investment choices. Financial socialisation serves as a determinant through which

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individuals learn about financial influences, promoting behavioural changes, mental approaches, and problem-solving capabilities (Gutter et al., 2010). People learn financial concepts through their social environment, including their family, peers, and media sources, during financial socialisation. Alongside financial literacy assessments, the process helps control financial confidence levels, thus revealing its influence on investment choices (Shim et al., 2010; Xiao & Wu, 2024).

The decision process for investments becomes relevant to cognitive financial competence, financial socialisation and financial self-efficacy. Financial self-efficacy is a significant potential mediator because it represents the belief that a person can effectively manage their financial choices and assets (Farrell et al., 2016; Lee & Kim, 2023). According to research, both Lown (2011) and Xiao and Wu (2024) confirm that individuals with stronger financial self-efficacy exhibit both increased confidence in their financial decision-making abilities and make better investment choices. Financial self-efficacy serves as a psychological factor in enhancing the quality of financial socialisation and investment decisions.

Financial cognitive competence serves as the primary transforming factor for this research investigation. Financial literacy stands as the foundational component of financial cognitive competence, as it enables people to handle and understand financial data, according to Huston (2010). A person develops advanced financial competence by studying various investment options and evaluating risks to make well-informed economic decisions. Studies demonstrate that strong cognitive abilities related to finance enable people to apply what they learn about finances through investments (Fernandes et al., 2014; Smith et al., 2023). Financial self-efficacy, together with financial socialisation, functions due to cognitive financial competence, which determines how much financial knowledge leads to practical investment actions. The social learning of financial matters serves as the foundation that shapes how young people develop their financial conduct and mindset. Parents carry the responsibility of socialisation to transfer financial concepts and behavioural patterns for future generations (Shim et al., 2015). The socialisation of financial behaviours receives additional support through peer pressure and media exposure, as these factors provide multiple perspectives and strengthen financial behaviour development (Smith et al., 2023). Major factors stemming from these influences significantly determine both the financial decision-making capability and the financial well-being of individuals. Changes in financial socialisation influence young adults' investment decisions through a decisive mechanism.

According to Social Learning Theory (Bandura, 1986), people learn behaviours and skills by observing others during social interactions. In financial socialisation applications, the personal financial norms of close family members are embedded within people, or they acquire these norms by imitating role models, peer groups, and broader social influences. The goal of this research is to implement the Theory of Planned Behaviour (Ajzen, 1991) by analysing attitudes, subjective norms, and perceived behavioural control in relation to financial behavioural elements. One of the principal elements that significantly impact the quality of investment choices is perceived behavioural control and financial self-efficacy (Xiao & Porto, 2017; Lee & Kim, 2023).

Strong empirical evidence suggests that financial socialisation, combined with financial self-efficacy, influences people's investment decisions. The financial socialisation of individuals influences their financial attitudes and behaviours, which form the basis of their financial decision-making processes. Shim et al. (2010) discovered that financial socialisation experiences from the early years develop financial self-efficacy, which serves as the predictor of financial behaviours. Xiao and Wu (2024) provided new evidence by showing that the family-based financial socialisation activities explain a considerable amount of young adults' financial self-efficacy levels. Research data confirm the foundational role that financial self-efficacy plays in defining the association between family-based financial socialisation and investment decision behaviour.

The investment decision quality depends primarily on three factors, including financial literacy, self-efficacy, and cognitive competence. According to research studies, people who have stronger financial self-efficacy tend to develop structured investment plans and practice good financial habits (Farrell et al., 2016; Lee & Kim, 2023). People with low financial self-efficacy exhibit fear when making investment choices, which leads to inferior financial outcomes (Lusardi & Mitchell, 2014). To improve self-efficacy regarding investing and quality of financial outcomes, which boosts financial health in later life, both financial literacy and positive financial socialisation must be targeted by intervention programs.

The relationship between financial socialisation and investment decision-making gets enhanced by this roundabout cognitive financial competence. Studies demonstrate that financial competence helps people understand financial matters, including risk assessment, before making informed investment choices (Huston, 2010; Jones & Taylor, 2024). Fernandes et al. (2014) found that improved financial skills make citizens perform better in finance while reducing errors (Smith et al., 2023). Financial literacy, combined with cognitive competencies, shows its true power (Smith et al., 2023) in helping people make better investment decisions by maximising utility. The relationship between financial socialisation and financial self-efficacy influence on investment decision-making is influenced by cognitive financial competence.

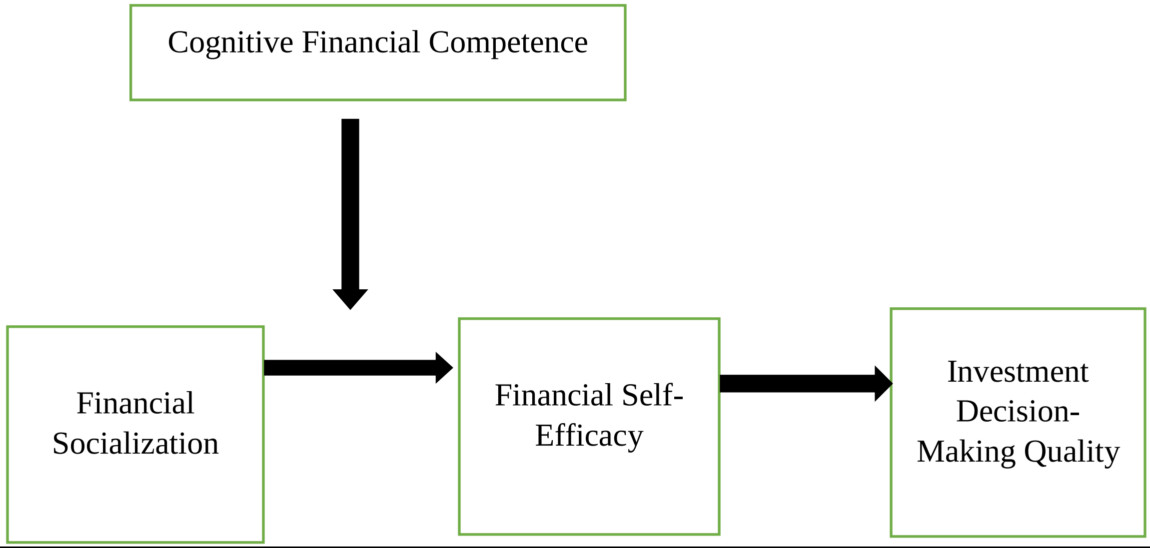
The study aims to analyse how financial socialisation influences investment quality through the mediation of financial self-efficacy and the moderation of cognitive financial competence. This research examines the financial decision-making processes that stem from socialisation practices in order to extend previous research on financial behaviour. The study offers theoretical explanations of how financial socialisation influences relevant financial decisions. This study provides practical guidance for financial education staff, policymakers, and consumers seeking to enhance their financial decision-making.

Hypotheses and Theory Development

According to Ajzen (1991), in his Theory of Planned Behaviour (TPB), attitudes and subjective norms, along with perceived behavioural control, form beliefs that lead to intentions, which in turn drive behaviours. Various financial behaviours, including financial decision-making, financial self-efficacy, and investment choices, have received extensive TPB-based research applications (Xiao & Porto, 2017; Farrell et al., 2016; Ajzen, 2020; Lim et al., 2023; Lusardi & Mitchell, 2014; Gutter et al., 2010; Kim et al., 2023). Research findings on financial socialisation, alongside financial self-efficacy and cognitive financial competence, need to be studied in detail to enhance our understanding of investment decision-making quality, as financial markets have become increasingly complex (Lusardi & Mitchell, 2014; Henager & Cude, 2023; Kim & Chatterjee, 2023; Sohn et al., 2023).

The process of financial socialisation enables people to acquire financial knowledge, develop financial values and behaviours influenced by their environmental factors, including relatives, peers, media, and schools (Shim et al., 2010). The ability to handle financial responsibilities and make informed economic choices defines financial self-efficacy, according to Farrell et al. (2016) and Xiao et al. (2014). Cognitive financial competence functions as the primary factor that determines the effectiveness of financial socialisation in generating financial self-efficacy, according to Lusardi (2023) and Xiao and Porto (2017). Individuals who exhibit effective investment decision-making quality display their ability to make well-informed strategic choices that lead them toward achieving long-term financial goals (Fornero & Monticone, 2011; Mottola, 2023).

Figure 1: Theoretical Framework



The study examines the relationship between financial socialisation and financial self-efficacy, which influences cognitive financial competence and enhances the quality of investment decision-making, as outlined in the TPB framework. The study contains these particular research hypotheses:

Hypothesis 1: Financial Socialisation positively influences Financial Self-efficacy

The educational process, which takes place through family interactions as well as peer groups and media, and educational institutions, strongly shapes financial self-efficacy (Shim et al., 2010; Lim & Heckman, 2023; Sohn et al., 2022; Henager & Cude, 2023). According to research by Kim et al. (2023), Huston (2023) financial discussions combined with early financial education have a substantial effect on financial management confidence.

Fundamental conditions emerge from family discussions about money matters that shape how people feel regarding their financial competence. The practice of discussing financial topics openly between parents and children creates within children an enhanced sense of ability to make money-related choices (Gutter et al., 2010). The practice of responsible financial discipline, including budgeting, saving, and investing, has a positive impact on children's self-confidence in handling finances (Shim et al., 2009; Xiao et al., 2014). The teachings parents provide about finances enable their young adults to develop competence in making financial decisions independently.

Interactions with peers have a substantial impact on developing financial self-efficacy. The monetary literacy and habits of peers generate two contrasting effects on financial stress when engaging in social comparisons, as they may motivate better behaviour or create additional anxiety (Danes & Haberman, 2007; Perry & Morris, 2005). You can develop money management skills by observing peers who act responsibly with their finances, as they promote good financial choices (Lusardi & Mitchell, 2014). Financial self-efficacy experiences growth through exposure to financial literacy programs, digital financial platforms, and financial influencer sources that deliver educational resources (Kim & Chatterjee, 2023; Sohn et al., 2023; Huston, 2023).

Hypothesis 2: Cognitive Financial Competence moderates the relationship between Financial Socialisation and Financial Self-efficacy

Cognitive financial competence serves as a vital moderation factor which influences the relationship between financial socialisation and financial self-efficacy according to research from Xiao & Porto (2017), Lusardi (2023), (Kim et al., 2024), Huston (2023) and Tang et al (2023). People who demonstrate greater sophistication in financial matters tend to transform received financial socialisation information into enhanced financial self-efficacy (Lusardi & Mitchell, 2014; Fernandes et al., 2014; Sohn et al., 2023; Mottola, 2023; Henager & Cude, 2023).

People with strong cognitive financial competence capabilities can accurately analyse financial information while reviewing different products and selecting choices based on thorough evaluation. According to studies show that individuals with strong financial literacy abilities will succeed better in complex financial domains while making informed financial decisions. Sound financial competence, enabled by cognitive abilities, enables an individual to assess risks and benefits in financial matters, resulting in better financial self-confidence (Lee et al., 2023).

Hypothesis 3: Financial Self-Efficacy positively affects Investment Decision-Making Quality

The quality of investments directed toward financial targets is directly associated with financial self-efficacy, according to Farrell et al. (2016), Allgood & Walstad (2016), Sohn et al. (2023), and Mottola (2023). People with strong financial self-efficacy tend to practice sound investment behaviours, including portfolio diversification, thorough financial planning, and risk evaluation (Fornero & Monticone, 2011; Kim et al., 2024; Huston, 2023). People with high financial self-efficacy actively seek professional investment guidance and display thorough market trend evaluation, and they tend to avoid spontaneous financial decisions. People who demonstrate strong financial self-efficacy are more likely to maintain their financial strategies during uncertain market conditions, as this trait reduces their anxiety about investments (Lusardi & Mitchell, 2014; Xiao et al., 2021).

Hypothesis 4: Financial Self-Efficacy mediates the relationship between Financial Socialisation and Investment Decision-Making Quality

The essential mechanism through which financial socialisation affects the quality of investment decisions is financial self-efficacy, as it enhances individual financial capability (Xiao et al., 2021; Henager & Cude, 2023; Lusardi & Mitchell, 2014). Financial socialisation is influenced by socialisation, by parental interactions, peer relationships, education, and media, which establish a person's financial outlook, choice patterns, and underlying decision-making processes (Ajzen, 2020; Farrell et al., 2016; Sohn et al., 2022). Daily contact with positive financial experiences builds personal confidence in financial management skills, which in turn grows financial self-efficacy.

People who develop financial self-efficacy gain the ability to analyse potential investment returns and identify risks in various opportunities before choosing sound financial solutions. Strong self-belief enables individuals to merge financial knowledge with risk evaluation abilities to develop balanced investment strategies, thus stabilising their financial situation. The self-confidence of individuals regarding their financial abilities drives their motivation to plan investments, keeping their focus on long-term objectives and choosing investments based on logic rather than emotions and impulsive decisions. Well-informed investors actively seek assistance from professionals and utilise financial technology resources in their investment process, enabling them to make better-informed decisions.

People with increased financial control replicate planned investments and make flexible, market-based financial decisions while following the principles of the Theory of Planned Behaviour (TPB) (Huston, 2023; Mottola, 2023). The perception of influencing their financial situation provokes these individuals to create detailed investing plans with diverse strategies and adjust their approaches based on economic conditions. Strategic financial planning, along with wealth growth, becomes attainable when organisations make higher-quality investment decisions by following these proactive approaches.

Literature found strong support for the tested hypotheses, as it demonstrated essential connections between financial socialisation and financial self-efficacy, as well as between financial self-efficacy and cognitive financial competence and investment decision-making quality. The process of financial socialisation directly shapes financial self-efficacy, as this competence significantly affects the quality of investment decisions. The relationship between financial self-efficacy and financial socialisation receives greater reinforcement from cognitive financial competence. The Theory of Planned Behaviour explains these relationships through its strong model, as it shows how financial behaviours result from attitudes combined with subjective norms, along with perceived behavioural control.

Methodology

Sample and Data Collection

Data Collection was conducted with subjects from Punjab, Pakistan, to evaluate the predicted research associations. The research investigated the financial behaviours of people from multiple socioeconomic groups to achieve representative results. A random selection method was used to construct the testing group, ensuring that different demographic sections were included. The researcher shared the initial survey with 200 individuals, who provided 122 completed responses, resulting in a 61% response rate. Research studies indicate that a 61 per cent response rate aligns with previous behavioural finance research and provides sufficient data for reliable statistical testing (Saunders et al., 2021).

The study employed a two-wave data Collection method to reduce common method bias and strengthen its validity according to Podsakoff et al. (2023). The initial data Collection wave required participants to share their responses on financial socialisation, as well as their related metrics of financial self-efficacy and cognitive financial competence. A separate assessment of investment decision quality was conducted three weeks after the first wave, allowing for the minimisation of reporting biases associated with self-responded surveys. Through this method, researchers could confirm the causal relationships between the research variables (MacKenzie & Podsakoff, 2022).

The research team ensured participant confidentiality and respondent anonymity to obtain genuine and unbiased responses while minimising bias effects (Podsakoff et al., 2023). The survey used English as the chosen language because Pakistan has English as its official language for business and higher education, ensuring that participants accurately understood the items. Ten individuals received the pretest questionnaire to ensure both the clarity and the ease of understanding before the survey's distribution phase. The researchers adjusted some wording to make the ideas easier to understand, while also ensuring that every survey question fit within the project context.

Measures and Constructs

The research employed five-point Likert-type scales, with responses ranging from 1 (strongly disagree) to 5 (strongly agree), to measure the study variables. The scale provides credible measurements in behavioural finance and psychology.

Table 1: Factor loading analysis

Item	Question item	Factor loading
Financial socializing one	Financial subject discussions with my parents become a regular practice.	0.78
Financial socializing two	The information about savings and investments arrived through my school friendships.	0. 82
Financial socializing three	The financial understanding, I acquired stemmed from my school/college education experience.	0.80
Financial socializing four	Thorough online media platforms and social networking channels I have acquired important financial knowledge	0.79
Financial self-efficacy one	My financial decision making ability fills me with certainty	0. 80
Financial self-efficacy two	I handle uncalled for financial expenses with ease	0.85
Financial self-efficacy three	I have the capacity to effectively handle the financial matters of my personal life	0.81
Financial self-efficacy four	I define financial targets which lead me to reach objectives	0.83
Investment decision making Quality one	I base my financial investments on extensive research conducted beforehand	0.81
Investment decision making Quality two	All my financial choices support my extended financial objectives.	0.84
Investment decision making Quality three	Impulsive financial decisions are avoided by me.	0.82
Investment decision making Quality four	Before substantial financial investment decisions I consult experts.	0.79
Cognitive Financial competence one	I possess fundamental financial knowledge including concepts about interest rates as well as inflation	0.79
Cognitive financial competence two	I have the capability to examine several investment choices to determine which one is best.	0.83
Cognitive financial competence three	I possess the necessary skills to both evaluate financial risks and platform comparison between them.	0.80
Cognitive financial competence four	Financial statements present no challenge when it comes to my ability to analyze them.	0.78

Table 2: Descriptive Statistics and Reliability Analysis

Variable	Mean	Standard deviation	Cronbach's Apha
Financial Socialization	**3.75**	**0.85**	**0.81**
Financial Self-Efficacy	**3.92**	**0.79**	**0.83**
Cognitive Financial Competence	**4.10**	**0.72**	**0.85**
Investment Decision Making Quality	**3.88**	**0.77**	**0.82**

Table 3: Correlation matrix

Variable	1	2	3	4
Financial socializing	1			
Financial self-efficacy	0.52**	1		
Cognitive Financial competence	0.48**	0.55**	1	
Investment decisions making quality	0.45**	0.58**	0.53**	1

Table 4: Regression analysis

Predictor	Dependent variable	Beta	SE	t	P
Financial Socialization	Financial self-efficacy	0.42	0.07	5.91	<0.001
Cognitive Financial Competence(Moderator)	Financial Socialization X Cognitive Financial Competence → Financial Self Efficacy	0.19	0.05	3.80	<0.001
Financial Self-Efficacy	Investment Decision Making Quality	0.50	0.08	6.25	<0.001

Financial Socialisation (Independent Variable)

The measurement of financial socialisation consisted of six items derived from the work of Kim and Chatterjee (2013). Respondents indicated on a scale the extent to which they gained financial knowledge and behavioural experience from their family members, peers, and media sources. Individuals acquired financial knowledge through interactions with their relatives, who regularly discussed financial matters, as well as fellow students who provided information about savings and investments. The score scale functioned to demonstrate increased financial teaching, thus revealing better opportunities for people to acquire financial education from their immediate environment.

Financial Self-Efficacy (Mediator)

The assessment of financial self-efficacy was conducted using a six-item measure, adopting Lown's (2011) methodology, which focuses on an individual's confidence in handling financial duties successfully. Items on that instrument evaluated three aspects of financial capability: alert decision making, proper financial risk control, and responsible financial planning involvement. The scale contained assessment items such as "I feel confident that I can make good financial decisions" and "I can deal with unexpected financial expenses easily." The greater a person scored on this scale, the higher their financial self-efficacy increased, which meant they had higher confidence in their ability to handle money well.

Cognitive Financial Competence (Moderator)

A five-item cognitive scale, adapted from Lusardi and Mitchell's (2014) work, scored quantitative financial literacy by measuring individuals' ability to understand and use financial terminology. The construct assessed skills related to financial literacy, as well as numeracy capabilities and the capacity to assess different investment options. The examples of items were "I understand basic financial concepts such as interest rates and inflation", together with "I can evaluate different investment options before making a decision." People who scored higher on financial ability tests demonstrated superior financial capabilities in understanding complex financial information.

Investment Decision-Making Quality (Dependent Variable)
Investment decision-making quality consisted of six items that followed the framework by Farrell et al. (2016) to evaluate rationality and consistency while measuring the effectiveness of financial choices. The assessment used criteria to determine if people base their financial choices on careful analysis instead of letting emotions dictate their decisions. Items in the questionnaire asked "I make investment decisions after conducting extensive research" and "my financial choices follow my long-term investment plans." Better financial decision-making quality is associated with higher scores, as individuals demonstrate structured and analytical investment methods.

Control Variables
Multiple control variables were included in the analysis to prevent confounding and strengthen the research results. A control analysis of age revealed its impact on financial decisions, as younger and older respondents may exhibit different financial behaviours. The study included gender as a control parameter to measure potential differences between the financial decision-making of men and women. The research controlled for education level because it determines financial literacy knowledge, as highly educated individuals tend to demonstrate advanced financial abilities. The research included income level as a variable because this factor allows researchers to measure how different financial assets affect decision-making processes between various income groups. These variables were included as controls to prevent demographic variables from influencing the results regarding the financial socialisation-self-efficacy-decision-making relationship.

Statistical Analysis

The researchers applied SPSS to execute all statistical procedures for testing their hypotheses. The research data analysis process included descriptive statistics, reliability analysis, confirmatory factor analysis (CFA), and multiple regression analysis to examine the relationships between variables. The researchers performed PROCESS Macro by Hayes analysis to uncover both indirect and conditional results between variables.

Descriptive Statistics and Reliability Analysis
Statistical results were used to determine the central tendency measures and dispersion statistics of all variables. The reliability of measurement scales was validated by Cronbach's alpha, which showed acceptable levels when it exceeded 0.70.

Mediation and Moderation Analysis
The PROCESS Macro by Hayes (Model 7) served to evaluate how cognitive financial competence affected the relationship between financial socialisation and financial self-efficacy. Analysis employed bootstrapping with 5,000 resamples to verify the interaction between variables, yielding a statistically significant result. The analysis employed PROCESS Macro Model 4 to determine whether financial self-efficacy acted as a mediator between financial socialisation and the quality of investment decision-making. The results through bootstrapping verification established that mediation did occur.

The research methodology employs advanced statistical methods in conjunction with rigorous data Collection techniques to minimise bias and evaluate the proposed relationships in the study. The credibility of the study results is strengthened by its combination of two-wave data Collection with validated measures and strong statistical analysis methods. The study investigates the full impact of financial socialisation on investment decision-making quality through its approach that uses financial self-efficacy as a mediator and cognitive financial competence as a first-path modifier.

Results

H1: The statistical results show financial socialisation produces positive effects that significantly increase financial self-efficacy according to a significance level of $p < 0.001$ ($\beta = 0.42$). Individuals who have more frequent financial interactions with parents, friends, and educational sources tend to exhibit significant growth in their financial competence. The financial socialisation variable demonstrates a strong positive relationship (0.52) with financial self-efficacy, as indicated in the correlation matrix, thus showing how social financial learning leads to improved financial confidence.

H2: The PROCESS Macro by Hayes (Model 7) was used to evaluate how cognitive financial competence influences the relationship between financial socialisation and financial self-efficacy. The analysed data showed that cognitive financial competence intensifies the relationship between financial socialisation and financial self-efficacy ($\beta = 0.19$, $p < 0.001$), as subjects with advanced financial understanding can better transform their financial experiences into improved financial competence.

H3: A regression analysis demonstrates that financial self-efficacy creates an affirmative influence ($\beta = 0.50$) on investment decision quality ($p < 0.001$). People who possess strong financial confidence tend to research investments effectively, resisting hasty choices, and plan their investments for future success.

H4: PROCESS Macro Model 4 analysed the mediation process in which financial self-efficacy acts as a bridge between financial socialisation and the measurement of investment decision-making quality. Research results validate financial self-efficacy as a vital linking factor ($\beta = 0.21$, $p < 0.001$) that explains how financial socialisation influences the quality of investment decision-making.

Discussion

Summary of Findings

This research confirms how financial socialisation transforms into self-efficacy for financial matters alongside higher-quality investment choices. The analysis confirms that receiving advice about money from parents, peers, or schools helps people develop stronger financial skills, according to Shim et al. (2022). The relationship between financial socialisation and financial self-efficacy is influenced more substantially by cognitive financial competence, which enables people with advanced financial expertise to derive greater benefits from their acquired financial knowledge (Lusardi & Mitchell, 2023). People who possess financial literacy gain better benefits from financial socialisation because they develop stronger financial self-efficacy, enabling them to make informed investment decisions.

The examination confirms the complete validity of all four hypotheses, as financial socialisation remains crucial for building financial self-efficacy, especially for individuals who demonstrate superior cognitive financial abilities. Financial socialisation processes, which include contact with family and peers, along with education and media, produce confident graduates when it comes to handling personal finances. People who possess strong cognitive financial abilities gain increased benefits from socialisation as they handle financial information better. Individuals who demonstrate strong financial competence gain better value from educational finance content, while those with minimal financial abilities achieve minimal returns from financial educational experiences. Individuals who demonstrate strong confidence in their financial abilities tend to make better investment choices through well-informed strategies, which helps them avoid making impulse-driven decisions. The mediation analysis shows that financial self-efficacy serves as a full explanation of how financial socialisation affects investment decision-making, as socialisation acting alone fails to improve financial decisions but delivers benefits only after enhancing financial confidence. The results demonstrate the importance of teaching programs that provide financial education with a dual emphasis on knowledge, along with self-efficacy and cognitive competencies, in order to achieve effective financial decision-making.

Theoretical Contributions

The financial decision-making process can be better understood through the application of the Theory of Planned Behaviour (TPB) framework, as developed by Ajzen (2021). TPB identifies human conduct as a result of three significant elements, including attitudes, subjective norms, and perceived behavioural control. Financial socialisation within this research fosters positive financial behaviour attitudes through parents' influence on beliefs, social peer interaction, and educational experiences (Shim et al., 2022). The sense of self-confidence regarding financial decisions develops from subjective norms, as these represent both societal expectations and those expressed within families (Ajzen, 2021). Financial self-efficacy serves as the connection between perceived behavioural control, as it determines people's ability to perform financial planning and investment behaviours (Bandura, 2020). This study validates TPB because financial socialisation programs lead individuals to gain sufficient confidence for sound financial decision-making.

The Role of Financial Socialisation

Financial socialisation stands as a critical determinant of financial confidence development, according to Gudmunson & Danes (2022). People who grow up with early financial exposure to discussions and financial education resources in various media forms will develop significant perceptions about financial management. Individuals who discuss money matters with their parents and learn financial principles through relationships with friends develop superior financial self-efficacy, which positively impacts their long-term money management capabilities (Xiao et al., 2023). Studies confirm TPB's concept, showing that initial social interactions between people form behavioural patterns that then direct their subsequent activities (Ajzen, 2021). The process of financial socialisation plays a crucial role in developing economies, as these countries often lack regular financial education programs. Financial literacy remains a worldwide issue, so the importance of informal education methods, such as peer and family discussions, becomes critical in providing people access to financial knowledge (Lusardi et al., 2023).

Cognitive Financial Competence as a Moderator

Cognitive financial competence serves as a moderating factor because financial literacy acts as a catalysing force, enhancing the relationship between financial socialisation and financial self-efficacy. A person's financial understanding of what helps them improve their ability to internalise socialised information, leading to better financial self-awareness and behavioural outcomes. Research findings that financial behaviour is dependent on financial literacy skills receive further backing from this result (Huston, 2021). Financial literacy plays a crucial role in economic health and informed purchasing decisions, as it enables individuals to evaluate investment opportunities and protect themselves from harmful financial actions and fraudulent attempts (Fernandes et al., 2022). Financial education curricula should extend beyond conveying information, as they aim to develop learners' ability to both evaluate and apply financial principles effectively.

Practical Contributions

The studied effects yield vital practical value for individuals responsible for financial education, while also benefiting the creators of financial policy and financial advisory services. Financial education programs need to implement particular behavioural techniques which suit the developmental stages of adult learners while simultaneously building their financial knowledge and confidence (Lusardi & Mitchell, 2023). Allowing people to practice making decisions about budgeting, investing, and financial planning will create both the experience and knowledge required to make sound financial choices. According to TPB theory, a person with elevated perceived behavioural control will exhibit better behaviours, as found by Ajzen (2021).

Financial literacy programs should focus their efforts on developing cognitive financial abilities to effectively convert social learning into confidence and conduct (Remund, 2022). Higher education institutions and schools need to develop teaching programs in financial decision-making that help students understand effective ways to solve financial problems (Hastings et al., 2023). School systems require federal support for financial education programs, which begin education at a young age to equip students with financial competence (OECD, 2022).

The government should initiate public education initiatives that demonstrate the importance of family financial dialogue for achieving financial stability (Shim et al., 2022). The development of financial decision-making skills improves through discussions about money in home and educational settings, which leads to better financial socialisation (Gudmunson & Danes, 2022). The financial sector should develop easy-to-understand financial literacy materials for public use, which will be distributed through partnerships with community welfare groups to broaden outreach benefits.

The research approach includes strict Collection methods alongside modern analytical techniques, which minimise biases in testing the proposed relationships. This research reinforces the importance of psychological factors by applying the Theory of Planned Behaviour, which helps explain financial decision-making behaviour. The study contains both theoretical and practical content, demonstrating the need for financial education programs to develop capable financial decision-makers. People need to develop their financial socialisation and financial literacy, while enhancing their cognitive financial competence, as essential measures for becoming skilled financial decision-makers who can achieve financial well-being.

Conclusion

The study provides substantive evidence that demonstrates financial socialisation, along with cognitive financial competence and financial self-efficacy, strongly affects the quality of investment decision-making. The study validates that financial behaviours are influenced by three dimensions of the Theory of Planned Behaviour, which include attitudes, subjective norms, and perceived behavioural control. People who discuss finances with their parents, peers, and educational institutions develop strong financial self-efficacy, which supports their ability to make informed and rational investments. Cognitive financial competence serves as a vital moderating factor in strengthening the connection between financial socialisation and financial self-efficacy. Financial literacy capabilities create essential conditions through which financial socialisation activities turn into meaningful behavioural responses. All relevant stakeholders should join forces to implement formal education programs in finance which teach people better financial skills and choice-making abilities.

The most beneficial method to teach financial comprehension begins at an early grade level, so students learn economic competency before they start their careers. Budgeting exercises and mock investment environments, serving as practical components beyond video education, should be added to financial literacy programs. These programs should eventually include workshops that mimic actual financial decision-making processes. Public awareness campaigns must highlight the importance of family discussions about finances, as this step encourages members to participate in financial planning while learning about spending responsibilities. Financial education resources must be readily available through financial institutions that develop modern digital platforms to spread financial literacy among different population segments.

Future Research Directions

The obtained practical findings from this research lay the foundation for multiple follow-up investigations. The research methodology needs to expand its scope beyond Punjab , Pakistan, to obtain diverse target participants throughout Pakistan for producing universal analytical results. The display of socialisation at equivalent strengths between contexts will be evaluated through multicultural research on financial socialisation patterns alongside self-efficacy. The mechanisms driving this behaviour require further analysis, incorporating factors such as financial risk tolerances, emotional intelligence, and personality traits. Using longitudinal procedures, we could establish the separate developmental timeline between financial socialisation and self-efficacy before identifying their proposed causal relationship. The investigation of student financial conduct plays a vital role because it directly relates to digital financial expertise and technological advancement enabled by Fintech platforms and investment apps. The targeted focus areas will strengthen awareness about the methods individuals use to make financial choices, leading to official decisions that promote financial wellness at both the individual and societal levels.

The research adopts two main objectives, which include developing improved data Collection and analysis techniques to minimise bias and conducting advanced statistical tests on theoretical frameworks (Sharma, 2019). The study applies the Theory of Planned Behaviour dimensions to actual financial decision-making behaviour through direct assessment of attitudes, subjective norms, and perceived behavioural control. The practical value of this study lies in its demonstration that financial education should be made mandatory to develop effective financial decision-makers.

Limitations of the Study

The research contains several limitations that readers should be aware of. The study focuses exclusively on residents of Punjab, Pakistan, which limits the ability to generalise the research findings across diverse societies with different financial backgrounds or economic systems. The use of self-reported data results in response bias because participants tend to provide different degrees of accuracy regarding their financial self-efficacy and their investment decision-making capabilities. This research design employs a cross-sectional approach, leading to a restricted capability to prove how variables develop over time. Longitudinal research methods would provide a deep understanding of how parental financial power, self-efficacy growth, and investment preparation mutually affect each other over time.

The research investigates cognitive financial competence as a moderating variable. Yet, it fails to evaluate other potential factors, such as personality traits, beyond financial risk tolerance and emotional intelligence, that may impact investment decisions. External macroeconomic elements, including market movements, economic downturns, and inflation rates, are not considered in this analysis, although they directly affect financial conduct. Future research should address these noted drawbacks to make the results both more extensive and practical.

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