Factors Mediating the Association Between Financial Socialization and Well-Being of Young Adults: Testing a Conceptual Framework

Lu Fan[a] *and Narang Park*[b]

This study establishes an integrated conceptual framework to examine the influences of financial socialization on young adults' financial and subjective well-being. Using the National Financial Well-Being Survey and structural equation modeling methods with a national sample of young adults aged 18–35, this study highlights two key potential influences of financial socialization: (a) early financial socialization experience is directly and positively associated with young adults' financial knowledge and financial motivations (goal-oriented financial planning and self-control ability) and (b) there are indirect and positive associations between financial socialization and young adults' perceived financial skill, financial behavior, and financial and subjective well-being. Moreover, perceived financial skill significantly mediates the relationship between financial motivations and financial management behavior and could indirectly influence financial and subjective well-being. Finally, this study also finds positive associations among financial management behavior, financial well-being, and subjective well-being of young adults.

Keywords: financial management behavior, financial skills, financial socialization, financial well-being, subjective well-being, young adults

Young adults differ from other generations by showing more financial struggles and problematic financial behaviors (Mottola, 2014). According to a Pew Research Center (2018a, 2018b) report, the millennial generation is the largest in the U.S. labor force (more than one-third) and is projected to reach 74.3 million by 2050, when the oldest millennials will reach age 69. To successfully manage financial matters in the increasingly sophisticated financial markets, young adults of the millennial generation needs to be equipped with adequate financial knowledge and skills in order to have long-term financial security. However, financial illiteracy and incompetency are widespread nationally (Lusardi, 2008), and low financial literacy, particularly among young adults, was associated with individual social-demographic characteristics and their family's financial sophistication (Lusardi et al. 2010). Specifically, those whose parents were more financially educated, having investments and retirement accounts, and with higher educational attainments, showed higher financial literacy than those whose parents were not financially sophisticated.

Young adults, although they tend to be able to make ends meet, have been found to be less capable of making long-term financial plans. In particular, compared to older generations, young adults are found less financially capable of setting aside emergency funds and accumulating retirement savings, and they were more likely to engage in risky financial behaviors, such as costly credit card use (Mottola, 2014). In the same study, young adults of the millennial generation comprise the largest generation holding student loans but possess the lowest level of financial literacy, compared to Gen Xers, Boomers, and the Silent Generation. More research is needed to help young adults be more financially secure. Therefore, it is crucial to understand the financial socializing and behavioral mechanisms, to close

[a]*Assistant Professor, Department of Personal Financial Planning, University of Missouri, 239 Stanley Hall, Columbia, MO 65203. Email: fanlu@Missouri.edu*
[b]*Postdoctoral Research Associate, School of Family and Consumer Sciences, Texas State University, 601 University Drive, San Marcos, TX 78666. Email: yse5@txstate.edu*

Journal of Financial Counseling and Planning, Volume 32, Number 2, 2021, 202-216

http://dx.doi.org/10.1891/JFCP-20-00056

the gap between financial literacy and financial practice of young adults.

Millennials showed lower financial well-being compared to older working generations in 2018 (Lusardi, 2019). Financial well-being is an important dimension of overall life quality (Netemeyer et al., 2018). The Consumer Financial Protection Bureau (CFPB, 2015) defines financial well-being as “a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life” (p. 18). This multifaceted state can be influenced by financial knowledge and ability, financial behavior, personal traits, social and economic environment, and life stage (CFPB, 2015). On the other hand, previous studies have provided evidence of the prolonged influences of financial socialization on positive financial attitude and behavior during adolescence, early adulthood, and midlife (e.g., Fan & Chatterjee, 2019; Gudmunson et al., 2016; Kim & Chatterjee, 2013; Shim et al., 2013). However, researchers have also indicated that being financially knowledgeable is insufficient for positive financial behavior (Tang et al., 2015), and that financial education and socialization may not be adequate for millennials to demonstrate healthy financial behaviors; therefore, fostering financial capability, including knowledge and skills, is crucial (Friedline & West, 2016).

Little is known in the literature about the extent to which early financial socialization affects later-life financial and subjective well-being through multiple elements, including financial knowledge, self-control, and financial skills and behaviors. Therefore, the purpose of this study is to (a) develop and test a conceptual framework that comprehensively examines the influence of early financial socialization on the development of young adults’ psychological traits and financial skill and (b) examine how the interplay among financial socialization, knowledge, self-control, skills, and behavior can be associated with the well-being of young adults. Previous studies have largely focused on the effect of financial socialization on financial knowledge and behavior; however, it remains unknown whether parental influences early in life can influence young adults’ financial lives and their overall subjective well-being in adulthood. A unique contribution of this study is that it is grounded in theoretical models, through which it identifies significant determinants and establishes a conceptual framework of young adults’ financial and subjective well-being, including the financial socialization process and outcome and motivational factors. The key factors examined in the current study include financial knowledge, goal setting, self-control ability, financial skill, and financial management behaviors. The findings of this study contribute to the literature by providing a comprehensive framework that closely examines the mechanism by which financial socialization can influence the financial and subjective well-being of young adults.

Literature Review

It is important to understand financial well-being, which on one hand reflects one’s general financial status, and on the other hand, it contributes to predicting one’s overall subjective well-being. Financial well-being is subjective in nature and is concerned with both present and future living standards and financial freedom (Brüggen et al., 2017). The literature has documented the significant relationships between perceived financial factors and subjective well-being. Subjective well-being is defined as “people’s evaluations of their lives—evaluations that are both affective and cognitive” (Diener, 2000, p. 34) and an omnibus evaluation about multiple sub-domains of one’s life (Keyes, 2006). The extant literature has documented evidence that one subdomain—well-being related to personal finance can contribute to the overall subjective well-being. For example, college students’ subjective well-being is positively associated with self-efficacy and perception of financial situations and negatively associated with financial stress (Robb, 2017). Young adults’ well-being is also significantly associated with financial burdens (Solis & Ferguson, 2017).

In line with the relationship between financial and subjective well-being, Netemeyer et al. (2018) conceptualized a direct relationship between financial well-being and overall life well-being. They measured perceived financial well-being by two factors—current financial stress and expectation of future financial security—and found both had significant but opposite relationships with overall life well-being. The expectation of future financial security was positively associated with overall subjective well-being, whereas present money-management stress negatively predicted well-being. The authors reported that millennials showed higher money-management stress but expected better future financial security compared to Boomers. This finding is worthy of further investigation, because if young adults do not possess enough knowledge, skills, and other resources to practice and implement necessary steps to build financial security, they may end up overestimating their future financial conditions.

According to Gudmunson and Danes (2011), financial well-being can be directly and indirectly influenced by parental financial influences through financial behavior, attitudes, knowledge, and capabilities. Early parental influences can shape lifetime financial habits and behaviors. Such influence occurs within a family context, where children can acquire knowledge and build skillsets of financial management (Danes, 1994). The socialization process varies by family, however. Some common subjects and concepts include earning, spending, saving, borrowing, and sharing (Danes, 1994; Danes & Dunrud, 2005). Recent studies have documented significant parental socialization roles, including parental warmth and monitoring and financial teaching, in influencing children's financial behavior (e.g., Ammerman & Stueve, 2019; Jorgensen et al., 2017; Kim & Chatterjee, 2013; Lawson et al., 2019; Norvilitis & MacLean, 2010; Sabri et al., 2020).

Recent theoretical framework developments have conceptualized parental education and socialization of children on financial matters as significant influential factors on children's financial attitudes, knowledge, and behavior in later life (Gudmunson & Danes, 2011). Danes (1994) defined financial socialization as a "process of acquiring and developing values, attitudes, standards, norms, knowledge, and behaviors that contribute to the financial viability and individual well-being" (p. 128). Gudmunson and Danes' (2011) framework suggests that the family is an integrated network that involves continuous and dynamic interactions between parents and children. Children can learn financial knowledge and skills, form financial attitudes, and build financial capability and competence through the socialization process with parents or guardians, which can determine their financial behavior and financial well-being later in life.

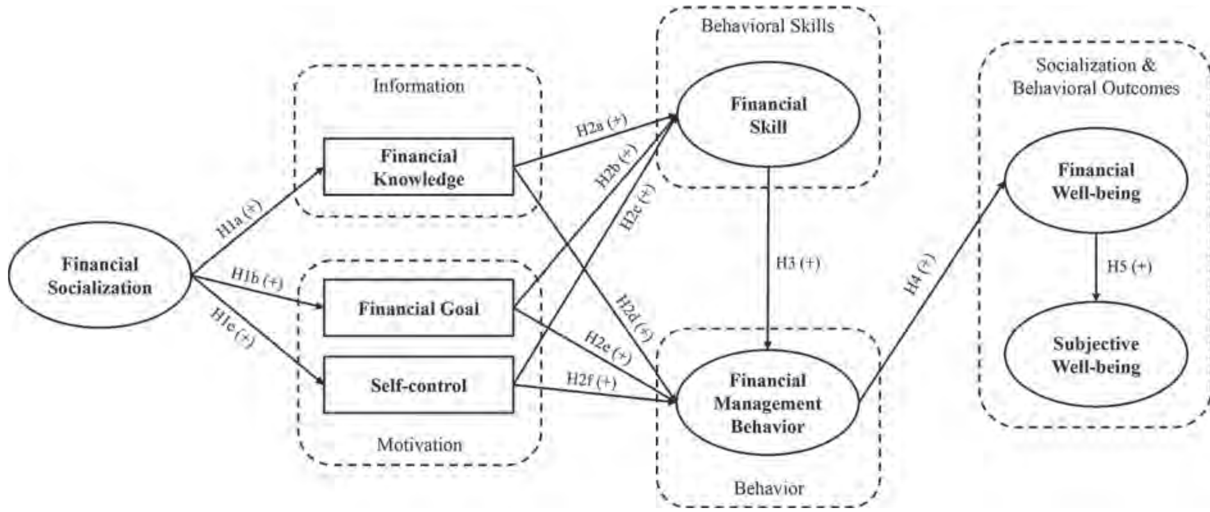
Individuals' financial attitudes and knowledge can largely be shaped by the financial socialization process and can mediate the relationship between socialization and financial behavior. The literature has suggested that parents are significant perceived financial socialization agents of their children. For example, college students have reported that parents are more important sources than schools, peers, and media for learning about credit card use (Pinto et al., 2005). From a social learning theoretical perspective, Jorgensen and Savla (2010) found that explicit financial socialization from parents can have positive influences on financial attitude; however, interestingly, the relationship was negative between parental influences and financial knowledge. Moreover, they found that financial attitude mediates the positive relationship between parental influence and financial behavior. Shim et al. (2010) found that positive financial behaviors can be positively associated with financial attitude development, which further influences financial behavior and satisfaction.

Although the literature has documented relationships between parental influences on financial attitudes and behavior, one important possible element that has not been fully studied in the parental financial socialization framework is motivation. Motivation is a strong predictor of human behavior and stems from psychological needs (Hull, 1952). For example, Mandell and Klein (2007) posited that financial literacy levels of young adults can be determined by the motivation to learn and retain financial information and skills, after controlling for socio-demographic characteristics. The literature has also documented the relationships among socialization, motivation, and behavior. In a study of consumer socialization, Shim et al. (2011) found that consumption motivation can be shaped by parents during the socialization process. Sharp et al. (2006) found a mediating role of adolescent motivation in the relationship between perceived parental influences and the use of free time. The goal-setting theory of motivation states that goal setting and goal commitment can determine subsequent behavior and results (Hollenbeck & Klein, 1987; Locke & Latham, 2012). Therefore, in sum, parental socialization may influence attitudes and behaviors through its influences on motivation.

Conceptual Framework

The conceptual framework of this study uses an integrated approach and is constructed based on two conceptual models: (a) the financial socialization theoretical model developed by Gudmunson and Danes (2011) and (b) the information-motivation-behavior (IMB) conceptual model introduced by Fisher and Fisher (1992). These two models, despite being initially developed in different disciplines, have provided solid theoretical support to the construction of our conceptual framework, which provides a unique perspective to examine how early financial socialization

Figure 1. Conceptual framework of this study adapting Gudmunson and Danes (2011) financial socialization framework and Fisher and Fisher (1992) the information-motivation-behavior (IMB) model.



experience can influence young adults' subjective well-being. The conceptual framework illustrated in Figure 1 proposes direct and indirect influences of parental financial socialization on financial knowledge, financial goal-setting and self-control, financial skill, financial management behavior, financial well-being, and subjective well-being. The relationships among these factors have been hypothesized in the conceptual framework (with a "+" sign hypothesizing a positive association).

First, according to the theoretical model of financial socialization (Gudmunson & Danes, 2011), financial socialization can shape individuals' financial attitudes, knowledge, and skill, which, in turn, determine financial behavior and ultimately affect financial well-being. Gudmunson and Danes' model proposed two stages: financial socialization processes and socialization outcomes. First, the financial socialization processes include interplays among personal and family characteristics, family interactions, and purposive financial socialization. They suggested that socialization processes may occur consciously or unconsciously between children and parents/guardians through implicit and explicit education, communication, observation, or imitation. Over time, these socialization processes may lead to outcomes that contain three major components: (a) financial attitudes, knowledge, capabilities, and skill; (b) financial behavior; and (c) financial well-being. The literature has found evidence that parental financial socialization, either explicitly or implicitly, can have long-term influences on young adults' financial behavior (e.g., Jorgensen et al., 2017; Kim & Chatterjee, 2013; Norvilitis & MacLean, 2010; Tang et al., 2015) and financial well-being through promoting financial knowledge and perceived behavioral control (Shim et al., 2009). However, their model overlooked the influences of motivations to learn and to perform that are found significant predictors of behavior (Mandell & Klein, 2007; Sharp et al., 2006; Shim et al., 2011).

Another theoretical model that the current study has adapted is the IMB model (Fisher & Fisher, 1992), an interdisciplinary model that was developed in human health psychology studies to understand HIV/AIDS risk-reduction behavior (Fisher & Fisher, 1992). It has been used in public health-related disciplines to explain and predict behaviors (e.g., Fisher et al., 2002; Robertson et al., 2006). The four core components within this model are information, motivation, behavioral skills, and behavior. The IMB model can conceptualize the process of conducting behavior that can be influenced by information and knowledge possessed, motivation to behave, and whether the individual has an adequate skill set. Specifically, the information component in the original IMB model refers to information that can possibly prevent or promote the outcome behavior. The motivation component includes social and personal motivations that are closely related to self-perception and attitudes toward the behavioral outcome. These two elements together affect behavioral skills or capabilities related to one's ability and self-efficacy to perform the behavior. These three constructs are viewed as significant antecedents of the fourth element: the behavioral outcome. Using the IMB model, Limbu (2017) examined credit card misuse among college students and found that credit card knowledge and social motivation showed direct and indirect negative effects through self-efficacy on credit card misuse. In other words, those with higher credit card self-efficacy were less likely to misuse credit cards.

We think that the IMB model provides a supplemental element—motivation—that has not been considered in Gudmunson and Danes' theoretical model nor in most of the literature on young adults' financial or subjective well-being. Therefore, the way we constructed our conceptual framework aims to incorporate the behavioral motivation element into the examination of financial socialization and extends the current understanding of parental socialization into the area of overall subjective well-being as an ultimate outcome of parental financial socialization. Specifically, our conceptual framework (see Figure 1) proposes that financial socialization can be positively associated with financial knowledge, financial goal-setting, and self-control. Further, financial knowledge, financial goal-setting, and self-control can be positively associated with financial skills, which can show a positive influence on financial management behavior. Additionally, the socialization and behavioral outcomes include financial and subjective well-being, where financial well-being, as a sub-dimension of subjective well-being, is proposed to be positively associated with the subjective well-being of young adults.

Method

Data

This study used the 2016 National Financial Well-Being Survey (NFWBS) designed and collected by the Consumer Financial Protection Bureau (CFPB). The data included information on individual characteristics; household and family financial status; and respondents' financial experiences, knowledge, skills, attitudes, and behaviors that have been hypothesized to affect financial well-being. The NFWBS sample was designed through multiple stages to represent the noninstitutionalized adult in the United States. Overall, the survey sample was drawn from the GfK KnowledgePanel®, which uses probability-based and nonvolunteer recruitment procedures to ensure the representativeness of the panel. Initially, the NFWBS survey targeted 5,000 adults who were assigned proportionally to their representation in the U.S. population. The proportion was compared with the Current Population Survey (CPS) 2016 Annual Socioeconomic Supplement. Next, the survey drew an additional sample due to lower response rates for key populations and oversampled those who were below 200% of the federal poverty level, African American non-Hispanic, or Hispanic, and those whose age was 62 and older. As a result, the total number of respondents who completed the survey was 6,394. The current study follows the CFPB recommendation of using weights to adjust for oversampling issues so that the results can be representative of the population. In our sample, we used young adults who were aged between 18 and 35 at the time of the survey (2016) (i.e., respondents born between 1981 and 1998). The final sample of 1,599 participants was used in this study. Sample weights were applied in the analysis.

Variables

Socialization and Behavioral Outcome Variables. The ultimate outcome variable is subjective well-being, which was constructed as a latent construct comprising three observed variables that measured respondents' levels of subjective well-being. The items were *"I am satisfied with my life," "I am optimistic about my future,"* and *"If I work hard today, I will be more successful in the future."* The answers for each item were coded with a 7-point scale ranging from 1 = *strongly disagree* to 7 = *strongly agree.*

Financial well-being was constructed as a latent variable composed of 10 indicators. The items are *"I could handle a major unexpected expense," "I am securing my financial future," "Because of my money situation, I feel like I will never have the things I want in life," "I can enjoy life because of the way I'm managing my money," "I am just getting by financially," "I am concerned that the money I have or will save won't last," "Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month, "I have money left over at the end of the month," "I am behind with my finances,"* and *"My finances control my life."* Each of the 10 items was on a scale of 1–5, with some items reverse coded.

Financial Socialization, Knowledge, Motivation. Financial socialization was constructed as a latent construct comprising seven observed variables regarding how respondents were socialized financially while growing up at home. The items are: "While growing up at home, did your family do any of the following?" . . . *"Discussed family financial matters with me," "Spoke to me about the importance of saving," "Discussed how to establish a good credit rating," "Taught me how to be a smart shopper," "Taught me that my actions determine my success in life," "Provided me with a regular allowance,"* or *"Provided me with a savings account."* The answers to each item are coded as 1 if respondents had such an experience and 0 otherwise.

Financial knowledge was an observed variable measured by the sum of correct answers using Knoll and Houts' (2012) financial knowledge questions. The scale consisted of nine questions asking about respondents' understanding of investment return, investment volatility, investment diversification, mutual fund, life insurance, housing prices, credit card payments, interest rates, and mortgage payments. The correct answers to each question were coded as 1, and incorrect answers were coded as 0.

Financial goal setting and self-control were the two motivational factors. Financial goal setting was an observed variable measured by a single item asking whether the respondents have a current or recent financial goal. The answers were given dichotomously. Self-control is an observed variable measured by a single item. The respondents were asked to indicate how well they were able to work diligently toward long-term goals. The answers were coded with a 4-point scale ranging from *1 = not at all* to *4 = completely well.*

Financial Skill and Management Behavior. The NFWBS survey provides modules of questions with predefined themes for both financial skill and financial management behavior variables. First, a latent construct was created for financial skill, comprising 10 indicators reflecting respondents' subjective evaluations of their financial skills and capabilities. The items in the survey were self-assessed financial skill, including*: "I know how to get myself to follow through on my financial intentions," "I know where to find the advice I need to make decisions involving money," "I know how to make complex financial decisions," "I am able to make good financial decisions that are new to me," "I am able to recognize a good financial investment," "I know how to keep myself from spending too much," "I know how to make myself save," "I know when I do not have enough information to make a good decision involving my money," "I know when I need advice about my money,"* and *"I struggle to understand financial information."* Each item was coded on a scale of 1–5, with some items reverse coded.

Financial management behavior was constructed as a latent construct, with four observed variables reflecting positive and desirable financial management behaviors. Respondents were asked to indicate how often they had engaged in the following activities in the past 6 months: *"Paid all the bills on time," "Stayed within the budget or spending plan," "Paid off credit card balance in full each month,"* and *"Checked the statements, bills and receipts to make sure there were no errors."* The answers were coded with a 5-point scale ranging from 1 = *never* to 5 = *always*.

Analysis

To analyze the proposed conceptual framework, this study employed a structural equation modeling (SEM) method. SEM is a type of multivariate technique that conducts confirmatory factor analysis (CFA) and a series of multiple regressions (path analysis) simultaneously (Hair et al., 2014). That is, it confirms how well the indicators construct the unobservable concepts (latent variables) and tests the proposed relationships among the observed and latent variables. In this study, we used SEM to evaluate multiple associations among the factors. SEM can identify how financial socialization is linked to financial well-being and subjective well-being, mediated by financial knowledge, financial goal-setting, self-control, financial skill, and financial management behavior.

In SEM, the model specification includes measurement model and structural model specifications. First, we specified the measurement model and validated it with CFA (Hair et al., 2014). In this study, there are five latent variables: financial socialization, financial skill, financial management behavior, financial well-being, and subjective well-being. Each latent variable was conceptually constructed with three to 10 indicators. The first stage of SEM validated whether each set of indicators, or observed items, represented the latent construct properly and exclusively. In a CFA procedure assessing measurement relationships, Hair et al. (2014) recommended that the factor loading should be 0.5 or higher to be considered practically significant. Thus, this study eliminated the indicators for which factor loadings were lower than 0.5 in the CFA procedures.

As a result, the financial socialization latent construct was eventually measured by four items (i.e., *"Spoke to me about the importance of saving," "Discussed how to establish a good credit rating," "Taught me how to be a smart shopper,"* and *"Taught me that my actions determine my success in life"*); the financial skill variable was measured by seven items (i.e., *"I know how to get myself to follow through on my financial intentions," "I know where to find the advice I need to make decisions involving money," "I know how to make complex financial decisions," "I am able to make good financial decisions that are new to me," "I am able to recognize a good financial investment," "I know how to keep myself from spending too much,"* and *"I know how to make myself save"*); and financial well-being was measured by five items (i.e., *"I could handle a major unexpected expense," "I am securing my financial future," "I can enjoy life because of the way I'm managing my money," "Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month,"* and *"I have money left over at the end of the month"*). These final sets of indicators and latent variables would then be used in the next stage to assess the structural model.

The structural model demonstrates the hypothesized relationships among the single-item variable(s) and latent constructs. In this study, the relationships among the variables were specified based on our conceptual framework (see Figure 1). Because the structural model included multiple paths, the overall model was evaluated based on the model fit indices. The fit indices assess how well the model fits the data as specified (Hair et al., 2014). For example, comparative fit index (CFI), root mean square error of approximation (RMSEA), and standardized root mean square residual (SRMR) are generally used to evaluate the goodness-of-fit of the structural model. The sample was analyzed with Mplus 7.0. The sample weighting was also applied, as recommended for the data use (CFPB User's Guide, 2017).

Results

Descriptive Statistics

Table 1 shows the descriptive characteristics of the respondents. The gender was almost evenly distributed between males (52%) and females (48%). The majority of the respondents were White (63%), college educated (57%), and full-time workers (53%). Almost 44% of young adults in this study were never married, while 37% were married. With regard to the variables of interest, we report the summate scores for the single-item variables and latent variables with multiple measuring items. The mean scores for financial socialization, financial knowledge, self-control, financial skill, and financial management behavior were 2.59 (*SD* = 1.44), 5.67 (*SD* = 1.95), 3.07 (*SD* = .70), 23.77 (*SD* = 5.94), and 14.75 (*SD* = 4.00), respectively. About 70% of respondents reported having financial goals. Additionally, the overall financial well-being score among the young adults was 15.41 (*SD* = 4.79) and the subjective well-being score was 16.41 (*SD* = 3.81).

SEM Results

Figure 2 presents the weighted SEM results with the standardized path coefficients for the proposed paths in the conceptual framework. For the measurement model, all indicators were highly (>.5) and significantly loaded onto their corresponding latent variable. For the structural model, the model fit statistics indicated the chi-square was 1,316.61 (*df* = 287), the CFI was .915, the RMSEA was .047, and the SRMR was .063. Hu and Bentler (1999) suggested that a CFI of .90 or higher, RMSEA of lower than .06, and SRMR of lower than .08 are the acceptable thresholds for the overall SEM model. Considering the cut-off thresholds for goodness-of-fit indices, the overall fit of the current model was good, indicating that the model was reasonably correctly identified.

The structural model presented in Figure 2 also demonstrates the relationships among the variables. First, financial socialization was directly and positively associated with financial knowledge (coef. = .212, $p < .0001$), financial goal setting (coef. = .183, $p < .0001$), and self-control (coef. = .231, $p < .0001$). These associations indicate that young adults' financial socialization during childhood can positively influence their financial knowledge levels and behavioral motivation (including financial goal setting and self-control ability) during emerging adulthood.

Second, financial knowledge, financial goal setting, and self-control ability were positively related to financial skill and financial management behavior. Specifically, financial knowledge was positively associated with desirable financial management behavior (coef. = .112, $p < .0001$). However, its association with financial skill is not significant, meaning that having financial knowledge did not necessarily ensure having sufficient financial skill, or at least our

TABLE 1. Descriptive Characteristics of the Millennials (Unweighted)

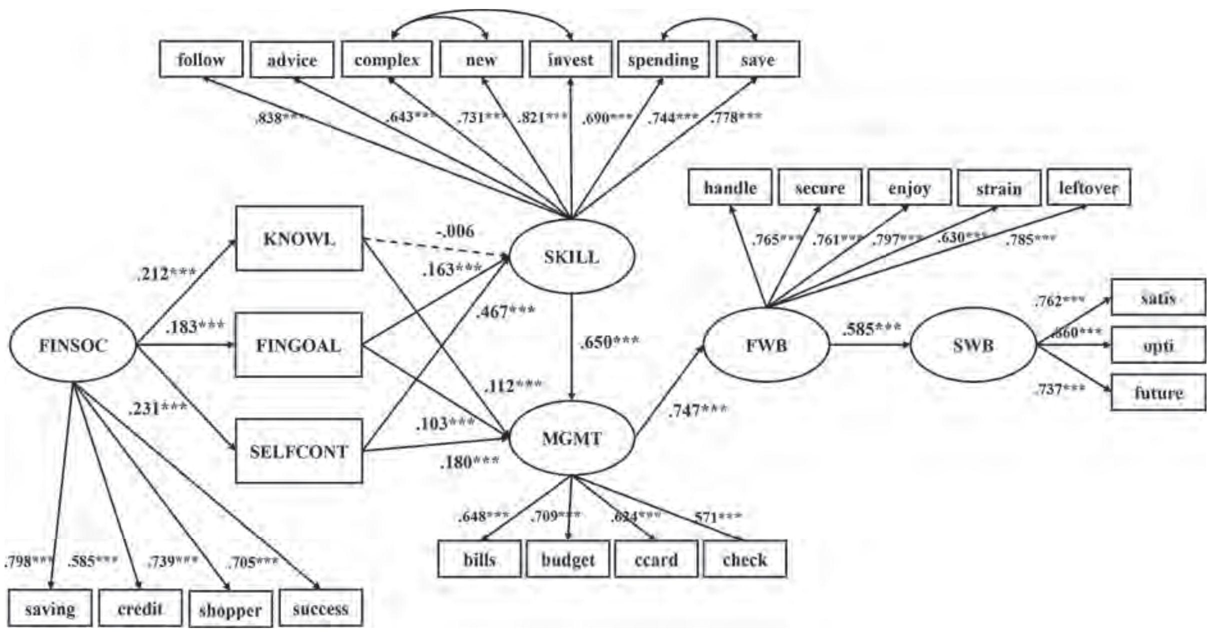
Variables	%	Mean (*SD*)	Min	Max
Age				
18–24	25.89			
25–35	74.11			
Gender				
Male	52.16			
Female	47.84			
Race				
White	62.54			
Black	11.38			
Hispanic	20.01			
Other	6.07			
Education				
High school or less	28.20			
College	57.28			
Post-graduate/professional	14.51			
Marital status				
Married	36.84			
Widowed/divorced/separated	4.63			
Never married	43.65			
Other	14.88			
Employment status				
Self-employed	5.46			
Full-time	52.82			
Part-time	10.21			
Non-working	31.52			
Household income				
Less than $20,000	16.57			
$20,000–$49,999	25.96			
$50,000–$74,999	18.76			
$75,000–$149,999	27.58			
$150,000 or more	11.13			
Household size				
1	13.32			
2	28.52			
3 or more	58.16			
Number of children				
One or more	35.19			
No children	64.81			
Financial socialization		2.59 (1.44)	0	4
Financial knowledge		5.67 (1.95)	0	9
Having financial goals	70.31			
Self-control		3.07 (.70)	1	4

(*Continued*)

TABLE 1. Descriptive Characteristics of the Millennials (Unweighted) (*Continued*)

Variables	%	Mean (*SD*)	Min	Max
Financial skill		23.77 (5.94)	0	35
Financial management		14.75 (4.00)	0	20
Financial well-being		15.41 (4.79)	0	25
Subjective well-being		16.41 (3.81)	0	21

Figure 2. Results of structural equation modeling (weighted, *N* = 1,599).



Note. χ^2 = 1316.609***; *RMSEA* = .047; *CFI* = .915; *SRMR* = .063; *FINSOC* = financial socialization; *saving* = spoke to me about the importance of saving; *credit* = discussed how to establish a good credit rating; *shoppe*r = taught me how to be a smart shopper; *success* = taught me that my actions determine my success in life; *KNOWL* = financial knowledge; *FINGOAL* = financial goal; *SELFCONT* = self-control; *SKILL* = financial skill; *follow* = I know how to get myself to follow through on my financial intentions; *advice* = I know where to find the advice I need to make decisions involving money; *complex* = I know how to make complex financial decisions; *new* = I am able to make good financial decisions that are new to me; *invest* = I am able to recognize a good financial investment; *spending* = I know how to keep myself from spending too much; *save* = I know how to make myself save; *MGMT* = financial management; *bills* = paid all my bills on time; *budget*=stayed within my budget or spending plan; *ccard* = paid off credit card balance in full each month; *check* = checked my statements, bills, and receipts to make sure there were no errors; *FWB* = financial well-being; *handle* = I could handle a major unexpected expense; *secure* = I am securing my financial future; *enjoy* = I can enjoy life because of the way I'm managing my money; *strain* = giving a gift would put a strain on my finances for the month (reversely coded); *leftover* = I have money left over at the end of the month; *SWB* = subjective well-being.; *satis* = I am satisfied with my life; *opti* = I am optimistic about my future; *future* = If I work hard today, I will be more successful in the future.

data didn't show a significant relationship. Financial goal setting was positively and significantly associated with both financial skill (coef. = .163, $p < .0001$) and desirable financial management behavior (coef. = .103, $p < .0001$). Moreover, self-control ability also showed positive associations with financial skill (coef. = .467, $p < .0001$) and financial management behavior (coef. = .180, $p < .0001$). These results indicate that financial knowledge as an information factor possessed by young adults and financial goal setting and self-control as motivational factors were significant antecedents of the financial behaviors.

Additionally, financial skill was positively associated with financial management behavior (coef. = .650, $p < .0001$). This indicates that having adequate financial skills and capabilities may help to perform desirable financial behaviors. Notably, the financial skill variable in this study was self-assessed and therefore represented respondents' perception of their own financial skills. That is, if young adults have higher perception and confidence in their skills in managing personal finances, they could be more likely to engage in desirable financial behavior. Furthermore, the SEM results also indicated that financial skill significantly mediated the relationships between behavioral motivation and desirable financial management behaviors.

Moreover, as the path diagram in Figure 2 shows, financial management behavior was strongly and positively associated with financial well-being (coef. = .747, $p < .0001$). The desirable financial management behavior (e.g., paying bills on time, staying within budget, paying off credit card balance in full, checking errors in financial documents), preceded by financial knowledge, financial goal-setting, self-control, and perceived financial skill, was an important factor of financial well-being. Lastly, the positive association between financial well-being and subjective well-being of young adults (coef. = .585, $p < .0001$) indicated that financial well-being accounts for the level of overall subjective well-being of young adults. The overall results of this study underscored that financial socialization played an important role in determining financial and subjective well-being through direct and indirect positive influences on financial knowledge, goal setting, self-control, skills, and management behaviors.

Discussion, Limitations, and Implications

This study aims to establish and test a conceptual framework to examine the association between financial socialization and the financial and subjective well-being of young adults. As young adults have reached early and middle adulthood, their financial well-being not only plays a role in their overall life well-being but also may have long-term influences during their later-life course. This study found that there are significant positive influences of early parental financial socialization on the financial and subjective well-being of young adults. The interplaying roles of financial knowledge, skill, and behavior were significantly confirmed. Specifically, early financial socialization experiences can influence the financial well-being and subjective well-being of young adults through financial knowledge, motivational factors, financial skill, and financial management behavior.

The current study has broadened the understanding of financial socialization by establishing and testing an integrated conceptual framework grounded in two theoretical models. We found that early childhood socialization processes can have long and broad influences, not only on financial knowledge, skill, and behavior, but also on how satisfied young adults are about their finances and their overall subjective well-being. Beyond the relationships proposed in Gudmunson and Danes' framework, the current study expanded the financial socialization outcomes to take into consideration subjective well-being. The findings of socialization and well-being in our study suggested that financial well-being can influence subjective well-being and overall life satisfaction (e.g., Netemeyer et al., 2018). We further incorporated two motivational factors—goal-oriented financial planning and self-control over long-term goal pursuit—which have been suggested to be significantly associated with behavioral skills and actual behavioral practice, using the IMB perspective modeled by Fisher and Fisher (1992).

Our results indicate that early financial socialization has direct and positive influences on young adults' financial knowledge, financial goal-setting, and self-control ability, and an indirect relationship with financial well-being and subjective well-being. The results confirmed the relationships proposed in Gudmunson and Danes' financial socialization framework, with empirical results indicating that early socialization processes within the family context can shape individuals' financial knowledge, attitudes, and skills and eventually have indirect influences on socialization outcomes, including financial behavior and financial well-being. These findings are also consistent with the literature (e.g., Kim & Chatterjee, 2013; Shim et al., 2013) and further extend the scope of understanding of how financial socialization can work toward a broader psychological domain of subjective well-being.

From an IMB perspective, we used financial knowledge to proxy the information component and included two motivational factors possessed by young adults —financial goal setting and self-control ability—and found a significant mediating role of financial skill between the two motivational factors and financial management behavior. The mediation effect showed that young adults who were more financially motivated (i.e., more financially goal oriented and self-disciplined) were more likely to be equipped with better financial skills and behavioral capabilities to reach financial service resources. Interestingly, the findings of this study suggested that financial knowledge did not ensure better financial skills and capabilities. This echoed Tang et al. (2015) findings of a disconnection between financial knowledge and behavior among young adults. As Friedline and West (2016) noted, increasing financial capabilities and skills is imperative in the process of bolstering the influences of financial education and socialization. In fact, our findings verify that young adults who perceive that they have excellent financial capabilities and skills—including knowing how to follow through on financial intentions and where to seek advice; knowing how to make complex financial decisions; and understanding basic concepts of investment, spending, and saving—showed a higher likelihood of managing their finances well. Therefore, having high perceived financial skills and capabilities can benefit young adults' actual financial management behaviors.

As evidenced by Shim et al. (2009) and also proposed in the financial socialization model (Gudmunson & Danes, 2011), financial well-being can be directly and indirectly influenced by parental socialization and financial behavior. In line with these studies, our results showed that financial well-being was influenced positively and directly by financial behavior and indirectly by financial socialization through other key factors. In particular, having positive financial management behaviors in relation to managing bills, credit cards, budgeting, and savings positively predicted the financial well-being of young adults. Lastly, since subjective well-being is of interest in this study and offers a holistic evaluation of one's life state, of which financial well-being is a sub-dimension (Netemeyer et al., 2018), we extended our conceptual framework to link the widely used financial socialization framework to the subjective well-being of young adults. We found a positive linkage between financial and subjective well-being, highlighting the importance of parental influences in increasing financial knowledge, motivation, skill, and behavior, eventually increasing overall life quality through financial satisfaction.

Limitations

This study has the following limitations. First, this study used a cross-sectional data set, and the results did not imply any causal relationship. Future studies that can further investigate the causal and long-term influences of financial socialization on adults' financial behavior and well-being are needed. Second, this study focused on financial well-being, which is only one sub-domain of subjective well-being. Other major domains, such as psychological and health-related well-being, were not included in this study but can be examined in the future when appropriate data sets are available. Lastly, the findings of this study can be applied only to young adults, mainly millennials; relationships among the variables, including the direct significant influences of early financial socialization on financial knowledge and motivation and its indirect influences on financial skill and behavior and well-being, may not be generalized to other generations. The influences of financial knowledge and skill undoubtedly need further investigation for other generations. The relationships found in this study that applied to young adults can shed light and provide a starting point for future studies about other generations. However, this conceptual framework could serve as a starting point for future research to understand other generations' financial behavior and well-being.

Implications

The findings of this study highlight the influential roles of financial knowledge and financial managerial capability in the relationship between financial socialization and financial behavior and the well-being of young adults, which informs policymakers and financial practitioners to develop and implement financial education and assistance programs for this particular generation. Lusardi (2019) suggests that a holistic approach could serve as a strategy to improve young adults' financial well-being, including cultivating habits of regular savings and increasing financial knowledge through educational programs. The significant mediating influences of financial knowledge and financial skill and managerial behaviors on financial and subjective well-being found in this current study ties well with Lusardi's previous suggestion. To improve young adults' perceived well-being and satisfaction, it is inadequate to merely focus on improving their financial knowledge or skill; rather, it is equally important to also help them form a goal-oriented financial planning mindset and long-term, goal-reaching ability.

Future intervention and education programs can incorporate these aspects, plus behavioral finance, into financial education and assistance processes and programs to help young adults gain knowledge and skills and also get motivated to prepare for long-term financial security. For example, further innovations utilizing framing effects can be developed and integrated into formal financial education to boost self-confidence in money-management and goal-reaching abilities and to increase motivation to perform positive financial behaviors. In the meantime, governments and agencies should promote their services and programs so that young consumers are aware of their existence and importance.

The findings in this study can also provide implications for financial practitioners, including financial advisors, planners, and counselors, who work with young clients. For young clients who have already reached adulthood, it is impossible to change what they have experienced in the past with their parents. In fact, Klontz and Britt (2012) found that money scripts, which are unconscious beliefs about money that form during childhood and are passed down from parents and/or guardians, can predict money-management behaviors. However, the current study suggests that financial practitioners need to understand that these clients' current financial behavior or habits may have long been influenced by their financial socialization experiences during childhood. Therefore, practitioners need to motivate their clients to set up clear financial planning goals and increase their self-confidence in their ability to reach their goals. Likewise, financial practitioners need to identify possible ways to challenge money scripts of their clients to promote financial well-being. On the other hand, financial planners and counselors can also serve as educational information sources and actively promote their clients' financial knowledge and help them to increase and practice improved financial capabilities. Practitioners should also introduce clients to and encourage them to engage in other learning opportunities, such as participating in employer-offered education workshops, community-based education programs, or online educational resources. This may be more meaningful for those young clients who did not receive positive financial socialization and education at younger ages.

Financial educators and educational program developers who currently have parent clients may also find the findings relevant, because parents' socialization and education regarding personal finances can significantly shape children's future financial knowledge levels, capabilities, behavior, and well-being. The findings highlight the significance of parental financial socialization and encourage parents with young children to implement basic money-management teaching and education into their parenting process. As previous literature has suggested, parental warmth, financial monitoring, and financial teaching can substantially influence how children behave financially in their later adulthood (Kim & Chatterjee, 2013; Norvilitis & MacLean, 2010); thus, purposive and informal socialization activities between parents and children can produce long-term influences when these children reach adulthood. These findings also urge policymakers to establish educational programs targeting parents with young children to improve parents' financial literacy and behavior and also provide parents with beneficial ways to financially socialize their children.

Despite the efforts made to provide national financial education programs (e.g., Fox et al., 2005), few of these educational programs have been customized for parents. Bucciol and Veronesi (2014) find that parental teaching on saving can use different methods, such as giving pocket money or giving advice, which are practical and can be built into the educational programs for parents. Other researchers also indicate that strategies such as communicating finances and providing opportunities for being responsible for children at home can potentially be incorporated into the financial socialization process (LeBaron et al., 2018). The significant long-term influences of financial socialization found in the current study can shed light on the need for such hands-on educational programs to be developed and implemented at the state and local levels to help parents and future generations. Parents and guardians should also pay attention to their own financial management habits and behaviors and actively improve their financial knowledge and practice through educational programs and other sources, because their children may unconsciously learn, and therefore shape their financial attitudes, beliefs, and behaviors on, those habits and behaviors.

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Disclosure. The authors have no relevant financial interest or affiliations with any commercial interests related to the subjects discussed within this article.

Funding. The author(s) received no specific grant or financial support for the research, authorship, and/or publication of this article.