

Mediating Role of Financial Literacy on Financial Behavior and Financial Sustainability

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ABSTRACT

This paper investigates the mediating role of financial literacy on financial behavior and financial sustainability of the College of Business and Accountancy students. Specifically, it aims to determine the relationship between financial behavior and financial sustainability with a mediation of financial literacy. The study is quantitative and employs a cross-sectional research design. Data was gathered from 371 students who answered a printed survey questionnaire adapted from different validated research instruments. The findings revealed a significant positive relationship between financial behavior and financial sustainability, with financial literacy partially mediating this relationship. In conclusion, results suggest that it is financial literacy through either knowledge, attitude, or savings that structures the relationship between financial behavior and financial sustainability. Moreover, academic institutions may further explore ways to improve the curriculum programs to align with the students' needs and instill not just knowledge but a habit. Future researchers exploring similar topics may gain insights into the role of financial literacy on financial behavior and financial sustainability through the data and analysis provided in this study. This research may also support other investigations by offering relevant literature.

Keywords: Financial Literacy, Financial Behavior, Financial Sustainability, Mediation Role, Mediation Analysis

INTRODUCTION

Social pressure and life are one of the main factors why students struggle with handling their money. The rising prices of goods can be a factor, especially when one is not receiving any financial help from others. This is one of many scenarios facing marginalized students, and it reflects a deeper issue: a gap between financial behavior and financial literacy.

The understanding of financial behavior, sustainability, and conduct is especially significant for students who face the challenges of finance and thus find themselves forced to confront conscious financial decisions from an early age. The mediating function of financial literacy between financial behavior and sustainability would be crucial in forging good policies and programs for promoting students' financial wellness. On the other hand, existing studies have shown that financial behavior affects financial stability, a relationship reported to be mediated by financial literacy. This demonstrates the gap this study intends to fill by offering insights about relationships of financial literacy and its implication on financial sustainability among students which encouraged enhanced financial education interventions or programs aimed to be developed.

Moreover, a study by Guntur and Soares (2022) indicated that financial literacy is crucial as a mediator between financial attitudes and behavior among respondents which supports the idea of the study. The study illustrated that a person with a positive attitude towards money may potentially have in-depth

knowledge about finances. This makes financial literacy the essential component that greatly influences the financial decisions of the students to make more informed decisions that can sustain financial stability.

Another study said that financial knowledge refers to the level of one's awareness and understanding involving inflation, budgeting, or interest rates (OECD, 2020). Amagir et al., (2018) suggested that students with greater levels of financial knowledge tend to make more logical decisions when it comes to financial decisions which show its bearing on their fiscal responsibility. Conversely, the relationship between financial knowledge and making financial decisions illustrated that individuals with higher financial literacy are able to be aware of matters such as retirement, debt management, and investment (Lusardi & Mitchell, 2017).

Consequently, personal financial literacy helps individuals, families, businesses, and economies by supporting long term and sustainable economic growth. When young people understand finances better, it leads to stronger economic outcomes over time. Ahmad and Yaacob (2024) found that financial behavior significantly influences financial stability, implying that students who manage their finances well are more likely to experience financial stability. Financial literacy mediates the relationship between financial behavior and financial well-being. Individuals with higher financial literacy were more likely to engage in positive financial behaviors, which in turn enhanced their financial well-being (Sabri et al., 2020). However, the increasing demand for online shopping and digital payment methods has immensely increased impulsive buying tendencies (Ngo et al., 2024). It was shown that financial management has become challenging to deal effectively in the wave of digital consumerism. Overall, the findings of this study can further extend the understanding of the mediation of financial literacy, which can be used to improve the financial education programs that address impulsive spending.

Moreover, Financial sustainability, in simple terms, allows for the maintenance of one's financial stability over time in a manner that ensures adequate finances are available to meet current obligations and those that may arise in the future. To further elaborate, this is relevant to recognize the importance of balance between academic investment with living and emergencies expenses. Other studies have emphasized the influence of financial literacy on encompassing responsible monetary management which asserted that financial literacy exists to ensure that utilizing resources allows the students to cope effectively with implications of financial distress (Xiao & Porto, 2017). Additionally, financial sustainability can affect the overall income resources which require an individual to control one's expenses to mitigate the instances of excessive debt and instability (Loke, 2017).

With this, financial literacy serves as a balance between financial behavior and financial sustainability which directly affects the management of one's finances such as making decisions with an intention to save, invest, spend and manage debts. The increasing financial literacy can further enhance one's understanding of the financial concepts, which helps an individual to make informed decisions that highlight the wise financial behavior and financial sustainability. In general, these studies offered compelling evidence on how financial literacy improves financial behavior, which can be used to understand the study's goal.

Statement of the Problem

This paper aimed to determine the mediating role of financial literacy on financial behavior and financial sustainability of Tarlac State University students. Therefore, the study aimed to investigate the following research questions:

- How may the financial behavior of the respondents be described?
- How is financial sustainability of the respondents described?
- How is financial literacy described in terms of: Financial Knowledge;

Financial Attitude; and Savings?

- Does Financial Behavior relate to Financial Sustainability?
- Does Financial Literacy mediate Financial Behavior and Financial Sustainability?

Hypothesis

- **Hypothesis 1.** There is a significant relationship between students' financial behavior and financial sustainability.
- **Hypothesis 2.** Financial literacy has a mediating role on the relationship between financial behavior and financial sustainability.

Review of Related Studies

This review examines the three (3) constructs in the proposed model—financial behavior, financial literacy, and financial sustainability and the relationships among them. Consistent with the study's conceptual framework, the literature is organized to show how financial behavior may foster financial literacy, which in turn supports financial sustainability.

Financial behavior refers to the patterns of behavior one exhibits when it comes to managing their financial resources, such as activities involving earning, saving, spending, investing, and giving (Sabri et al., 2022). These behaviors have a direct impact on one's financial well-being and happiness (Bantilan, 2024). It can have a significant impact on how well people in a household, society, country, or the entire planet are doing (Mudzingiri et al., 2018). Money behavior is also a determinative factor in investment choice. Aspects such as saving and risk tolerance contribute significantly to investment choices. Those individuals who display high investment conduct in the forms of saving and spending are often adept at decision-making on investment, such as investing in the stock market or mutual funds Hira (2016). Spending behavior is another highly significant contributor to retirement planning. Individuals who save, plan and make thoughtful decisions regarding retirement are likely to be economically self-sufficient as they age (Lusardi, 2019). These findings have a significant impact on a person's financial well-being and happiness, impacting not just everyday money management but also on long-term results like investment success and retirement security. Choowan et al., (2024) review showed that how people handle money, like making plans, putting money aside, and spending wisely, helps them feel good about their finances and positively influences financial well-being. Furthermore, it was also found that knowing about money and acting responsibly both play a big role in making people feel better about their money, which is a key to keeping finances stable (Rodriguez et al., 2024). Such behaviors, developed through practice, can subsequently enhance students' financial literacy. Students gain first-hand experience by being engaged in budgeting, saving, and intentional spending that enhances their understanding of financial concepts and strengthens their attitude toward money.

Financial sustainability is about a person's skill at making money and not spending too much now and in the future (Khatib et al., 2025). Hira (2016) stated that financial capital or resources are an important factor in achieving financial stability and in shaping the financial behavior of each individual. Students who do not have enough savings, assets, or other sources of financial support often resort to obtaining loans or seeking a job (Perna et al., 2020). Financial stability refers to a state wherein people and institutions fulfill their financial obligations and being able to manage money not only in the present, but also in the future. In addition, previous studies showed positive effects of financial inclusion and development on financial stability and emphasized the role of financial literacy in achieving sustainable financial systems (Elgharib, 2024). Financial literacy refers to knowledge and application of different financial skills such as personal financial management, budgeting and investing (Lusardi & Mitchell, 2017). It is one of the few life skills that teaches people how to handle personal finance properly, helping them to avoid errors and prepare for their financial future. Financial knowledge means that someone who

knows the important financial ideas, like financial planning, interest rates, and investment strategies, as well as due diligence to make well-informed decisions. A lack of financial knowledge hinders financial management and leads to financial problems. Financial problems are frequently seen among young adults. This is because they had insufficient knowledge in financial knowledge, as well as the role of having to make difficult financial decisions at the beginning of their careers (Abidin et al., 2019). Adequate education on financial literacy would build financial confidence in students, enabling them to pursue many opportunities in entrepreneurial activities. (Subhashree & Thomas, 2020). Previous research suggests that the correlation between financial knowledge with use of financial management and reducing financial

pressure (Bawalle et al., 2024). Financial attitude is a person's applied attitude toward finances. Attitude is a combination of beliefs, emotions, and feelings. Financial attitude is more focused on individual views, earnings, and assessments of financial operations. A more positive approach towards finances is said to make a healthy financial decision that may lead to behaviors such as effective budgeting and timely bill payments (Moko et al., 2022). Savings behavior seizes the capability of a person to save for the future and unexpected expenses.

Studies have proven that people with better financial literacy and favorable attitudes toward money will develop good saving habits, becoming more financially resilient (Kelihu et al., 2024). Financial literacy serves as a mediator that bridges knowledge in finance and behavior. These interdependent sub-variables indicate the significance of financial literacy in improving financial independence and sustained economic prosperity. Sajid et al., (2024) found that financial literacy and self-efficacy both directly and indirectly (through financial behaviors) impact financial well-being. This suggests that enhancing financial literacy can lead to better financial behavior, ultimately resulting in financial stability.

The financial literacy of students is one of the key components of how they manage their money. There are various elements that could affect the financial behavior of the students such as their financial knowledge, financial attitude, and their perceptions of savings. Proper management of finances can lead to financial sustainability and free from financial stress, which is mostly experienced by young adults. A healthy approach to money and positive application of knowledge and attitude towards one's finances can impact on the financial well-being of a person (Zhang & Chatterjee, 2023). Being financially illiterate is a common problem, especially for young adults.

Having financial knowledge with the right attitude is not enough to lead a financially sustainable life; the proper application of these concepts and theories about finances, combined with the ability to control impulsive buying tendencies, could positively impact the financial behavior of a person that increasing the possibility of being sustainable towards their finances. Several studies identify financial literacy as the factor that connects financial behavior to the financial results. Guntur and Soares (2022) found that financial literacy acts as mediator in the connection between financial attitudes and behaviors, whereas Sajid et al., (2024) revealed that financial literacy and self-efficacy affect financial well-being both directly and indirectly via financial behaviors. Sabri et al., (2020) also found that those with greater financial literacy were more likely to engage in positive financial behaviors, subsequently improving their financial well-being. Together, these findings support the mediating role of financial literacy proposed in this study.

CONCEPTUAL FRAMEWORK

This study suggests that financial behavior is the foundation of financial literacy. Students who practice good financial habits—such as budgeting, saving, and intentional spending—gain practical financial understanding and develop positive attitudes towards finances through their experiences. This growing financial literacy allows students to achieve financial sustainability over time. Thus, the model illustrates financial literacy as the intermediary through which financial behavior leads to financial sustainability (behavior → literacy → sustainability). This sequence embodies learning-by-doing approach, wherein the ongoing practices cultivate the knowledge and attitudes necessary for long-term financial stability

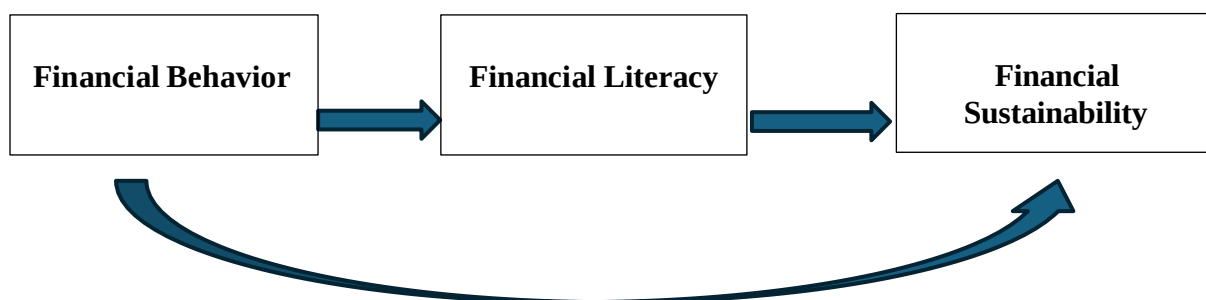


Figure 1. Conceptual Framework

METHODOLOGY

This study employed a cross-sectional research design, using survey questionnaires to determine the mediating role of financial literacy on financial behavior and financial sustainability among Tarlac State University students. The researchers applied convenience sampling to select the 371 respondents from all year levels in the College of Business and Accountancy with a total population of 4,758 students. Since convenience sampling is a non-probability approach, the results are deemed exploratory and might not be statistically applicable to the entire student population. The sample size of 371 was considered sufficient for the correlation and mediation analyses used in this research.

Demographic Profile of the Respondents Table 1. Demographic Profile

Demographics	Frequency	Percentage
AGE		
18-20	265	71.4%
21-23	106	28.6%
Total	371	100%
SEX		
MALE	141	38%
FEMALE	230	62%
Total	371	100%
PROGRAM		
HTM	64	17.3%
BSBA-FM	61	16.4%
BSA/BSAIS	62	16.7%
MARKETING	62	16.7%
BSE	60	16.2%
BSBA-ECO	62	16.7%
Total	371	100%

Convenience sampling was utilized for collecting data from the students at the College of Business and Accountancy at Tarlac State University. This approach allows the researchers to conserve time and resources. While it may not accurately reflect the composition of students across different year levels, it offered a quick and straightforward means to gain preliminary insights into the study.

Additionally, this study focused on survey questionnaires on the students at Tarlac State University regarding their current financial behavior and financial sustainability, and how these relate to their financial literacy. The survey consisted of forty-five (45) questions organized into five sections, adapted from validated instruments. Financial knowledge and financial attitude items were adapted from Firli and Hidayati (2021), which measures awareness of interest rates, financial systems, credit management, and investment, as well as attitudes toward power-prestige, financial planning, thinking before acting, and value for money. Savings items were adapted from Anastasia and Michaela (2021). Financial sustainability components were modified from Peprah et al., (2019), evaluating students' views on their financial security and living standards. Financial behavior items were adapted from Setiawan et al., (2021) and adjusted for the local setting. Small adjustments were made to align with the context of Philippine students, and the research adviser evaluated the items for content validity. To establish the internal consistency of the instrument, Cronbach's Alpha was computed for each subscale. The negatively worded items in the financial attitude, financial behavior, and financial sustainability subscales were scored in the direction of the construct, based on how respondents interpreted them. This decision was verified through reliability analysis, which confirmed acceptable internal consistency for all subscales (Cronbach's alpha ≥ 0.70).

Table 2 Reliability of the Research Instrument

Subscale	Number of Items	Cronbach's Alpha
Financial Knowledge	8	0.744
Financial Attitude	12	0.703
Savings	7	0.796
Financial Sustainability	11	0.779
Financial Behavior	7	0.770

To establish the internal consistency of the instrument, Cronbach's alpha was computed for each subscale. All subscales demonstrated acceptable reliability, with values ranging from 0.703 to 0.796. Financial knowledge ($\alpha=0.744$), Financial Attitude ($\alpha= 0.703$), Savings ($\alpha= 0.796$), Financial Sustainability ($\alpha= 0.779$), and Financial Behavior ($\alpha= 0.770$). The instrument was therefore deemed sufficiently reliable for the analysis conducted.

The items were assessed for their conceptual alignment with the assigned constructs. Two statements in the financial behavior subscale, the one relating to compound interest calculations and the one about the advantages of saving for future needs, are based on knowledge rather than on observable behaviors. These items were retained in the financial behavior subscale to preserve the integrity of the adapted instrument and to maintain consistency with the original scale structure. In addition, several financial sustainability items (e.g., "Financial sustainability improves my standard of living" and "Financial sustainability gives me the quality of life") assess respondents' perceptions of and attitudes toward financial sustainability rather than objective financial outcomes. Thus, in this study, financial sustainability is defined as students' perceived financial sustainability, their personal evaluation of financial stability and its impact on their quality of life, in line with previous studies that gauge perceived financial well-being.

To assess the financial literacy of respondents regarding financial knowledge, attitudes, savings, and their levels of financial sustainability and behaviors, the researchers employed a four-point Likert scale where respondents rated each item as 1= Strongly Disagree, 2= Disagree, 3= Agree, or 4= Strongly Agree. The composite mean of each subscale was then interpreted using the following ranges: 1.00-1.75 Strongly Disagree, 1.76-2.50 Disagree, 2.51-3.25 Agree, and lastly 3.26-4.0 Strongly Agree.

To examine the connection between financial behavior and financial sustainability, the researchers

utilized Pearson r to compute a statistic that characterizes the dataset, which helps to illustrate the relationship between students' financial behavior and their financial sustainability. A p -value was applied to determine the statistical significance of the relationship. A statistically significant result supports the research hypothesis (H1); a non-significant result does not.

For analyzing the mediation of the variables, the researchers carried out mediation analysis. This analysis measures both direct and indirect roles, estimating the extent to which the independent variable impacts the dependent variable, either directly or indirectly through the mediator. The Standard Error (SE) represents the accuracy of the estimate; a smaller SE corresponds to greater confidence in the estimate. Additionally, Z values are used to assess significance, while p -values indicate whether the effect is statistically significant. Mediation reflects the proportion of the total effect that is accounted for by the mediator, showing how much of the relationship is carried by the mediator.

RESULTS AND DISCUSSION

Financial Literacy of the Respondents

Table 3 shows the Level of Financial Literacy of respondents in terms of Financial Knowledge through mean and description.

Table 3 Financial Knowledge

Statements	Mean	Description
My knowledge regarding loans is sufficient enough to avoid financial doubts.	3.06	Agree
I know the benefits of financial management.	3.33	Strongly Agree
I know how to manage finances properly and wisely.	3.06	Agree
Deposits are categorized in the investment, while savings are not.	2.65	Agree
The benefits of investment are to meet future needs and encourage a frugal lifestyle.	3.29	Strongly Agree
I know the risks of investing	3.35	Strongly Agree
I know simple interest rate calculations	3.24	Agree
I know about the interest rates charged by banks or by financial institutions.	3.04	Agree
COMPOSITE MEAN	3.13	Agree

The highest mean of 3.35 indicates that respondents strongly agree that they know the risks of investing their money. This shows the students' awareness about the risks involved in investing. The lowest mean score is 2.65, which falls within the "Agree" range. This means that respondents generally agree that deposits are categorized as investments while savings are not, suggesting only a general understanding of the distinction between savings and investment rather than a thorough one.

In general, Table 3 indicates that participants possess a basic comprehension of budgeting, saving, and investing. The composite mean of 3.13, viewed as "Agree," suggests that respondents mostly feel they have financial knowledge, although their comprehension has not reached a strongly agree stage yet.

Table 4 Financial Attitude

Table 4 shows the level of financial literacy in terms of financial attitude through mean and interpretation.

Statements	Mean	Description
I have to admit that I bought something because I knew it would impress others.	2.74	Agree
I believe that money is success' symbol.	3.15	Agree
I believed that money could solve all of my problems in life.	3.23	Agree
I do financial planning for my future life.	3.27	Strongly Agree
I set aside money regularly for the future.	3.11	Agree
I need to know the amount of my money, both expenses and income.	3.36	Strongly Agree
I am very careful about using money	3.20	Agree
I must know the price of a product before I buy it.	3.60	Strongly Agree
I must know if there are discounts or special offers when buying a product.	3.54	Strongly Agree
I like to think carefully before I decide to buy something.	3.49	Strongly Agree
Every time I buy expensive thing, I always try to find information about the product' quality.	3.61	Strongly Agree
I do not mind if I spend more money to get the best.	2.88	Agree
COMPOSITE MEAN	3.27	Strongly Agree

The highest mean of 3.61 shows that respondents strongly agree that they always try to find information about a product's quality before buying an expensive item. This implies that respondents look up information about products before making a financial decision, which reflects a positive financial attitude. The lowest mean score is 2.74, which falls within the "Agree" range. This result indicates that respondents generally agree they have bought something to impress others, but the relatively lower mean suggests they are less likely to make purchases based on social influence.

Overall, Table 4 shows that the composite mean for financial attitude is 3.27, interpreted as "Strongly Agree." This means that respondents demonstrate a positive financial attitude toward managing their finances.

Table 5 Savings

Table 5 shows the Level of Financial Literacy in terms of Savings through mean and description.

Statements	Mean	Description
Feeling that you have saved is a must.	3.48	Strongly Agree
Set aside money for savings.	3.44	Strongly Agree
It is important to save regularly.	3.53	Strongly Agree

Statement	Mean	Description
I am not worried if the allowance received will cover my educational needs.	2.94	Agree
I do not need to borrow money from other sources to meet my educational needs.	2.92	Agree
My cash received covers my monthly expenses.	2.95	Agree
Financial sustainability gives me the quality of life.	3.35	Strongly Agree
Financial sustainability improves my standard of living.	3.44	Strongly Agree
I don't seek self-sufficiency (in terms of funding).	2.67	Agree
I seek financial independence as a student.	3.04	Agree
I don't need money from loans and sources other than my parents to survive.	2.82	Agree
Financial sustainability gives me happiness in school.	3.34	Strongly Agree
My life is impacted by any financial sustainability.	3.25	Agree
My monthly allowance is equal to my needs.	2.98	Agree
COMPOSITE MEAN	3.06	Agree
Any amount of money at the end of the month will be put into savings.		
For the sake of saving, willing to reduce expenses.	3.17	Agree
As income/allowance increases, savings increase.	3.34	Strongly Agree
When interest rates on savings fall, I will continue to save.	3.01	Agree
COMPOSITE MEAN	3.32	Strongly Agree

The highest mean of 3.53, shows that respondents strongly agree that it is important to save regularly. This implies a strong recognition of the value of consistent saving. The lowest mean score is 3.01 which falls in 'Agree' range. This means that respondents generally agree they would continue saving even when interest rates on savings fall, though not as strongly as other saving behavior.

Table 5 shows that the average mean of Financial Literacy in terms of Savings is 3.32 interpreted as 'Strongly Agree'. This means that respondents demonstrate solid saving habits and a positive orientation toward setting money aside for the future.

Financial Sustainability of the Respondents

Table 6 shows the Level of Financial Sustainability of Respondents through mean and description

Table 6 Financial Sustainability

A mean of 3.44 suggests that participants strongly feel financial sustainability improves their quality of life. This indicates that students perceive financial sustainability as significantly affecting their financial security, life quality, and academic satisfaction. The minimum average score of 2.67 falls into the "Agree" category. This implies that participants generally agree, though not strongly, that they do not seek financial independence, showing that many students continue to depend on external support and have not fully attained self-reliance in managing their finances.

The composite mean of 3.06, interpreted as "Agree," suggests that students generally believe they understand and apply financial sustainability, although there remains room for enhancement before reaching full financial independence.

Financial Behavior of the Respondents

Table 7 shows the Level of Financial Behavior of the Respondents through mean and description

Table 7 Financial Behavior

Statement	Mean	Description
I use bank to store saving.	2.68	Agree
I allow the bank to invest those funds into assets like stocks or bonds securities.	2.60	Agree
If the credit card reached the limit I will stop using it.	2.81	Agree
I will use debit card in shopping for goods If I have savings/money on it.	2.72	Agree
The calculation for compound interest will continue to increase from year to year calculated from previous year's capital.	2.95	Agree

The benefit of saving in personal financial management is to save money for future needs.	3.26	Strongly Agree
If I can I will make loan because if financial difficulties.	2.75	Agree
COMPOSITE MEAN	2.82	Agree

The highest mean of 3.26, interpreted as "Strongly Agree", implies that respondents strongly agree on the importance of saving for future needs. This shows a deep understanding of the value of saving. The lowest mean score of 2.60, falls within the "Agree" range, suggesting that respondents are less confident about using banks to invest their savings– indicating a lack of knowledge or confidence regarding investment. The overall composite mean of 2.82, interpreted as "Agree", implies that respondents generally practice sound financial behavior, although this is not yet as consistent as the positive attitudes and saving habits reported in Table 4 and 5.

Test of Significant Relationship between students' financial behavior and financial sustainability

Table 8 shows the Significant Relationship of the Respondents Financial Behavior and Financial Sustainability

Table 8 Financial Behavior and Financial Sustainability

Variable	Stat	p-value	Interpretation	Decision
Financial Sustainability x Financial Behavior	r=0.409	0.000	Significant	Hypothesis 1 is supported

Table 8 shows that there is a significant positive significant relationship between students' financial behavior and financial sustainability with $r=0.409$ and $p\text{-value } (0.000) < 0.05$. Thus, the hypothesis is

supported. This suggests that respondents who demonstrate improved financial habits such as budgeting, saving, and spending are more likely to maintain financial sustainability. The studies by Ibarrientos et al., (2024) reveal a strong positive correlation between financial behavior and financial self-efficacy, with students demonstrating effective strategies and confidence in their financial management. The findings emphasize the important role of responsible financial behavior in promoting both external outcomes and internal outcomes.

Test of mediation of Financial Literacy on the relationship between financial behavior and financial sustainability

Table 9 and 10 show the mediation of Financial Literacy on the relationship between Financial Behavior and Financial Sustainability

Table 9 Mediation Path and Effect Estimates with 95% Bootstrapped Confidence Intervals of Financial Behavior, Financial Literacy, and Financial Sustainability

Effect / Path	Label	Estimate (β)	SE	Z	p	95% Bootstrap CI
Financial Behavior $\rightarrow$ Financial Literacy	a	0.196	0.030	6.493	< .001	[0.135, 0.253]
Financial Literacy $\rightarrow$ Financial Sustainability	b	0.583	0.071	8.231	< .001	[0.442, 0.719]
Financial Behavior $\rightarrow$ Financial Sustainability (direct effect)	c'	0.187	0.044	4.256	< .001	[0.099, 0.269]
Financial Behavior $\rightarrow$ Financial Sustainability (indirect effect through Financial Literacy)	ab	0.114	—	5.839	< .001	[0.071, 0.162]
Financial Behavior $\rightarrow$ Financial Sustainability (total effect)	c	0.301	—	8.639	< .001	[0.210, 0.385]

Table 9 shows the mediation analysis that tests whether financial literacy mediates the relationship between financial behavior and financial sustainability. The overall effect of financial behavior on financial sustainability was significant ($\beta = 0.301$, $p < .001$), indicating that financial behavior positively correlates with financial sustainability. The direct effect of financial behavior on financial sustainability, considering financial literacy, was also significant ($\beta = 0.187$, $p < .001$). The indirect effect of financial behavior on financial sustainability through financial literacy was significant ($\beta = 0.114$, 95% CI [0.071, 0.162]), and the confidence interval did not include zero. Both component paths were important: financial behavior predicted financial literacy ($\beta = 0.196$, $p < .001$), and financial literacy predicted financial sustainability ($\beta = 0.583$, $p < .001$). Given that both the direct and indirect effects were significant, financial literacy partially mediates the relationship between financial behavior and financial sustainability. The indirect effect accounted for approximately 38% of the total effect, indicating that

financial literacy explains a substantial part of the relationship, while financial behavior also shows a direct influence on financial sustainability.

Table 10 Mediation Estimates

Role	Label	Estimate	SE	Z	p	% Mediation
Indirect	$a \times b$	0.114	0.020	5.839	< .001	37.900
Direct	c'	0.187	0.044	4.256	< .001	62.100
Total	$c + a \times b$	0.301	0.035	8.639	< .001	100.000

Table 10 shows the proportion of the total effect of financial behavior on financial sustainability that is accounted for by financial literacy. The indirect effect through financial literacy was significant ($\beta = 0.114$, $p < .001$), accounting for 37.9% of the total effect, while the direct effect accounted for the remaining 62.1%. Since both the direct and indirect effects were significant, financial literacy partially mediates the relationship between financial behavior and financial sustainability. Therefore, the hypothesis (H2) is supported.

CONCLUSION

Based on the findings of this study, majority of the respondents were young, aged 18-20, with a significant number of enrolled in the Hospitality and Tourism Management (HTM) program. They all showed a good level of financial literacy appraised particularly in the areas of strong financial attitudes and saving behaviors. The respondents showed an elevated sense of responsibility in making purchases and were strong proponents of regular saving. Their actual financial knowledge and understanding, especially regarding investment risks, reflected only a general level of understanding.

In terms of financial sustainability literacy, the respondents had a fair understanding of the concept and its advantages in improving quality of life, though they maintained a moderate perception of it overall. Likewise, respondents showed a general level of financial behavior, they agreed that they practiced sound financial habits such as budgeting and saving. However, gaps remained in their actual financial decision-making.

On the other hand, the findings revealed that financial literacy mediates the relationship between financial behaviors and financial sustainability. While the indirect effect was modest, it was still statistically significant, suggesting that financial knowledge and attitudes can influence how individuals practice financial sustainability.

LIMITATIONS

This study has several limitations that should be considered when interpreting its findings. Due to the use of a cross-sectional design, the connections between financial behavior, financial literacy, and financial sustainability were assessed at one specific moment, meaning the study cannot determine causal links, and the mediating effect of financial literacy should be viewed as correlational. The use of convenience sampling also limits the generalizability of the findings, as the results may not represent the entire student population and should be regarded as exploratory. In addition, the data relied on self-reported responses, which may be subject to social desirability bias, and financial sustainability was measured based on respondents' perceptions rather than objective financial outcomes. Finally, the sample was limited to business and accountancy students at Tarlac State University in the Philippines, so the findings may not extend to students in other programs, institutions, or cultural settings.

RECOMMENDATIONS

Based on the results and conclusions of this research, the following recommendations are formulated;

Educational institutions may need to invest in the enrichment of financial literacy programs across all courses and school divisions. Any student, regardless of their field of study, may learn practical financial skills like budgeting, managing debt, effective saving, and wise spending. With the accessibility of such programs, universities may give every student that essential life skill. These programs may not only impart financial knowledge but also encourage healthy financial habits that prompt students to be responsible behaviors with their finances.

Schools may offer practical learning through a series of seminars, webinars, and workshops on real life topics. This can be in investing, using digital and mobile banking tools, setting financial goals, and understanding the features of financial products. Even limited income students can make it through proper money management. Students' participation and retention in learning may be greatly improved with interactive and inclusive sessions really meant for peer engagement.

Partnerships with financial institutions may be an enriching experience and skill-building exposure for students. For instance, working with banks or financial service providers may prepare students for practical tools like savings accounts, budgeting apps, and credit-building opportunities. It may also allow students to have firsthand experience of actual financial systems which they may operate when transitioning from classroom learning to real-life practice.

Peer mentoring and simulation-based learning. This may improve teaching strategies by making financial choices more relatable and engaging through role plays and games, that may help students understand the real-life impact of their decisions in a safe and controlled setting.

Future researchers may consider variables like socioeconomic background, parental influence, and access to financial resources to understand gaps in financial literacy among students. Furthermore, longitudinal or experimental designs, along with qualitative approaches like focus group discussions or interviews, may help determine long-term role of financial literacy programs and develop interventions.

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SURVEY QUESTIONNAIRE

Research Questions: Effect of Financial Behavior in Financial Literacy and Financial Sustainability BSE 2-A

SA- Strongly Agree
A- Agree
DA- Disagree
SDA- Strongly Disagree

Name (Optional):
Age:
Sex:
Program:

Section I: Financial Knowledge

No	Questions	Rate			
		4 SA	3 A	2 DA	1 SDA
1.					
2.	My knowledge regarding loans is sufficient enough to avoid financial doubts.				
3.	I know the benefits of financial management.				
4.	I know how to manage finances properly and wisely				
5.	Deposits are categorized in the investment, while savings are not.				
6.	The benefits of investment are to meet future needs and encourage a frugal lifestyle.				
7.	I know the risks of investing				

8.	I know simple interest rate calculations.				
9.	I know about the interest rates charged by banks or by financial institutions.				

Section II: Financial Attitude

No	Questions	Rate			
		4 SA	3 A	2 DA	1 SDA
10	I have to admit that I bought something because I knew it would impress others.				
11.	I believe that money is success' symbol				
12	I believed that money could solve all of my problems in life				
13	I do financial planning for my future life				
14	I set aside money regularly for the future				
15	I need to know the amount of my money, both expenses and income.				
16	I am very careful about using money.				

17	I must know the price of a product before I buy it				
18	I must know if there are discounts or special offers when buying a product.				
19	I like to think carefully before I decide to buy something.				
20	Every time I buy expensive thing, I always try to find information about the product' quality				
21	I do not mind if I spend more money to get the best.				

Section III: Savings

No	Questions	Rate			
		4 SA	3 A	2 DA	1 SDA
22	Feeling that you have saved is a must				
23	Set aside money for savings				
24	It is important to save regularly				

25	Any amount of money at the end of the month will be put into savings				
26	For the sake of saving, willing to reduce expenses				
27	As income/allowance increases, savings increase				
28	When interest rates on savings fall, I will continue to save				

Section IV: Financial Sustainability

No.	Questions	Rate			
		4 SA	3 A	2 DA	1 SDA
29.	I am not worried if the allowance received will cover my educational needs.				
30.	I do not need to borrow money from other sources to meet my educational needs.				
31	My cash received covers my monthly expenses.				
32.	Financial sustainability gives me the quality of life.				

33.	Financial sustainability improves my standard of living.				
34.	I don't seek self-sufficiency (in terms of funding).				
35.	I seek financial independence as a student.				
36.	I don't need money from loans and sources other than my parents to survive.				
37.	Financial sustainability gives me happiness in school.				
38.	My life is impacted by any financial sustainability.				
39.	My monthly allowance is equal to my needs.				

42.	If the credit card reached the limit I will stop using it				
43.	I will use debit card in shopping for goods if I have savings/money on it				
44.	The calculation for compound interest will continue to increase from year to year calculated from previous year's capital				
45.	The benefit of saving in personal financial management is to save money for future needs				
46.	If I can I will make loan because if financial difficulties				

Section V: Financial Behavior

No	Questions	Rate			
		4 SA	3 A	2 DA	1 SD A
40.	I use bank to store savings				
41.	I allow the bank to invest those funds into assets like stocks or bonds securities				

RESULTS

Mediation Analysis Parameter estimates

Direct effects								
							95% Confidence Interval	
			Estimate	Std. error	z-value	p	Lower	Upper
FB_AVG	→	FS_AVG	0.1874	0.04402	4.256	< .001	0.09895	0.2691
Note. Estimator is ML. Not all bootstrap samples were successful: CI based on 4999 samples.								

Indirect effects										
									95% Confidence Interval	
					Estimate	Std. error	z-value	p	Lower	Upper

FB_AV G	→	FL_AV G	→	FS_AV G	0.1141	0.01954	5.839	< .001	0.07137	0.1617
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Note. Estimator is ML. Not all bootstrap samples were successful: CI based on 4999 samples.

Total effects								
							95% Confidence Interval	
			Estimate	Std. error	z-value	p	Lower	Upper
FB_AVG	→	FS_AVG	0.3015	0.03490	8.639	< .001	0.2102	0.3850

Note. Estimator is ML. Not all bootstrap samples were successful: CI based on 4999 samples.

Path coefficients								
							95% Confidence Interval	
			Estimate	Std. error	z-value	p	Lower	Upper
FL_AVG	→	FS_AVG	0.5827	0.07079	8.231	< .001	0.4421	0.7187
FB_AVG	→	FS_AVG	0.1874	0.04402	4.256	< .001	0.09895	0.2691
FB_AVG	→	FL_AVG	0.1959	0.03017	6.493	< .001	0.1345	0.2529

Note. Estimator is ML. Not all bootstrap samples were successful: CI based on 4999 samples.