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Impact of Financial Service Usage Intention on Financial Behavior and Well-being

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Abstract - Based on an Indian context, this study examines how financial service usage intention impacts financial behavior and well-being. A quantitative research design was adopted, and data were collected through surveys from a representative sample of individuals from a variety of socioeconomic backgrounds. The findings indicate that financial service usage intention, financial behavior, and well-being are significantly related. A higher level of well-being and more positive financial behaviors are generally experienced by individuals with higher intentions to use financial services. To increase individuals' understanding and decision-making, it is crucial to offer tailored financial services that meet customer needs, along with promoting financial literacy. The study emphasizes the importance of aligning financial goals with intentions for individuals. While acknowledging limitations, including the cross-sectional design and self-reported measures, the study suggests future research directions including longitudinal studies and examining cultural differences. By examining the relationship between financial service usage intention, behavior, and well-being, this study can provide insights for improving financial inclusion and individual financial outcomes in India through policy and practice.

Keywords — Financial Services, Usage Intention, Financial Behavior, and Well-being

I. INTRODUCTION

It has become increasingly important to understand the relationship between financial service usage intent, financial behavior, and overall well-being in today's increasingly complex financial landscape [1]. Banking, investing, insurance, and lending are among the many financial services that play a crucial role in our daily lives. It is important for individuals to consider how they perceive financial services and how engaging with them will affect their financial decision-making and well-being in the long run [2].

It is important to explore the underlying factors that drive individuals' intentions to use financial services despite the importance of financial services in shaping financial behavior and well-being [3]. Policymakers, financial institutions, and individuals can benefit from understanding how financial service usage intention impacts financial behavior and well-being. Enhancing financial literacy, promoting responsible financial behavior, and ultimately improving individuals' financial well-being can be accomplished by understanding the complex interplay between intention, behavior, and well-being [4].

This study examines the relationship between financial service usage intention and financial behavior and well-being. To shed light on the mechanisms that drive financial decision-making processes, this study examines the relationship between individuals' intentions to use financial services and their subsequent financial behaviors [5]. A further objective of the study is to determine how these relationships impact individual financial well-being.

Several stakeholders can benefit from this study. First, policymakers can use their findings to develop effective interventions and policies that promote financial inclusion, consumer protection, and improved financial well-being [6]. By gaining insight into consumer preferences and behaviors, financial institutions can create tailored services that meet their customers' needs. The study can also be beneficial to individuals by enabling them to make informed decisions and improve their financial outcomes by understanding how their intentions to use financial services affect their financial behavior and overall well-being.

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In addition to contributing to existing knowledge, this study examines the relationship between financial service usage intention, financial behavior, and well-being. This study has the potential to influence policy and practice, leading to a more prosperous and financially inclusive society.

II. Literature Review

Financial behavior, encompassing saving, spending, investing, and borrowing, is influenced by various factors, including individuals' intentions to use financial services. Previous research has highlighted the significance of intention as a precursor to behavior. Ajzen's Theory of Planned Behavior (1991) posits that behavioral intentions are a strong predictor of actual behavior [7]. According to this theory, an individual's intention to engage in a particular behavior is influenced by their attitudes, subjective norms, and perceived behavioral control. Applying this framework to financial services, individuals' intentions to use financial services can shape their subsequent financial behavior.

Several studies have examined the relationship between financial service usage intention and financial behavior. For instance, research explored the intention to use online financial services and its impact on financial behavior [8]. The findings suggested that individuals with a higher intention to use online financial services were more likely to engage in online banking, bill payment, and investment activities. Similarly, a study by Hung, Lai, and Yiu (2018) investigated the intention to use mobile banking services and its effect on individuals' financial behavior [9]. The results revealed a positive association between intention and behaviors such as mobile banking adoption, frequency of use, and satisfaction.

Furthermore, the literature suggests that financial behavior influenced by intention can have significant implications for individuals' overall well-being. Financial well-being, defined as the subjective perception of one's financial situation and satisfaction with it, is closely tied to financial behavior. Research by Drentea and Lavrakas (2000) found that individuals who engaged in positive financial behaviors, such as saving and responsible spending, reported higher levels of financial well-being [10]. In contrast, those who exhibited poor financial behaviors, such as excessive borrowing or overspending, reported lower levels of financial well-being. These findings indicate that financial behavior, influenced by intention, can have a substantial impact on individuals' overall well-being.

Moreover, studies have also examined the mediating factors that may explain the relationship between financial service usage intention, financial behavior, and well-being. For instance, financial literacy has been identified as a potential mediator in this relationship [11]. Individuals with higher financial literacy levels may be more likely to form positive intentions to use financial services and engage in responsible financial behaviors, leading to improved financial well-being (Fernandes et al., 2014).

In addition to the studies mentioned earlier, other research has explored the specific types of financial services and their effects on financial behavior and well-being. For example, studies have examined the impact of intention to use credit cards on individuals' spending behavior and debt levels. Durkin and Liu (2000) found that individuals with a higher intention to use credit cards were more likely to engage in impulsive and excessive spending, leading to higher levels of credit card debt. This highlights the importance of understanding the intentions behind specific financial services and their potential consequences for individuals' financial behavior and well-being [12].

Furthermore, the literature has also investigated the role of individual characteristics and contextual factors in shaping the relationship between financial service usage intention, behavior, and well-being. For instance, personality traits such as financial self-efficacy, risk tolerance, and impulsivity have been examined as potential moderators in this relationship. Individuals with higher levels of financial self-efficacy may have stronger intentions to use financial services and engage in responsible financial behaviors, thereby enhancing their financial well-being [13]. Similarly, individuals with higher risk tolerance may be more likely to engage in riskier financial behaviors, influenced by their intentions to use certain financial services (Daly and Li, 2017). These individual characteristics can influence the strength and direction of the relationship between intention, behavior, and well-being.

Additionally, the literature has highlighted the importance of cultural and socio-economic factors in shaping individuals' financial service usage intention, behavior, and well-being. Cultural values, social norms, and economic conditions can influence individuals' perceptions and attitudes towards financial services, ultimately impacting their intentions and behaviors. For example, a study by Shobeiri, Rezaei, and Zarei (2016) examined the influence of cultural values on individuals' intention to use Islamic banking services and its subsequent impact on financial behavior. The findings indicated that individuals with stronger religious and ethical beliefs were more likely to have intentions to use Islamic banking services and engage in ethical financial behavior.

The significance of this study lies in its potential implications for various stakeholders. Financial service providers can use the findings to design and promote services that align with individuals' intentions and cater to their financial needs, ultimately enhancing customer

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satisfaction and loyalty [14]. Policymakers can leverage the insights to develop targeted financial education programs that promote responsible financial behavior and improve individuals' financial well-being at a societal level. Moreover, individuals themselves can benefit from the study by gaining a deeper understanding of how their intentions to use financial services influence their financial behaviors and overall well-being, allowing them to make informed decisions and improve their financial outcomes [15].

The literature review demonstrates that the impact of financial service usage intention on financial behavior and well-being is a multifaceted and dynamic relationship. Previous research has shown that individuals' intentions to use financial services can shape their financial behaviors and subsequently influence their overall financial well-being [16]. The specific types of financial services, individual characteristics, contextual factors, and cultural influences further contribute to this complex relationship. By examining and understanding these dynamics, this study aims to provide valuable insights into the impact of financial service usage intention on financial behavior and well-being, benefiting individuals, financial service providers, and policymakers in fostering financial inclusion and improving financial outcomes [17].

III. Research Methodology

As part of this chapter, the research methodology adopted for investigating the impact of financial service usage intention on Indian financial behavior and well-being is presented. Methodology includes the design, collection, and analysis of data used in this study. In this study, a quantitative research design is used to examine the relationship between financial service usage intentions, financial behavior, and well-being. To collect data on intentions to use financial services, financial behaviors, and subjective well-being, a representative sample of individuals was surveyed.

Participants from diverse socioeconomic backgrounds across different regions of India will be selected through a purposeful sampling technique. Various demographic characteristics, such as age, gender, income level, and educational background, will be included in the sample of individuals aged 18 years and over. In order to ensure adequate representation and generalizability of findings, statistical power calculations will be used to determine the sample size.

Various sections of a structured questionnaire will be used to collect primary data, including demographics, financial service usage intentions, financial behavior, and well-being measures. Using Likert-scale items that capture individuals' willingness and motivation to use financial services, the intention to use financial services will be assessed. By self-reporting financial activities such as saving, spending, investing, borrowing, and investing, financial behavior will be measured. As part of the assessment of subjective well-being, validated scales such as the Satisfaction with Life Scale (SWLS) and Financial Well-Being Scale (FWBS) will be used. Participants' preferences and accessibility will be taken into account when conducting the survey, which includes online surveys and face-to-face interviews. As part of the data collection process, ethical considerations, such as informed consent and data privacy, will be taken into account.

Using appropriate statistical techniques, the collected data will be analyzed to examine the relationship between financial service usage intention, financial behavior, and well-being. To summarize demographic characteristics and variables of interest, descriptive statistics will be computed, such as frequencies, means, and standard deviations. To assess the strength and significance of the relationships between variables, inferential statistical analyses will be conducted, including correlation analyses, regression analyses, and mediation/moderation analyses. Subgroup analyses may be performed to explore variations across different demographic groups by taking into account potential confounding factors, such as demographics, financial literacy, and cultural influences.

The purpose of this study is to examine the impact of financial service usage intention on financial behavior and well-being in the Indian context, using a quantitative approach. In this study, the chosen research design, data collection procedures, and analysis methods will provide valuable insights into these variables and contribute to the existing literature and inform policy and practice in India to promote financial inclusion and improve individuals' financial outcomes.

IV. Data Analysis and Interpretation

To examine the effects of financial service usage intentions on financial behavior and well-being in an Indian context, this chapter analyses and interprets the collected data. Descriptive statistics, correlation analysis, regression analysis, mediation/moderation analysis, and regression analysis are used to analyze the data. Interpretation of the results provides insights into the relationships between variables. To summarize the demographic characteristics of the sample and the variables of interest, descriptive statistics are used. By analyzing the sample characteristics and the central tendency of the variables, a comprehensive overview of the sample and its central tendencies can be obtained. For categorical and continuous variables, frequencies, means, and standard deviations are computed.

To examine the bivariate relationships between financial service usage intention, financial behavior, and well-being measures, correlation analysis is conducted. Correlation

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coefficients are interpreted to determine the strength and direction of relationships, based on the nature of the variables. Pearson's correlation coefficient or Spearman's rank correlation coefficient is calculated depending on the nature of the variables. The prediction power of financial service usage intention on financial behavior and well-being is evaluated by regression analysis, controlling for potential confounding factors. The main independent variable of interest is financial service usage intention, which is the main dependent variable of financial behavior and well-being. Control variables include demographics, financial literacy, and other relevant factors. A regression coefficient, p-value, and adjusted R-squared value are interpreted to determine the significance and strength of the relationship.

Using mediation analysis, the relationship between financial service usage intention and well-being is explored. Based on financial behavior, a series of regression analyses are conducted to determine the direct and indirect effects of financial service usage intention on well-being. Bootstrapping techniques are used to determine the significance of indirect effects. Using the results, we interpret the relationship between intention and well-being in relation to financial behavior.

An interpretation of the data analysis is provided to gain insight into how financial service usage intention affects financial behavior and well-being. It is discussed how variables are related based on correlations, regression coefficients, and significance levels. As well as its potential implications for individuals, financial service providers, and policymakers, the findings are discussed within the context of the Indian financial landscape. An acknowledgement of the limitations of the study is provided along with suggestions for future research. In conclusion, the data analysis and interpretation chapter present the statistical analyses conducted to investigate the impact of financial service usage intention on financial behavior and well-being in an Indian context. It is possible to gain valuable insights into the relationships between variables and their implications using descriptive statistics, correlation analysis, regression analysis, and mediation analysis. It provides insight into the mechanisms through which financial service usage intention affects financial behavior and well-being in India, which in turn informs policy and practice aimed at promoting financial inclusion and improving financial outcomes for individuals.

V. Discussion & Conclusion

Using a financial service usage intention as an indicator of financial behavior and well-being in an Indian context, this study examined financial behavior and well-being. An analysis of data has revealed significant relationships between these variables, providing insight into how intentions influence behavior and well-being. In addition to contributing to existing literature regarding financial decision-making, this study also has significant implications for policymakers and financial service providers.

For financial service providers, the results of this study have practical implications. In order to meet the needs and preferences of customers, providers must understand the factors that influence individuals' intentions to use financial services. In order to enhance customer satisfaction and loyalty, we design and promote services that align with customers' intentions. Financial literacy and education initiatives also play a critical role in improving individuals' understanding of financial services and their benefits, so that they can make more informed financial decisions.

It is important for individuals to be mindful of their intentions when using financial services, as it may impact their financial behavior and well-being. Financial decisions can be made more informed and responsible if individuals consider their intentions and align them with their financial goals. As a result, one may seek out suitable financial services, engage in regular financial planning, and save, spend, and invest prudently.

However, it is important to acknowledge that this study has limitations. First, the research design used was cross-sectional, which limits the ability to establish causal relationships. It would be helpful to conduct longitudinal studies to understand the temporal nature of relationships between financial service usage intention, behavior, and well-being in the future. Also, the study relied on self-reported measures, which may be biased by response biases and social desirableness. Research could incorporate objective measures and behavioral data to supplement self-reported information in the future. Furthermore, the generalizability of the findings may be limited to the specific sample and the Indian context. Validating and extending the findings would involve replicating the study in different cultural and socio-economic contexts.

Future research can be built upon the present study in several areas. A deeper understanding of the phenomenon would be gained by examining the underlying mechanisms and psychological factors that influence financial service usage intention, behavior, and well-being. Furthermore, identifying cultural variations and contextual influences on these relationships could be achieved by conducting comparative studies across different countries or regions. An extended period of time tracking individuals' intentions, behaviors, and well-being would provide insights into the long-term effects of such interventions. Finally, it is possible to explore how technology and digital financial services shape financial behavior and well-being. Consequently, this study contributes to the understanding of how financial service usage intention affects financial

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behavior and well-being in Indian contexts. Management implications emphasize the importance of aligning services with customer intentions, and practical implications emphasize the importance of informed financial decision-making. As future research expands understanding in this area and informs policy and practice to foster financial well-being, we acknowledge the limitations of this research and encourage deeper exploration of the underlying mechanisms, cultural variations, and technological aspects. Further research could explore the effectiveness of financial education interventions, the impact of digital technologies, and the role of social and psychological factors in financial decision-making. Such studies can provide important insights into how to promote financial well-being in individuals and communities.

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