

Influence of Self Control on Financial Behaviour and Financial Well-Being Mediated by Optimism

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ABSTRACT

Manuscript type: Research paper

Research aims: This study aims to explore the influence of self-control on financial behaviour and financial well-being. Additionally, it examines the mediating role of optimism in these relationships.

Design/Methodology/Approach: The research adopts a quantitative, cross-sectional design. The target population comprises the general public residing in Balochistan. Convenience sampling was employed due to the absence of a sampling frame. The structured questionnaire using a variance-based structural equation modeling (SEM) through the Smart PLS software.

Research findings: The results indicate a positive relationship between self-control and financial behaviour and financial security, while self-control negatively correlates with financial anxiety. Furthermore, optimism is an effective mediator between self-control and financial behaviour as well as between self-control and financial anxiety. However, optimism does not significantly impact financial security.

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Theoretical contribution/Originality: This study contributes to behavioural finance literature by providing a nuanced understanding of how self-control and optimism interact to influence financial behaviour and financial well-being. It adds to the theoretical framework by highlighting the mediating role of optimism in these relationships.

Practitioner/Policy implications: The financial educators, policymakers, and practitioners may leverage the understanding of self-control and optimism to design educational programmes and interventions that enhance individuals' financial behaviours and mitigate financial anxiety.

Research limitation: The cross-sectional design limits the ability to assess causality and long-term effects. Future research should consider longitudinal studies to better understand the enduring impacts of self-control and optimism on financial behaviour and well-being.

Keywords: Financial Behaviour, Financial Well-Being, Self-Control, Optimism

JEL Classification: G41, I31

1. Introduction

An essential and fascinating part of human behaviour is the effective management of finances, which means saving and investing wisely, paying bills on time, and avoiding impulsive buying and unnecessary spending (Strömbäck et al., 2017). In the midst of economic, financial, and political uncertainty, there are multiple stressors at work. Many are trying to mitigate possible future financial burdens and ensure that their loved ones have available important resources such as college funds for children and retirement accounts for themselves. It is the uncertainty of life that will always make people continually look for ways to ensure their financial security. Saving, spending, earning, borrowing, and investing are financial behaviours. It was described as the propensity to build up financial assets, the capacity to avoid impulsive expenditure, the art of planning and managing expenses in an orderly way, and the tendency to undertake intentional investments while keeping some resources in reserve for future needs (Nyhus & Webley, 2001).

Saving has turned into an instrument for ensuring the safety and security of the loved ones by providing future stability, security, and well-being through financial planning and resources (Esenvalde, 2011). Savings have now been made a means of protection for the members of a family to provide stability and security for the future. Any financial behaviour of a person in the making of earnings, expenditure, and investing is so very fundamental towards achieving stability and sustaining personal financial security. The findings of

Diener and Biswas-Diener (2002) show that financial well-being is essential for general well-being. It is advantageous on several levels and is positively connected with quality of life as well as intellectual and physical fitness on an individual level (Blanchflower & Oswald, 2004).

Cognitive abilities are essential because standard economic models often ignore the complexities of financial decision-making.. Although awareness of such shortcomings is growing and the speed of change in the world of financial markets is mandating individuals to use and operate more complex products and services, our insight about the human differences which characterise financial behaviours and contribute to subjective financial well-being is still limited (Khan & Siddique, 2021). People must decide how much they need to save and how to apportion their retirement wealth because of the financial demands of contemporary life; they bear a higher obligation for their financial well-being than before (Raut, 2020).

Self-control has been widely identified as a key determinant in an individual's financial choice-making, such as budgeting, saving, and spending (Bai, 2023; Strömbäck, 2025). Those who have more of this self-control are more likely to make prudent financial behaviours that contribute to long-term financial security. This in-turn leads to an increase in financial well-being that is characterised by a stable financial situation, with a reduced level of inflicted financial anxiety, as well the means enabling one to reach one's financial goals. On the other hand, if not controlled correctly, this self-control may lead to impulsive spending habits, and an accumulation of debt, which leads to negative emotions such as the development of stress (Copeland et al., 2023; Ramadhini & Kamaludin, 2023). Given these relationships, figuring out the mechanisms by which self-control affects financial outcomes is important. Financial behaviour and financial well-being are both commonly studied separately; however, there is an important co-dependency between financial behaviour and financial well-being. It is important to consider how psychological characteristics, such as optimism, as it relates to financial outcomes, may help mediate reciprocal relationships.

Consequently, empirical research should consider the interaction of optimism and self-control with financial behaviour and wellbeing (Ramadhini & Kamaludin, 2023; Young et al., 2024). While self-control gives an individual the basis for making the right economic decisions, optimism influences an individual's view of financial challenges and setbacks. Optimistic people are more likely to be motivated and maintain an optimistic mindset in the face of financial

struggles, which enhance their ability to cope with financial stress and anxiety (Ravikumar et al., 2022; Zeng et al., 2023). Optimism plays a major role in the manner that people view and respond to financial challenges. Optimism adds to the individual's ability to cope with financial stress and to persevere with positive financial behaviour, despite adversity. This research examines optimism's mediation role between self-control and financial outcomes, including financial behaviour and financial wellbeing. While underscoring the role of optimism as a mediator, the research provides new understanding of the effects of psychological factors on financial decision making and well-being, with practical implications for financial education and interventions to address the well-being of those with financial difficulties and to decrease financial anxiety.

2. Literature Review

2.1 Theoretical framework and Hypotheses

2.1.1 Self-Control and Financial Behaviour

People with good self-control and who have acquired improved financial behaviour are better able to take care of their financial capital. They make the best use of their capital (Kiyosaki, 2012). They do not spend money on what is unwanted, unnecessary, or not needed. Self-control needs an individual to make decisions and act according to long-term outcomes instead of temporary outcomes (Ainslie & Haslam, 1992; Bai, 2023; Polishchuk et al., 2023). If an individual lacks self-control, their imperfect behaviour will delay decision making (Ariely & Wertenbroch, 2002; Fudenberg & Levine, 2006). These elucidations of self-control failure align with the behavioural life-cycle (BLC) hypothesis (Shefrin & Thaler, 1988), which is the economic theory of self-control.

Self-control, framing, and mental accounting constructs are used in BLC to explain decision-making behaviour. Conferring to the mental accounting theory in their minds, individuals hold on to their cash, prioritise their expenses, and use what is saved to cover the costs (Chudziak, 2024; Hennecke & Bürgler, 2023). Rabinovich and Webley (2007) established a link between BLC variables and savings behaviours. Families with greater self-control and better long-term planning tend to save extra than others. BLC constructions were found to be essential in financial decision-making behaviours.

Studies that examined the relationship between self-control and financial behaviour have considered explicit financial choices, like planning credit usage or retirement. Ahtziger et al. (2015) shows

that a consumer with low self-control is likely go overboard while shopping. Gathergood, (2012), suggested that most cases of financial self-control issues end up causing unplanned spending, which mainly occurs from using credit to buy durable goods. These cause increased liabilities. People's savings behaviour is highly impacted by self-control. Biljanovska and Palligkinis (2018) stated that households have lower wealth accumulation due to lack of planning, checking, and commitment, and self-control problems.

Limited research has analysed the connection between self-control and overall actions of financial behaviour. Miotto and Parente (2015) studied a broad set of financial behaviours. They used both quantitative and qualitative techniques to analyse how particular physical characteristics, like self-control and the tendency to strategy, influence the financial management of lower-class residents.

Strömbäck et al. (2017) results show that people with solid self-control are more inclined to save money regularly after their paychecks. That shows they are ready to achieve unexpected expenditures, and they are more likely to save a sufficient amount for their superannuation. The researcher further extended her study from saving behaviour to general economic behaviour. The results showed that self-control has an optimistic result on overall financial behaviour. Also Strömbäck et al. (2020) found that self-control still anticipates both financial behaviour and financial wellbeing. Furthermore, Hirvonen (2018) discovered that self-control has a significant relationship with financial behaviour. Additionally, his results showed that poor self-control is associated with worse financial behavior as a student at a young age. Therefore, it is hypothesized that:

H₁: Self-control affects financial behaviour.

2.1.2 Self-control and Financial Wellbeing

Financial wellbeing has been terra incognita in earlier studies because the capability to control desires is linked to anxiety about an individual's financial condition. A crucial form of financial wellbeing is how humans subjectively feel about their financial position and financial security. To what degree do people feel nervous regarding the choices and doubts associated with financial decision-making? Likewise, humans with self-control difficulties feel extra pressure in making decisions regardless of their financial position. The untold study has yet to be done on the influence of self-control on financial wellbeing. The consumer Financial Protection Bureau (CFPB)

delivered a report that focused on financial wellbeing, which is described as “a condition where you have daily and monthly budgets that withstand financial shocks and have financial autonomy to make decisions that empower them to enjoy life.”

Strömbäck et al. (2017) findings showed that individuals with solid self-control are less worried about economic problems and have extra confidence in their present and upcoming financial position. Self-control is one of the major contributors to both sides of economic well-being between financial anxiety and perceived financial security. It contributes positively to financial stability and reduces the stress. Also Strömbäck et al. (2020) concluded that self-reported self-control still anticipates both financial behaviour and financial wellbeing. Whereas Younas et al. (2019) find out that there is no direct impact of self-control on financial well-being, self-control influences financial well-being via financial behaviour. Financial wellbeing is a goal that has to be encountered by self-control to live a healthy and wealthy and emotionally and financially strong life. Low self-control causes anxiety in an individual's financial situation. An individual feels anxiety when making decisions influenced by financial behavior and self-control (Oechssler et al., 2009). Therefore, it is hypothesized that.

H_{2a}: Self-control affects financial anxiety.

H_{2b}: Self-control affects financial security.

2.1.3 Self-control and Optimism

Attitudes and emotions have a great impact on the quality of human life, especially in terms of self-control and resilience. However, studies on optimistic and pessimistic attribution styles, as well as positive and negative moods associated with self-control, have been inconclusive (Kahneman & Snell, 1992; Peterson & Seligman, 2004). The literature emphasises three significant predictions: (1) Individuals who are in a good mood seek to maintain their good mood and positive outlook, which actually tends to drive behaviour so as to preserve these sentiments. (2) Good mood may impede processing and analysis of information completely because both motivation and the ability to process details depend on the emotional state. (3) A positive attitude and mood leads to several consequences, including underestimating risks, superficial information processing, self-serving thoughts and actions, and reduced focus on goal-directed behavior (Kahneman & Snell, 1992). Does this mean optimism and happiness cannot be concurrent with qualities such as self-control, hard work, saving for the future, and the successful completion of challenging

pursuits? Is the idea 'no pain, no gain' an inescapable fact?

Oriol et al. (2020) indicate that self-control partially accounts for the positive relationship that exists between savings behaviour and achievement motivation. On the other hand, Baumeister and Vohs (2007) concluded that adverse moods and pessimistic outlooks negatively impact self-control. In most of the researches, Baumeister and Vohs (2007) findings show that people in a certain negative state make rigid and self-regulatory decisions without considering the pros and cons of those decisions, hence, lose the chance of winning luck because of their terrible negative mood. Social research has widely analysed how self-control impacts the various aspects of savings behaviour. People with greater self-control tend to focus more on long-term financial goals rather than gratifying their immediate needs. Such individuals are able to better control impulsive spending, thus planning and handling bills and payments in a more efficient manner (Baumeister et al., 2007).

This remains unclear, and investigation on self-control and pessimism compared with optimism and negative vs positive mood is still needed; conversely, there is scant support and evidence to confirm and attest to how self-control/achievement motivation influences optimism. However, Baumeister and Vohs (2007), found that achievement motivation and self-control has mediates the relationship between optimism and saving behavior. Previous research has pointed out that self-control is one of the most important traits that should be possessed to attain success in achieving goals (Cassidy & Lynn, 1989). Both achievement motivation and self-control are strong predictors of goal attainment, including saving (Baumeister & Vohs, 2007; Scheier & Carver, 1985). Therefore, it is hypothesized that.

H₃: There is a relationship between self-control and optimism.

2.1.4 Optimism and Financial Behaviour

Researchers have given contradictory views over the association between optimism and financial goal achievement and savings behaviour, and scientists have given contradictory statements. Some researchers (Memon et al., 2020; Odean, 1998; Ratnawati et al., 2023) suggest that optimistic expectations have a negative impact on the process of goal setting, whereas Aspinwall and Taylor (1992); (Puri & Robinson, 2005) state the opposite. A significant link exists between self-control and optimism. Schools of psychology believes that realistic optimism assists in goal setting, decision-making, and

financial goals (Lai et al., 2024; Luthans, 2002; Strömbäck, 2025).

The mixed relationships found between optimism and savings behaviour in previous studies indicate contrasting associations (Bao et al., 2022; Frese, 2003; Lai et al., 2024; Oriol & Miranda, 2024; Scheier et al., 1994; Wegener & Petty, 1995), whereas a small but highly positive correlation was reported for optimism and savings behaviour (Esenvalde, 2011), partially consistent (Puri and Robinson, 2005). Moderate levels of optimism positively impact savings behaviour while excessive and insufficient levels adversely impact it (Puri & Robinson, 2005). Furthermore, Hirvonen (2018) found that optimism has a positive association with financial behaviour, but the outcome is reduced when self-control is supervised. Therefore, it is hypothesized that.

H₄: There is a relationship between optimism and financial behaviour.

2.1.5 Optimism and Financial Well-being

The association between optimism and wellbeing has been established in both cross-sectional and longitudinal studies. Optimism is associated with a low level of depression, low undesirable emotions, self-esteem, and life gratification (Furnham & Robinson, 2023; Parra-Gaete & Hermosa-Bosano, 2023; Wrosch & Scheier, 2003). Also Ho et al. (2010) found that positive expectations in adolescents for the future, report higher levels of gratification in diverse life areas (exempting health). His findings also indicate that optimists are less likely to be associated with psychosocial complications. According to Hirvonen (2018), self-control and optimism both are positively linked to financial security and negatively related to financial anxiety. Individuals with a high level of optimism feel less tension on financial matters and feel their financial future is more secure. The connection between optimism and financial wellbeing was not well-studied in the past. Optimist individuals are find it easy to learn and talk about money and follow expert financial advice (Blanchett et al., 2023; Lone & Bhat, 2022; Ratnawati et al., 2023). Optimism leads individuals to show a positive approach to their finances. They used to plan appropriately and dream big by taking small steps to achieve the desired goal (TFRO, 2022). Therefore, it is hypothesized that.

H_{5a}: Optimism is associated with financial anxiety.

H_{5b}: Optimism is associated with financial security.

2.1.6 Optimism as Mediator

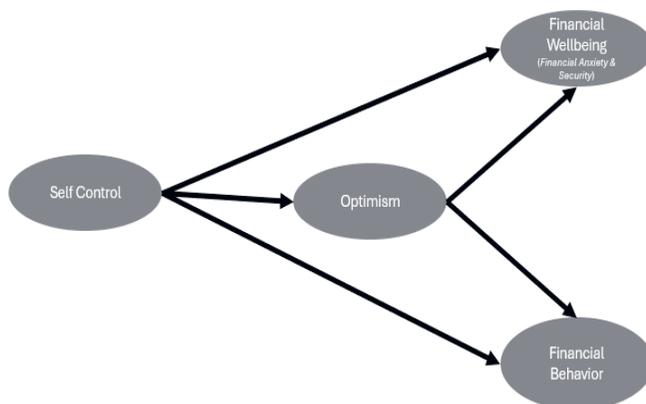
Higher levels of self control combined with greater optimism are expected to promote more prudent financial behaviour, diminish financial anxiety, and ultimately enhance overall financial well being (Hashmi et al., 2021; Liu et al., 2021; Vuković & Pivac, 2021). Karademas (2006) showed that optimism mediates the relationship between self-efficacy and social support and life satisfaction and depression while emphasising the important mediating forgotten role of optimism in the getting benefits of psychological well-being. Similarly, Ho et al. (2010) also found that optimism mediated between domain-specific joy and meaning in life, and psychosocial symptoms, which suggests that optimism helps individuals with the capability to interpret and deal with life events in a positive manner leading to better psychological outcomes. Optimism in life is associated with believing that life has meaning, which promotes higher overall well-being. The studies found that there is a mediating role of optimism between personal traits and well-being, (Chopik et al., 2020; Oriol & Miranda, 2024; Wang et al., 2023).

Strömbäck et al. (2020) explored how self-control affects financial behaviour and financial well-being, proposing the concept of optimism as a potential mediator in there. Optimistic individuals are more likely to perform positive financial behaviours such as budgeting, saving and investing, as their positive outlook contributes to proactive financial decision making (Antwi et al., 2024; Lai et al., 2024). On the other hand, people with weaker levels of optimism may have higher financial anxiety and be less able to achieve financial consistency. This is consistent with the Cognitive-Affective Processing System (CAPS) (Mischel & Shoda, 1995), where individuals who have a positive outlook on life tend to more effectively pursue their goals and hence certain life outcomes. Similarly, Sheldon et al. (2004) self-concordance model emphasises how individuals achieving goals that are consistent with their values and who are able to anticipate the achievement of their goals are more satisfied and have higher well-being.

H_{6a}: Optimism mediates the relationship between self-control and financial behaviour.

H_{6b}: Optimism mediates the relationship between self-control and financial well-being (Financial Anxiety and Financial Security).

Figure 1: Conceptual Framework



3. Methodology

3.1 Research Design

This study has followed the quantitative approach. The research was explanatory as the aim was to examine the relationships among Self-Control, Financial Behaviour, Financial Well-Being, and Optimism. Descriptive analysis is best used to check the connection among constructs (Saunders & Lewis, 2012). The target population of the present study was the public of Balochistan. The varied sample of the Balochistan population (20–65 years old). The total sample size was 250 respondents; due to shortage of time the researcher was able to collect only 200 samples. According to Kline (2005) and Weston and Gore Jr (2006), the SEM minimum sample size of 200 is recommended for achieving the desired statistical results. Previous literature (Strömbäck et al., 2017) used 0.3 correlation, therefore G-Power suggested to have minimum sample size of 115 (Memon et al., 2020). Common Method Bias (CMB) was tested through Harman’s Single Factor Analysis, a conventional tool employed to establish CMB in behavioral studies (Podsakoff et al., 2003). The statistical procedure checks whether a simple factor is responsible for a significant amount of variance within the dataset. The outcome indicated that the total variance captured by a simple factor was 30.53 per cent, well below the 50 per cent threshold usually employed to establish a significant amount of CMB.

Partial Least Square Structural Equation Modeling (PLS-SEM) was utilised to evaluate hypothesized inter-relationships among constructs (Sarstedt et al., 2020). In the first instance, the data was evaluated with respect to a measurement model to ensure reliability

and validity with an assessment including indicator reliability, internal consistency, convergent validity, discriminant validity (Hair et al., 2019). Thereafter, testing occurred with respect to a structural model to evaluate inter-relationships anticipated with an examination via path coefficients, R² measures, and effect size measures (*f*²). Finally, bootstrapping with 5,000 resamples occurred to evaluate statistical significance with respect to paths, with multicollinearity assessed via calculation of Variance Inflation Factor (VIF) scores. In a holistic sequence of tests, a comprehensive analysis occurred with respect to both a measurement aspect as well as a structural aspect to a proposed construct. (Hair et al., 2011; Sarstedt et al., 2014).

3.2 Instrument Measures

The overall nine items were used for the study that were drawn from the scale of financial behaviour (Strömbäck et al., 2020). Thus, only 09 items were taken for the current study to assess financial behavior. Financial well-being measures have been created by functioning of (Fünfgeld & Wang, 2009). Moreover, the financial self-control measures were taken from (Strömbäck et al., 2017). A nine-item scale utilised to assess a person’s capability to hold back knowingly unwanted involuntary, consistent reactions. Scale of optimism were taken and drawn from the research works of (Aglozo et al., 2021; Scheier & Carver, 1985).

Table 1: Factor Loadings, Composite Reliability and Average variance extracted

	Factor Loadings	Cronbach’s Alpha	CR	AVE
Financial Behaviour		0.936	0.943	0.665
FB1	0.807			
FB2	0.696			
FB3	0.685			
FB4	0.773			
FB5	0.865			
FB6	0.900			
FB7	0.883			
FB8	0.858			
FB9	0.840			

	Factor Loadings	Cronbach's Alpha	CR	AVE
Financial Anxiety		0.855	0.91	0.772
FANX1	0.923			
FANX2	0.853			
FANX3	0.858			
Financial Security		0.771	0.776	0.687
FSEC1	0.858			
FSEC2	0.850			
FSEC3	0.775			
Self-Control		0.959	0.982	0.754
SC1	0.915			
SC2	0.892			
SC3	0.748			
SC4	0.881			
SC5	0.868			
SC6	0.880			
SC7	0.904			
SC8	0.910			
SC9	0.805			
Optimism		0.876	0.880	0.670
O1	0.833			
O2	0.765			
O3	0.867			
O4	0.826			
O5	0.796			

4. Analysis

4.1 Assessment of PLS-SEM

The researchers used Partial Least Squares (PLS) path modeling, which was consistent with the models used in the previous studies (Hair et al., 2013). This analysis was depended upon measurement and structural model assessment of a two-step process and presentation of the PLS-SEM path results (Henseler et al., 2009). The two-step methodology entails, initially, the evaluation of the measurement model and, subsequently, the assessment of the structural model, as illustrated in Table 1 and Figure 2, respectively. Measurement model assessment involves checking individual item

reliability, internal consistency reliability, content validity, convergent validity, and discriminant validity (Hair et al., 2019).

4.1.1 Internal Consistency Reliability and Validity

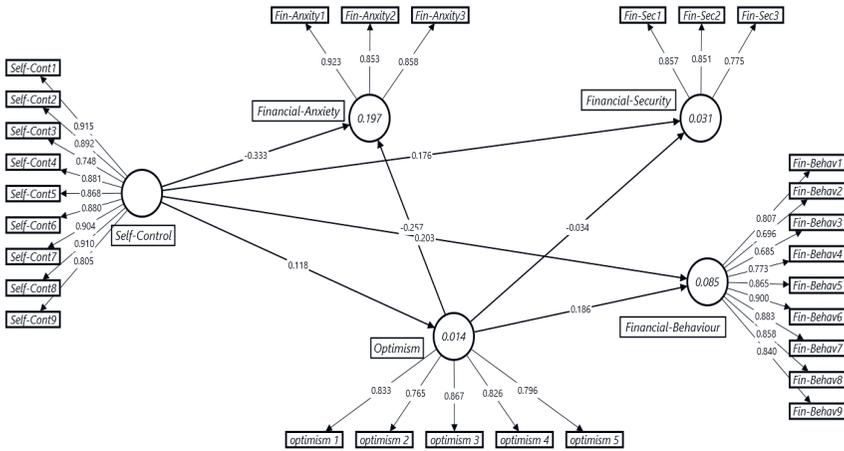
The individual items' reliability is calculated by the factor loadings of items in each particular variable (Sarstedt et al., 2014). For maintaining items, researchers presented a criterion they recommended that items should be kept in the middle of 0.40 and 0.70 (Hair et al., 2014). All items are reasonably priced up to 0.6 and more. Therefore, all variables successfully achieved the individual element reliability criteria (see table 1). The item FANX4 is deleted because its loading was below 0.4 that could affect convergent validity, composite reliability and discriminant reliability. Hair et al. (2011) specified the threshold of 0.7 or beyond for the measurement of coefficient of composite reliability.

Table 2: AVE square roots and correlations of variables

	Financial Anxiety	Financial Behaviour	Financial Security	Optimism	Self-Control
Financial Anxiety	0.879				
Financial Behaviour	-0.566	0.815			
Financial Security	-0.258	0.087	0.829		
Optimism	-0.296	0.21	-0.013	0.818	
Self-Control	-0.363	0.225	0.172	0.118	0.869

Table 1 represents the coefficients of composite reliability of variables. The composite reliability coefficients in this study are within parameters deemed acceptable. From Table 1, it is observed that the internal consistency reliability falls between 0.77 and 0.94; thus, the range is sufficient for the model. The threshold value for AVE must be 0.5 or above to represent the convergent validity of a variable (Chin, 1998). Table 2 has shown the values of AVE and figure 2 illustrates that a minimum threshold of 0.50 AVE was accessed for all constructions. Furthermore, Fornell and Larcker (1981) proposed that the square root of AVE should be greater than the correlation between the variables. Table 5 shows that AVE square roots are greater than the correlations between variables. Therefore, the indicators in the analysis show a significant degree of discriminant validity.

Figure 2. Measurement Model



4.1.2 Structural Model Assessment

The results of structural model analysis with a 5000-sample bootstrapping procedure with 200 cases was calculated in smart PLS (Hair et al., 2019). Table 3 and figure 3 depicts measurement detail for structural model. PLS Analysis of self-Control towards Financial Behaviour is positively significant, and the coefficient value is 0.203, t-value 2.945 for the degree of freedom and proved significant at p-value smaller than 0.000 thus result supports H1. There is a positive relationship between self-control and financial security by $\beta = 0.176$, $t = 2.614$ and $p < 0.000$ as proposed in H_{2b} , so H_{2b} is supported. Whereas there is a negative relationship between self-control and financial anxiety by $\beta = -0.333$, $t = 6.033$ and $p < 0.05$ as proposed in H_{2a} , H_{2a} is supported.

Table 3: Hypothesis Testing

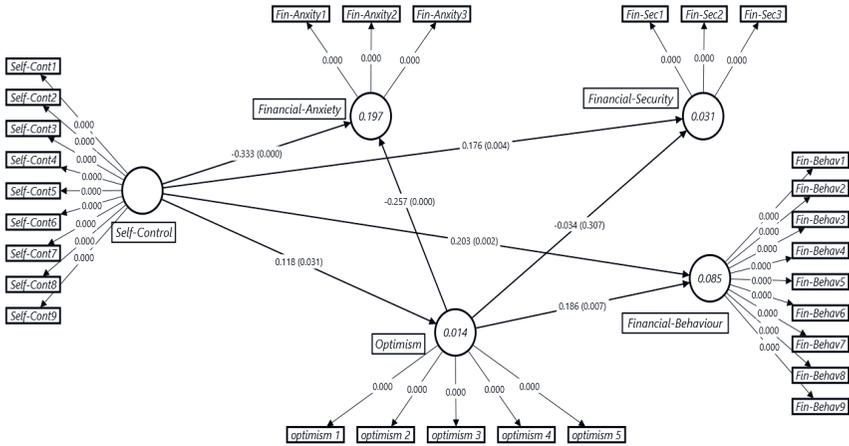
	Beta	(STDEV)	T value	P values
H_1 : Self-Control \rightarrow Financial Behaviour	0.203	0.069	2.945	0.002
H_{2a} : Self-Control \rightarrow Financial Anxiety	-0.333	0.055	6.033	0.000
H_{2b} : Self-Control \rightarrow Financial Security	0.176	0.067	2.614	0.004
H_3 : Self-Control \rightarrow Optimism	0.118	0.063	1.863	0.031

	Beta	(STDEV)	T value	P values
H ₄ : Optimism → Financial Behaviour	0.186	0.075	2.483	0.007
H _{5a} : Optimism → Financial Anxiety	-0.257	0.05	5.163	0.000
H _{5b} : Optimism → Financial Security	-0.034	0.067	0.503	0.307
H _{6a} : Self-Control→Optimism→Financial-Behaviour	0.022	0.015	1.474	0.070
H _{6b} : Self-Control→Optimism→Financial-Anxiety	-0.030	0.017	1.808	0.035
H _{6b} : Self-Control→Optimism→Financial-Security	-0.004	0.010	0.409	0.341

Note: *** means $p < 0.01$

Results present positive correlation between Self-Control and Optimism with $\beta = 0.118$, $t = 1.863$, and $p < 0.031$. This in fact verifies H₃. Also, Optimism is found positively related to Financial Behavior; this is indicated by the parameter value of $\beta = 0.186$, $t = 2.483$ and $p < 0.000$, thus validating H₄. However, the study's results show that no relationship exists between Optimism and Financial Security, as indicated by $\beta = -0.034$, $t = 0.503$, and $p > 0.050$. It contradicts H_{5b}, H_{5b} is not supported. The findings have shown there is a negative relationship between optimism and financial anxiety by $\beta = -0.257$, $t = 5.163$ and $p < 0.000$ as proposed in H_{5a}. H_{5a} is supported. The hypothesis H_{6a} indicates that self-control positively indirectly affects financial behaviour from optimism $\beta = 0.022$, $t = 1.47$, p -value = 0.070. Although the effect is positive, p -value is higher than the usual level of significance of 0.05, hence this indirect effect appears to be marginally significant. This suggests that optimism has a small, but not statistically significant mediating effect with financial behaviour. Moreover, the results of H_{6b} show the presence of negative indirect results $\beta = -0.030$, $t = 1.80$ and p -value < 0.035 , which is statistically significant. This shows that optimism mediates the relationship between self-control and financial anxiety at a fairly large level. Finally, the result also indicates negligible indirect effect $\beta = -0.004$, $t = 0.409$ and p -value > 0.341 which is not statistically significant. This leads to the seemingly anomalous conclusion that optimism is not an important mediator between self-control and financial security.

Figure 3. Structural Model



5. Discussion

Findings indicate that self-control helps people to make sound financial decisions. Respondents with good self-control save more of their earnings. This would mean that they are in a better position to take care of the unexpected expenses and to save for retirement, which is in accord with the findings of previous studies (Choi et al., 2011; Hirvonen, 2018; Miotto & Parente, 2015; Strömbäck et al., 2020) and BLC hypothesis. Self-control plays a crucial role in financial behaviour, and its impact is widely recognised within the context of the theory of self-control. Individuals with good self-control resist the temptation to spend now so that they enjoy more financial security and stability. Self-control also helps individuals resist impulsive behaviours and make more intentional and mindful financial decisions. It is essential in effective budgeting and financial planning. It helps them, as individuals, set realistic financial goals, create budgets, and stick to them.

Furthermore, financial well-being is one goal that must be mediated by self-control to have a strong life emotionally and financially. This finding is consistent with the findings of (Hirvonen, 2018; Strömbäck et al., 2017). Whereas Younas et al. (2019) found that low self-control causes anxiety as far as individual's financial situation is concerned. Self-control lowers financial stress, which is a major cause of anxiety that affects one's overall well-being. Self-control reminds one to avoid financial pitfalls such as getting into too much debt that causes financial stress and strain. Self-control

also helps decrease financial uncertainty and unpredictability that is a big source of anxiety. It is useful to individuals for planning and establishing a sense of predictability in their financial lives, thereby decreasing feelings of uncertainty and anxiety. The general relationship between self-control and financial anxiety is negative. While exercising self-control when it comes to their financial decision-making, individuals enhance their financial security and lower their chances of experiencing financial anxiety.

Moreover, the positive associations reported are that between optimism and self-control. Optimistic attitude with pleasant feelings would be followed by a number of consequences such as overestimation of risks and undervaluation of goal-directed behaviours (Kahneman & Snell, 1992). The findings of this study are somewhat consistent with the research conducted (Baumeister & Vohs, 2007; Oriol et al., 2020). Negative states often result in over-enthusiastic self-regulatory choices and, hence, opportunities lost because of their dire view of things. Cassidy and Lynn (1989) were earlier keen on emphasising that "self-control is the primary key to achieving one's goals". Moreover, Luthans (2002), and Esenvalde (2011) stated that optimism helps in goal setting, decision-making, and financial goals and it has a minimal but positive correlation with financial behaviour. Puri and Robinson (2005) have found that while optimistic people have positive savings behavior, over-optimism and under-optimism have negative effects on saving. Optimism increases one's tendency to take more risks because an optimist is more likely to invest in calculated risks that will bring some benefits. Hirvonen (2018) stated that optimism is positively related to financial security and negatively related to financial anxiety.

Optimism is widely recognised as a psychological strength that has the potential to influence the ways in which individuals transform self-control into constructive money actions. Individuals with high levels of optimism are likely to plan in advance in a proactive manner, plan ahead to meet their future needs, and surmount financial barriers through maintaining a positive attitude, and this in return enhances habitual money decision-making (Riaz et al., 2022; Shin et al., 2023). Moreover, optimism allows for enhanced cognitive and affective functioning to connect individual attributes like self-control to behaviour through greater motivation, hardiness, and goal-endurance (Ahamed & Limbu, 2024; Lustrilanang et al., 2023). In that way, optimism is an affective state but a motivator to positive money behaviors as well, and it allows individuals to be immune to temporary temptations that collide with having long-term money discipline

In financial well-being, optimism plays a central role in fostering psychological resilience and coping with stress so that uncertainty of finance may be managed (Guo et al., 2022; Hashmi et al., 2021). While generating positive expectations and boosting an expectation of personal strength, optimism facilitates cognitive processes of appraisal to dampen financial anxiety and improve subjective feelings of financial satisfaction. Moreover, optimism synergistically mixes with self-control to form a virtuous cycle where optimistic economic planning and coping strategies become supported at the affective and behavioral levels (Lai et al., 2024; Scheier & Carver, 1985; Wang et al., 2023). These results lend further weight to the importance of incorporating psychological variables like optimism into finance and intervention education programmes in order to show that a positive orientation enhances current practices aimed at skill acquisition and education in the financial realm to optimise overall financial well-being.

5.1 Conclusion

This study highlights that self-control is an important determinant of financial behaviour and financial well-being amongst adults in Balochistan. Individuals with higher levels of self-control are likely to exhibit positive financial behaviours, such as saving regularly, budgeting, and planning for future expenses, while having lower levels of financial anxiety and higher levels of financial security. The findings extend the BLC hypothesis by finding the effects of self-control to be broader and encompassing than assumed previously and not limited to savings behaviour but overall financial behaviour. These findings highlight the need to encourage self-control as a foundational skill for financial education programmes, especially during economically unstable times, as a way to help individuals secure financial stability and resilience.

Moreover, the research shows that optimism is an important mediating factor in the link between self-control and financial levels. Optimistic individuals have a positive viewpoint on their financial future, which strengthens the impact of self-control and improves financial well-being. Optimism encourages individuals to continue maintaining financial responsibility behaviours even with setbacks, minimising financial stress, and so on, and promotes confidence in handling personal finances. These results indicate that financial well-being-based interventions should not only include financial literacy and self-control but rather add mechanisms to develop

optimism, especially in the context of economic uncertainty (such as the current situation in the Pakistani economy). Overall, the research offers practical lessons to inform the work of policymakers, financial educators, and practitioners working to bolster financial resilience at the individual and community levels.

5.2 *Implications*

The results of this research have several applications in practice for financial educators, at least to some policymakers, as well as practitioners. Financial education courses may be supplemented with a psychological component highlighting the importance of self-discipline and having hope and an optimistic outlook. With this emphasis on building self-discipline, the courses may help to support individuals to manage their finances more effectively, e.g., budgeting, saving, and refraining from spending spurts. Also, optimism helps maintain individuals positive even in the case of any financial troubles, which lowers levels of financial worry and leads to a better overall financial status. Policymakers and social workers can use these tools to help establish financial literacy programs for vulnerable groups. These initiatives emphasize the importance of developing psychological traits related to financial decision-making. Moreover, while the offering of both an armoury of everyday money management skills, and thought tools, means intervention may be able to bring about more financial security in the long run, especially for low-income groups, or during times of economic recession.

Further, this research aims to encourage the theoretical and academic implications of behavioural finance and operationalises optimism as the central mediating variable that is financial gain or loss and self-control. It has significant interpretations regarding psychological variables, i.e., optimism and self-control, and their effects on financial behaviour and well-being, and extends the boundary of current research, i.e., it focuses on cognitive factors. The article makes an urgent call to create more inclusive models with both cognitive and affective variables to explain individual financial decision-making. In addition, it establishes the need for higher resolution and investigation with respect to the interface of such psychological traits in multiculturally diverse environments and socioeconomic strata, laying the groundwork for subsequent refined theoretical development to guide the following analysis to behavioural finance as well as monetary well-being.

5.3 *Limitations and Future Research*

There were some limitations to the study that should be highlighted and used to guide future research. First, this investigation was conducted by taking only educated people who have reached university level which represents a micro-level population demonstration. As the uneducated people were exempted from this investigation and the study only conducted in Balochistan that is why the population consisted of small size so that it is recommended to expand the study in diverse regions of developing countries including educated and uneducated people. However, geographic and cultural context have a considerable impact on financial well-being and behaviour. Moreover, this research studied the influence of self-control on financial behaviour and financial well-being. Future research may be done by taking other constructs such as religious influences and perceived power on financial decisions suggested by (Rabbani et al., 2015).

Another limitation is that the online survey was used to collect data that was self-reported. In self-reported data, individuals may misinterpret questions or alter results in other ways, such as answering what they believe are the preferred answers which causes social desirability bias. Even though this study has included more personal characteristics, and several aspects of demographics were controlled, there are chances that this study may suffer from omitted variable bias. Attitudes towards money, for example, could be one such variable to include in future studies. Hirvonen (2018) suggested to include the variable such as “attitude towards money” in future research. One of the major limitations of the present study is that it is cross-sectional. To fully capture the long-term effects of self-control and optimism on financial well-being, longitudinal studies are needed. Perhaps sustained optimism operates to have differing effects on financial behaviours and overall well-being in different ways, and future studies should focus on exploring these factors longitudinally.

7.1 Appendix

7.1.1 Questionnaire

Section A: Demographic Information about people

Questionnaire No. _____ Date: _____

A. Personal Information

1. Email address (Optional): _____
2. Gender:
 Male Female
3. Age: _____ (years)
4. Qualification: _____

Section B: Questions on Financial Behavior, Financial Well-Being, Self-Control, and Optimism

	Financial Behavior					
1	Comparison shopped when purchasing a product or service	1	2	3	4	5
2	Paid all your bills on time	1	2	3	4	5
3	Keep a written or electronic record of your monthly expenses	1	2	3	4	5
4	Stay within your budget or spending plan	1	2	3	4	5
5	Began or maintained an emergency savings fund	1	2	3	4	5
6	Saved money from every paycheck	1	2	3	4	5
7	Saved for a long-term goal such as a car, education, home, etc.	1	2	3	4	5
8	Contributed money to a retirement account	1	2	3	4	5
9	Bought bonds, stocks, or mutual funds	1	2	3	4	5
	Financial Well-Being					
1	I get unsure by the lingo of financial experts	1	2	3	4	5
2	I am anxious about financial and money affairs	1	2	3	4	5
3	I tend to postpone financial decisions	1	2	3	4	5

4	After making a decision, I am anxious about whether I was right or wrong	1	2	3	4	5
5	I feel secure in my current financial situation	1	2	3	4	5
6	I feel confident about my financial future	1	2	3	4	5
7	I feel confident about having enough money to support myself in retirement, no matter how long I live	1	2	3	4	5
	Self-Control					
1	I have a hard time breaking bad habit	1	2	3	4	5
2	I get distracted easily	1	2	3	4	5
3	I'm good at resisting temptation	1	2	3	4	5
4	I do things that feel good at the moment but regret later on	1	2	3	4	5
5	I often act without thinking through all the alternatives	1	2	3	4	5
6	I only focus on the short term	1	2	3	4	5
7	The future will take care of itself	1	2	3	4	5
8	I live more for the day of today than for the day of tomorrow	1	2	3	4	5
9	My convenience plays an important role in the decisions I make	1	2	3	4	5
	Optimism					
1	In uncertain times, I usually expect the best	1	2	3	4	5
2	If something can go wrong with me, it will	1	2	3	4	5
3	I'm always optimistic about my future	1	2	3	4	5
4	I hardly ever expect things to go my way	1	2	3	4	5
5	I rarely count on good things happening to me	1	2	3	4	5

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