

Prachin Pokhrel

RELATIONSHIP BETWEEN FINANCIAL THREAT AND INDIVIDUAL FINANCIAL BEHAVIOR

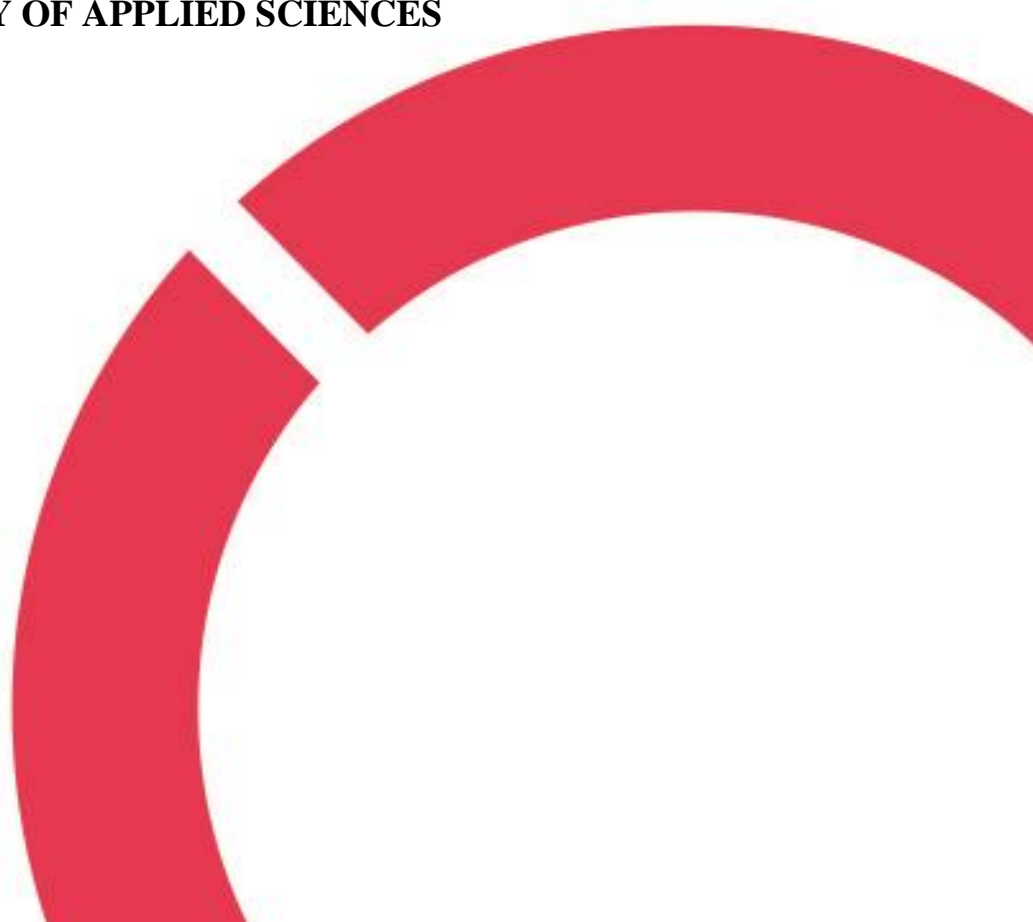
A Study of Nepalese International Students in Kokkola

Thesis

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ABSTRACT

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Name of thesis RELATIONSHIP BETWEEN FINANCIAL THREAT AND INDIVIDUAL FINANCIAL BEHAV- IOR: A STUDY OF NEPALESE INTERNATIONAL STUDENTS IN KOKKOLA		
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<p>The main purpose of the research is to find out the relation between financial threats and individual financial behaviour of Nepalese student in Kokkola. The main goal of the study is to find the relation- ship between anxiety, indebtedness, and between financial difficulties. How do anxiety, debt, and fi- nancial difficulties affect the financial behaviour of individual students?</p> <p>The theory part of the thesis consists of different theories that define the term and relation between financial threat and financial behaviour. Theory such as the theory of planned behaviour, fear appeal theory, expected utility theory and protection motivation theory. This theory explains the human na- ture of stimuli towards any threatening situation. Similar differences in the inaction of financial threat and financial behaviour were discussed in the research work.</p> <p>The research is done among Nepalese community of international at Kokkola, Finland who were stud- ying and working together for their daily life to pay for their college fee and their living standards. Total of 33 respondents were there for the research. The survey is completed with total of 14 ques- tions divide in two sections, the first one is demographic profile, and the other is the main question related to financial behaviour of individual.</p>		
Key words Financial behaviour, Financial knowledge, Financial threat		

ABSTRACT

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1 INTRODUCTION

Financial threat is fearful uncertainty of individuals regarding their present and future financial situation. Not only developing but also developed countries have faced crisis. Not only in global scenario but individual people suffer from the financial threat and different financial problems and tend to change their financial behaviour. Therefore, the main aim of the study is to find the relationship of anxiety, debt, and economic hardship on individual financial behaviour as anxiety, debt and economic hardship define the main variable financial threat.

The main aim of the research was to examine the relationship between financial threat and individual financial behaviour among the Nepalese students in Kokkola, Finland. For the research work, a list of structured questionnaires was used by the researcher and the questionnaires were based on 5-point Likert item from “strongly disagree” to “strongly agree”. The final questionnaires were sent to respondents through email and some by direct distribution by researcher. The thesis would be both quantitative and qualitative in nature.

Different types of methods and technique were used in research work. And these methods and techniques were explained by research design in the study. A correlational research design was used to identify the relationship between economic hardship, debt, and anxiety with individual financial behaviour. Correlational research design set up relationship model to identify the strength of independent variable on dependent variables.

The population consists of participation of both males and females from different age groups who were engaging in economic activities like borrowing and lending of funds. The people of different age and were involved in different types of income generating activities either by working in any organization or involving in their own business were selected. The main population or participant for the research work are the Nepalese international student who were studying and working at the same time for their living in Finland. The main reason of choosing the Nepalese students because the researcher himself is Nepali and wants to know the problem a Nepalese student face and financial behaviour they show to know their level of risk tolerance or risk avoiding behaviour means their financial behaviour.

The theory part of the thesis consists of different theories that define the term and relation between financial threat and financial behaviour. Theories such as theory of planned behaviour, fear appeal theory, expected utility theory, protection motivation theory are used in the research work to identify the individual behaviour towards certain threatening situation. And these theories explain the human nature of stimuli towards any threatening situation. Similar different inaction of financial threat and financial behaviour was discussed in the research work.

2 REVIEW OF PAST LITERATURE

Financial threat simply means a person's fearful-anxious uncertainty on present and future financial situation (Marjanovic, Greenglass, Fiksenbaum & Bell 2013). It is different than that of risk as risk is loss or potential damage while threat is negative impact on certain events on future situation. Fiksenbaum, Marjanovic, and Greenglass (2017) explained that there are different types of financial threat that the world has faced due to global financial crisis in 2008. The 2008 global economic crisis had a negative impact on individuals' well-being, employment opportunities, and living standards. People around the world were affected by this economic downturn, with a significant number of individuals losing their jobs (Marjanovic, Greenglass, Fiksenbaum, De Witte, Garcia-Santos, Buchwald, Peiró & Mañas 2015). Marjanovic et al. (2015) found that people facing a lot of economic hardship had greater extent of financial threat.

Different indicators led individuals to face financial threat such as economic hardship, anxiety, and debt. This threat of financial situation leads to change the human behaviour towards changing financial situation. This threat directly led an individual to take coercive measures to make the financial situation better (Mehdi, Malik, Ali & Rasool 2021). Also, a weak economic situation leads to an increase in psychological and behavioural risk.

Economic hardship means when a person is not able to meet financial needs. Due to economic hardship a person often faces negative thoughts. This leads them to face financial threats. Covid-19 pandemic has also created a lot of crises in the global economy. Many people became unemployed facing economic hardship (Mogaji 2020). Debt on the other hand is also causes suffering and many people get affected by debt. And it is hard for the one to pay debt in case of financial problem while facing job search uncertainty. Higher the debt delinquencies, greater the financial stress (Xiao & Kim 2021).

Similarly, anxiety also becomes a reason for financial threat. Fiksenbaum et al. (2017) explains that "Anxiety" means when an individual is uncertain about coming events. Similarly, there are two type of anxiety that is inhibitory and prospective anxiety. Prospective anxiety involves worrying about future events, while inhibitory anxiety refers to the idea that uncertainty can be paralyzing, hindering one's ability to function or make progress. Both anxieties lead people to think that they cannot do anything because they may be afraid of financial threats.

Financial threats can be overcome by changing financial behaviour. Individuals' willingness to change financial behaviour helps to overcome the financial threat through different motivating factors. Fiksenbaum et al. (2017) uses income, expenses, and debt to measure the individual willingness to change financial behaviour. Adamus and Grežo (2021) also shows that after the Covid pandemic people are more likely to switch to change on financial behaviour such as cutting expenses, saving more and adopt different problem-focused strategies.

Fiksenbaum et al. (2017) explains that financial behaviour is measured on the basis of three variables: income, expenses, and debt. Individuals can increase their income, reducing their expenses and debt to overcome financial threat. A person can reduce their financial threat by allotting their income between consumption and saving.

Past studies show the relationship between stress, debt, and economic hardship. For example, Greenglass and Mara (2012) show that increase in student debt also increases the financial threat. Also, they explore the relationship of psychological distress with financial threat and other variables where increased psychological distress can be defined by depression, anxiety, and fatigue. This makes individuals indulge in other behaviour such as adopting different behaviours so as to reduce anxiety on financial threat. The other study also develops scale to find out individual behaviour changing mode of motivation (Fiksenbaum et al. 2017).

This study will examine the impact of anxiety, debt and economic hardship on financial threats affecting the individual's financial behaviour of Nepalese student at Kokkola, Finland. As covid-19 outbreaks also had created a lot of financial threat. This study will also aim to find the Nepalese student behaviour towards financial threat. This paper's focus is to examine the relationship between financial threats and individual financial behaviour.

3 THEORIES RELATED TO INDIVIDUAL FINANCIAL BEHAVIOR

Many theories are developed in past years by different researchers. The theories mentioned below are explained based on the research topic that is financial threat and financial behaviour. The following are the list of related theories to risk perception and decision-making for financial decision making.

3.1 Theory of Planned Behaviour

Theory of planned behaviour is a theory, proposed by Icek Ajzen in 1985, which connects beliefs with the human behaviour. This theory can be simply an extended version of reasoned action which explains that a person's behaviour is determined by their intention and which in turn affect attitude and subjective norms. Theory of reasoned action, develop by Ajen and Fishbein in 1975, is helpful in investigating the behaviour and relationship of attitude intention and behaviour. But researchers find the theory of planned behaviour to be more useful than that of theory of reasoned action as the theory provides a broad model of behavioural intention. It explains that decision makers behavioural intention drives the behavioural decisions. It explains the multitude dimension of human behaviour on any situation through attitude, subjective norms, and perceived behavioural control (Imari, Maulana, Suminto, Tambayong & Harahap 2023).

Figure 1 shows the model of theory of planned behaviour. Attitude, subjective norms, and perceived behavioural control affect the intention of a person and the stronger the intention, the person is more likely to adopt the behaviour. Therefore, positive, and negative attitudes also affect the behavioural outcome of an individual. Subjective norms simply means that what social environment that is peers, family or people of importance have attitude toward the individual behaviour. And all these factors affect the behavioural outcome of the individual.

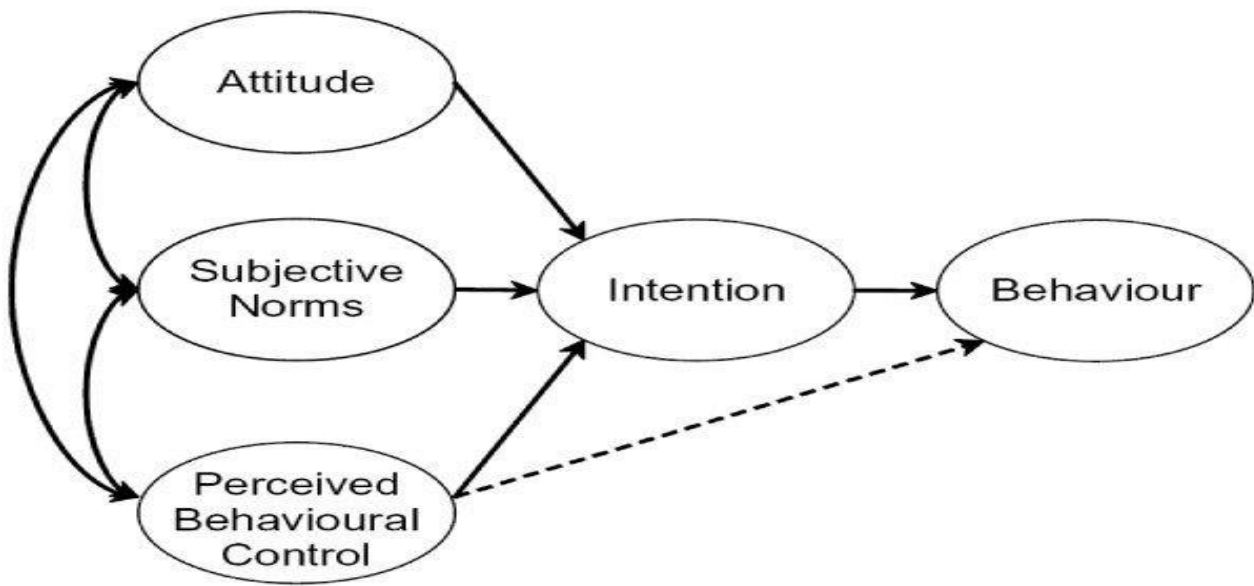


FIGURE 1. Theory of planned behaviour (adapted from Ajzen, 1991)

Different researchers have used the theory of planned behaviour in different areas. LaMorte (2019) explains that theory of planned behaviour as a model explaining the behavioural intentions influenced by attitude along with subjective evaluation of risk and benefit outcome. Adopting theory of planned behaviour in financial decision process, the decision may highly be affected by individual attitude, behavioural control, and behavioural intentions. Shih, Chen, Chen, Wang and Wang (2022) used theory of planned behaviour in human financial behaviour where financial attitude, financial subjective norms and perceived financial control affect financial knowledge which in turn results in financial behavioural intention. Therefore, many researchers assume that the theory of planned behaviour can also influence the financial decision process. The constructs of theory of planned behaviour that is attitude, subjective norms, and perceived behavioural control helps to better explain the individual financial planning behaviour (Khai, Weng Marc & Kwang-Jing 2023).

3.2 Fear Appeal Theory

Different researchers at different time have researched fear appeal theory. Fear appeal theory simply depends on individual facing threat which motivate them to do certain actions such as avoid and prevent unwanted or threatening outcome (Williams 2012). Although research and literature examined that to reduce the negative outcome, individuals are more likely to follow consequences and recommendations.

Fear appeal theory can be used in human financial behaviour as human beings are more likely to react to financial situation that they face. Individual can tackle their financial situation only when they know how to avoid troubles on financial matters (Schutz 2013). But threat appeal is explained as individuals' motivation towards frightening situation through powerful communication to deal with the financial threats. Every human hates to face the economic alarm, so they tend to use defensive methods to control or avoid the threat. Therefore, fear appeal theory is preferred theory for any threatening situation which shows that humans show less attention towards low threat situation and show strong motivation to change in strong threatening situation.

3.3 Expected Utility Theory

Expected utility theory is defined as theory which helps individual to make decision during the situation of uncertainty. It is a decision theory which targets on aiding individual to take decision in uncertainty. This theory helps individual or rational decision makers to acknowledge the situation and environment and create model to identify the situation with well-organized system of preference and technical skills to select better solution. It uses model to make rational choice. It is a theory that comes under behavioural finance and mostly people use it in investment decisions. But beside this, it is particularly useful in financial decision-making process. However, it is dominantly used theory during the time of 1940s, it has been updated and developed and also used at present for financial decision-making process (Ladrón, Leticia & María 2023).

Beside prospects theory, this theory mainly focuses on individual reaction and solution to certain financially uncertain situation. as prospects theory talks more on the investment decision. It shows investor behaviour towards the investment or market and decision based on the non-risky assets or stocks (Glimcher & Tymula 2023). In this research paper, the researcher uses this theory as a model for financial behaviour indicator. This theory is used to identify the student's reaction towards their future uncertain financial situation and concluding with solution to avoid that uncertainty in the future.

3.4 Protection Motivation Theory

Protection motivation theory (PMT) develop by Roger in 1975 explains people's behaviour when facing a certain threat. It explains that people are more likely to engage in self-protective behaviour when facing certain threat. This theory suggests that individuals' decision depends on the insight of threat and their ability to face the situation. Protection motivation theory work on three postulates, which are (a) magnitude of unpleasant event; (b) the probability of that event occurrence and; (c) the efficacy of protective response (Rogers 1975). These postulate by Roger can be explain in figure 2,

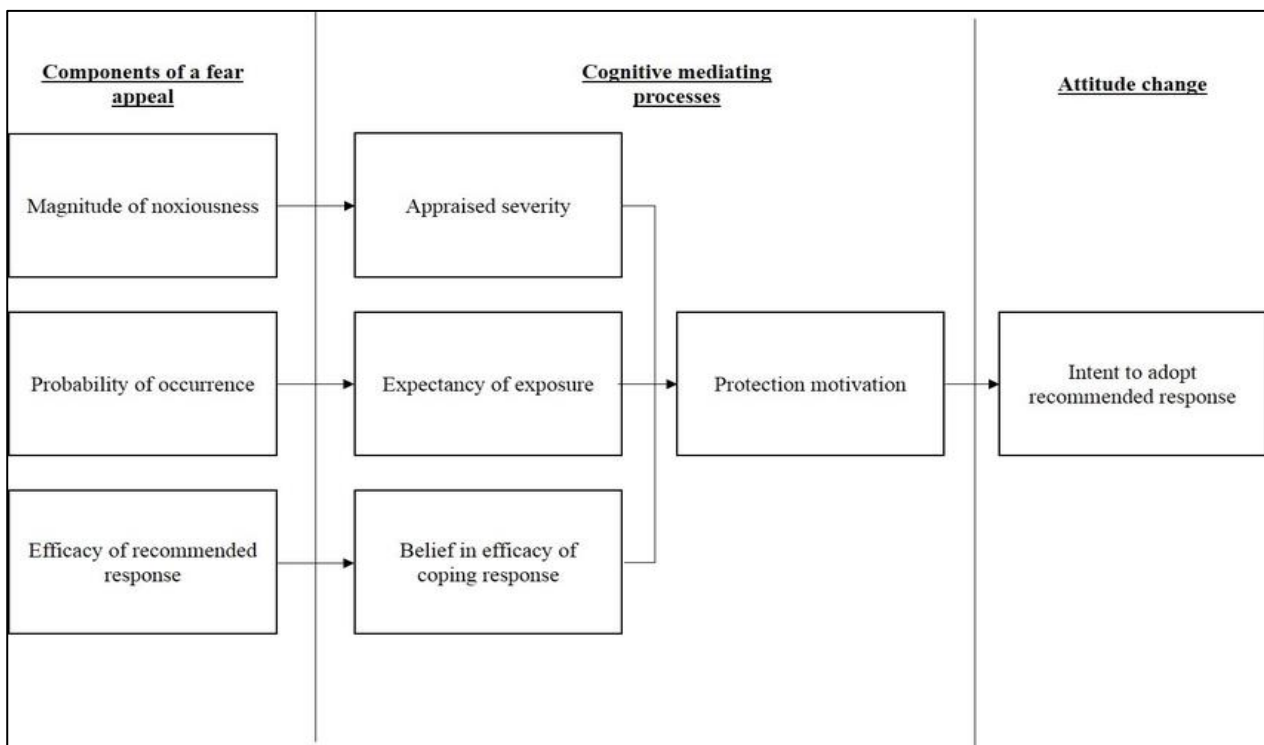


FIGURE 2. Schema of the protection motivation theory (adapted from Rogers, 1975)

There are three parts in the PMT shown in the figure that are components of fear appeal, cognitive mediating process and attitude change. Noxiousness, probability, and efficacy of response are the three postulates of part of fear appeal. From the above figure 2, Cognitive process mediate the part of fear appeal which in turn form protection motivation. This protection motivation results in attitude change of individual means individual intention to adopt recommended response upon the threat. Therefore, when people face the financial threat, they are more likely to act or engage in self-protective behaviour to avoid the threat which can be explained as attitude change in the behaviour of individual.

4 INDICATOR OF INDIVIDUAL FINANCIAL BEHAVIOR

Different economists have studied financial behaviour in the last three decades. Fitzsimmons, Hira, Bauer and Hafstrom (1993) also provided review on financial behaviour based on different research from 1970s to 1990s. Financial behaviour is defined in simple terms as human behaviour related to management of money. Behaviour cannot be termed as outcome as it contributes only small portion in the outcomes but behaviours themselves lead to outcomes. As many researchers show, increasing the savings and reducing the debt are also financial behaviour. There are two factors which define individual financial behaviour, that is self-control predictor and external predictors. These factors empower the manager to take certain action in different situation. In investment also financial behaviour highly impacts investment decisions (Charumathi, Vijaya, Nayeem, Vidya, Sagar & Kadyan 2024).

Fiksenbaum et al. (2017) explained that financial behaviour is measured on the basis of three variables: income, expenses, and debt. Individuals can increase their income, reduce their expenses and debt to overcome financial threats.

4.1 Economic Hardship

Economic hardship is defined as unavailability of enough funds to pay debt. Economic hardship, also known as economic stress, occurs when individuals must face financial problems in their current economic situation. The 2008 crisis can be the best example of economic hardship which affects the global labour market, human health, and many others. In result many workers got laid off from their job and became unemployed.

Higher the financial stress greater the economic difficulty an individual face (Kasal 2022). As a result, they discovered a scale for measuring and confirming financial difficulty through perceived economic hardship. Perceived economic hardship is based on the following contents: inability to fulfil end necessities, when there are insufficient resources to satisfy necessities, financial strain, and cuts connected to costs. This predictor helps manager to take decision in the managerial field.

In several literatures have been researched the relationship between economic hardship and change in financial behaviour. Economic hardship is the situation that an individual faces during the poor financial situation whereas financial behaviour is the change that an individual shows to avoid the current financial situation. Marjanovic, Fiksenbaum and Greenglass (2018) examined the relationship of saving behaviour and economic hardship. This result shows that saving reduces the situation of economic hardship. Marjanovic et al. (2018) concluded that economic hardship, financial threat, and behavioural intentions change financial behaviour. Sun (2022) researched the relationship between economic hardship and financial behaviour with sample of 27,000 respondents. The research concluded that there is a significant relationship between economic hardship and individual change in financial behaviour.

4.2 Anxiety

According to American Psychological Association anxiety is an individual mental situation or emotions that can be defined by fear, tension, worried thoughts and can be examine through physical changes like high blood pressure. Similarly, financial anxiety on the other hand is simply the same as anxiety but slightly different. Financial anxiety is defined as an unsound reaction to certain negative financial situation (Burchell & Shapiro 2012). And the anxiety linked with the individual financial situation can simply be defined as financial anxiety. There are two type of anxiety which are prospective anxiety and inhibitory anxiety which shows the human tendency to react negatively on different types of situations such as emotional, cognitive, and behavioural level towards certain uncertain situations and events. Prospective anxiety on the one hand is defined as stress and concern for future events whereas inhibitory anxiety is defined as an event that stops the individual from moving forward.

Every individual at some point faces financial anxiety. Not only in the past but also in present modern society financial anxiety exist, as after post-recession period people of U.S. had faced fluctuation in the price of fuel and food, higher mortgage rate and bankruptcy as well, leading to decline in savings of individual. Thus, this type of negative financial behaviour can be associated with financial anxiety. Individual facing financial anxiety mostly avoid finance-related topics (Burchell & Shapiro 2012). Also, greater expenses income, problems in paying expenses, and reaching credit card maximums are some negative behaviours that are linked with financial anxiety.

Grable, Archuleta, Ford, Kruger, Gale, and Goetz (2020) described the relationship of anxiety with financial behaviour and financial management behaviour. Ishtiaq, Shahid Tufail, Shahzad, and Naseer (2019) showed the relationship between anxiety and financial behaviour: better financial behaviour leads to less anxiety about the financial matters, and vice versa. Zulfiqar, Asad, Mathkur, Ahmed, and Haleema (2022) demonstrated the relationship between financial behaviour and financial anxiety with sample of 250 Pakistani investors. The result of the study shows that there is a positive relationship between financial anxiety and financial behaviour.

4.3 Debt

Debt is something, especially money that is owed to someone (Cambridge University 2022). This is typically borrowed for a specific purpose. It is, especially money. This money is owed to someone or borrowed from someone for a defined period of time (Cambridge University 2022). Due to debt people suffer financial stress which leads to financial threat. Therefore, higher debt creates financial problem. Therefore, the greater the amount of debt, the greater the stress leading to financial threat.

Similarly, debt can be compared to different determinants such as risk-taking behaviour, education, and financial literacy. Lusardi and Tufano (2015) examined the importance of debt knowledge as a part of financial literacy for a better financial situation. The result is consistent with different past literature that explains the impact of debt on financial hardship. This financial hardship makes individuals change their financial behaviour. Therefore, the overall research shows the important role of debt in financial decision making.

4.4 Financial Knowledge

Financial knowledge is defined as knowledge and understanding regarding various financial concepts, practices, and instruments, enabling individuals to make various financial decision such as money management, budgeting, saving, investing, borrowing, and risk management. It consists of wide range of topics from basic financial literacy to advance concepts, which helps individuals to navigate financial matters effectively. Therefore, greater the financial knowledge, higher the person makes financial decision (Titin, Sely, Sadah, Didit & None 2024). Therefore, individual should have higher financial

knowledge to address their financial situation and come up with useful solution for the future financial situation.

Unlike financial literacy, financial knowledge talks about understanding of finance whereas, financial literacy is about application of the understanding to make decision in finance and money management. However, in making financial decision, the most important thing is that the person should have knowledge about finance regarding investment and management. Therefore, financial knowledge helps to address the problem by acknowledging the individual financial situation which helps them to get solution to overcome their financial situation. In short, higher the financial knowledge an individual has, better the financial management behaviour the person shows (Jennifer & Widodoatmodji 2023). Also, college student's curriculum also includes the personal finance management skills to improve their financial habits (Huang, Liao, Fan & Yao 2023).

4.5 Money Management

Money management is defined as the management of money, or in brief, it is defined as the process of budgeting, saving, investing, and spending of transactions related to money. For the effective money management, it is important to utilize various strategies and techniques to ensure a person's financial stability. Money management helps to achieve organization and individual goals with management of finance for future needs. Therefore, people should be aware of money management especially the generation Z or the today's youth who are familiar with internet should be aware of money management to manage their finances effectively. Money management encourages an individual to achieve their targeted sustainable financial management skills. This is achieved by financial literacy as financial literacy affects saving behaviour indirectly money management (Widjaja, Arifin & Setini 2020).

Managing the money is like managing personal finances. Many people do a lot of things to manage their money like increasing the savings, reducing, or cutting extra expenses, and so on. Spending less and saving more is also one of the parts of money management under which individual manage money by examining the overspending and expenses (Tyson 2023). Therefore, by this technique of money management, people can not only manage their present finance and its situation but also sustain their future goals.

5 RESEARCH METHOD

Research methods are the techniques and tools that researchers use to conduct the empirical part of research work. It consists of different methods such as research design which helps researcher to know the design of the research or what type of research work is done for completion of research work. Similarly, population and sample size are crucial considerations when selecting data collection tools. Sampling techniques also comes under research methods where different type of sampling technique are discussed and among them the convenient technique will be used by researcher. Similarly, different data collection tools, sources of data are also discussed in the research methods. Therefore, research methods play inevitable role in completing the empirical part of the research.

5.1 Research Design

Different types of methods and technique were used in research work. The methods and techniques used in the study were explained through research design. A correlational research approach was used to identify the relationship between financial threat and individual financial behaviour. Correlational research design established relationship model to identify the strength of independent variable on dependent variables without manipulation in the variables.

5.2 Population and Sample

The population consists of participation of both male and female from different age group who are engaging in economic activities like as borrowing and lending of funds. The people selected for this study were of working age and are involved in various income generating activities, either by working in any organization or involving in their own business. They were chosen to assess their level of risk tolerance and financial behaviour. The population include the Nepalese international student residing in Kokkola for their study and also engaging in income generating activities for their livelihood and college fee.

5.3 Data Collection

The study is quantitative in nature and was based on the data which was collected by survey questionnaire transferred through direct distribution to the respondents. The questionnaire that respondent was provided with was structured in nature. All the questions were simple and easy to understand. Convenience sampling technique was used for sample selection.

The main objective of the research was to examine the relationship between financial threat and individual financial behaviour. For the research work, a list of structured questions was used by the researcher and the questionnaires were based on 5-point Likert item from “strongly disagree” to “strongly agree”. The final questionnaires were sent to respondents through email. The questionnaires had been adopted from Fiksenbaum et al. (2017) and Ishtiaq et al. (2019) and these were further reported to instruments validity and reliability test. The data collected from the distribution of questionnaires were then analysed through MS excel.

6 RESULT AND ANALYSIS

The study consists of different parts in which result, and analysis is one of the important parts of the research work. This portion can be completed after the completion of the survey as the data obtained from survey is used for the analysis of whole research. The theoretical part of the research work consists of different theories and terms that defines the surface part of the research work. It includes different literature review of the past literature. And after the theory there comes empirical part which includes the survey and analysis along with the interpretation of the survey data. This helps to complete the research work it provides the actual work of the study.

The questionnaire was developed on the basis of the objective of research. The questionnaire starts with the demographic profile of the Nepalese international student at Kokkola. This demographic information is the basic of the research work later 10 main questionnaires were developed to address the main theories and objectives of the research. The first two questions were related to the term economic hardship to know the economic situation of the respondents. The next two questions were related to anxiety following the one by debt. Furthermore, the next two question address the situation of financial threat due to the past questions as the economic hardship, debt and anxiety create the situation of financial threat and finally the research end with three question to know the types of behaviour the respondents show which helps to address the whole scenario of the research work. The questionnaire addresses the main objective of the topic that is to assess the relationship between financial threat and individual financial behaviour of Nepalese international students.

The result part starts with the distribution of the questionnaire to the respondents. The respondents in this research work were the Nepalese international students residing in Kokkola, Finland. They are balancing work and college life to support themselves through college and maintain their living standards. Altogether 33 respondents were collected, and the result is divided in to 5 different statements from strongly agree to strongly disagree 1 is 'strongly agree', 2 is 'agree', 3 is 'neutral', 4 is 'disagree', and 5 is 'strongly disagree'. The overall research work and survey was designed by the google forms and the data were collected by sharing the questionnaire through google form to the respondents by their email and sharing links. The result of the data is explained in the following topics.

6.1 Demographic Profile of Respondents

The demographic profile of the respondents consists of gender, age, academic qualification, and income status. Demographic profile shows the respondents population and their characteristics based on factor such as age, gender, income, race and so on. For the research work the demographic profile is divided into four categories, that is gender, age, academic qualification, and income of the respondents. The demographic profile of the respondent helps to identify the Nepalese international students age group, their income status, and their academic qualification. This in turn helps to know their level of behaviour changing attitude.

6.1.1 Gender

The research work consists of three types of questionnaires based on gender as male, female, and prefer not to say. The third option refers to people who rather not state their gender or identifies themselves as something else. The respondent's detail is shown in the figure below.

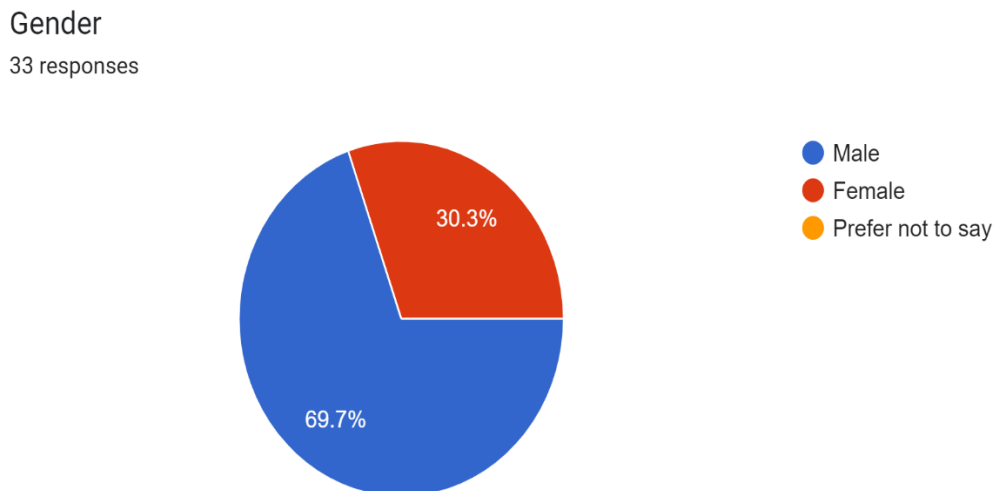


FIGURE 3. Gender of the students

The figure 3 shows the demographic distribution of the respondents based on the gender. Although the option consists of three areas: male, female, and prefer not to say. Out of 33 respondents' majority of participations are male which is 23 and remaining are female whereas there is not a single participant

who do not want to say their gender. The overall research shows that male participated higher than that of female Nepalese international student working and studying at Kokkola, Finland.

6.1.2 Age Group

Another area for the demographic classification is age group of participants. The age is not limited but is divided into various category to carry out the research work easily. The Nepalese international student residing in Kokkola, of different age group involving in income generating activity for their tuition fee and living. The participants are of different age group from 18 to above with different category such as 18 to 21, 22 to 24, 25 to 28, and 28 above. The data obtained from the survey is shown in the figure below.

Age (years)

33 responses

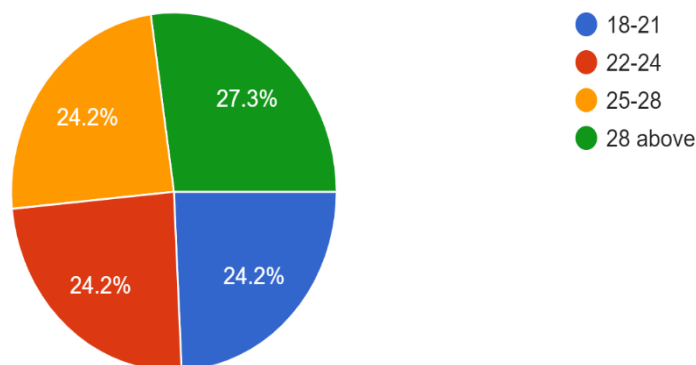


FIGURE 4. Age of the students

The figure 4 shows the demographic distribution of individual based on their age group. The data above shows that the majority of participants are of age group above 28 years which is 27.3 percent. Similarly, age group 22 to 24 and 25 to 28 are of same number and finally the lower age group that is 18 to 21 are also in same number. From this survey result it is seen that majority of participants are of middle age group that is 22 to 28.

6.1.3 Academic Qualification

Academic qualifications show the individual level of study at the college or their academic level. The researcher uses three types of academic level for the research work which are undergraduate, graduate, and postgraduate. This level shows the demographic distribution of respondents based on their academic qualification. The distribution of participants academic qualification is shown in the figure below.

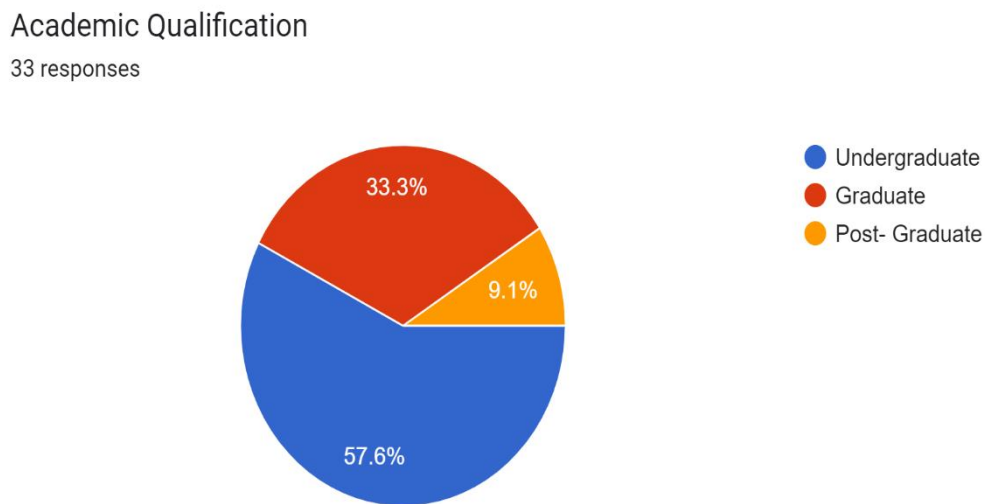


FIGURE 5. Academic qualification of students

The figure 5 shows the after-survey result of demographic based on the academic qualification. After the survey the data shows that out of total population the majority of the participants are undergraduates. It is more than half of the respondents who are undergraduates. Beside this, almost half of the respondents are graduate. The lowest number of respondents are having their postgraduate as it is lowest in number that is only 9 percent of the total number.

6.1.4 Income

The income is the monthly earning of the individual after paying the tax. The income is surveyed on monthly basis and is divided into four categories. The income scale is divided into below 1000 euro, 1000 to 1300, 1300 to 1600 and, above 1600. These incomes were categorized to meet not only the fresh Nepalese international student but also those who have been residing for several years. This helps

the researcher to know the monthly earning of the students. By this it helps to know their financial ability to adapt in the Kokkola, Finland with their living. The surveyed data is shown in the figure below. The data are based on the percentile but can be known the level of income of the participants.

Income (month)
33 responses

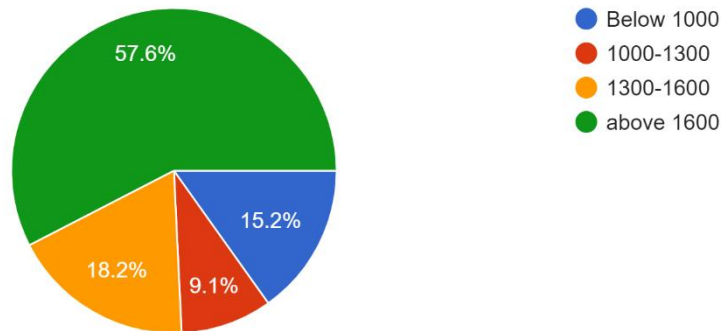


FIGURE 6. Income status of students

The above diagram shows the demographic distribution of the respondents based on their level of income. Not all the Nepalese students have same level of income. Some can have higher income whereas others have lower. The fresher who has just arrived Kokkola for their further studies may have lower income compared to someone who has completed their course or has been residing there for three years. Most of the respondents have their income greater than 1600 euro per month which is more than half of the participants in the survey. Similar, only some that is 3 people have their income between 1000 to 1300 which is the lowest in number. Furthermore, almost same number of the respondents have their income below 1000 and 1300 to 1600. This data shows that some of the students only have below 1000 euro per month as their income in the Kokkola.

6.2 Economic Hardship

On moving to the second section of the research questionnaire, which is also important part of the survey, the first two questions show the respondents reaction towards economic hardship or the situation where respondents have to face difficulties in making or carrying out economic adjustment. Many fi-

nancial decisions that affect the economic situation should be made by the individuals for their livelihood. Not everyone is happy with their economic condition in the world. Therefore, economic hardship helps to know the economic condition or difficulty in facing the problem related to the economic condition of an individual. The two research questions address the economic hardship of Nepalese international student in Kokkola which can be seen in the figure 7 and 8.

6.2.1 Economic Adjustment

Economic adjustment in the research is defined as adjustment in the economic situation of the individual. The researcher in this part of the questionnaire asks the respondents about the problem they faced in making economic adjustment. The result of the survey is shown in the figure below. The problem in making economic adjustment of the research is based on the level of the agreement that is strongly agreeing to strongly disagree which is shown in the figure below.

I get problem in making economic adjustment.

33 responses

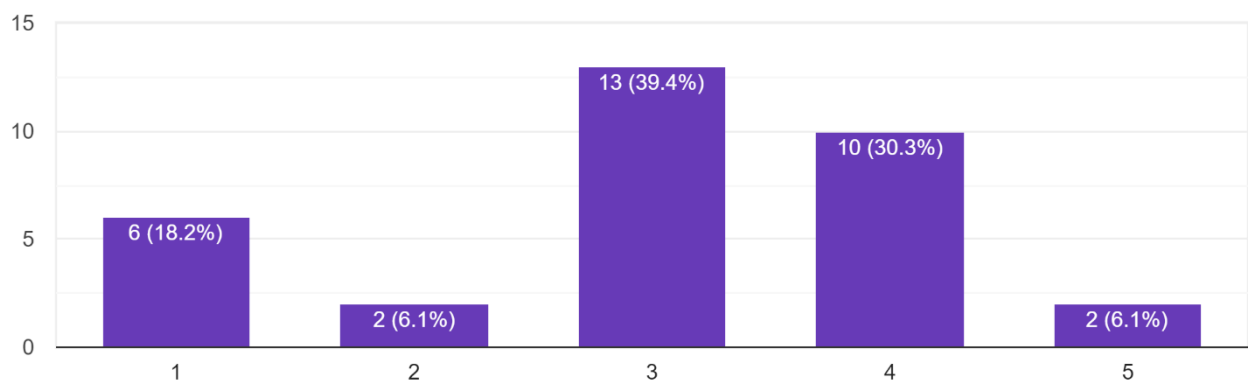


FIGURE 7. Problem in making economic adjustments

The figure shows the level of agreement by the respondent towards their economic adjustments. The result of the data shows that majority of participants neither agree nor disagree when it comes to making economic adjustments. In comparison, more respondents agreed with making economic adjust-

ments, while fewer participants disagreed with the statement in making economic adjustment. This result shows that the majority of individuals face problem in making their economic adjustment, falling somewhere between agreement and disagreement.

6.2.2 Difficulties in Day-to-Day Essentials

This statement also addressed the part of economic hardship. Dy-to-day essentials means the day-to-day life things that is needed in the daily life. It can be food, clothes, and others. The result of the data is based on the level of agreeableness from strongly agree to strongly disagree. And the result of the data is shown in the figure below.

I have faced many difficulties in making decision to pay for the survival things when I have decision, I have little money.

33 responses

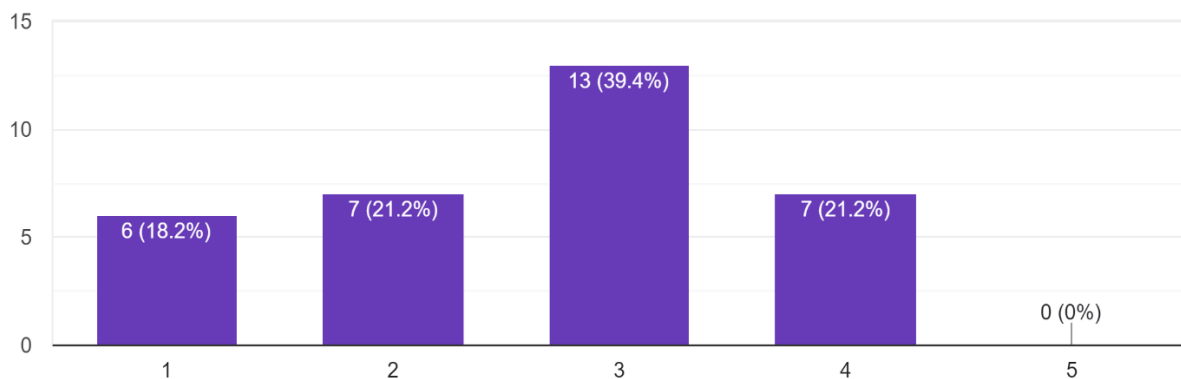


FIGURE 8. Difficulty in day-to-day essentials

The above figure shows the result of the data after survey. The result clearly shows that most of the respondents are neutral about these problem means they neither are affected by the problem in paying their day-to-day essentials. In between agreeableness and disagreeableness majority of participant disagree in the statement of difficulties in paying for the day-to-day essentials. Therefore, the data shows that Nepalese international students do not face any difficulties in meeting their day-to-day needs.

6.3 Anxiety Regarding Financial Situation

Anxiety is related to the psychological phenomena. It is the person's fear towards any situation. Individual shows certain level of anxiety towards their lower financial situation, which is address in this area of the research. The response of the participants is also on the basis of the level of agreeableness from strongly agree to strongly disagree. This helps to know that how a person reacts to the financial situation or the level of anxiousness. The result of the surveyed data is shown in the figure below.

I feel tensed about my financial situation.

33 responses

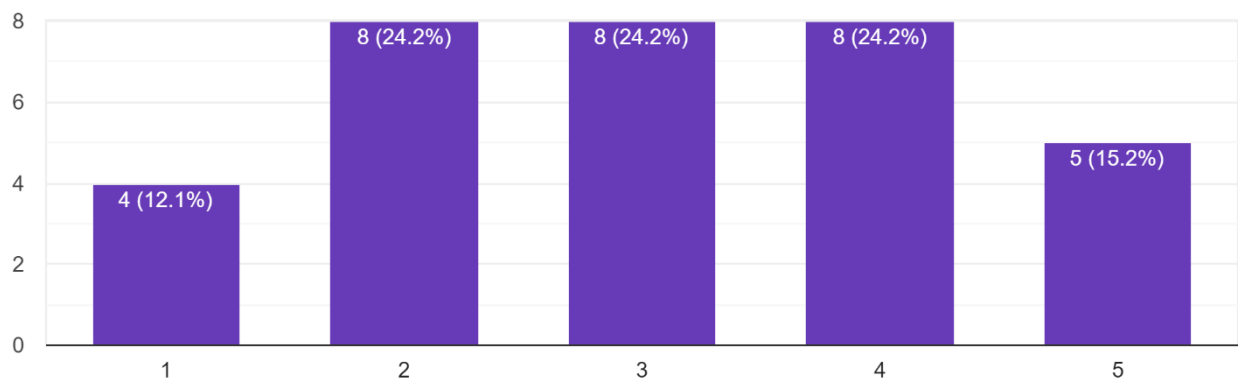


FIGURE 9. Tensed about financial situation

The above figure shows the level of agreeableness towards the tensed financial situation by the respondents. Excluding the neutral part of the agreeableness, majority of the respondents agree towards the statement in feeling tensed about the financial situation. This result shows that most of the Nepalese student face anxiousness towards their present financial situation while studying and working together in Kokkola.

Financial situation not only affects the human mental health but also their physical activities. The researcher, therefore, wants to know whether financial situation affects the individual college performance or not. The statement is taken based on the level of agreeableness to disagreeableness from

point 1 to point 5. This statement explains on the international student's behaviour towards their college performance by current financial situation. The result of the data is shown in the figure below.

I had difficulty in concentrating on my school or work because of my financial situation.

33 responses

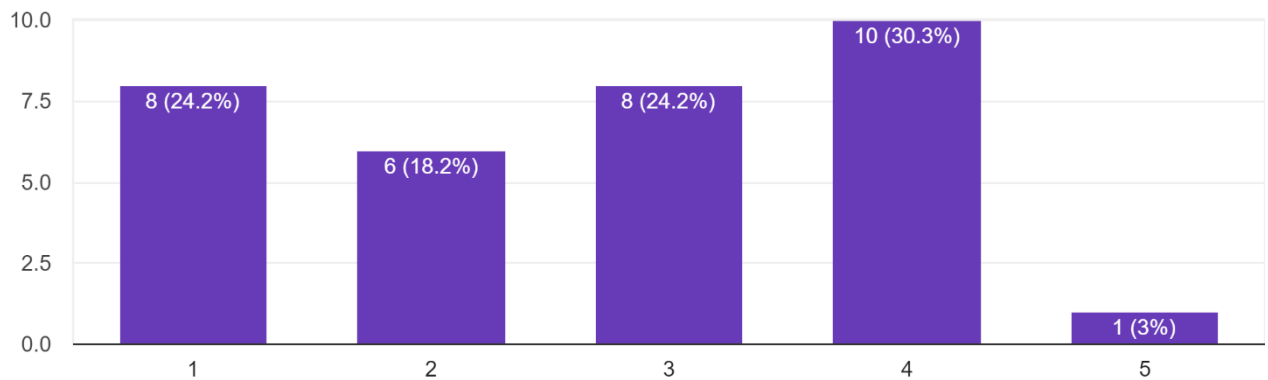


FIGURE 10. Performance to financial situation

The above figure addresses the question on difficulty in concentrating the school or work due to financial situation to know the individual performance to financial situation. The result shows that most of the respondents feels that it is not difficult to concentrate on school or work due to their financial situation. This means the majority of respondents disagree with the statement, although some of them do agree that they face difficulty in college and work due to their financial situation. Therefore, in result it is seen that majority of Nepalese international student disagree the statement and their performance don't affect by their financial situation.

6.4 Debt to Financial Problem

Debt is something borrowed from someone, especially money for some time. It is said that higher the debt, higher the financial problem. Therefore, debt also affects an individual's financial behaviour as it also creates threat which automatically change human behaviour due to their loss avoiding nature. The researcher make statement on taking loan from friends in case of financial problems and the results are

collected based on the level of agreeableness of the respondents. The result of the data is shown in the figure below.

I take loan from friends in case of financial problem.

33 responses

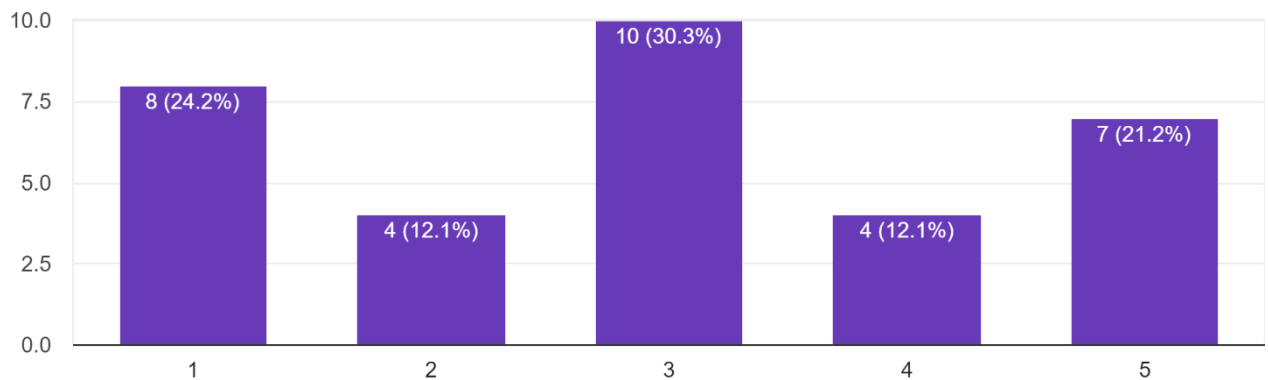


FIGURE 11. Debt to financial problem

The above figure shows the result of the data on debt to financial problem. Excluding the neutral part of the result, there is slightly difference in between agreeableness and disagreeableness of the data. But in summary majority of the respondents are in favour of disagreeableness compared to the agreeableness. This shows that students do not prefer to take debt from their colleague in case of financial problem rather choose other option but not all the individual favour it some take loan from the friends to overcome their financial problem.

6.5 Financial Threat to Financial Situation

To address this problem, the researcher has divided the questionnaire in two parts. This division allows for a more detailed analysis of the responses. The statement is based on the situation an individual faces after experiencing a financial threat. Therefore, when faced with financial threats, individuals can respond in a negative way or take action to resolve the situation. This situation is shown in the figure below.

I am worried about my current financial situation.

33 responses

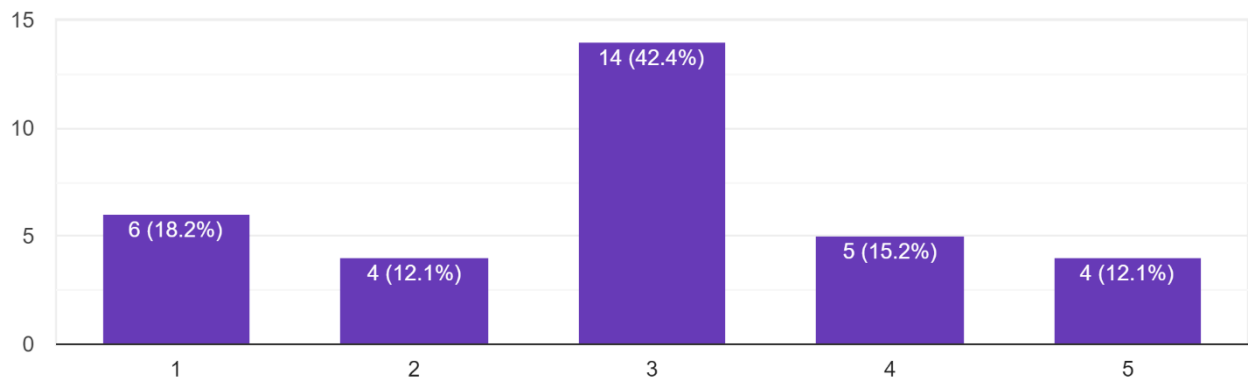


FIGURE 12. Worried about current financial situation

The initial statement depicts concerns about the current financial situation. the result shows that the majority of individuals disagree with this statement. Similarly, some individuals agree on worrying about their current financial situation. Therefore, majority do not feel worried about their financial situation.

I used to think a lot about my current financial situation.

33 responses

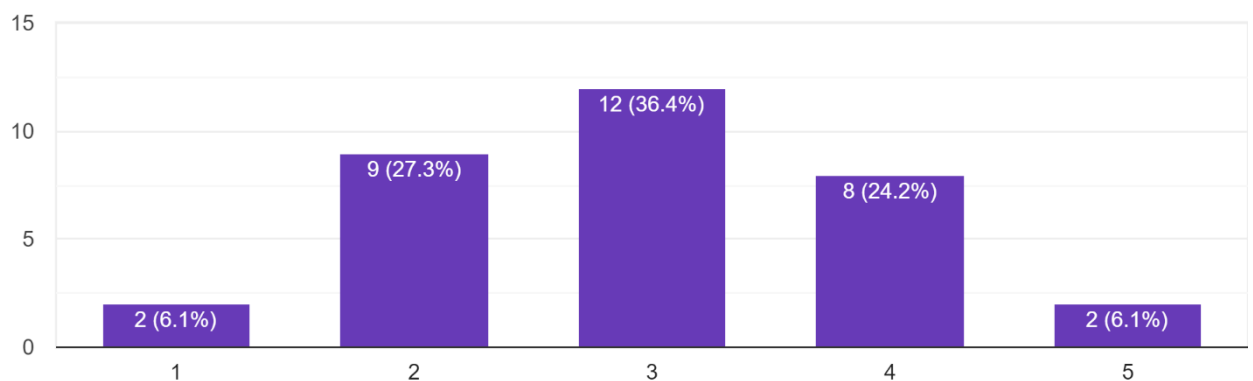


FIGURE 13. Think a lot about current financial situation

The next statement reflects an individual's ability to assess the current financial situation and potential financial risks. In this scenario, the result show that the majority of individuals disagree with the statement and think a lot about their current financial situation, excluding those who are neutral. However, it does not mean that they only disagree to the situation, but some of the individual agree to the statement on thinking a lot on the current financial situation.

6.6 Financial Behaviour

Financial behaviour is the behaviour an individual shows to balance their financial condition. Many people show certain behaviour in order to avoid the financial threat such as increasing income generating areas, cutting expenses, or decreasing debt. Therefore, financial behaviour of the individual depends on their current financial situation. Therefore, to address this problem, three statements are developed by the researcher to understand individual financial behaviour. The three statement along with their result of the survey are shown in the figure below.

I cut back on leisure goods services and activities.

33 responses

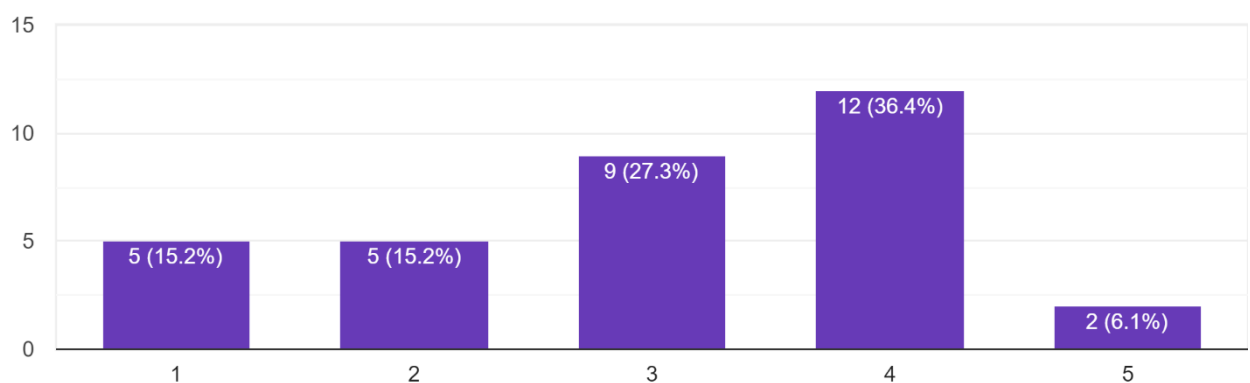


FIGURE 14. Cut back on leisure goods and services

The figure shows the cutting back of the leisure goods to avoid the financial threat or financial problems. This is a way to cut expenses. From the result of the survey, most of the respondents agrees in

cutting leisure goods and service to avoid the financial problems. On other hand some of the respondents disagree with the statement but overall, the respondents favour in cutting the leisure good during their financial problem.

I find somewhere cheaper to live.

33 responses

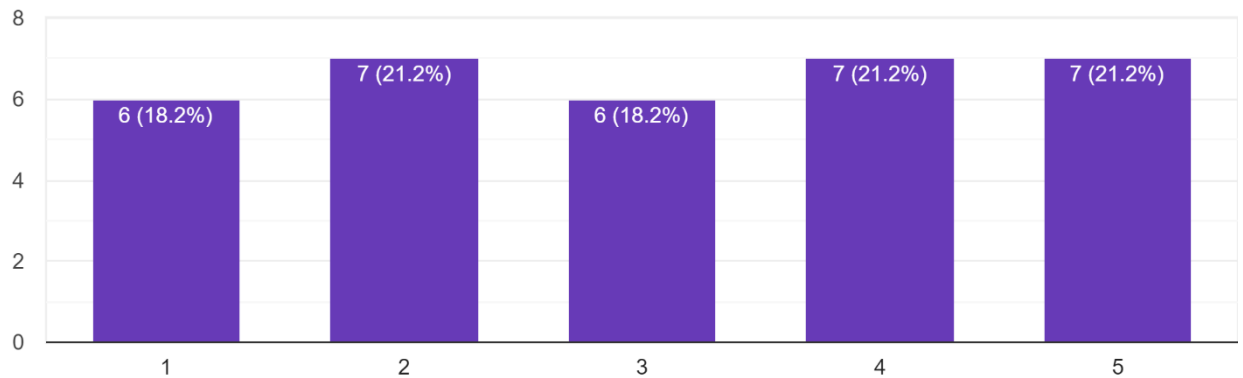


FIGURE 15. Find somewhere cheaper to live

The result of the data from the statement to switch to cheaper living during the financial problem is shown in the figure 13 above. Majority of the respondents agree to the statement in finding somewhere cheaper to live to avoid the financial problem during financial threat. Similarly, some of them disagree in living somewhere cheap. This result can be affected by the individual level of income and academic backgrounds.

I share the room or renting out the part of house.

33 responses

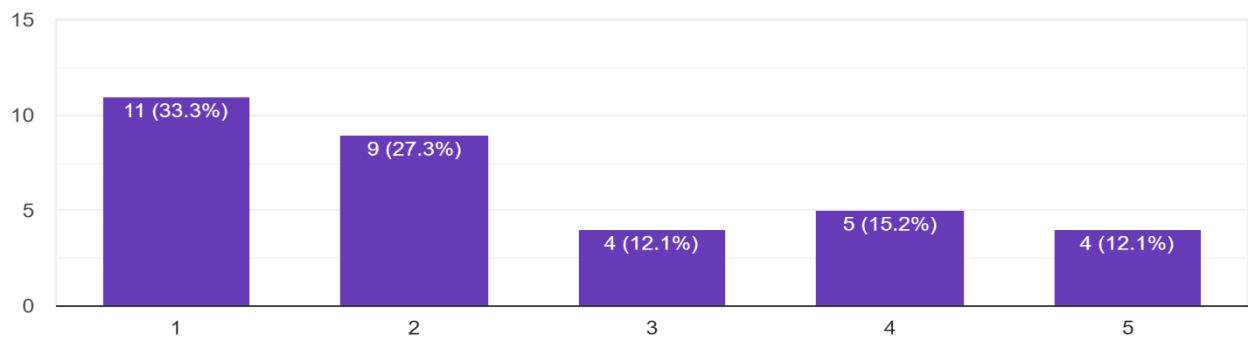


FIGURE 16. Sharing the room or renting out part of house

The figure 14 shows the statement on sharing room or renting part of house. From the result out of total respondents' majority of the respondents disagree with sharing or renting out their room to avoid financial threat instead they prefer living alone in the room or apartment. However, some of the respondents agree with the statement in sharing the room or renting it out but there seems a huge difference in agreeableness to disagreeableness of the respondents. Therefore, all these survey result shows the respondents behaviour towards the certain financial situation.

7 DISCUSSION

Discussion of the findings from the result is one of the most important parts in research work as it helps to connect the theory and objective of research with the result of the survey or the empirical part of the research work. In this research work different type of theories related to human thinking process towards any financial situation are used. These theories help individuals to take decision in term of risk perception and decision-making process. Although the survey result is analysed in the result and analysis part, it does not connect the theoretical context with empirical one. The theoretical context and empirical context are related to each other. The theoretical part explains the underlying theories that address the research topic and its objectives, providing an understanding and support for the research. On the other hand, the empirical part involves in-depth analysis through questionnaire and surveys. Therefore, it is very important to understand and connect the theoretical and empirical part of research to get the actual finding of the research work.

Beside the demographical part of the questionnaire, there are 10 main questionnaires to address the main objective of the research work. The first two questions are linked with economic hardship which is divided into two categories that is problem in economic adjustments and other is survival things. These questions show the human reaction towards their economic condition. This situation shows the spending and saving of individual affecting individual control over perceived financial situation according to theory of planned behaviour. The result shows that individual has control over their financial situation as they have enough saving to spend it on survival things but in contrast problem in balancing their economic adjustment.

Similarly, the next two questions address the situation of individual reaction to financial situation due to anxiety. Anxiety affects the attitude of individual towards the situation leads to lower performance and mental health. The result shows that due to anxiety their behaviour towards their performance is negative. This means they are highly affected by the anxiety due to their financial situation. Thus, the result resembles with the theory of planned behaviour and protection motivation theory with their negative outcome due to anxiety. Due to anxiety the individual shows negative result towards the financial situation.

Furthermore, regarding debt and financial threat, the three questionnaire addresses debt and financial threat. And all these result shows that most of the individual are uncertain about their financial situation therefore, expected utility theory explain these situations. from this result it is seen that students are more likely to change their behaviour due to uncertainty in their financial situation. as most of the individual are neither agree not disagree with the situation. in this case, Nepalese students are more likely to change their behaviour but neither shows any negative or positive response towards it.

Finally, the main part of the focuses on financial behaviour responses. The results show that the majority of Nepalese international students prefer to reduce unnecessary expenses rather than sharing or opting for more affordable living arrangements in order to cut costs. This result shows the fact of fear appeal theory and money management. This means that they react to the situation and in fear change their financial behaviour to cutting expenses with managing their money and not letting the living standard in low.

Therefore, in summary, the first two question or the situation of economic hardship address the theory of planned behaviour as the economic hardship, and anxiety create negative attitude towards the situation leading to negative behavioural outcome. Also, anxiety shows the theory of protection motivation as anxiety is itself a negative attitude and fear in leading to negative behavioural control over financial situation. Similarly, the question related to debt and financial threat shows the result of uncertainty as maximum individual neither agree nor disagree to the situation which aids in expected utility theory in result the individual react accordingly to the situation of uncertainty. Finally, the fear appeal theory and money management show the outcome or the financial behaviour of the individual as in the situation of fear that is economic hardship, anxiety, debt, and financial threat the individual shows the behaviour of cutting expenses on leisure goods rather than on the living standards by managing their money.

8 CONCLUSION

As COVID pandemic has affected the global economy, many countries are still facing the post pandemic effects in financial sector. Developed and developing nations all had faced the problem in maintaining their financial stability and had faced economic crisis. Though many nations have come out of it but still have to face problem in making balance not only in global but in individual level also. This affects the individual level too. Therefore, this study helps to know the behaviour that individual shows during different financial situations. The main aim of the research is to find out relationship between financial threat and individual financial behaviour.

For the research work, both theoretical and empirical part are researched. For the theoretical part of the study, different types of theories along with the financial indicators are discussed. On contrary, the empirical part consists of questionnaire and survey after the questionnaire. A questionnaire was developed based on the five -point Likert scale. The questionnaire was self-administrative in nature. A total of 33 respondents were sampled for the study. The data collected from convenience sampling technique. The population of the research work are the Nepalese international students residing in Kokkola for studying and working purpose.

From the overall research work, it can be concluded that economic hardship, debt, and anxiety made individual to change their financial behaviour means if individual is facing economic hardship or debt or anxiety, he will change his/her financial behaviour according to the situation. Also, economic hardship, debt, and anxiety create financial threat among people, leading to changes in their financial behaviour. Therefore, this research suggests that one should be aware of one's financial situation to take necessary action for critical financial situation by adopting the different financial behaviour. Hence, the overall result shows that economic hardship, debt anxiety and financial threat helps to change individual financial behaviour. This result also shows the current financial problem that individual people face with solution such as cutting expenses, increasing income, and reducing debt.

While analysing the past literature and their findings along with its results, most of the research paper concluded that individual's situation determines their behaviour. In simple terms, the environment or situation influences human behaviour and actions in response to the situation. Therefore, this research work is all about the financial behaviour of Nepalese international students after facing different financial hardship such as economic hardship, anxiety, debt, and financial threat.

The study suggests some suggestions from the result. Individuals are more likely to increase their debt by borrowing or lending fund from others due to lack of fund or money. This increases their behaviour of managing the financial situation. Rather than seeking cures, one should focus on preventive measures. Instead of borrowing and increasing debt, one should prioritize financial literacy. There are many ways to manage income like investing it on the market or depositing it at a certain interest rate. Therefore, rather than increasing the debt, individual should focus on reducing it by managing the income in proper way which will not only increase the source but also reduce the debt.

Also, people nowadays engage in activities and waste money which has no return. To reduce this behaviour, individual should rather focus on cutting the unwanted expenses. This will reduce the economic problem and further improve the saving. And this financial management behaviour indirectly reduces the problem of financial anxiety. As anxiety is related to threatening situations regarding current and future financial conditions, when the situation improves, anxiety automatically reduces.

Therefore, through the knowledge of financial literacy, money management and inclusion, individual can reduce the problem of anxiety, economic hardship, debt, and financial threat. For this one should be aware of their financial situation and ways to increase the saving through different investing techniques.

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Questionnaire

Dear respondents,

This research entitled "Relationship between Financial Threat and Individual's Financial Behaviour " is a Research Project as a partial fulfilment of the requirement for the bachelor's in business administration (BBA) at Centria College of Applied Science. The major objective of the study is to measure the relationship between financial threat and individual financial behaviour.

Your response will impact the study. So, as the researcher I would like to make a humble request to you to fill up the questionnaire with honesty. The responses will be kept anonymous and please be assured of the data privacy as the researcher will follow the research ethics with high moral integrity. The responses will be used for academic purposes only. In case of any queries or feedback, please feel free to contact the researcher at the address below! Thank you for your five minutes, have a good time!

Sincerely,

Prachin Pokhrel

1. Gender

- Male
- Female

2. Age (years)

- 18- 21
- 21-24
- 24-27
- 27 above

3. Academic Qualifications

- Undergraduate
- Graduate
- Post- Graduate

APPENDIX 2/1

4. Income (Euro)

- Below 1000
- 1001-1300
- 1301-1600
- 1600 and above

Section 2: To what extent do you agree or disagree with each of the statements below. Please indicate your response in an appropriate space (5 represent strongly agree, 4 represents agree, 3 represents neutral, 2 represents disagree and 1 represents strongly disagree).

5. I have a problem in making economic adjustment.

- strongly agree
- agree
- neutral
- disagree and
- strongly disagree

6. I have faced many difficulties in deciding to pay for the survival things when I have a decision, I have little money.

- strongly agree
- agree
- neutral
- disagree and
- strongly disagree

7. I feel tense about my financial situation.

- strongly agree
- agree
- neutral
- disagree and
- strongly disagree

APPENDIX 3/1

8. I had difficulty in concentrating on my school or work because of my financial situation.

- strongly agree
- agree
- neutral
- disagree and
- strongly disagree

9. I take loans from friends in case of financial problems.

- strongly agree
- agree
- neutral
- disagree and
- strongly disagree

10. I used to think a lot about my current financial situation.

- strongly agree
- agree
- neutral
- disagree and
- strongly disagree

11. I am worried about my current financial situation.

- strongly agree
- agree
- neutral
- disagree and
- strongly disagree

12. I cut back on leisure goods services and activities.

- strongly agree
- agree

APPENDIX 4/1

- neutral
- disagree and
- strongly disagree

13. I found somewhere cheaper to live.

- strongly agree
- agree
- neutral
- disagree and
- strongly disagree

14. I share the room or rent out the part of the house.

- strongly agree
- agree
- neutral
- disagree and
- strongly disagree