

-RESEARCH ARTICLE-

THE MEDIATING EFFECT OF FINANCIAL EFFICACY ON FINANCIAL KNOWLEDGE AND BEHAVIOUR AMONG SOUTH AFRICAN CONSUMERS

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—Abstract—

Financial knowledge alone may not be sufficient to promote positive economic behavior among South African consumers; financial self-efficacy may be required to exercise positive financial behavior. This study investigates the mediating effect of financial efficacy on South African consumers' financial knowledge and behavior. This investigation utilized a quantitative research design and the Human Sciences Research Council database. The research sample included 3,500 South African consumers aged 16 and older from nine provinces. The Human Sciences Research Council (2011) utilized a closed-ended questionnaire to collect data on South African consumers' social attitudes toward financial literacy. This study tested its hypotheses using inferential statistics such as Pearson's product-moment correlations and regression analysis. Few consumers rated themselves as extremely knowledgeable about finances, with the majority rating themselves as merely knowledgeable. In terms of regression findings, it was determined that financial knowledge has a direct relationship with economic behavior and an indirect relationship with financial behavior via financial self-efficacy. This result indicates that financial self-efficacy mediates some relationships between financial knowledge and financial behavior. It was suggested that financial educators enhance consumers' financial knowledge to increase their self-reported financial knowledge. In addition, once consumers' self-rated financial knowledge improves, they will likely have higher levels of financial self-efficacy, resulting in better economic

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behavior. In addition, consumers must cultivate positive financial practices to promote positive financial behavior and high financial self-efficacy levels. This study demonstrates the importance of financial self-efficacy in enhancing the economic behavior of South African consumers.

Keywords: Financial knowledge; financial self-efficacy; financial behavior; consumer; South Africa.

1. INTRODUCTION

Positive financial behavior enables the attainment of financial objectives and enhances consumers' economic well-being. Positive financial behavior is characterized by sound financial practices such as budgeting, expense monitoring, timely bill payment, and regular savings (Glenn, 2018). However, South African consumers have poor financial habits due to insufficient income and financial discipline (Human Sciences Research Council, 2018). Nanziri and Leibbrandt (2018) report that few South African consumers (19.45%) can spend their money prudently and regularly (49%). Also, South African consumers do not plan for retirement, so they lack confidence that they will have sufficient capital at that time (Nanziri & Leibbrandt, 2018; Zeka, Rootman, & Krüger, 2020). Increasing consumers' financial knowledge is one method to promote positive economic behavior (Rootman & Antoni, 2014). Understanding financial matters such as saving, credit, investment, and retirement constitutes financial knowledge (Khan et al., 2017).

Low levels of financial literacy are also prevalent among South African consumers (Rousseau & Venter, 2016; Nanziri & Leibbrandt, 2018). The relationship between financial knowledge and financial behavior in South Africa is limited (Rousseau & Venter, 2016). Therefore, financial expertise alone is insufficient to improve consumers' economic behavior; financial self-efficacy may be the missing link in improving consumers' financial behavior. Glenn (2018) and Shim et al. (2015) define financial self-efficacy as a consumer's confidence in managing their finances. In addition, Financial knowledge is correlated with financial self-efficacy (Serido et al., 2013), and financial self-efficacy substantially impacts economic behavior (Shim et al., 2015). The relationship between financial knowledge and behavior is mediated by financial self-efficacy (Serido et al., 2013; Rothwell et al., 2016). Therefore, the relationship between financial knowledge and financial behavior can be explained by consumers' confidence in managing their finances (financial self-efficacy). Consumers must increase their financial knowledge and self-efficacy to adopt positive financial behaviors (Serido et al., 2013). Therefore, increased financial knowledge and self-efficacy are anticipated to affect consumer economic behavior positively. This study is essential because previous research in South Africa has primarily focused on promoting financial literacy (Nanziri & Leibbrandt, 2018; Matemane, 2018). This research has developed financial education programs that utilize financial knowledge to promote responsible economic behavior. However, international research (Rothwell et al., 2016; Serido et al., 2013) has demonstrated the effect of financial self-efficacy in promoting positive financial

behavior; however, these findings have yet to be validated in a South African context. Therefore, the research will contribute to the literature by investigating the mediating effect of financial self-efficacy on South African consumers' financial knowledge and behavior. This study will emphasize the study's research objectives. The literature review and hypotheses are then summarized, followed by a concise description of the research methodology and empirical findings. Finally, a discussion of the study's findings and recommendations is presented.

This study's primary objective is to investigate the mediating effect of financial efficacy on South African consumers' financial knowledge and behavior. The study's secondary objectives discussed financial knowledge, financial efficacy, and financial behavior to achieve the study's primary purpose. The mediating effect of economic effectiveness on South African consumers' learning and financial behavior was also empirically examined. The ultimate goal was to provide financial educators and practitioners with suggestions for promoting positive economic behavior through financial efficacy.

2. LITERATURE REVIEW

2.1 The Conceptual Framework of the Study

Bandura first introduced the concept of self-efficacy in the 1970s. Self-efficacy is a component of his cognitive theory. According to Bandura, self-efficacy is a person's belief in their capacity to succeed at specific tasks. (Nguyen 2016). Bandura's self-efficacy theory is associated with financial self-efficacy, the perceived ability to complete financial tasks and achieve financial objectives (Lapp, 2010). The higher an individual's financial self-efficacy, according to Dare et al. (2022), the more motivated they are to overcome financial obstacles. This can encourage positive economic behavior, such as working toward financial objectives, and increase financial well-being. Dare et al. (2022) and Serido et al. (2013) concur that financial self-efficacy promotes positive economic behavior, resulting in financial well-being.

Nonetheless, according to Serido et al. (2013), financial self-efficacy should begin with financial knowledge. Therefore, developing the economic well-being of individuals should start with a change in their financial knowledge, which leads to a change in their personal finance beliefs. Consequently, a change in financial knowledge affects financial self-efficacy. A change in a person's financial self-efficacy causes them to act and observe their financial actions, resulting in alterations in their economic behavior. Individuals' economic well-being increases due to a change in economic behavior. The development of an individual's economic well-being through financial knowledge, self-efficacy, and behavior modifications is depicted in Figure 1.

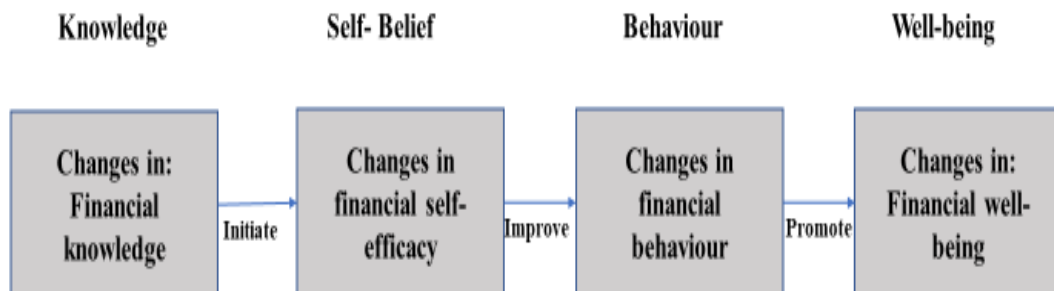


Figure 1. Conceptual framework of financial well-being (Adapted from Serido et al. (2013))

The conceptual framework of financial well-being devised by Serido et al. (2013) has been adopted by this study. It is anticipated that a change in financial knowledge, mediated by financial self-efficacy, will result in economic behavior and, ultimately, financial well-being among South African consumers. Following are discussions of financial expertise, financial self-efficacy, and financial conduct.

2.2 Financial Knowledge

Self-assessed and actual knowledge are the two categories of financial knowledge (Serido et al., 2013). Self-assessed financial knowledge refers to personal beliefs and comprehension of economic concepts (Serido et al., 2013; Shim et al., 2010). Self-assessed financial knowledge is measured with a single item or a Likert-scale question (Xiao et al., 2010). (Shim et al. et al., 2010; Serido et al., 2013) Both self-assessed and actual financial knowledge positively influence positive economical behavior. Nevertheless, self-assessed financial knowledge influences economic behavior more than actual financial knowledge (Serido et al., 2013). Self-assessed financial knowledge enhances consumers' economic behavior (Shim et al., 2010). This discussion suggests that consumers with higher levels of self-assessed financial knowledge are more likely to adopt positive financial behaviors than those with higher levels of actual financial knowledge. This study will utilize self-assessed financial knowledge to measure the financial literacy of South African consumers.

2.3 Financial Efficacy

Albert Bandura, a psychologist, first described the concept of self-efficacy in 1977 (Bandura, 1982), and it can be applied to any aspect of an individual's existence, including personal finances. This concept is elaborated upon by Glenn (2018), who defines financial self-efficacy as a consumer's confidence in managing their finances. Farrell et al. (2016), on the other hand, believe that financial self-efficacy is a psychometric issue related to an individual's perception of their ability and confidence to manage their finances successfully. Financial self-efficacy will be viewed as a predictor of economic behavior (Farrell et al., 2016; Chowdhry & Dholakia, 2019) because this study concerns consumers' confidence in managing their finances. In

addition, the concept of financial self-efficacy explains why some consumers can successfully manage their personal finances while others with similar demographic and economic characteristics cannot (Lown, 2011). In addition, this study will assess consumers' confidence in various aspects of personal financial management.

2.4 Financial Behavior

Xiao (2008) defines financial behavior as how an individual manages financial resources to attain financial success in various money management areas. Cash management, credit management, retirement planning, and financial planning are objective or subjective areas of money management. Xiao (2008) defines objective economic behavior as the direct observation of human behavior pertinent to money management practices. Subjective financial behavior, in contrast, is the self-assessed behavior associated with money management practices (Lind et al., 2020). Similar to prior research (Xiao, 2008; Mudzingiri et al., 2018), this investigation will measure personal financial behavior. This subjective economic behavior quantifies the financial behavior of consumers (Xiao, 2008). As stated, consumers may display either positive or negative financial behavior (Prihartono & Asandimitra, 2018). This research will assess positive economic behavior, which leads to positive financial outcomes such as financial well-being.

2.5 Financial Knowledge, Self-efficacy, and Behavior

Actual and self-assessed financial knowledge have a direct positive correlation with financial self-efficacy (Shim et al. 2010; Serido et al. 2013). This suggests that when a consumer's actual and self-assessed financial knowledge are both high, their level of financial self-efficacy is also expected to be high, and vice versa. Glenn (2018) asserts that actual financial knowledge measured by means of literacy questions relating to basic money management, saving and investing and borrowing, however, does not necessarily influence financial self-efficacy, as it is not based on consumers' levels of confidence (what they think they know) but rather on what the consumer actually knows.

On the other hand, self-assessed financial knowledge influences financial self-efficacy significantly (Glenn, 2018) suggesting that what consumers think they know is more influential on self-efficacy than their actual knowledge (Serido et al., 2013). Hence, self-assessed knowledge is more important in influencing financial self-efficacy. In turn, high financial self-efficacy was evidenced by 'consumers' positive financial behaviour.

3. FRAMEWORK AND HYPOTHESES OF THE STUDY

The relationships between the independent (financial knowledge), mediating (financial self-efficacy), and dependent (economic behavior) variables are depicted in Figure 2. The study's hypotheses are listed below.

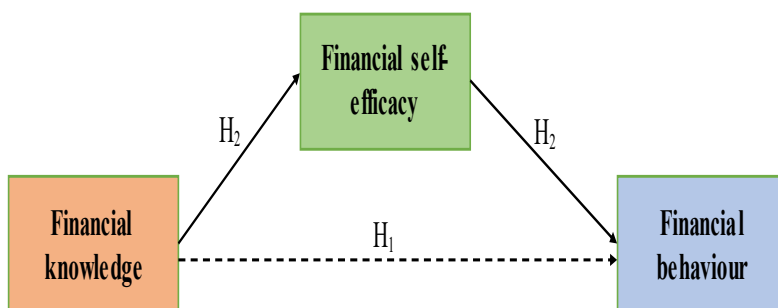


Figure 2: Framework of the Study
(Source: Researchers, 2022)

H₁: There is a significant positive relationship between financial knowledge and financial behavior

H₂: Financial self-efficacy mediates the relationship between financial knowledge and behavior

4. RESEARCH METHODOLOGY

Statistical data will be used to examine the relationship between an independent variable (financial knowledge) and a dependent variable (economic behavior), as mediated by financial self-efficacy, using a quantitative research design. This study adopted a positivist research paradigm and implemented a quantitative research design with cross-sectional data. This section will discuss sample selection, questionnaire design, and data analysis.

4.1 Sampling

In this investigation, the population was 16-year-old and older South African consumers from all provinces. The Human Sciences Research Council database contained information about a population sample that met the abovementioned criteria. It is costly and time-consuming for researchers to collect the entire population (Zikmund et al., 2010). The Human Sciences Research Council set the sample frame. This study's sample frame comprises 16-year-old and older South African consumers from nine provinces.

Information was obtained from the Human Sciences Research Council (2011) database, and a multi-stage sampling technique was utilized to collect data from a sample of 3,500 South African consumers aged 16 and older from all nine provinces. Multi-stage sampling divided random samples into sub-groups based on location (i.e. provinces) and phases (i.e. primary or secondary stages) to facilitate data collection. (Maree & Pietersen, 2016) A random sampling technique refers to probability sampling that gives each member of the identified population an equal opportunity to partake in the study.

This research sample consisted of sixteen-year-old or older South Africans from nine provinces.

4.2 Questionnaire Design

This study utilized a closed-ended [Human Sciences Research Council \(2011\)](#) questionnaire to collect data on South African consumers' social attitudes toward financial literacy. The data were collected using a variety of scales, including Likert, categorical (nominal), multiple-choice, and ordinal scales. Section A gathered data on self-evaluated financial knowledge (1 item), self-efficacy (4 items), and behavior (3 items). Using a Likert scale, the questionnaire measured self-rated financial knowledge, self-efficacy, and behavior. Financial knowledge was self-assessed on a five-point Likert scale (ranging from 1 = not at all knowledgeable to 5 = very knowledgeable). On a five-point Likert scale, financial self-efficacy was measured using statements about aspects of financial management (1 = not at all good to 5 = very good). Economic behavior was also measured on a five-point Likert scale (1 = never, 5 = always). The respondents' gender, race, age, marital status, highest level of education, language, and current employment circumstance were collected in Section B.

4.3 Data Analysis

The South African Social Attitudes Survey (SASAS) database from the [Human Sciences Research Council \(2011\)](#) was examined for missing data. This database represents the most recent survey of South African social attitudes ([Dhlembeu et al., 2022](#)). This database has been utilized by numerous South African authors, including [Reyers \(2016\)](#) and [Dhlembeu et al. \(2022\)](#). [Curley et al. \(2017\)](#) devised methods for handling absent data, such as list-wise deletion and single and multiple imputation techniques. This study utilized the list-wise deletion method because it is the primary method for handling missing data in the analysis software used. The entire database was then imported into version 14 of the Stata analysis software. Statistical analyses were then performed on the data, including descriptive statistics (mean scores and standard deviation) and frequency distributions. In addition, Exploratory Factor Analysis (EFA) was conducted to evaluate validity and reliability, and Cronbach's alpha coefficient was calculated. According to [Hardy and Bryman \(2009\)](#), factor analysis is a statistical technique that summarizes the relationships between items/statements and factors. Items/statements with a factor loading of 0.5 were deemed significant in this study ([Wiid & Diggines, 2013](#)).

Moreover, Cronbach's alpha was used to evaluate reliability, with a value of 0.70 or higher regarded acceptable ([Wiid & Diggines, 2013](#)). The constructs of this study were deemed reliable if their Cronbach's alpha value was at least 0.70 ([Kim et al., 2016](#)). Internal consistency was measured using Cronbach's alpha ([Tavakol & Denning, 2011](#)).

This study employs single and multiple regression analyses based on the Pearson product-moment correlation coefficient as inferential statistics. ([Pietersen & Maree, 2016](#)) The Pearson product-moment correlation assesses the strength of the association

between the independent and dependent variables. The correlation coefficient ranges between 1 and 1 (Pietersen & Maree, 2016). Multiple regression determines the impact of two or more independent variables on a single dependent variable (Tredoux & Durrheim, 2002; Zikmund et al., 2010). Frazier et al. (2004) used the Baron and Kenny approach to determine the mediating effect of financial self-efficacy on financial knowledge and behavior. In four stages, this method uses the three-regression equation to determine whether a variable mediates the relationship between independent and dependent variables (Frazier et al., 2004). (Baron & Kenny, 1986) A mediating variable functions as a third variable through which an independent variable influences a dependent variable. This indicates that a mediating variable explains the relationship between the independent and dependent variables. When the mediating variable is added to the regression equation, the statistically significant relationship between the independent and dependent variables disappears in the case of perfect mediation. In the case of partial mediation, the statistically significant relationship between the independent and dependent variables will still exist, but it will be weakened when the mediating variable is included in the regression equation (Baron & Kenny, 1986; Frazier et al., 2004).

5. EMPIRICAL RESULTS

The Human Sciences Research Council database consisted of 3,500 respondents regarding the financial literacy baseline of South African consumers. As the remaining questionnaires lacked data, they were removed from the database, leaving only 2 623 usable questionnaires. After removing respondents from the database, the response rate reached 75%. Table 1 displays the demographic information of the study's sample.

Table 1. Demographic Information

	Category	Freq.	%
Gender	Female	1483	56.54
	Male	1140	43.46
Ethnicity	Black Africans	1656	63.13
	Colored	395	15.05
	White	316	12.07
	Indian or Asian	256	9.75
Age	16 – 25 years	498	18.99
	26 – 35 years	651	24.82
	36 – 45 years	555	21.16
	46 – 55 years	389	14.83
	56 – 65 years	303	11.55
	Above 65 years	227	8.65
	Total	2623	100

Source: Human Sciences Research Council database (2011)

More than half of the respondents were female (56.54%), and less than half were male (43.46%), as shown in [Table 1](#). The majority of respondents were black Africans (63.13%), followed by colored (15.05%) and white (12.07%) individuals. The largest proportion of respondents were between the ages of 26 and 35 (24.82%), followed by those between the ages of 36 and 45 (21.16%) and 16 to 25 (19.99%).

5.1 Financial Knowledge

On a five-point Likert scale, respondents rated their self-assessed level of financial knowledge. The responses were classified according to their financial knowledge level, ranging from "not at all knowledgeable" to "extremely knowledgeable." [Table 2](#) displays the total self-assessed financial knowledge responses.

Table 2. Self-Assessed Financial Knowledge

Items	Category	Freq.	%
Self-assessed knowledge	Not at all knowledgeable	349	13.31
	Fairly knowledgeable	481	18.34
	Neutral	726	27.68
	Knowledgeable	655	24.97
	Very knowledgeable	412	15.70
	Total	2623	100

Source: Human Sciences Research Council database (2011)

[Table 2](#) reveals that most respondents (27.68%) evaluated their financial knowledge as neutral, while 24.97% rated themselves as knowledgeable and 15.70% as very knowledgeable.

5.2 Validity and Reliability

To ascertain validity, EFA extracted items with a loading of 0.5, and objects with a loading of less than 0.5 were deemed irrelevant and excluded from further analysis. To determine reliability, Cronbach's alpha was used. This study considered a factor reliable if its Cronbach alpha was equivalent to or greater than 0.70 ([Kim et al., 2016](#)). The validity and reliability results for financial self-efficacy are presented in [Table 3](#). [Table 3](#) displays four questions (Q117–Q120) about respondents' financial self-efficacy. Item Q120 had the greatest factor loading (0.822), while item Q119 had the lowest (0.774). A Cronbach's alpha coefficient of 0.826% was found for financial self-efficacy. Additionally, [Table 2](#) contains four items (Q16–Q19) about economic behavior. Item Q18 had the maximum factor loading (0.830), while item Q16 had the lowest (0.625). The coefficient of alpha for the factor of financial behavior was 0.757%.

6. CORRELATION RESULTS

This study used Pearson's product-moment correlations to test the correlations between financial knowledge, financial self-efficacy, and behavior. [Table 4](#) provides the correlation results.

Table 3. Validity and Reliability of Financial Self-efficacy

Variance: 29.84%		Cronbach's Alpha: 0.826		
Items	Statements	Factor loading	Items-total correl.	CA after deletion
How would you rate yourself on each of the following areas of financial management?				
Q117	Keeping track of your money	0.775	0.671	0.773
Q118	Making ends meet	0.785	0.653	0.781
Q119	Shopping around to get the best financial product, such as loans or insurance rates	0.774	0.599	0.807
Q120	Staying informed about financial issues	0.822	0.692	0.761
Validity and reliability of financial behavior				
Variance: 22.17%		Cronbach's Alpha: 0.757		
Items	Statements	Factor loading	Items-total correl.	CA after deletion
Please can you tell me how often you do these things or not?				
Q16	Before I buy something, I carefully consider whether I afford it	0.652	0.364	0.786
Q17	I pay my bills on time	0.752	0.590	0.679
Q18	Keep a close personal watch on my financial affairs	0.830	0.697	0.6157
Q19	I set long-term financial goals and work hard to achieve them	0.704	0.582	0.685

Source: Human Sciences Research Council database (2011)

Table 4. Pearson's Product-moment Correlation Coefficients

	Variable	Mean	Std. Dev	1	2	3
1	Financial knowledge	3.073	1.149	1.000	0.598	0.360
2	Financial self-efficacy	3.114	1.257	0.598	1.000	0.446
3	Financial behavior	3.630	1.086	0.360	0.446	1.000
Bold = P<0.05 (Statistically significant)						

Source: Human Sciences Research Council database (2011)

Table 4 displays a positive correlation between financial knowledge, self-efficacy, and behavior. Additionally, financial self-efficacy correlates most strongly with financial ability. There were no correlations of 0.900 or higher between the variables, possibly due to indicator multicollinearity issues. Consequently, multiple regression was used to test the hypotheses of the investigation.

7. REGRESSION ANALYSIS RESULTS

Table 5 shows the regression analysis (RA) results for the study's independent and dependent variables.

Table 5. Results of RA for Financial Knowledge, Efficacy, and Behavior

Dependent variable: Financial behavior						
Independent variable	Standardized beta	Standardized Error	Unstandardized beta	Standardized Error	T-Value	P-Value
Financial knowledge	0.360	0.018	0.311	0.016	19.784	0.000
Red = P<0.05 (Statistically significant), R² = 12.96%						
Dependent variable: Financial behavior						
Independent variable	Standardized beta	Standardized Error	Unstandardized beta	Standardized Error	T-Value	P-Value
Financial self-efficacy	0.445	0.0175	0.420	0.0165	25.404	0.000
Red = P<0.05 (Statistically significant), R² = 19.73%						
Dependent variable: Financial Self-Efficacy						
Independent variable	Standardized beta	Standardized Error	Unstandardized beta	Standardized Error	T-Value	P-Value
Financial Knowledge	0.598	0.0156	0.547	0.0143	38.246	0.000
Dependent variable: Financial behavior						
Independent variable	Standardized beta	Standardized Error	Unstandardized beta	Standardized Error	T-Value	P-Value
Financial knowledge	0.147	0.022	0.127	0.019	6.794	0.000
Financial self-efficacy	0.356	0.022	0.337	0.020	16.461	0.000
Red = P<0.05 (Statistically significant), R² = 21.09%						

Source: Human Sciences Research Council database (2011)

Table 5 displays a significant positive correlation between financial knowledge and financial behavior ($\beta = 0.360$; p -value = 0.000). This significant result suggests South African consumers with higher financial knowledge are more likely to engage in responsible economic behavior. There was a significant positive relationship between financial self-efficacy and financial behavior ($\beta = 0.41$; p -value = 0.000; p -value = 0.000). This significant result indicates that South African consumers rated their financial self-efficacy as high and are more likely to engage in financially responsible behavior. Financial self-efficacy ($\beta = 0.445$) was found to have a stronger relationship with economic behavior ($\beta = 0.360$) than financial knowledge ($\beta = 0.360$), indicating that financial self-efficacy has a greater impact on financial behavior than financial knowledge.

Adding all three variables to the regression model revealed that two independent variables had a significant positive relationship with financial behavior: financial knowledge ($\beta = 0.147$, p -value = 0.000) and financial self-efficacy ($\beta = 0.356$, p -value = 0.000). This result indicates that South African consumers who rated themselves higher on financial knowledge and self-efficacy were likelier to exhibit positive economic behavior. Financial self-efficacy has a stronger relationship with positive financial behavior than financial knowledge ($\beta = 0.147$). Also, when financial self-efficacy is added as an independent variable, the intensity of financial knowledge ($\beta = 0.360$) in the relationship between positive economic behavior decreases to a β value of 0.147. This finding indicates that financial self-efficacy partially mediates the connection between financial knowledge and behavior. Financial self-efficacy partially mediates the relationship between financial knowledge and behavior, so Hypothesis 1 is entirely accepted, and Hypothesis 2 is partially accepted.

DISCUSSIONS, RECOMMENDATIONS, AND CONCLUSION

Most respondents (27.68%) evaluated their financial knowledge as neutral, while slightly fewer (24.97%) rated themselves as knowledgeable. This result suggests that South Africans do not value their financial knowledge highly. Pearson's product-moment correlations revealed a positive relationship between financial knowledge, self-efficacy, and behavior. It is anticipated that financial knowledge, financial self-efficacy, and financial behavior will increase in tandem.

The MRA study revealed a positive relationship between financial knowledge, self-efficacy, and financial behavior. Shim et al. (2010) and Serido et al. (2013) discovered a direct correlation between financial knowledge and financial self-efficacy. Additionally, financial self-efficacy is positively related to financial behavior (Dare et al., 2022). Financial self-efficacy was discovered to have a stronger relationship with financial behavior than financial knowledge. In addition, it was discovered that the relationship between financial knowledge and behavior weakens when financial self-efficacy is added as an independent variable of financial behavior. This finding indicates that financial self-efficacy partially mediates the association between financial knowledge and behavior. While the mediating effect of financial self-efficacy is

supported by multiple authors (Serido et al., 2013; Rothwell et al., 2016), this is not the case exclusively, as financial knowledge continues to be positively and substantially associated with economic behavior. This finding indicates that financial knowledge is a crucial foundation for self-efficacy and behavior. This suggests that while financial knowledge has a direct relationship with financial behavior, it also has an indirect relationship with financial self-efficacy. Increasing a consumer's financial knowledge increases their financial self-efficacy and, consequently, their positive economic behavior.

Financial knowledge, including self-assessed knowledge, is essential for enhancing financial behavior. According to studies, self-assessed financial knowledge is more significant than actual financial knowledge (Serido et al., 2013). In South Africa, where most consumers rate their financial knowledge as neutral, educators and financial professionals must enhance self-assessed financial knowledge. Nevertheless, self-assessed financial knowledge is necessary for strengthening financial self-efficacy and behavior. Consequently, financial educators must enhance both actual and self-assessed financial knowledge. Financial educators must assess actual and self-assessed financial knowledge when imparting financial concepts to consumers. The objective of financial education programs should be to increase both actual and self-assessed financial knowledge. Willows (2019) found a positive correlation between South African consumers' genuine and self-assessed financial knowledge. This finding indicates that genuine financial knowledge is the foundation for self-assessed financial knowledge (Willows, 2019). Financial educators must improve consumers' actual financial knowledge to increase consumers' self-assessed financial knowledge. This is because consumers with higher levels of self-assessed financial knowledge are likelier to have high levels of financial self-efficacy and positive financial behavior.

It is recommended that financial education programs aim to increase not only consumers' actual financial knowledge but also their self-rated financial knowledge and financial self-efficacy. Financial educators must also give special attention to financial self-efficacy, as it significantly impacts positive financial behavior. The relationship between self-rated financial knowledge and financial self-efficacy implies that when financial educators teach consumers financial concepts, they must be confident in their financial knowledge and ability to carry out financial management responsibilities competently. Thus, imparting financial concepts and skills aims to equip consumers to implement financial management practices. Consumers can only increase their financial self-efficacy if they are confident in their ability to execute financial management practices. This entails allowing consumers to apply their financial knowledge and skills in the financial education program. Educators in the field of finance must design curricula that not only impart theoretical knowledge but also enhance participants' practical financial management skills. Financial education programs should aim to equip consumers with financial management skills. Once a financial education program prioritizes the transfer of financial knowledge and the instruction of financial skills, financial knowledge and self-efficacy will likely promote positive economic behavior.

Due to the limited sample size, it may not be possible to generalize these findings to all South African consumers. Therefore, it is recommended that future studies include a larger sample size to generalize the results to all South African consumers. In addition, a more recent database is required to verify the study's findings, as the Human Sciences Research Council database (2011) is the only source of this information currently available. Despite its limitations, this study contributes to the literature by offering empirical data on the mediation of financial self-efficacy on financial knowledge and financial behavior. The study provides empirical evidence that self-rated financial understanding is essential for South African consumers. This highlights the importance of self-efficacy in enhancing the economic behavior of South African consumers. This study is a foundation for future research on the connections between financial knowledge, financial self-efficacy, and financial behavior.

In conclusion, this study demonstrates that it is prudent to indirectly promote positive financial behavior through financial knowledge, which leads to enhanced financial self-efficacy and, ultimately, positive economic behavior. This study emphasizes the importance of financial self-efficacy in South African consumer finance and financial planning research.

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