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INVESTIGATING YOUTH HAPPINESS: THE INTERPLAY OF FINANCIAL SELF-EFFICACY, BEHAVIOR, AND SATISFACTION

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Abstract

This study examines the interplay of financial self-efficacy, financial behavior, financial satisfaction, and life satisfaction of young individuals using Psychological Capital Theory (PCT). Analyzing data from 970 high school and university students in Croatia using structural equation modeling, we find that higher financial self-efficacy positively influences financial behavior. Additionally, responsible financial behavior significantly enhances financial satisfaction, which in turn boosts life satisfaction. Our results indicate a partial mediation effect of financial satisfaction between financial self-efficacy and life satisfaction. The study suggests incorporating behavioral interventions in financial education programs to increase self-efficacy and financial capability perceptions among youth. These interventions have the potential to improve financial behavior and overall happiness among young individuals. These insights are valuable for educational policymakers, financial advisors, planners, psychologists, and behavioral researchers. Effective financial education programs can thus contribute to enhancing youth satisfaction by focusing on increasing financial self-efficacy and responsible financial behavior.

Keywords: *financial behavior, self-efficacy, life satisfaction, financial satisfaction, young consumers*

JEL classification: *D14, D91, G53, I31*

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1. Introduction

"When I was 5 years old, my mother always told me that happiness was the key to life. When I went to school, they asked me what I wanted to be when I grew up. I wrote down 'happy'. They told me I didn't understand the assignment, and I told them they didn't understand life."

John Lennon

Most people believe that happiness is the ultimate aim in life, and practically everyone strives to achieve it. Individuals' levels of satisfaction and happiness were greatly affected by the COVID-19 epidemic, which is especially present among young people who were struggling with issues related to their everyday lives, mental health, employment,

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and academic achievement (Eurofound 2021). This is further supported by research from The Australian National University, which shows that during the pandemic, young people between the ages of 18 and 24 had a notable drop in life satisfaction (Biddle et al. 2022). The traditional U-shaped pattern of life happiness over the lifespan, where well-being declined until middle age and then rebounded, has disappeared due to deteriorating mental health among young adults. Blanchflower et al. (2025) documented those changes in the relationship between age and well-being began emerging around 2011, with a particularly rapid acceleration occurring from 2014 onwards, especially affecting young women under 25 years of age. The COVID-19 pandemic further worsened these pre-existing trends. According to the World Health Organization (2022), anxiety and depression rates worldwide increased by approximately 25% during the pandemic's first year, with younger populations experiencing disproportionate impacts from pandemic-related challenges such as social isolation, infection fears, and economic instability. Thus, the investigation of ways to enhance the satisfaction and happiness of young people became important in recent years.

Scholars typically assert that well-being consists of two interconnected components: life satisfaction (cognitive well-being) and happiness (emotional well-being). Some studies have even suggested that these components measure the same underlying construct due to their high correlation (Veenhoven 1991). Relating to particular areas of life, life satisfaction is more concrete than happiness, which is a more general and subjective notion. According to Owusu (2023), life satisfaction can be observed as a kind of happiness that people obtain from their actions. Achieving financial satisfaction, which is correlated with personal financial behavior and personal financial management needed to address the financial needs, is one way to happiness (Arifin 2018). One aspect of domain satisfaction that includes an individual's happiness in a variety of particular life domains, such as their financial well-being, is financial satisfaction (Arifin 2018).

The relationship between income and happiness for a long time has been a central focus of research, with many studies concluding that higher income is associated with higher levels of happiness. However, according to the Easterlin Paradox this is true to a certain point. According to Easterlin (2006), there is a threshold over which there is no correlation between money and happiness. Although having money can certainly make people happier, how people handle their money and their financial habits may have a greater impact on how happy they are. Two individuals earning the same income may experience varying degrees of satisfaction based on how they manage their money; for instance, one person who saves might find greater happiness than another who spends recklessly on extravagant consumption (Spuhlera and Dew 2019).

The relationship between financial behavior and financial or life satisfaction has not received as much attention as the impact of income and other economic determinants on subjective well-being (see Spuhlera and Dew 2019; Shim et al. 2009; Xiao et al. 2009). According to Hira and Mugenda (1998), attaining life happiness is significantly influenced by one's money management strategy. Previous studies have demonstrated that effective money management is influenced by financial satisfaction, which is a component of life satisfaction (Arifin 2018).

However, several questions in the field of happiness and satisfaction remain unanswered, opening new challenging areas for further research. We consider a variety of characteristics, such as financial self-efficacy and financial conduct, in our quest to comprehend the elements that lead to financial and life satisfaction. Financial self-efficacy determines an individual's behavior and decision-making. It is described as a person's specific attitudes and beliefs about their capacity to engage in particular behavior (Bandura 1977). The financial self-efficacy examined in this research is task-specific, and it centers on an individual's attitude toward their financial skills and the competencies required to carry out specific financial behaviors. According to Palić et al. (2020), perceived financial knowledge is also correlated with financial self-efficacy.

We employ the Psychological Capital Theory (PCT), which offers a helpful theoretical framework, for comprehending the connections between financial behavior, financial self-efficacy, financial satisfaction, and life satisfaction, as the theoretical foundation of this research. In general, PCT refers to the idea that a person's psychological capital can have a positive impact on their well-being and performance (Luthans et al. 2010). This complex construct is defined as "individual positive psychological state" which is characterized by: (1) believing in own financial capability to confront challenging tasks and invest necessary effort to achieve them (self-efficacy); (2) creating positive attributions about the success in the presence and future (optimism); (3) persevering in accomplishing goals, and when necessary, redirecting towards the goals in order to accomplish success (hope); (4) sustaining and bouncing back and beyond to attain success (resilience) (Luthans et al. 2007).

The PCT was initially developed in an organizational context, however, it is widely used in other research areas, including education, healthcare and sports (Avey et al. 2011; Gautam et al. 2019). Avey et al. (2011) conducted a meta-analysis which verified a favorable correlation between psychological capital and job satisfaction. Psychological capital is said to lead to positive appraisals of an individual's past, present and future, both in general and specific domains of life and might instill positivity into an individual's thoughts, thus contributing to overall life satisfaction (Gautam et al. 2019).

Even though PCT consists of four interrelated components, this research focuses predominantly on financial self-efficacy as a central psychological construct, which is theoretically and methodologically grounded. Of the four mentioned dimensions of PCT, self-efficacy has the most established theoretical foundation and empirical research base. Self-efficacy development approaches have also been well established in the research literature (Luthans et al. 2007). These include mastery experiences, vicarious learning/modeling, social persuasion, and physiological and psychological arousal (Bandura 1997). According to Bandura (1997), self-efficacy presents a key mechanism of human efficacy because it influences whether an individual will start a particular activity, how much effort an individual will invest and how long an individual will persist when confronted with difficulties and obstacles. Because of that, self-efficacy is particularly relevant in concrete behavior and decision-making, such as financial planning, saving and managing personal finances. Accordingly, self-efficacy is especially adequate in research aimed at specific forms of behavior. In this paper self-efficacy is observed as a domain specific manifestation of psychological capital that has a crucial role in shaping financial behavior of young. Finally, this kind of focus strengthens the theoretical contribution of the paper, by enabling a more precise understanding of psychological mechanisms through which internal resources affect financial behavior, and possibly financial and life satisfaction. Instead of comprehending all dimensions, we focus on the component that is closest to the measurable and analyzed financial outcomes.

Efficacy is related to one's specific belief in one's capacity to act and accomplish goals. This component acts as a psychological resource that encourages motivation, perseverance and responsible behavior in financial situations. Financial self-efficacy, as a crucial aspect of psychological capital, is anticipated to have a positive correlation with financial behavior and lead to higher levels of financial satisfaction. Empirical research has shown that individuals with higher levels of financial self-efficacy more often engage in saving, budget planning and rational consumption (Asebedo and Seay 2018; Hu et al. 2021).

Therefore, this paper assesses whether those who have higher level of financial self-efficacy will be more likely to practice responsible financial practices including saving, budgeting, and investing, and less likely to participate in irresponsible financial behaviors. We investigate whether this will lead to increased financial satisfaction, which should have a positive effect on life satisfaction as a whole. Usage of PCT in this paper allows deeper understanding of internal psychological resources of young people that affects their financial behavior, as well as their financial and life satisfaction. Additionally, we hypothesize that there is a direct effect of financial self-efficacy on life satisfaction and indirect effect of financial self-efficacy on life satisfaction through the mediating role of financial satisfaction.

The remainder of the paper is organized as follows: Section 2 provides an overview of the related literature and creates the framework for hypothesis development; Section 3 summarizes the research methodology; Section 4 presents the main findings; and Section 5 offers the discussion and conclusion of the paper.

2. Theoretical framework and hypothesis development

In this chapter, the theoretical framework and hypothesis development are presented. The Psychological Capital Theory (PCT), conceptualized by Luthans et al. (2007), serves as the foundational framework for this research. While the PCT has been widely investigated in the field of psychology and organizational behavior, in the context of financial self-efficacy, financial behavior, and the life satisfaction of youth, it represents a novel perspective. Although in this paper we rely on PCT as a broader conceptual frame, it is important to emphasize that we do not measure psychological capital in its full, four-dimensional shape (self-efficacy, hope, optimism, resilience). Instead of that, we focus exclusively on the component of self-efficacy, which is theoretically and empirically the most strongly linked to financial decision-making and behavior. The remaining dimensions of PCT are not specific and task-oriented. Therefore, this paper does not present measurement of complete construct, but study of the influence of financial self-efficacy within the PCT frame, which enables more precise testing of the psychological mechanism that shapes financial behavior and satisfaction of the young people.

2.1. Psychological Capital Theory (PCT)

PCT, predominantly present in the area of organizational psychology, has historically been connected with job-related satisfaction. Numerous studies have confirmed the positive associations between psychological capital (comprising hope, self-efficacy, resilience, and optimism) and various aspects of job satisfaction, work happiness, and organizational commitment (Avey et al. 2011). Moreover, PCT has been shown to have a positive relationship with individual well-being (Avey et al. 2011). Siu (2013) investigated Chinese employees and concluded that psychological capital is statistically significantly and positively correlated with wellbeing. Tripathi (2011) emphasized the importance of two components of psychological capital; self-efficacy and resilience as significant predictors of employee well-being.

It's important to note that the majority of research in this area has focused on adults, mostly employees and most of them confirmed the existence of a positive relationship between psychological capital and satisfaction. This paper represents a pioneering effort to use the PCT in the context of financial behavior and financial and life satisfaction among youth.

2.2. Research Questions and Hypotheses

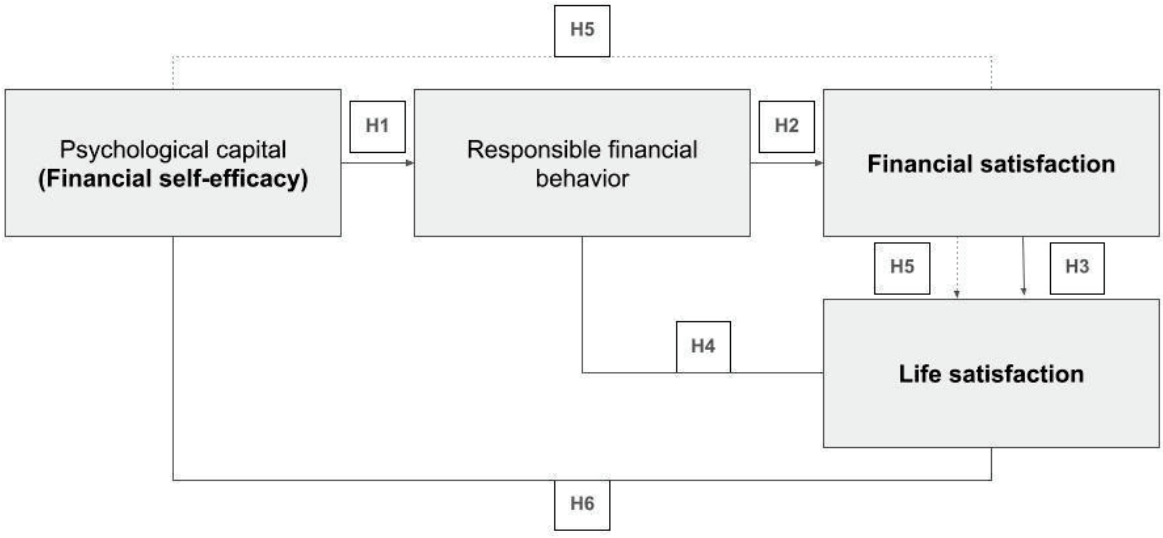
This chapter lays the foundation for our study, explaining the theoretical framework and hypotheses development. Subsequent sections clarify our research methodology, data collection, and the analysis of research results.

Our research framework, as depicted in Figure 1, centers on the pathway from financial self-efficacy to financial behavior, from financial behavior to financial satisfaction, and ultimately to life satisfaction. While much of the existing literature examines these relationships in various contexts, our study extends the exploration into the domain of youth well-being. We hypothesize that financial self-efficacy motivates responsible financial behavior, leading to increased financial and life satisfaction. In doing so, we aim to emphasize the complexity of these interactions and provide valuable insights for policymakers and educators.

Financial self-efficacy and Financial Behavior

According to Bandura (1977), self-efficacy represents an individual's ability to perform a specific action to accomplish an outcome. An individual's perception of self-efficacy shapes the way he acts, thinks, feels and self-motivates (Bandura 1991 2005). Desired behavior may be adopted and regulated based on self-efficacy in order to achieve certain outcome (Bandura 1977 2005). Financial capabilities such as financial self-efficacy, enables individuals to make quality economic decisions, accomplish their rights and take over their responsibilities using financial services and to know and manage their risk and return efficiently. Financial self-efficacy presents the level of confidence that a person has regarding its capability to access and use financial products and services, make financial decisions and cope with complex financial situations (Amatucci and Crawley 2011). In addition, financial

Figure 1. Conceptual framework of the research



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self-efficacy is connected to socio-cognitive theory that states that perception of self-efficacy influences every aspect of an individual's life, including his goals, choices and perseverance in accomplishing tasks, positive and negative patterns of thought and the level of persistence in managing various challenges. Financial self-efficacy can enable quality economic decision making for individuals, as well as exercising their own rights and taking responsibilities in using financial services (Noor et al. 2020).

Our research seeks to explore the impact of financial self-efficacy on financial behavior within the context of youth. Barbić et al. (2018) imply that knowledge by itself is not enough; the right attitude is what makes the actual difference. According to Bandura (1977) in addition to knowledge, self-efficacy is necessary for effective financial performance. Lučić et al. (2020a) concluded that the most important way of influencing youth saving behaviors is the change of self-efficacy in saving. The self-efficacy as the perception of abilities, is one of the strong predictors of consumer behavior (Palić et al. 2020; Lučić et al. 2020b, Lučić et al. 2022;). Norvilitis and Mao (2013) refer to financial self-efficacy as the individual's confidence in ability to make financial decisions. Financial self-efficacy is associated with investment activity as well as economic and social situations.

Some authors investigated the relationship between self-efficacy and financial behavior in the context of PCT Their studies have shown that individuals with higher levels of psychological capital tend to engage in more responsible financial behaviors, such as saving, investing, and managing debt effectively. Research has shown that individuals with higher levels of self-efficacy are more likely to engage in responsible financial behaviors, such as saving and budget planning (Asebedo and Seay 2018). Similarly, Azimova and Aydın Küçük (2025) suggest that individuals with higher levels of psychological capital were more likely to make informed investment decisions.

On the other hand, lower levels of financial self-efficacy have been associated with negative financial outcomes and irresponsible financial behaviors, such as overspending and poor retirement planning. These findings highlight the importance of developing and promoting high levels of financial self-efficacy with a purpose of improving financial behavior and other financial outcomes (Grable and Joo 1998).

Hence, our first research hypothesis is as follows:

H1: Higher financial self-efficacy has a positive effect on the financial behavior of youth.

Financial Behavior and Financial Satisfaction

Further exploration into financial well-being reveals the relationship between financial behavior and financial satisfaction. Financial behavior and financial satisfaction have been extensively studied in the field of financial psychology, and there is a growing body of literature on the topic. Xiao et al. (2014) outline that financial outcomes are linked to financial behaviors. People who exhibit better personal finance management are often more satisfied with their financial situation. In other words, financial well-being and satisfaction are the outcome of desirable financial behavior.

Financial planning was shown to be a crucial component in predicting financial satisfaction (Ali et al. 2015). According to Brüggen et al. (2017) financial satisfaction is linked to more responsible financial behaviors. People will feel content with the situations that result in financial satisfaction if they carefully handle their money and satisfy both their immediate and long-term financial needs. Lusardi and Mitchell (2007) examined the relationship between financial literacy and retirement planning and found that individuals with higher levels of financial literacy are more likely to engage in positive financial behaviors, such as saving for retirement. Kaiser et al. (2022) found that financial education can improve individuals' financial behavior and lead to higher levels of financial satisfaction.

The positive correlation between financial behavior and financial satisfaction was also supported by Aboagye and Young Jung (2018); Xiao and Porto (2017); Xiao et al. (2014); Mugenda et al. (1990). Tay et al. (2017) examined the impact of debt on financial satisfaction and concluded that individuals with higher levels of debt are more likely to experience lower levels of financial satisfaction, while those who are debt-free are more likely to experience higher levels of financial satisfaction. Similarly, Xiao et al. (2014) found that risky financial behavior reduces financial satisfaction while good financial behavior boosts it. Mugenda et al. (1990) assess the determinants of financial management and conclude that net worth, saving, debt settling and the lack of financial difficulties affect managers' financial satisfaction. This leads to our second hypothesis:

H2: Financial behavior has a positive effect on the financial satisfaction of youth.

Financial Satisfaction and Life Satisfaction

The concept of life satisfaction, a crucial component of overall well-being, has been studied in relation to financial satisfaction. Life satisfaction is the extent to

which individuals have overall positive attitudes about their lives (Veenhoven 1996). While life satisfaction refers to an individual's overall sense of well-being and satisfaction with their life, financial satisfaction refers to an individual's level of satisfaction with their financial situation. In other words, the concept showing the individual material goals and their satisfaction with personal financial status objectively and subjectively, when compared to the rest of the society, is called "financial satisfaction". It is a self-reported assessment of an individual's financial resources or financial status (Ali et al. 2015; Xiao et al. 2009).

While general satisfaction is influenced by a range of significant non-financial factors, financial satisfaction should include income as a main predictor (Van Praag et al. 2003). The popularly accepted view that happiness and life satisfaction are both directly connected with money is supported by Howell and Howell (2008). Having money makes it possible for people to attain their goals and satisfy their aspirations, which makes them happier with the way their lives are going (Diener et al. 2010). Even if individual basic requirements are satisfied, the level of life satisfaction may rise if an individual is able to satisfy material goals. On the contrary, Diener et al. (2010) found some people in wealthy nations are unhappy with their life because as their income rises, so do their material desires.

Existing research has indicated a significant connection between financial satisfaction and life satisfaction (Hira and Mugenda 1998; Easterlin 2006; Van Praag et al. 2003). Higher financial satisfaction has been consistently associated with increased life satisfaction (Ng and Diener 2014). Financial satisfaction, like other domain satisfactions, enhances life satisfaction (Xiao et al. 2009) and among different domains, financial satisfaction has the most impact on overall happiness (Easterlin 2006). Ng and Diener (2014) concluded that financial satisfaction is the strongest predictor of life evaluation. Mugenda, Hira, and Fanslow (1990) outlined that financial satisfaction is linked to general satisfaction with life's quality. Based on statistics from the Gallup World Poll, financial satisfaction is the best indicator of life satisfaction (Ng and Diener 2014). Data gathered from a sample of Canadian college students showed that three out of the four characteristics related to life satisfaction are correlated with financial satisfaction (Michalos and Orlando 2006). According to research by Xiao et al. (2009), college students' life satisfaction is influenced by their academic success, financial practices, and level of financial satisfaction. Thus, we propose our third hypothesis:

H3: Higher financial satisfaction has a positive effect on the life satisfaction of youth.

Financial Behavior and Life Satisfaction

While research on the link between financial behavior and life satisfaction is limited, several studies suggest a positive correlation. Psychological investigations show that happier people generally behave differently than less happy ones. Research on college students' use of credit cards found that positive financial behaviors have been linked to lower levels of financial stress (Hayhoe et al. 2000). Additionally, Maddux (2002) contends that taking deliberate steps to lower financial stress may be the key to achieving optimal financial well-being. Xiao, Tang, and Shim (2009) investigated the relationship between three financial behavior variables, namely spending management, budget control, and saving on the one side, and financial and life satisfaction on the other. Their findings suggest that budget control and saving positively impact financial and academic satisfaction, and that life satisfaction is influenced by both financial and academic satisfaction. They also found that wise financial management directly improves life satisfaction. Škreblin Kirbiš et al. (2017) investigated the relationship between financial literacy and financial satisfaction. They found that financial behavior was the most important dimension of financial literacy in determining financial satisfaction. Shim et al. (2009) evaluated a variety of financial and other variables within a group of young college students. Students who reported maintaining a financial plan including spending and credit management behaviors were more likely to be satisfied and feel secure. Tay et al. (2017) conducted a systematic review to explain the relationship between debt behavior and subjective well-being and concluded that there is a negative relationship between them.

This prompts our fourth hypothesis:

H4: Responsible financial behavior has a positive effect on the life satisfaction of youth.

Financial Self-efficacy, Financial Satisfaction, and Life Satisfaction

The influence of psychological capital, including financial self-efficacy, on individual well-being is a complex yet promising area of investigation. Veenhoven (1991) outlined that happiness is largely defined by mental constructs instead of real-life events. Individuals can be dissatisfied in excellent circumstances because they desire more, and satisfied in bad circumstances because of tolerance.

Hu et al. (2021) conducted a study among finance industry employees to assess the relationship between financial self-efficacy and overall life

satisfaction. They found that financial self-efficacy influences life satisfaction indirectly through investment satisfaction. Financial self-efficacy, which reflects investors' perceived self-control over their financial position, enables individuals to adopt a more positive view on life. Higher financial self-efficacy may help individuals concentrate their efforts and ambition on managing their decision-making in order to achieve positive results, resulting in increased satisfaction with their performance.

In terms of financial satisfaction, previous studies have shown that individuals with higher levels of psychological capital are more likely to feel content with their financial situation. Consistent with this view, Lent et al. (2005) argue that both general and domain-specific life satisfaction are influenced by domain-specific social-cognitive variables, including self-efficacy. Graham et al. (2004) analyze longitudinal survey data for Russia and outline that individuals who had higher happiness levels in 2000 in relation to 1995, also had more money and better physical and mental health, which can be attributed to self-efficacy and optimism. Their finding supports the claim from psychology literature that consistency in happiness levels across time might be attributed to positive cognitive biases including self-efficacy, control, and optimism (Piekałkiewicz 2017).

Buyukgoze-Kavas et al. (2015) assessed the relation of career adaptability components, namely concern, confidence, control and curiosity with life satisfaction of students and pointed to significant correlations of mentioned components with life satisfaction. Regarding the impact of self-efficacy on life satisfaction of youth, Cheng and Furnham (2002) investigated the impact of peer relationships, self-efficacy, and high school students' achievement on their happiness, discovering that both students' achievement and self-efficacy have a statistically significant impact on happiness, with self-efficacy having a stronger effect. Furthermore, Flynn and MacLeod (2015) investigated the link between happiness and various life domains and indicated that self-esteem, academic performance and financial stability exhibit the highest impact on students' happiness.

Overall, the literature suggests that psychological capital plays an important role in individual behavior and level of satisfaction. By enhancing individuals' positive psychological states, they are more likely to engage in positive financial behaviors and feel satisfied with their financial situation and life in general. To the best of our knowledge, this study adds to the existing literature since it is the first empirical assessment of the impact of financial self-efficacy on youth financial and life satisfaction. Financial self-efficacy is believed to have both direct and indirect effects on the relationship between financial satisfaction and life satisfaction. The following two hypotheses address this relationship:

H5: Financial satisfaction mediates the relationship between financial self-efficacy and life satisfaction.

H6: Higher financial self-efficacy has a positive effect on the life satisfaction of youth.

3. The model and the research method

3.1. Measurement scales

The financial self-efficacy scale is modified using Chen et al. (2001), Norvilitis and Mao (2013). The following five-items reflecting financial self-efficacy are established for this study on a seven-point Likert-type scale from 1 (strongly disagree) to 7 (strongly agree):

- *I feel confident in handling my own money. (FCSelfeff01)*
- *I am confident that I will achieve my financial goals. (FCSelfeff02)*
- *I confidently decide how much and when to spend. (FCSelfeff03)*
- *I monitor my personal finances with confidence. (FCSelfeff04)*
- *I feel confident in achieving my financial goals. (FCSelfeff05)*

To measure financial self-efficacy, five items were originally included. A principal components analysis showed that the items loaded onto a single latent dimension, explaining 73.9% of the total variance. The Kaiser-Meyer-Olkin value was acceptable (KMO = 0.843), and Bartlett's test of sphericity was significant ($\chi^2 = 2394.5$; p-value < 0.001), indicating adequate factorability. The initial five-item scale demonstrated excellent reliability (Cronbach's $\alpha = 0.91$).

However, during the confirmatory factor analysis, the item "I feel confident in achieving my financial goals" (FCSelfeff05) demonstrated conceptual overlap and statistical redundancy, showing an excessively high inter-item correlation with another efficacy item ($r = 0.84$). Such redundancy threatened the discriminant validity of the construct and introduced multicollinearity. Therefore, to improve model parsimony and ensure a well-behaved measurement model, this item was removed. The remaining four indicators retained a clear one-factor structure and high internal consistency (Cronbach's $\alpha = 0.88$), confirming that the construct remained stable and suitable for SEM estimation.

Financial behavior

There aren't many validated scales of financial behavior. According to Dew and Xiao (2011) a lot of scales simply assess one or two aspects of financial behavior, and only few have undergone validity checks. To measure financial behavior, we adapted the OECD INFE core questionnaire (Atkinson and Messy 2012) that includes behaviors such as: thinking before making a purchase, paying bills on time, budgeting, saving and borrowing to make ends meets, and Financial Management behavior Scale (FMBS) developed by Dew and Xiao (2011) which measures: consumption, cash flow, credit, savings and investment, and insurance. Our measure of financial behavior included all the identified domains. However, insurance and credit were not included explicitly, but rather as a part of saving and investment (insurance) and managing budget and cash flow (credit). Based on the OECD INFE survey and FMBS, to measure financial behavior, we defined the following five items that respondents rated on a scale from 1 (strongly disagree) to 7 (strongly agree):

- *I have money "set aside" to use in the future. (FCFinBeh01)*
- *I have a savings fund "for the dark days" (emergencies). (FCFinBeh02)*
- *I pay close attention to how much money I spend. (FCFinBeh03)*
- *Before I buy something for myself, I compare the prices of similar items. (FCFinBeh04)*
- *In my budget, revenues are greater than expenses. (FCFinBeh05)*

We performed a principal components analysis and found that the five listed items form the one latent dimension which explains 50.1% of the total variance. The correlation patterns are reasonable based on the Kaiser-Meyer-Olkin measure (KMO = 0.772), and Bartlett's test for sphericity (χ^2 = 1176,04; p-value = 0.000). Reliability was examined with a Cronbach's alpha coefficient of 0.76.

Financial satisfaction

It can be challenging to evaluate a student's financial position using their income since many sources, including parents, their own employment, and student loans, account for the majority of students' income. Wealth also isn't a reliable indicator to utilize for the same reason. Non-durable consumptions seem like a good option, however it's hard to find precise statistics for this metric. Existing research has used several item scales or one item scale. Although a single-item measure restricts the capacity to do thorough validity checks, previous research has shown multiple cases where single-item measures perform equally well as measures with multiple items (Cheung and Lucas 2014, Wanous et al. 1997). It is common to find single-item indicators such as financial satisfaction, satisfaction with income, satisfaction with present financial situation, and satisfaction with standard of life, among others (Ali et al. 2015). According to Ali et al. (2015), among the different measures used to quantify financial satisfaction, satisfaction with financial status is arguably the widest indicator of a person's entire financial situation. "How satisfied are you with your current financial condition?" was the only question used to measure financial satisfaction by Joo and Grable (2004) and Xiao et al. (2014). Thus, we used the following sentence to measure students' financial satisfaction:

- *"On a scale from 1 (very poor) to 7 (excellent), how would you assess your current financial situation?" (FinSat)*

Life satisfaction

Satisfaction with Life Scale (SWLS) was created to assess the subjective element of well-being. SWLS has been the most extensively used and popular measure of life satisfaction. It consists of five assertions, which respondents assess on a range of 1 (strongly disagree) to 7 (strongly agree) (strongly agree). Rather of presenting particular areas where respondents should evaluate their pleasure, such as job or health, this scale provides more broad questions to provide a subjective assessment of life as a whole (Pavot and Diener 1993). We used two out of five items from the SWLS to measure life satisfaction:

- *The conditions of my life are excellent. (LifeSat01)*
- *I am satisfied with my life. (LifeSat02)*

These two components also form one dimension which explains 78.3% of the total variance. The correlation patterns can be said to be mostly reasonable based on the Kaiser-Meyer-Olkin measure, whose value was 0.5, and Bartlet's test for sphericity (χ^2 = 259,4; p-value = 0.000). The Kaiser-Meyer-Olkin measure is at the limit of acceptability, but with a value of 0.5 it is still sufficient for daily analysis. Reliability was tested using Cronbach's alpha coefficient of 0.72.

Financial satisfaction was measured with a single-item indicator ("*How would you assess your current financial situation?*"). Although single-item measures may impose certain limitations in terms of reliability, they have frequently been used in wellbeing and financial capability research when respondents are required to provide an overall judgment of their situation. In this study, the item demonstrated a

satisfactory factor loading and contributed meaningfully to the latent structure of the model. Therefore, it was considered adequate for use in SEM estimation. Nevertheless, future research should consider using a multi-item scale to provide a more nuanced assessment of financial satisfaction and to further support measurement robustness. The use of the full SWLS may be considered in future studies to further examine the robustness of life satisfaction measurement across different youth populations.

3.2. Research survey and sample

A web-based survey is used for collecting the data used in our study. Data were collected from a random sample of students from various universities and high schools in the Republic of Croatia in 2019 and 2020. Based on both professionals and student input and relevant literature, a survey was developed and pretested. The professionals provided insightful suggestions on the items that should be included in the survey, while students offered helpful ideas for the survey's readability, language, and question order. The survey was a necessary condition to take part in the free financial literacy workshop, which was advertised in national newspapers, tv, radio and via social networks. Since participation in the survey was a condition of participation in the free financial literacy workshop, the possibility that the sample includes young people who are more interested than average in financial matters should be considered, and that the sample is biased with respect to this characteristic. This may suggest that a certain portion of the sample are young people who show above-average interest for financial subjects, which may be related to higher levels of financial self-efficacy, motivation or involvement in responsible financial behavior. Consequently, the reported levels of self-efficacy and behavior in our sample might be somewhat higher when compared to the general population of youth in Croatia. Although this fact does not diminish the validity of the observed relationship between constructs in the model, it suggests that absolute levels of financial self-efficacy and behavior should be interpreted with caution, since they can reflect characteristics of the more proactive group of young people. Additionally, based on our understanding and communication with teachers and school and university principals who registered students for the workshop, we know that in a substantial number of cases it was the teacher or the principal who applied for the entire class to participate in the workshop. The number of individual applications (without the class) was relatively low. Therefore, even though the bias is present, it applies only to a smaller portion of the respondents in the total sample. The survey was posted online on the web page of the educational program (www.efficacy.com.hr). Overall, 970 students took part in the survey. Among the 970 students who responded, 675 completed all the survey questions. Out of these, 44.6% were university students and 55.4% were high school students. The participants were aged 15 to 25 years.

3.3. The research model

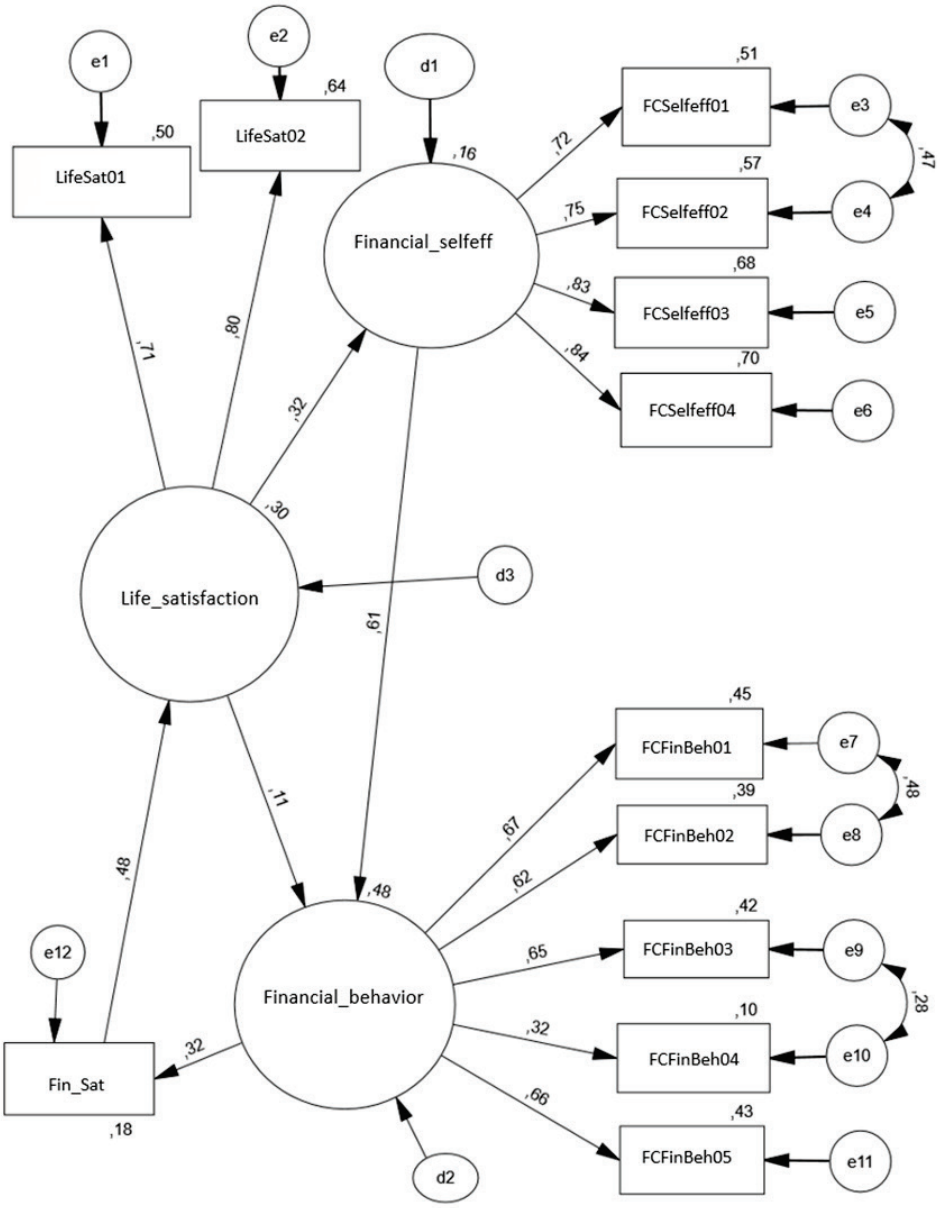
In accordance with the research hypotheses, the structural research model is presented by a path diagram (Figure 2). We analyzed the data using AMOS structural equation modeling program. The model consists of twelve observed endogenous and three unobserved endogenous variables (financial behavior, life satisfaction, and financial self-efficacy). The unobserved

Table 1. Correlation among observed variables

Variable		1	2	3	4	5	6	7	8	9	10	11	12
1	FinSat	—											
2	LifeSat01	0.36**	—										
3	LifeSat02	0.46**	0.57**	—									
4	FCSelfEff01	0.27**	0.28**	0.20**	—								
5	FCSelfEff02	0.27**	0.32**	0.22**	0.76**	—							
6	FCSelfEff03	0.23**	0.30**	0.27**	0.57**	0.63**	—						
7	FCSelfEff04	0.23**	0.28**	0.21**	0.62**	0.62**	0.70**	—					
8	FCFinBeh01	0.36**	0.23**	0.21**	0.29**	0.35**	0.35**	0.36**	—	0.69**			
9	FCFinBeh02	0.34**	0.20**	0.21**	0.24**	0.26**	0.29**	0.31**	0.69**	—	0.42**		
10	FCFinBeh03	0.17**	0.24**	0.17**	0.37**	0.35**	0.45**	0.44**	0.44**	0.42**	—	0.41**	
11	FCFinBeh04	0	0.09*	0	0.16**	0.12**	0.21**	0.25**	0.19**	0.23**	0.41**	—	
12	FCFinBeh05	0.37**	0.24**	0.24**	0.32**	0.35**	0.36**	0.35**	0.44**	0.42**	0.40**	0.24**	—

N=675. *p<0.05; **p<0.01; Source: Authors' calculations

Figure 2. The structural model (IBM SPSS Amos 23)



Source: Authors' work

exogenous variables represent measurement errors (e1, e2, e3, etc.). Five variables form a factor named Financial Behavior, four variables from another factor named Financial self-efficacy, and two variables form a third factor named Life Satisfaction. All latent dimensions have a satisfactory level of internal consistency, which was measured using the Cronbach's alpha coefficient. A manifest variable Financial Satisfaction was also included in the model.

Before testing the structural model, the distribution of all observed variables was examined to assess the assumption of normality required for maximum likelihood estimation (MLE). Normality was evaluated by inspecting the values of skewness and kurtosis for each item. As shown in Table 2, all skewness values are within the recommended threshold of 3, and all kurtosis values are below 10, indicating no substantial univariate deviations from normality.

Before estimating the structural model, data distribution was examined in more detail to evaluate the assumption of normality required for MLE. Although several critical ratios for skewness exceeded the recommended cut-offs, their corresponding skewness values were small in magnitude, and all kurtosis values remained within acceptable limits. The multivariate deviation from normality was also within the range typically tolerated by MLE. Collectively, these findings indicate that the dataset does not deviate substantially from normality and is suitable for SEM estimation.

Table 2. Normality assessment

Variable	min	max	skew	c.r.	kurtosis	c.r.
FinSat	1.000	7.000	-0.138	-1.460	-0.186	-0.989
FCFinBeh05	1.000	7.000	-0.275	-2.912	-1.079	-5.723
FCFinBeh04	1.000	7.000	-1.211	-12.844	0.571	3.028
FCFinBeh03	1.000	7.000	-0.592	-6.281	-0.526	-2.788
FCFinBeh02	1.000	7.000	-0.025	-0.263	-1.645	-8.725
FCFinBeh01	1.000	7.000	-0.651	-6.906	-1.088	-5.769
FCSelfeff04	1.000	7.000	-0.820	-8.699	-0.223	-1.185
FCSelfeff03	1.000	7.000	-0.871	-9.234	0.047	0.249
FCSelfeff02	1.000	7.000	-0.730	-7.741	-0.285	-1.511
FCSelfeff01	1.000	7.000	-0.736	-7.805	-0.387	-2.054
LifeSat02	1.000	7.000	-0.845	-8.963	-0.042	-0.224
LifeSat01	1.000	7.000	-0.829	-8.788	0.061	0.323
Multivariate					49.555	35.118

Source: Authors' calculations

4. Results

4.1. Assessment of Model Fit

Before testing the hypothesized structural relationships, the assumptions of the SEM model were evaluated. The model exhibits satisfactory fit indices. The Chi-square value is 157.226, with a χ^2/df ratio below the recommended threshold of 5 (3.345). GFI (Goodness of Fit Index = 0.964) and CFI (Comparative Fit Index = 0.967) both exceed the commonly accepted cut-off value of 0.90, while RMSEA (Root Mean Square Error of Approximation = 0.069) is below the recommended threshold of 0.08. Taken together, these values indicate an acceptable model fit and confirm that the theoretical structure corresponds well with the observed data. Therefore, the model is suitable for hypothesis testing.

Based on these results, the empirical testing of direct and indirect effects can proceed in order to evaluate the proposed hypotheses derived from the Psyhological Capital Theory.

4.2. Descriptive Statistics of the Sample

To provide a clearer overview of the sample and the financial context of the respondents, a preliminary descriptive analysis was conducted before examining the structural relationships between variables. The sample consists of 374 high school and 301 university students, where 19% of them have monthly pocket money less than 25 EUR, 30.4% have between 25 and 65 EUR, 25.9% have between 65 and 130 EUR and 24.7% have more than 130 EUR.

Table 3 shows that on a scale of 1-7, 19% of respondents are generally not satisfied with their own financial situation (1–3), 57% are moderately satisfied (4–5), and 24% are satisfied (6–7). When asked about general life satisfaction, 11.7% of respondents are somewhat dissatisfied with their lives (1–3), 34.4% are moderately satisfied (4–5), and 53.9% of young people are satisfied with their lives (6–7).

Table 3. Percentage distribution, mean and standard deviation of all Items

Construct / Item	1	2	3	4	5	6	7	Mean	SD
Financial Satisfaction									
FinSat – Current financial situation	1.80%	4.30%	12.90%	27.90%	29.20%	13.00%	11.00%	4.61	1.37
Life Satisfaction									
LifeSat01 – I am content with my life	1.80%	3.70%	6.20%	14.40%	20.00%	24.40%	29.50%	5.38	1.51
LifeSat02 – Living conditions are excellent	0.60%	2.20%	7.40%	12.10%	17.60%	27.00%	33.00%	5.57	1.41
Financial Self-Efficacy (FCSelfeff)									
FCSelfeff01 – Handling money confidently	4.10%	4.70%	9.80%	12.60%	18.50%	20.00%	30.20%	5.17	1.73
FCSelfeff02 – Achieving financial goals	3.70%	5.00%	9.00%	12.90%	21.20%	21.90%	26.20%	5.13	1.67
FCSelfeff03 – Confident spending decisions	2.50%	3.10%	7.10%	13.60%	18.50%	21.50%	33.60%	5.41	1.58
FCSelfeff04 – Monitoring finances	3.60%	4.00%	9.00%	12.90%	16.30%	22.10%	32.10%	5.29	1.69
Financial Behavior (FCFinBeh)									
FCFinBeh01 – Money set aside	12.90%	7.90%	6.80%	9.30%	9.90%	10.20%	43.00%	4.98	2.33
FCFinBeh02 – Savings "for dark days"	26.10%	11.10%	8.00%	8.00%	8.40%	7.90%	30.50%	4.07	2.45
FCFinBeh03 – Attention to spending	5.30%	3.90%	12.00%	15.00%	19.70%	18.50%	25.60%	4.98	1.74
FCFinBeh04 – Compare prices	3.70%	3.60%	5.00%	10.20%	12.70%	19.00%	45.80%	5.65	1.68
FCFinBeh05 – Revenues > expenses	12.10%	8.70%	10.10%	20.00%	13.60%	15.30%	20.10%	4.41	1.99

Note: All items were measured on a 7-point Likert scale (1 = strongly disagree to 7 = strongly agree). Percentages are based on the total sample size (N = 675).

Source: Authors' calculations.

The three latent constructs included in the model, namely financial behavior, financial self-efficacy, and life satisfaction, were each measured using reliable multi-item scales. Financial behavior was operationalized through five items, financial self-efficacy through four items, and life satisfaction through two items. These descriptive statistics provide a basis for examining the structural relationships between the latent variables. Accordingly, the next step involves testing the proposed hypotheses using SEM. The results of the direct and indirect effects are presented in Table 4.

Table 4. Standardized Direct Effects

Hyp.	Standardized direct effect	β	Lower	Upper	p-value
H1	Financial self-efficacy → Financial behavior	0.622	0.537	0.725	***
H2	Financial behavior → Financial satisfaction	0.466	0.265	0.682	***
H3	Financial satisfaction → Life satisfaction	0.509	0.404	0.611	***
H4	Financial behavior → Life satisfaction	0.048	–0.112	0.191	0.535
H5	Financial self-efficacy → Financial satisfaction → Life satisfaction (indirect)	—	—	—	—
H6	Financial self-efficacy → Life satisfaction (direct)	0.241	0.075	0.378	***

***p<0.01

Source: Authors' calculations

4.3. Structural Equation Model (SEM) Results

The structural equation model was estimated to test the six proposed hypotheses. Standardized path coefficients (β), 95% confidence intervals, and p-values are reported in Table 4. Three hypotheses (H1, H2 and H3) were supported, while H4 was not statistically significant. Hypothesis H5 suggests an indirect effect of financial self-efficacy on life satisfaction through financial satisfaction, whereas H6 confirms a significant direct effect between these variables.

The direct effect of financial self-efficacy on financial behavior (Table 4) is statistically significant and very strong (β = 0.622, S.E. = 0.048, p-value < 0.01). Within the hypothesized model (Figure 2), the total effect (Table 4), is even stronger (β = 0.639, S.E. = 0.049, p-value < 0.01). We can confirm hypothesis 1 and conclude that higher financial self-efficacy has a positive effect on achieving higher levels of responsible financial behavior.

There is a statistically significant direct effect of financial behavior on financial satisfaction (Table 4). The effect is strong (β = 0.466, S.E = 0.102, p-value < 0.01). Thus, we do not reject hypothesis 2 that a more positive financial behavior among young citizens of Croatia has a positive effect on financial satisfaction.

Table 5 shows the positive direct effect of financial satisfaction on life satisfaction (β = 0.509, p-value < 0.01). Therefore, the hypothesis 3 that financial satisfaction has a positive effect on life satisfaction cannot be rejected.

Table 5. Standardized Total Effects

Hyp.	Standardized total effect	β	Lower	Upper	p-value
H1	Financial self-efficacy → Financial behavior	0.639	0.543	0.739	0.003
H2	Financial behavior → Financial satisfaction	0.481	0.283	0.688	0.004
H3	Financial satisfaction → Life satisfaction	0.527	0.423	0.62	0.005
H4	Financial behavior → Life satisfaction	0.288	0.109	0.446	0.006
H5	Financial self-efficacy → Financial satisfaction → Life satisfaction (indirect)	—	—	—	—
H6	Financial self-efficacy → Life satisfaction (direct)	0.42	0.318	0.492	0.003

Note: Total effects reflect both direct and indirect pathways.

Source: Authors' calculations.

Table 6. Direct and indirect effects of Financial self-efficacy on Life Satisfaction

Pathway	β	BootSE	BootLLCI	BootULCI	p-value
Financial self-efficacy → Life satisfaction (direct)	0.2262	0.0934	0.1582	0.2943	< 0.001
Financial self-efficacy → Financial satisfaction → Life satisfaction (indirect)	0.1188	0.0205	0.081	0.1614	< 0.01

Note: Bootstrapping was performed with 5,000 resamples. The confidence intervals do not include zero, indicating a significant indirect effect.

Source: Authors' calculations

The direct influence of behavior on life satisfaction is not statistically significant (Table 4). We reject hypothesis 4 and conclude that financial behavior has no direct effect on life satisfaction of young people in Croatia. Furthermore, Table 5 shows that the indirect effect of financial satisfaction on relation between financial self-efficacy and life satisfaction is statistically significant (β=0.1188, p-value < 0.01). The lower (LLCI) and upper levels of confidence intervals (ULCI) are higher than zero. Therefore, we can conclude that financial satisfaction is a mediator between financial self-efficacy and life satisfaction, which confirms hypothesis 5. Since the direct relationship between the predictor and the outcome is not zero, we can also conclude that it is a partial mediation. To explore this possibility, the mediating role of financial satisfaction was tested using bootstrapping procedures, as presented in Table 6.

The results in Table 6 further support the significance of financial self-efficacy as a predictor of life satisfaction. The direct effect observed in Table 4 was moderate in size (β = 0.241, SE = 0.024, p-value < 0.01), while the total effect shown in Table 5 was stronger (β = 0.420, SE = 0.030, p-value < 0.01), indicating that financial self-efficacy influences life satisfaction both directly and indirectly. Given that the direct effect remained significant even after accounting for the mediator (Table 6), H6 is supported, confirming that financial self-efficacy has an independent positive effect on life satisfaction. This pattern is consistent with a partial mediation, in which financial satisfaction serves as an explanatory mechanism rather than a full mediator.

5. Discussion

This study provides valuable insights into the determinants of financial and life satisfaction among high school and university students in Croatia. Our findings reveal that a significant portion of the youth population reports moderate satisfaction with their financial situation (57%) and general life satisfaction (53.9%). However, a notable percentage reported dissatisfaction with their current financial situation (19%), and some report overall dissatisfaction with their lives (11.7%). Using the Psychological Capital Theory (PCT) and considering financial self-efficacy, financial behavior, and financial satisfaction, this research investigates how these factors contribute to youth happiness.

Our research emphasizes that, not explicitly money, but the way individuals manage their money plays a crucial role in determining the financial satisfaction of young people and subsequently their overall level of happiness. Key findings highlight the central role of financial self-efficacy in determining the level of youth happiness and its impact on responsible financial behavior.

Specifically, our study confirms the presence of a causal relationship between financial self-efficacy and responsible financial behavior. Higher levels of financial self-efficacy significantly contribute to more responsible financial behavior, aligning with previous research (Norvilitis and Mao 2013; Lučić et al. 2020a). This highlights that having an intrinsic motivation and belief in one's own ability to perform financial behavior consequently leads to more responsible financial behavior.

Furthermore, financial self-efficacy is analyzed within the broader framework of psychological capital, and it represents a key contributor to responsible financial behavior in young individuals. Responsible behavior, in turn, positively impacts financial satisfaction, which, as we have observed, significantly impacts the overall life satisfaction of youth.

Our research reveals that financial behavior directly and strongly influences financial satisfaction. This finding corresponds with previous studies (Mugenda et al. 1990; Xiao et al. 2009; Dew and Xiao 2011; Xiao et al. 2014; Xiao and Porto 2017; Brüggen et al. 2017; Aboagye and Young Jung 2018), emphasizing the importance of prudent financial practices in enhancing the level of youth financial satisfaction.

Moreover, our research confirms that financial

satisfaction has a strong and statistically significant effect on life satisfaction. This aligns with prior research (Mugenda et al. 1990; Michalos and Orlando 2006; Easterlin 2006; Xiao et al. 2009; Ng and Diener 2014) that highlights the role of financial well-being as a vital component of happiness in the lives of youth.

Additionally, the results of our study confirm that financial satisfaction acts as a partial mediator between financial self-efficacy and life satisfaction. This suggests that a substantial part of the connection between financial self-efficacy and life satisfaction is accomplished through financial satisfaction.

This research also presents evidence of a direct, moderate influence of financial self-efficacy on life satisfaction, which is in line with research conducted by Cheng and Furnham (2002), Graham et al. (2004), Lent et al. (2005), Flynn and MacLeod (2015), and Piekałkiewicz (2017).

However, contrary to findings in previous literature (Hayhoe et al. 2000; Maddux 2002; Xiao et al. 2009), we did not find any direct evidence of a causal relationship between responsible financial behavior and life satisfaction among young people in Croatia. This result suggests that financially responsible actions alone do not necessarily translate into higher life satisfaction, unless they are accompanied by a positive cognitive evaluation of one's financial situation. In line with appraisal-based models of well-being, the psychological interpretation of financial outcomes may play a stronger role than the behaviour itself. Therefore, financial satisfaction appears to act as a necessary cognitive mediator that transforms financial behaviour into subjective well-being. This helps explain why the indirect effect through financial satisfaction was significant, while the direct pathway was not. This interpretation is also supported by the total effect reported in Table 5, where financial behaviour shows a significant indirect impact on life satisfaction, but only when financial satisfaction is included as a mediator. In addition, the cultural and developmental context of young people in Croatia may further clarify this result. Many participants in our sample are still financially dependent on their families or are in transitional life phases (Ferić et al. 2022), which may limit the extent to which their own financial behaviour influences their overall life satisfaction. As Živčić-Bećirević et al. (2020) indicate, subjective well-being among Croatian youth is strongly shaped by broader psychosocial and family-related conditions rather than purely individual financial autonomy. Therefore, responsible financial behaviour might not yet be perceived as a direct source of subjective well-being, which could explain why its effect emerges only indirectly through financial satisfaction. Also, wider social and economic factors, such as job insecurity and limited financial independence, may diminish the perceived influence of individual financial behavior on life satisfaction. The findings suggest that the relationship might be indirect or under the influence of other variables that were not included in this model, such as future expectation and financial independence. An important practical implication of this paper is that programs of financial education should not focus strictly on knowledge transfer but also on development of psychological competencies such as self-efficacy, self-confidence, and perceived control over financial decisions.

Secondly, educators may introduce methods of experiential learning, such as simulations, budget challenges, financial journals and peer learning with a purpose of strengthening internal beliefs of young people that they are capable of successfully managing their financial tasks. That type of approach may be crucial in transforming knowledge into sustainable change in behavior.

Thirdly, findings of this research highlight the need to integrate elements of psychological training (for ex. identifying goals, decision-making strategies, stress management etc.) into the financial literacy programs since those elements might encourage the development of self-efficacy, which our model identifies as a central variable influencing financial and life outcomes.

Beyond financial education, our findings have wider behavioral implications. Since financial self-efficacy reflects psychological resources within PCT, similar mechanisms may be applied in the programs of mental health, youth counseling and career guidance. Strengthening psychological capital may indirectly increase life satisfaction through better coping with stress, more efficient problem-solving and higher sense of life control.

These insights have important value for the policy creators as well. National initiatives of financial literacy might include PCT principles through multi-component interventions that combine knowledge, psychological skill-development, and opportunities for practical financial engagement. These interventions may help in decreasing the level of financial anxiety among youth, facilitate transfer into adulthood and increase overall wellbeing.

6. Conclusion

This paper examined the interplay of financial self-efficacy, financial behavior, financial satisfaction, and life satisfaction of young individuals using Psychological Capital Theory (PCT). The study

confirms that financial self-efficacy as a key element of psychological capital shapes financial behavior, financial satisfaction, and overall life satisfaction among young people. Financial satisfaction operates as a central pathway through which psychological resources translate into subjective well-being, highlighting its importance in understanding the subjective economic experiences of youth.

Based on our results, the main conclusion is that financial education should be expanded beyond traditional approaches that are solely based on knowledge. Programs that include psychological-skill development, such as strengthening self-efficacy, optimism, resilience and perceived control, may have stronger and more efficient effects on financial behavior and satisfaction. For the policy creators, this highlights the need for introduction of financial literacy within the curriculum,and also designing it in a way that it includes experiential learning, behavioral training and individualized financial guidance. Incorporating these principles into the national financial literacy strategy for youth may significantly improve their financial capabilities and subjective wellbeing.

Furthermore, the practical importance of these findings extends beyond the financial domain. Therefore, future intervention focused on youth wellbeing should integrate both financial and psychological components, instead of treating them in isolation. Overall, the results of this study indicate that financial and life satisfaction of youth depends on economic conditions, but also on an individual's psychological capacity. By strengthening these capacities, educational institutions and policy makers may significantly contribute to the financial and personal wellbeing of future generations.

Although the study is limited by non-probabilistic sampling and the use of single-item measures for financial satisfaction, it represents an important step in applying PCT outside its traditional organizational context. Future research should explore longitudinal studies, examine other components of psychological capital such as hope, resilience, and optimism, and incorporate social variables such as family norms and peer influences. Another limitation concerns the potential selection bias which resulted from the fact that completing the survey was a prerequisite for participation in the financial literacy workshop. This precondition might attract young people with somewhat higher interest in financial topics, which in turn might have affected their reported levels of self-efficacy and financial behavior. Future research might address this challenge applying probabilistic sampling procedures or by comparing subgroups of young people with different levels of interest in financial subjects.

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Competing interests: The authors declare that there is no conflict of interest.

Compliance of ethical standard statement: The research is approved by the Ethics committee of the University of Zagreb, Faculty of Economics and Business. The data collected in the paper is in line with the ethical code of conduct of research with human participants in Croatia.

Informed consent: Informed consent was obtained from all individual participants included in the study.

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