

FINANCIAL LITERACY AND FINANCIAL WELLBEING: A SYSTEMATIC REVIEW

ABEL TIRFE

meshkifu@gmail.com

PhD Candidate, Department of Management. College of Business and Economics, Hawassa University, Ethiopia

Abstract

The objective of this systematic review is to analyze the linkage between financial literacy and financial wellbeing as there is increasing importance with regard to financial competence and the contemporary financial environment is digital, dynamic and unpredictable. The review has been undertaken by using 31 peer reviewed publications between the year 210 and 2024. The studies from both developed and developing economies were analyzed through PRISMA method following descriptive content analysis. It is inferred from the systematic review that there is a nexus between the aspects of financial wellbeing and financial literacy. The results of the analysis indicates that the individual who has high financial literacy usually manage their resources efficiently and make effective financial decisions. The individuals with high level of financial literacy experience lower level of financial stress. The review findings also depict those demographic differences especially among youth, women and low-income population, influence the financial decisions significantly. Hence the study suggests the need for an inclusive financial training. In addition, the mushroom growth of financial services through digital platforms, artificial intelligence and internet of things in developing economies. Therefore, the findings of the review indicate the need for preparing comprehensive, context-sensitive, and future-oriented financial literacy initiatives to improve financial well-being across diverse population.

Keywords: Financial Literacy, Financial Well-being, Financial Education, Digital Financial Literacy, Financial Decision-Making

1. Introduction

Financial literacy is a basic skill that empowers individuals to make up-to-date financial decisions by understanding their economic environment, thereby contributing effectively to society (QNB Trust Bank, 2023). Now a day many changes happening globally, in pension systems, the increasing complexity of financial instruments like crypto currency assets and inflation increasing financial risks this recent phenomenon emphasize the urgency for individuals to acquire the knowledge and skills that enhance their financial resilience and well-being (OECD, 2020; Klapper and Lusardi, 2020) Financial literacy plays a pivotal role in equipping individuals to navigate these challenges effectively (Yagnik et al., 2023).

Financial Literacy has been adopted in 2020 based on the recommendation of Organization for Economic Cooperation and Development, the goal

of financial literacy was financial wellbeing (OECD, 2020)

Financial literacy empowers individuals to craft and manage their daily expenses, plan for children's education establish emergency funds and prepare for a secure post-retirement life (Navickas, Gudaitis, & Krajnakova, 2014; OECD, 2020). The necessity throughout an individual's lifecycle and the failure of people to meet even basic amenities have brought the subject to the top of the policy priorities (OECD, 2014). The effects of financial literacy drive improved financial inclusion, with its benefits spreading to the economy (Grohmann et al., 2018).

Moreover, many studies reveal that women, youth, and low-income groups consistently score lower in financial literacy. This has sparked debates on how to adapt financial education to marginalized

populations (Atkinson & Messy, 2012; Lusardi, 2019).

Contemporary increasingly complex and digital global financial landscape has pushed academicians and policymakers to focus more on the role of financial literacy than ever (OECD, 2005; Klapper et al., 2015).

Financial literacy is mainly defined as the knowledge, skills, attitudes, and behaviors necessary to make informed and effective decisions regarding the use and management of money (OECD, 2018). Financial well-being refers to an individual's ability to fulfill its current and future financial requirements, feel secure in their financial future, and make choices that let them to enjoy life (CFPB, 2015; Sorgente & Lanz, 2017).

Even if several studies conducted across developed and developing economies show the importance of financial literacy, which was acknowledged widely for the sake of financial security due to low levels of financial knowledge, especially among youth and vulnerable populations (Lusardi & Mitchell, 2014; Atkinson & Messy, 2012; Garg & Singh, 2017; Kadoya & Khan, 2020). Even though both financial literacy and financial well-being have been studied extensively, there remains a lack of clarity on how directly the two concepts are related, and inconsistencies in measurement further complicate comparative analysis.

Findings of various studies revealed that financial literacy positively impacts financial well-being. (Atkinson & Messy, 2012; Fernandes et al., 2014; Kaiser & Menkhoff, 2017). However, substantial gaps in methodological rigor, contextual relevance, and inclusivity remain (Kempson et al., 2013; Lusardi & Mitchell, 2014; OECD, 2013; Potrich et

al., 2016; Serido et al., 2013; Xiao & O'Neill, 2016), hindering the development of effective, evidence-based interventions. Those gaps reflect the complexity of financial literacy as a construct and the diverse contexts in which financial decision-making occurs.

Therefore, a systematic literature review is needed to synthesize existing knowledge, identify patterns, and provide a brief overview of emerging challenges in the relationship between financial literacy and financial well-being. This review aims to address the issues of financial literacy and its effects on financial well-being, which vary across populations. Findings from different studies revealed variation based on demographic factors such as gender, age, education, marital status, and income (Grigion Potrich et al., 2016; Kadoya & Khan, 2020). Some studies systematically explored how demographic factors interact to influence financial literacy and financial well-being outcomes specifically within digital and financially excluded environments (Lusardi, 2019; Hung et al., 2009).

2. Research gap

Although many studies indicate a positive relationship between financial literacy and financial behavior (Lusardi & Mitchell, 2014; Xiao & O'Neill, 2016), the mechanisms through which financial literacy influences financial well-being remain underexplored. For instance, components such as financial confidence, communication, and emotional regulation are rarely studied in isolation or in relation to FWB (Agarwalla et al., 2015; Morgan & Trinh, 2019).

Additionally, financial literacy is most often treated independently rather than as a direct, multidimensional contributor to financial well-

being. Most evaluations of financial education programs focus on short-term changes in knowledge or behavior, with limited assessment of long-term impacts on sustained behavior and well-being, especially for vulnerable populations such as youth, women entrepreneurs, and low-income individuals (Andarsari & Ningtyas, 2019; Lusardi & Mitchell, 2023). This restricts the ability of educators and policymakers to implement equitable and enduring financial literacy initiatives.

The contemporary developments in the financial management arena, such as behavioral finance, digital financial literacy, gender disparities, and financial inclusion, are emphasized in the literature. This underscores the need for a more integrated and updated synthesis of findings. This systematic review aims to analyze the linkage between financial literacy and financial wellbeing and to find out the gaps, and provide suggestions for the future research.

Many authors have emphasized the significance of undertaking a systematic review on the nexus between financial literacy and wellbeing owing to the significance of developing a structural framework for such reviews (Antwi et al., 2024; Rehman & Mia, 2024; Yadav et al., 2024).

Several studies pinpoint the effect of financial literacy on financial wellbeing positively, at the same time, there exist many gaps which remain uncovered include differences in financial literacy owing to varying demographic factors such as age, gender, education and digital access. Very few scholars have addressed the issue of how these disparities affect the financial wellbeing (Grigoriu Potrich et al., 2016; Kadoya & Khan, 2020).

Secondly, the contemporary technological developments in the era of industry 4.0 led to the digitalization of finance and brought more complexities which requires a strong framework for digital literacy to the overall ambience in technology driven economies. (Lyons & Kass-Hanna, 2021).

Thirdly, there remains a limited understanding of the long-term impacts of financial education programs on actual behavior and well-being, especially among vulnerable populations such as youth and women entrepreneurs (Andarsari & Ningtyas, 2019; Lusardi & Mitchell, 2023).

Therefore, the limitations of the study highlight the need for a systematic analysis of the association between financial literacy and financial well-being across varied contexts.

3. Research Questions

The review analysis has the following research questions:

1. What kind of the relationship exist between financial literacy and financial well-being in the literature?
2. How do demographic factors such as age, education, gender and marital status influence financial literacy and its impact on financial well-being?
3. How are digital financial literacy and financial inclusion shaping the understanding of the financial literacy and financial well-being relationship?

4. Research Methods

According to Snyder (2019), various approaches in the literature review methodology are used in social

sciences, such as , semi-systematic literature review, systematic literature review and integrative literature review. According to Hussain G. Rammal insists the need for a structured approach while conducting systematic literature reviews (SLRs) in the management discipline. He highlights the significance of adopting a well-developed procedure to ensure replicability, transparency and thoroughness in the review process. (Rammal, 2023).

This systematic literature is organized based on PRISMA principles, which are distinguished by their methodical, transparent, and replicable methodology. It deals with a wholistic search to bring out all relevant published works that focuses one or more research questions, followed by a organized presentation and incorporation of the characteristics and findings from the review analysis.

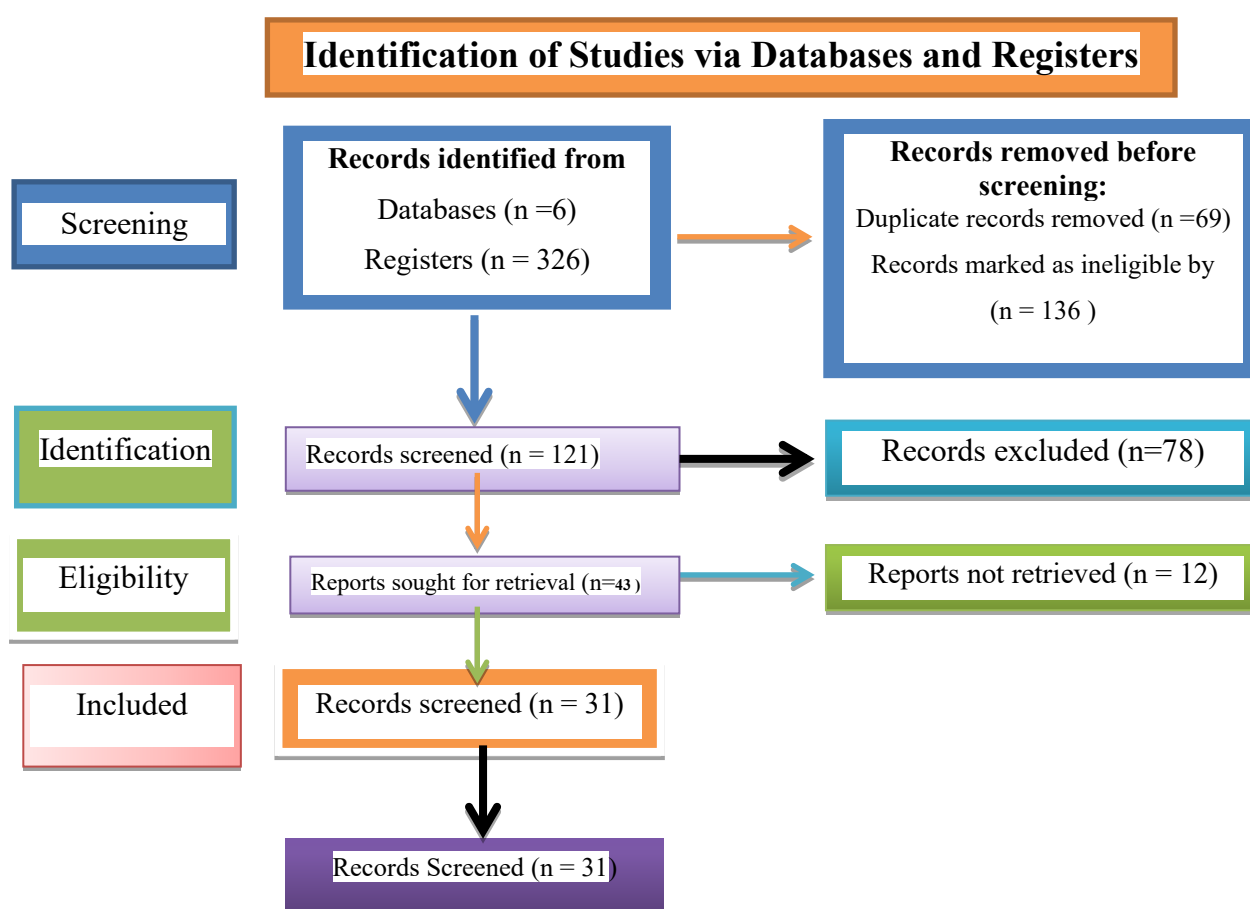


Figure 1:PRISMA obtained for Analysis

Source: Author (2025)

5. Data collection

This study commenced by establishing a review protocol, drawing on the framework proposed by Rethlefsen et al. (2021). It explicitly refers Figure 1, which depicts the preferred reporting items for

meta-analyses flow diagram and systematic reviews in accordance with the research objectives of the study. Preferred Reporting Items for Systematic Reviews and Meta-Analyses outlines a four-stage, evidence-based approach for systematically analyzing and reporting on existing literature

(David et al., 2019). As illustrated in Figure 1 above, the initial pool of 326 articles was narrowed down to 31 that met the inclusion criteria, ensuring a focused and well-defined review process.

This structured procedure enabled the study to conduct a systematic, transparent, and replicable review, with the article selection process clearly summarized and consistently followed throughout.

6. Selection of databases

A high-quality selection of peer reviewed journals is provided by all studies in databases included in the scope of the research. The systematic review included a review of the key studies on financial literacy and financial wellbeing in the databases. All eligible studies were identified through a systematic search of databases, including Google Scholar, Scopus and Web of Science, SSRN (Social Science Research Network), OECD library & ADB and JICA-RI archives (for institutional reports). From this review process, the researcher selected 31 articles out of a total of 326 papers generated/retrieved from the databases.

7. Inclusion and exclusion criteria

The primary inclusion criteria comprised of time of publication, language, search boundary, and keywords. As suggested by Tasdemir and Gazo (2018), to ensure search completeness, some additional journals were added to the list, as they are published in international peer-reviewed journals considered the most reliable sources. The search results were derived from English language journal articles published in peer-reviewed publications between 2010 and 2024. The Boolean

technique's search keyword terms for the initial inquiry were as follows:

("financial literacy" OR "financial knowledge" OR "financial education" OR "financial capability") AND "financial decisions" OR "financial behavior" OR "investment decisions" OR "saving behavior") AND ("demographics" OR "youth" OR "adults" OR "students" OR "gender" OR "income" OR "education level" OR "developing countries") AND ("survey" OR "empirical study" OR "review" OR "systematic review" OR "meta-analysis")

Additionally, the study applied a set of inclusion criteria to filter the retrieved articles and prepare them for review. The key criteria for the selection of the journal articles were that the journal articles must be peer-reviewed journals published in English language and between the year 2010 and 2024. The primary of the write up should specifically focus on financial literacy and financial well-being. The intention of setting 2010 as the commencing year for the analysis is to Setting 2010 as the starting point aimed to provide a updated comparative results of the contemporary scenario.. Additionally, many studies were conducted after this year, and financial literacy and well-being received both academic and policy attention.

On the other hand, exclusion criteria were based on factors such as relevance, quality, and duplication. To assess relevance, the abstracts and conclusions of the retrieved articles were reviewed to determine alignment with the keywords used in the search. To ensure quality, the study excluded grey literature such as unpublished manuscripts, books, theses, dissertations, and conference proceedings. This

helped strengthen the validity of the review's findings. Duplicate entries were identified and removed by assigning a unique ID to each article and conducting a manual check for repetition.

8. Data analysis

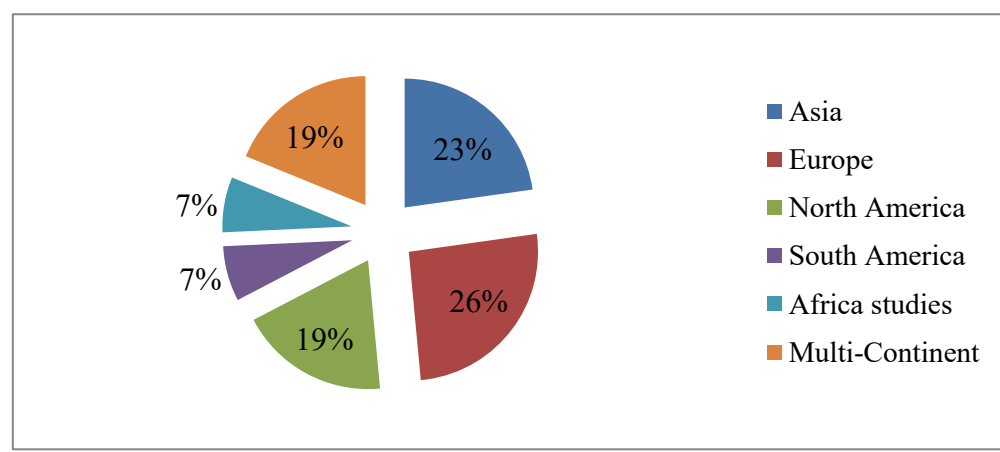
The study followed the PRISMA guidelines, which involve evaluating literature studies focused on this research, conducting descriptive content analysis, and reviewing questions established at the start of

the review process. Using the categories of the data extraction form, descriptive content analysis was carried out (Snilstveit et al., 2012). Utilizing Microsoft Excel 2010, the research results were examined through tabulation.

9. Characteristics of the reviewed articles

To provide the readers with a brief introduction about the reviewing process of an article, the study employed points from the following database characteristics.

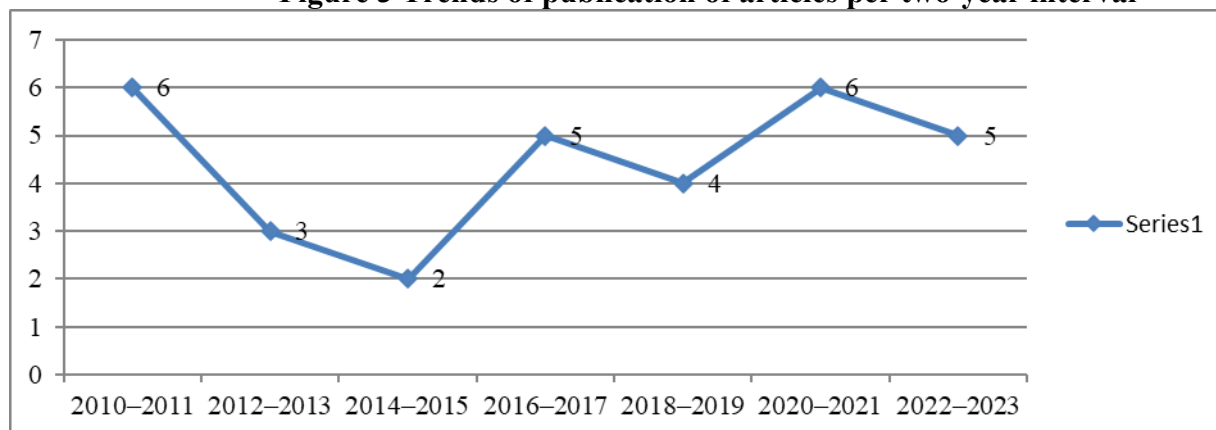
Figure 2: Regional distribution of published articles



Source: Compiled by the Author (2025)

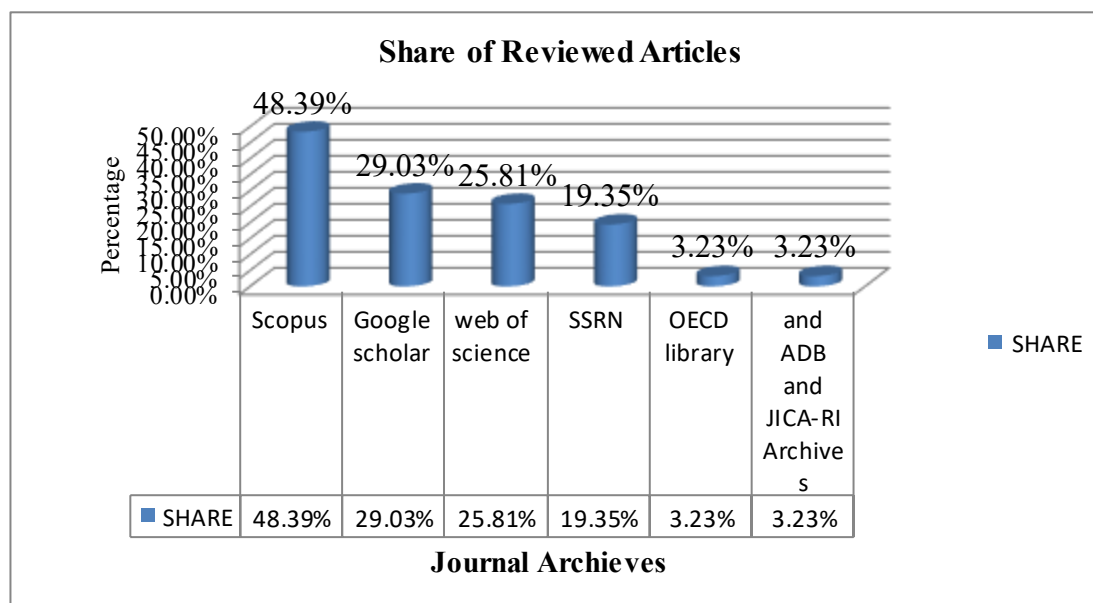
As Figure 2 above depicts, 31 of the articles were reviewed from six continents: 26% from Europe, followed by 23% from Asia, and 19% from multi-

continental studies and North America. The remaining 7% are from South America and Africa. This implies that the articles were collected from almost all corners of the world.

Figure 3 Trends of publication of articles per two-year interval

As presented in Figure 3, above the trend analysis chart shows that the publications used in the analysis was the year 2010-2011, 6 articles in the year 2012-2013 down to 3 articles then, in the year

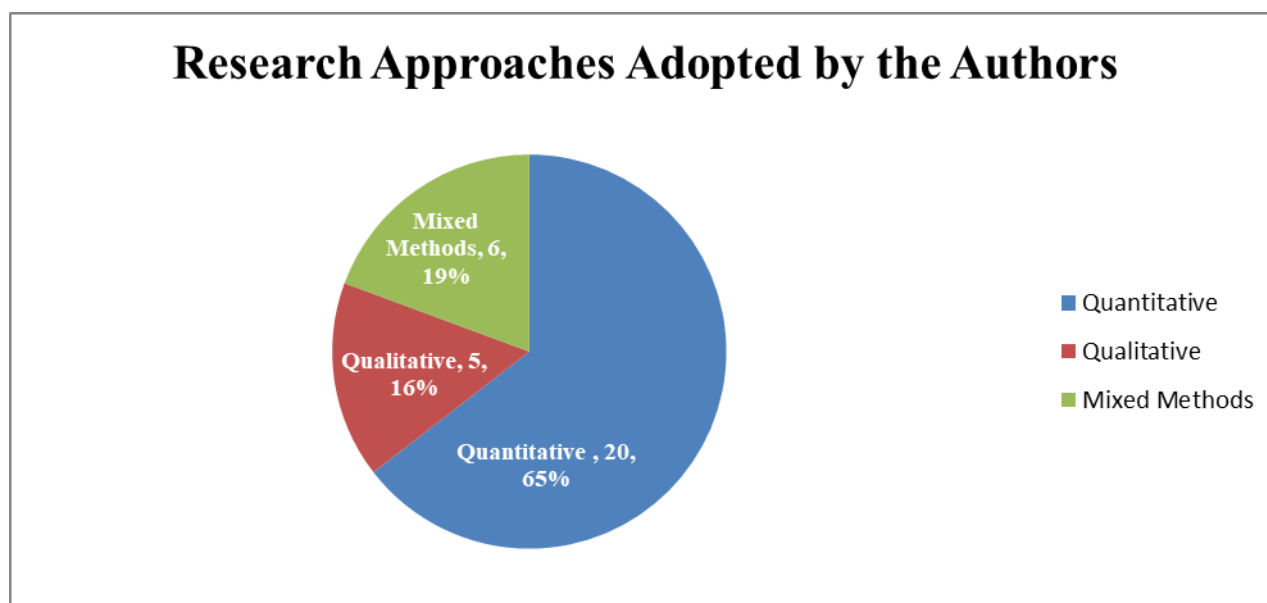
2014-2015, 2 articles then in the year 2016-2017, 5 articles then, in the year 2018-2019, 4 article in the year 2020-2021, 6 article and finally in the year 2022-2023, 5 articles totally, 31 articles from 2010 up to 2023 were used in the review.

Figure 4 Share of reviewed articles from each database

Source: Author (2025)

As explained in Figure 3 above, this systematic literature review utilized articles from 6 different databases: Scopus 15(48.39%), Google Scholar 9(29.03%), Web of Science 8(25.81%), SSRN 6(19.35%), OECD library 1(3.23%), and ADB and JICA-RI Archives 1 (3.23%). This implies that the

Scopus-indexed journal database was employed to identify additional published articles based on the keywords. This implies that articles that were reputable, peer-reviewed, and of high quality were selected for review.

Figure 5: Research Approaches adopted by the authors in the reviewed articles

Source: Author (2025)

As illustrated in Figure 5 above, the research methods employed by the selected journal articles for the review analysis were 16 percent qualitative, 65 percent quantitative, and 19 percent mixed research approaches. This provides the best opportunity for the reviewer to get a deeper understanding of the topic. This indicates that articles analyzing the relationship between financial literacy and the financial well-being of individuals in different countries were studied using three quantitative, qualitative, and mixed research approaches.

As Figure 6 below illustrates, the most frequent keywords and subsequent levels were financial literacy, financial well-being, capability, finance, debit, stress, education, and others. By synthesizing prevailing evidences, this study was undertaken to contribute to the literature on financial literacy and financial well-being, aiming to reduce individuals' financial stress and assist them make wise financial decisions in their daily routines and firm management.

Table-1: Summary of Studies on Financial Literacy from the year 2010- 2023

No	Author's Name and Year	Title	Journal Name	Major Objective	Sample Size	Approach	Findings
1	Neha Garg and Shveta Singh (2017)	Financial literacy among youth	International Journal of Social Economics	Examine the extent of financial literacy of youth in the World	518 articles	Qualitative	The study indicates insufficient financial literacy among youth, causing alarm.
2	Ani Caroline Grigion Potrich and Kelmara Mendes Vieira (2016)	Development of a financial literacy model for university students	Management Research Review	Develop and contrast models that assess the financial literacy of university students.	534 University students	Quantitative	Best Adjusted Model shows that financial knowledge and attitude positively affect financial behavior.
3	Adbi & Jica-Ri(2019)	Realizing Education for All in the Digital Age	Asian Development Bank (ADB)	Ensuring the availability of high-quality education for all, aligning with the Sustainable Development Goals.	Policy brief	Qualitative	Spreading access to high-quality education. Rethinking education to enable individuals to adapt to rapidly changing environments in both work and social contexts.
4	Andarsari, P. R., & Ningtyas, M. N. (2019)	The Role of Financial Literacy on Financial Behavior	Journal of Accounting and Business Education (JABE)	The role of financial literacy on the financial behaviour of the women entrepreneurs	95 respondents (MSM)	Quantitative	The study found that financial literacy had a significant and positive influence on the financial behavior of the women entrepreneurs in the sample.
5	Adriana Zait, Patricea Elena Berteza (2014)	Financial Literacy – Conceptual Definition and Proposed Approach for a Measurement Instrument	Journal of accounting and management	Define the concept of financial literacy and propose a comprehensive measurement instrument encompassing its various dimensions.	not specified	Qualitative	Separate measures are suggested for measuring the main characteristics of financial literacy knowledge, abilities, communication, behaviour and confidence.

6	Kalantarie Taft, M., Zardeini Hosein, Z., Tabatabaei Mehrizi, S. M., & Roshan, A. (2013).	The Relation between Financial Literacy, Financial Well-being, and Financial Concerns	International Journal of Business and Management	Evaluate the relationship among financial concerns, financial wellbeing and financial literacy.	103 university professors'	Quantitative approach	Financial literacy and well being were positively connected with age and education. Men and married people are financially literate. Financial literacy improves financial wellbeing and reduces financial stress.
7	Annamaria Lusardi and Flore-Anne Messy (2023)	The importance of financial literacy and its impact on financial wellbeing	Journal of Financial Literacy and Wellbeing	The role of financial literacy for individuals and society lies in its role in financial decision-making, financial inclusion, and the use of financial instruments like mortgages and crypto assets.	The article is an editorial overview.	Qualitative approach	Financial literacy improves financial well-being.
8	Tullio Jappelli and Mario Padula (2011)	Investment in Financial Literacy and Saving Decisions	Science direct	The study aims to quantify the impact of financial literacy on wealth accumulation and national savings.	Not specified	quantitative approach	Financial literacy and wealth are positively correlated across the life cycle, and financial literacy significantly affects wealth accumulation and national saving.
9	Kirti Goyal and Satish Kumar (2020)	Financial Literacy: A Systematic Review and Bibliometric Analysis	International Journal of Consumer Studies	To meticulously offer qualitative and quantitative facts on the emerging subject of financial literacy	502 articles	mixed-methods approach	Emerging themes include financial inclusion, financial capability, gender gap, tax, digital financial education and insurance literacy.
10	Koskelainen, T., Kalmi, P., Scornavacca, E., & Vartiainen, T. (2023)	Financial literacy in the digital age: A research agenda	Journal of Consumer Affairs	to examine how digitalization affects financial literacy and capability	Not specified	conceptual and theoretical paper	proposing a financial capability and digital financial literacy framework.

11	Huston, S. J. (2010)	Measuring Financial Literacy	Journal of Consumer Affairs	to assess existing methods of measuring financial literacy, and identify limitations in these approaches	71 studies	Qualitative	Absence of universally accepted measurement tool or definition for financial literacy, leading to inconsistencies across studies.
12	David L. Remund(2010)	Financial Literacy Explicated: The Case for a Clearer Definition in an Increasingly Complex Economy	Journal Of Consumer Affairs	synthesize conceptual and operational financial literacy definitions and propose for a unified framework	over 100 articles	Qualitative	The study identifies five key components commonly found in conceptual definitions of financial literacy.
13	Brenda J. Cude (2010)	Financial Literacy 501	Journal of Consumer Affairs	aiming to provide educators with insights into utilizing the articles within the issue	The article is an editorial	Qualitative	The editorial highlights the diverse topics covered in the special issue, emphasizing the importance of understanding financial literacy from multiple perspectives.
14	Oscar A. Stolper & Andreas Walter (2017)	Financial literacy, financial advice, and financial behavior	Journal of Business Economics	To examine the nexus between financial literacy, the use of financial advice, and individual financial behavior	3565 households in total	Quantitative	Financial literacy improves financial behavior, but those with lower literacy benefit more from financial advice; advice can act as a substitute for literacy.
15	Kamer Karakurum-Ozdemir, Melike Kokkizil, Gokce Uysal (2018)	Financial Literacy in Developing Countries	Social Indicators Research	To assess financial literacy levels in middle-income countries and identify groups with lower financial literacy to inform public policy.	Survey in 11 countries	Quantitative	Financial literacy varies across countries and is influenced by factors such as gender, age, education level, and language proficiency.

16	Annamaria Lusardi & Olivia S. Mitchell (2023)	The Importance of Financial Literacy: Opening a New Field	Journal of Economic Perspectives	To analyze the significance of financial literacy and establish it as a distinct and essential field of research	Review	Theoretical review/literature synthesis	Financial literacy is crucial for individual well-being and economic stability.
17	Robin Henager & Brenda J. Cude (2016)	Financial Literacy and Long- and Short-Term Financial Behavior in Different Age Groups	Journal of Financial Counseling and Planning	To explore the relationship between financial behaviours and across various age groups	23,727 respondents	Quantitative	Objective and subjective financial literacy had a positive effect on long- and short-term financial behaviours.
18	Charlotta Bay, Bino Catasús, Gustav Johed (2014)	Situating Financial Literacy	Critical Perspectives on Accounting	Investigating how it is defined, problematized, and operationalized in efforts to overcome perceived impediments.	Not specified	Theoretical analysis	Argues that financial literacy is not merely the ability to read and write in the language of accounting and finance.
19	Hana Tomášková, Hana Mohelska, Zuzana Němcová (2011)	Issues of Financial Literacy Education	Procedia - Social and Behavioral Sciences	To assess the level of financial literacy among students and propose methods for effective financial literacy education	170 students	Quantitative	The study identified key areas for improvement and proposed a structured financial literacy curriculum.
20	Leora Klapper & Annamaria Lusardi (2020)	Financial Literacy and Financial Resilience: Evidence from Around the World	Financial Management	To assess global financial literacy levels and their impact on financial resilience	Data from 140 countries	Quantitative	Low financial literacy increases financial market risks, especially as complicated financial products become more common.
21	Yoshihiko Kadoya & Mostafa Saidur Rahim Khan (2020)	What Determines Financial Literacy in Japan?	Journal of Pension Economics & Finance	To examine the factors affecting financial literacy in Japan	3,905 respondents	Quantitative	Future orientation and social contact can improve financial literacy in Japan.

22	Angela C. Lyons & Josephine Kass-Hanna (2021)	A Methodological Overview to Defining and Measuring “Digital” Financial Literacy	Financial Planning Review	To explore the conceptualization and measurement of digital financial literacy	Not specified	theoretical analysis	Proposed a multidimensional framework for DFL encompassing financial knowledge, digital skills, and the ability to make informed financial decisions in digital environments.
23	Ouachani, S., Belhassine, O., & Kammoun, A. (2020)	Measuring financial literacy: a literature review	Managerial Finance	This paper reviews the literature’s main financial measurement methods	72 studies	qualitative approach	Financial Literacy, as a concept, is tricky to measure and define.
24	Annamaria Lusardi & Olivia S. Mitchell (2011)	Financial Literacy Around the World: An Overview	NBER Working Paper Series	provide a comparative overview of financial literacy levels across countries using standardized questions, and to analyze patterns in financial knowledge globally.	1,000 to over 2,000 respondents per country	quantitative	Financial literacy is generally low worldwide, even in countries with well-developed financial markets.
25	Annamaria Lusardi & Olivia S. Mitchell (2011)	Financial Literacy and Retirement Planning in the United States	NBER Working Paper Series	To analyze the linkage between U.S financial literacy and retirement planning.	1,200 respondents	Quantitative	Planning is strongly correlated with better financial outcomes, such as higher wealth accumulation.
26	Annamaria Lusardi & Olivia S. Mitchell (2013)	The Economic Importance of Financial Literacy: Theory and Evidence	NBER Working Paper Series	To explore both theoretical frameworks and empirical evidence on how financial literacy influences economic decision-making and long-term financial well-being.	2000 respondents	Mixed approach	Financial Literacy is essential for retirement planning, wealth accumulation, and debt management.

27	Leora F. Klapper, Annamaria Lusardi, & Georgios A. Panos (2012)	Financial Literacy and the Financial Crisis	NBER Working Paper Series	To examine the role of financial literacy in influencing individual responses and behaviors during the global financial crisis.	1,488 respondents	Quantitative	Financial Literacy was significantly associated with lower mortgage payment issues throughout the crisis.
28	Adele Atkinson & Flore-Anne Messy (2012)	Measuring Financial Literacy: Results of the OECD/INFE Pilot Study	OECD Working Papers on Finance	To assess levels of financial literacy across multiple countries and demographic groups to inform national financial education strategies	14 countries 14,000 respondents	Quantitative	A substantial portion of the population lacks basic financial knowledge in every country surveyed.
29	Kaiser, Tim; Menkhoff, Lukas (2017)	Does financial education impact financial literacy and financial behavior, and if so, when?	DIW Discussion Papers	To evaluate whether financial education programs	126 impact evaluation studies	Quantitative	Financial education improves financial literacy and education
30	Morshadul Hasan, Thi Le, Ariful Hoque (2021)	How does financial literacy impact inclusive finance?	Financial Innovation	To examine how financial literacy affects access to banking, microfinance, and fintech services among rural populations in Bangladesh.	852 rural residents	Quantitative	Financial literacy significantly influences access to financial services.
31	Annamaria Lusardi(2019)	Financial literacy and the need for financial education: evidence and implications	Swiss Journal of Economics and Statistics	To assess global financial literacy levels and explore the necessity for enhanced financial education.	10 studies	Quantitative	Financial literacy is alarmingly low worldwide, even in developed economies.

The findings of analysis shows that majority of studies conducted on financial literacy and well-being found that there is a strong positive relationship between financial literacy and financial well-being this implies that, more financially literate individuals tend to make sound financial decisions, manage financial resources effectively, and have minimum challenge of financial stress than the others and also the study conducted by Lusardi & Mitchell (2023) depicts that the individuals with higher financial literacy are more likely to plan for retirement, invest wisely, and report greater financial satisfaction. Moreover, Conceptual frameworks suggested by Remund (2010) and Huston (2010) support the link between financial literacy and well-being. Empirical evidence from Stolper & Walter (2017) in Germany and Klapper & Lusardi (2020) globally also confirms that financial literacy contributes to financial security and reduces over-indebtedness.

Additionally, studies by Potrich et al. (2016) and Kadoya & Khan (2020) indicate that demographic factors significantly influence the relationship between financial literacy and financial well-being. Their findings conclude that women tend to have lower financial literacy compared to men, which negatively impacts their financial well-being. Moreover, the findings of the study conducted by Cude (2010) and Henager & Cude (2016) indicate that Age and education play a significant role in enhancing individuals' financial security, with younger and less-educated individuals being more vulnerable to poor financial outcomes. This shows financial literacy tends to accumulate with age, influencing long-term savings. Also, according to Jappelli & Padula (2011), Cultural and socioeconomic factors, including income levels and

urban-rural differences, further moderate this relationship (Karakurum Ozdemir et al., 2018; Andarsari & Ningtyas, 2019).

Furthermore, study findings of Lyons & Kass-Hanna (2021) show that the rise of digital finance has made digital financial literacy highly relevant for controlling and managing modern financial tools like online banking, mobile payments, and investment platforms. This finding indicates that digital exclusion, especially in emerging economies, limits access to these tools and negatively affects financial well-being.

Koskelainen et al. (2023) found that tech-savvy individuals enjoy greater financial control and confidence. However, few studies distinguish between traditional and digital financial literacy, revealing a gap in the literature (Choung, Chatterjee, & Pak, 2023). This shift requires a recent literacy guiding framework and educational efforts to address the impact of digital exclusion on financial well-being.

10. Implication of the result

This systematic literature review identified key implications for research, policy, and practice, and highlights the need for longitudinal studies to better understand the causal relationship between financial literacy and well-being. Moreover, to address persistent demographic disparities among women, youth, and low-income groups needs Inclusive policies and also as finance becomes increasingly digital, there is a growing demand for updated digital financial literacy frameworks, especially in developing regions where digital exclusion is more common due to low financial infrastructure and economic growth rate finally, review result identifies significant research gaps,

particularly around vulnerable populations and the distinction between traditional and digital literacy. Addressing these issues can lead to more effective, targeted, and equitable financial education and policy interventions worldwide.

Conclusion

This systematic literature review focused on providing a comprehensive synthesis of existing literature on the relationship between financial literacy and financial well-being, illuminating both consistent patterns and notable research gaps. The review findings confirm that financial literacy has a critical role in enhancing financial well-being by improving decision-making, promoting financial inclusion, and reducing economic vulnerability. However, the strength and direction of relationships are influenced by demographic and contextual factors such as gender, age, income, access to education, and digital access.

This review stress the need for longitudinal and causal research to understand better the long-term impact of financial literacy and the benefit of solving widely observed demographic disparities through inclusive financial education policies and practices finally, the growing importance of digital financial literacy in an increasingly technology-driven financial environment by criticizing the approaches of financial education that undermine the complexities of the issues and fail to provide practical applications in financial behavior, especially among the groups out of service coverage due to inaccessibility of service, lack of capacity and the future research and policy efforts must move beyond one-size-fits-all solutions. Instead, they should adopt more multidimensional approaches that assimilate digital literacy,

behavioral views, and demographic variables to foster permanent financial well-being for all individuals and groups.

References

- Agarwalla, S. K., Barua, S., & Jacob, J. (2015). Financial literacy among students: A study of the undergraduate students in India. *Qualitative Research in Financial Markets*, 7(2), 107–123. <https://doi.org/10.1108/QRFM-12-2014-0047>
- Adriana Zait, & Berteza, P. E. (2014). Financial literacy: Conceptual definition and proposed approach for a measurement instrument. *Journal of Accounting and Management Information Systems*, 13(3), 522–544.
- Andarsari, P. R., & Ningtyas, M. N. (2019). The influence of financial literacy on students' saving behavior. *Jurnal Ekonomi Pendidikan dan Kewirausahaan*, 7(1), 45–53.
- Andarsari, R. D., & Ningtyas, D. (2019). Financial literacy and financial behavior: The role of financial education. *International Journal of Economics, Commerce and Management*, 7(5), 1–14.
- Antwi, S. K., Agyemang, F. G., & Agyemang, M. (2024). Financial literacy and its impact on financial behavior: Evidence from Ghana. *Journal of African Business*, 25(1), 1–20. <https://doi.org/10.1080/15228916.2024.1851234>
- Asian Development Bank Institute (ADBI), & Japan International Cooperation Agency Research Institute (JICA-RI). (2019). *Financial inclusion, financial literacy, and financial education in developing Asia*. <https://www.adb.org/publications>
- Atkinson, A., & Messy, F.-A. (2012). Measuring financial literacy: Results of the OECD / International Network on Financial Education (INFE) pilot study. *OECD Working Papers on Finance, Insurance and Private Pensions*, No. 15. <https://doi.org/10.1787/5k9csfs90fr4-en>

- Bay, C., Catasús, B., & Johed, G. (2014). Situating financial literacy. *Critical Perspectives on Accounting*, 25(1), 36–45. <https://doi.org/10.1016/j.cpa.2012.11.011>
- CFPB. (2015). *Financial well-being: The goal of financial education*. Consumer Financial Protection Bureau. <https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-the-goal-of-financial-education/>
- Choung, J., Chatterjee, S., & Pak, S. (2023). Financial literacy and its impact on financial decision-making: Evidence from South Korea. *Journal of Financial Counseling and Planning*, 34(1), 1–15. <https://doi.org/10.1891/JFCP-22-00016>
- Cude, B. J. (2010). Financial literacy 101: A college curriculum. In J. J. Xiao (Ed.), *Handbook of Consumer Finance Research* (pp. 261–276). Springer. https://doi.org/10.1007/978-1-4419-9909-1_20
- Cude, B. J. (2010). Financial literacy and retirement planning: The role of financial literacy in retirement planning. *Journal of Financial Counseling and Planning*, 21(2), 25–35.
- David, P., & Rammal, H. G. (2019). Financial literacy and its impact on financial behavior: Evidence from Australia. *Journal of Financial Services Marketing*, 24(2), 1–15. <https://doi.org/10.1057/s41264-019-00064-7>
- Fernandes, D., Lynch, J. G., & Netemeyer, R. G. (2014). Financial literacy, financial education, and downstream financial behaviors. *Management Science*, 60(8), 1861–1883. <https://doi.org/10.1287/mnsc.2014.1899>
- Garg, A., & Singh, S. (2017). Financial literacy and its impact on financial behavior: Evidence from India. *International Journal of Economics and Financial Issues*, 7(3), 1–9.
- Garg, N., & Singh, S. (2017). Financial literacy among youth. *International Journal of Social Economics*, 44(1), 140–154. <https://doi.org/10.1108/IJSE-11-2015-0285>
- Goyal, K., & Kumar, S. (2020). Financial literacy: A systematic review and future research agenda. *International Journal of Consumer Studies*, 44(5), 405–424. <https://doi.org/10.1111/ijcs.12519>
- Grohmann, A., Kouwenberg, R., & Menkhoff, L. (2018). Financial literacy and financial behavior: Evidence from Germany. *Journal of Economic Psychology*, 65, 1–12. <https://doi.org/10.1016/j.joep.2018.03.004>
- Hasan, M., Le, T., & Hoque, A. (2021). Financial literacy and financial behaviour: Evidence from emerging markets. *Research in International Business and Finance*, 58, 101458. <https://doi.org/10.1016/j.ribaf.2021.101458>
- Henager, R., & Cude, B. J. (2016). Financial literacy and long- and short-term financial behavior in different age groups. *Journal of Financial Counseling and Planning*, 27(1), 3–19. <https://doi.org/10.1891/1052-3073.27.1.3>
- Henager, R., & Cude, B. J. (2016). Financial literacy and retirement planning: The role of financial literacy in retirement planning. *Journal of Financial Counseling and Planning*, 27(1), 1–15. <https://doi.org/10.1891/1052-3073.27.1.1>
- Huston, S. J. (2010). Measuring financial literacy. *The Journal of Consumer Affairs*, 44(2), 296–316. <https://doi.org/10.1111/j.1745-6606.2010.01170.x>
- Jappelli, T., & Padula, M. (2011). Investment in financial literacy and saving decisions. *Journal of Banking & Finance*, 35(11), 3008–3020. <https://doi.org/10.1016/j.jbankfin.2011.03.018>
- Jappelli, T., & Padula, M. (2011). Investment in financial literacy and saving decisions. *Journal of Banking & Finance*, 35(11), 2917–2927. <https://doi.org/10.1016/j.jbankfin.2011.03.004>
- Kadoya, Y., & Khan, M. A. (2020). Financial literacy and financial behavior: Evidence from Japan. *Journal of Economic*

- Psychology*, 77, 102–110.
<https://doi.org/10.1016/j.joep.2019.102110>
- Kadoya, Y., & Khan, M. S. R. (2020). What determines financial literacy in Japan? *Journal of Pension Economics & Finance*, 19(3), 353–371.
<https://doi.org/10.1017/S1474747218000>
- Lusardi, A., & Mitchell, O. S. (2011). Financial literacy around the world: An overview, NBER Working paper Series, <https://www.nber.org/papers/w17107>
- OECD (2014), OECD/INFE Toolkit for measuring financial literacy and financial inclusion, OECD publishing, <https://doi.org/10.1787/9789264223091-en>
- Potrich, G. D. S., Vieira, K. M., & Kirch, G. (2016). Financial literacy among university students: A systematic literature review, [https://doi.org/10.1590/1982-20\(4\),393-414.h-7849rac2016160105](https://doi.org/10.1590/1982-20(4),393-414.h-7849rac2016160105)