

## Financial Independence and Psychological Well-Being Among Emerging Adults: The Mediating Role of Future Orientation in an Emerging Economy

## Financial Independence and Psychological Well-Being Among Emerging Adults: The Mediating Role of Future Orientation in an Emerging Economy

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### Abstract

*Financial independence has become an important factor influencing psychological well-being among emerging adults by providing them the flexibility to make economic decisions against the background of unstable economic conditions and paucity of institutional aid. However, while the existing literature has established a link between financial conditions and psychological well-being, little is understood regarding the underlying psychological mechanisms of the translated effect of multidimensional financial independence on psychological well-being, in particular, in the context of emerging economies. Building on the existing literature on Self-Determination Theory, Conservation of Resources Theory, and Future Time Perspective Theory, the present study aims to relate financial independent to psychological well-being by investigating the impact of future orientation as a psychological mechanism. The present study uses a survey data from a sample of 207 students and alumni of Tribhuvan University, Kathmandu, Nepal, enrolled in undergraduate and postgraduate programs. With correlation, regression, and Hayes' PROCESS macro, a mediation analysis was conducted. An analysis of variance showed that individuals' financial preparedness, saving and invest behavior, household consumption, and wealth accumulation significantly influenced psychological well-being. Furthermore, future orientation partially mediating these dimensions of financial independence and emotional well-being suggests future orientation as a psychological mechanism of the study. This study adds to the existing financial psychology and well-being corpus through this mechanism-based, comprehensive understanding of financial independence among emerging adults in an understudied economy of emerging countries. From the practical viewpoint, our study also acknowledges the significance of incorporating futurist thinking into the existing modules focusing on financial literacy and the development of the youth to increase their financial and psychological well-being.*

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## Introduction

Financial independence is an essential developmental achievement for the youth because the process of transitioning into adulthood is increasingly characterized by economic uncertainty, postponed occupational stability, and increasing economic responsibilities (Rubin et al, 2025; Adhikari et al, 2025). According to Kumar et al. (2023), "Financial independence can be defined as the ability of people to manage financial resources without the need for others, the ability to plan for the future, and the ability to withstand economic shocks." This is far beyond the concept of income sufficiency. The financial condition of the youth is directly associated with their psychological state concerning their levels of stress, life satisfaction, and overall psychological wellbeing. Psychological wellbeing is made up of a set of dimensions such as emotional stability, self-acceptance, autonomy, a sense of life purpose, and environmental control.

This is a very complex construct (Ryff & Singer, 1996; Serido et al., 2010). Financial security has been found time and again to enhance psychological well-being by reducing financial worry and increasing people's feelings of control over their life circumstances (Ngamaba et al., 2020; Zahwa & Soekarno, 2023). On the other hand, among young adults experiencing uncertain labor market outcomes, financial insecurity is linked to feelings of anxiety, depression, and life dissatisfaction (Cui et al., 2019). Although this relationship is confirmed, financial circumstances were considered by empirical studies mostly as a stable or one-dimensional construct. They often focus on income or financial insecurity while neglecting the more complete structure of financial autonomy. On the other hand, in young individuals who are under uncertain labor market conditions, instability in finances has been found to be associated with anxiety, depression, and life satisfaction (Cui, 2019). This association has been proven, yet research has treated finances as static or one-dimensional, focusing on income or stress and not considering the broader framework that defines finances and their psychological associations.

A multidimensional concept, financial independence encompasses asset building, managing consumption within households, saving and investment behaviors, and financial readiness (Morris et al., 2023; Chaudhary et al., 2024). Though saving and investment behaviors help withstand challenging times, financial readiness implies one's ability to look into the future to meet future financial requirements (Owusu, 2023)..According to Adhikari et al. (2024), wealth accumulation is the slow development of financial assets that act as a buffer against uncertainty, while household consumption management captures the ability to pay daily

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expenses without ongoing financial hardship. When taken as a whole, these characteristics represent both objective financial circumstances and subjective views of security, control, and autonomy all of which are essential to psychological wellbeing.

A number of complimentary theoretical stances can be used to comprehend the connection between psychological well-being and financial freedom. According to Self-Determination Theory, competence and autonomy are basic psychological requirements that are strengthened by financial independence and sound money management (Deci & Ryan, 1985). According to the Conservation of Resources Theory, financial resources serve as protective assets that lessen stress and increase resilience by preventing people from losing their resources (Hobfoll, 1989). These theories emphasize the need of financial independence for wellbeing, but they don't go into great detail about how financial behaviors are cognitively translated into psychological results.

In this process, future orientation provides a crucial psychological mechanism. Future orientation is defined as people's expectation of events that will happen in the future, planning accordingly, as well as aligning their present behaviors towards their intended goals in the future. Zimbardo & Boyd (1999) found that it is linked to financial decision-making and self-control. Persons with a future orientation towards life are more financially disciplined in budgeting, investments, as well as savings. This makes them less uncertain about their financial life in the future. It also relates to resilience, optimism, and life satisfaction. This suggests that future orientation may link financial freedom and psychological well-being.

Although there is increasing support for future-oriented thinking, few studies examine its impact on psychological well-being and financial autonomy in emerging markets.

Contrary to other research that emphasizes holistic theories regarding financial independence, it is being conducted within developed countries and is based on specific variables concerning finances. Not to mention that there are specific challenges that young people within developing economies have to face, including the absence of a social safety net, unregulated labor markets, and inadequate financial literacy.

These obstacles may change the psychological dynamics that relate financial behavior and well-being. In order to fill in these gaps, the current study creates and tests an extensive model that uses future orientation as a mediating mechanism to link various aspects of financial independence, including financial readiness, saving and investment behavior, household consumption management, and wealth accumulation, to psychological well-being.

This study adds to the literature on financial psychology in three significant ways using data from emerging adults in Nepal. First, it promotes a multifaceted understanding of financial freedom that goes beyond metrics based on income. Second, it presents future orientation as a

crucial psychological mechanism by which psychological well-being is impacted by financial independence. Thirdly, it enhances the worldwide relevance of financial well-being research by providing context-specific information from an understudied emerging economy. This study provides a complex view of how financial independence promotes psychological well-being among emerging adults by combining financial behavior, psychological theory, and future-oriented cognition.

### **Financial Independence and Psychological Well-Being**

Financial independence can be understood as a concept that covers different aspects of a person's ability to handle their finances on their own, to financially take care of them daily, and to have a secure economic situation in the future. The literature connecting financial independence to psychological well-being is quite abundant, with a strong focus on the fact that being financially independent reduces stress due to money, giving a person a sense of control, and thereby leading to a higher level of happiness in life (Ngamaba et al., 2020; Xiao et al., 2014; Zahwa and Soekarno, 2023). Nevertheless, it is worth noting that a significant portion of the research available tends to define financial independence in a very limited manner. It usually takes income or the status of being employed as indicators of financial independence, disregarding the fact that behavioral and cognitive aspects could be just as important in determining psychological outcomes.

Using Self-Determination Theory to analyze the situation, financial independence is a means of satisfying important psychological needs such as autonomy and competence because it gives a person the opportunity to make financial decisions by themselves and to be in control of their life (Deci & Ryan, 1985). Additionally, Conservation of Resources Theory not only agrees with this reasoning but also goes further to explain that having financial means is like owning a bank of protective energy that safeguards a person from the negative effects of stress and worry, thus, being very helpful in maintaining mental health (Hobfoll, 1989).

While these conceptual frameworks theoretically illustrate the relationship between financial conditions and well-being, empirical research is pointing more and more to the fact that the psychological advantages of being financially independent come mainly through how financial resources are controlled and seen, and not simply through how many resources are available.

Emerging adulthood is a great example of how these issues impact each other. Young adults are often the ones who are unemployed or underemployed, at the same time when living costs are going up, and the government is not providing much help. All this is contributing to them having to face the psychological implications of being financially strained (Cui et al., 2019). Therefore, in this article, we are seeing financial independence as being made up of a few interconnected behavioral aspects such as financial status, saving and investing habits,

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household consumption management, and wealth accumulation. Each of these can have their own psychological effects.

### **Financial Preparedness and Psychological Well-Being**

Financial preparedness is generally understood as the ability of individuals to foresee their financial needs in the future, handle risks and problems in a financial sense, and organize for economic contingencies in a proactive manner. Various studies have shown that people who are financially ready tend to have less financial stress, more self-confidence in their ability to handle the unexpected costs, which in turn lead to better psychological well-being (Lusardi & Mitchell, 2014; Adeel et al., 2024).

Financial preparedness also contributes to a higher sense of control, which is a key factor in psychological well-being. It does so by lessening the unknown factors and thereby giving the person a feeling of being in control or master of their financial decisions.

While there is plenty of research evidence from developed economies, few studies have looked into the psychological effects of financial preparedness among young adults in developing countries. This is a particularly relevant question as these countries are highly exposed to financial instability and also have a low level of formal financial instruments, both of which could exacerbate the emotional impact of being unprepared financially.

In line with Self-Determination Theory, it is reasonable to assume that a financially prepared individual will have a higher level of psychological well-being because he or she will feel more autonomous and competent. On the other hand, Conservation of Resources Theory emphasizes that being prepared helps one to avoid the loss of personal resources (both material and psychological) and stress. Therefore, the following hypothesis is put forward:

*H1: Financial preparedness is positively associated with psychological well-being.*

### **Saving and Investment Behavior and Psychological Well-Being**

Saving and investment behaviors can be seen as financial actions that are planned ahead and that eventually lead to one's economic security and resilience. Various empirical studies have found that people who save and invest on a regular basis tend to have less financial stress and higher life satisfaction because these behaviors give them a psychological safety net in times of uncertainty (Lusardi et al., 2020; Dare et al., 2022). Furthermore, saving and investing contribute to strengthening one's financial self-efficacy, which is known to be an important factor in psychological well-being (She et al., 2021; Zahwa and Soekarno, 2023).

Conceptually, saving and investment behaviors are consistent with Conservation of Resources Theory as they help in gaining resources and lowering the risk of financial shocks. In addition,

these behaviors are manifestations of self-control and the ability to postpone satisfaction, both of which have been linked to positive emotional experiences. Nevertheless, a lot of the research that exists has been done with older or high-income populations in focus and thus, the psychological significance of saving and investment behaviors among young adults remain largely unexplored. Since young adults have to face a lot of uncertainty, it can be assumed that proactive financial behaviors are going to be particularly important for their psychological well-being. Hence, this is the hypothesis put forward:

*H2: Saving and investment behavior is positively associated with psychological well-being.*

### **Household Consumption Management and Psychological Well-Being**

Consumption management for the household essentially relates to how effectively people are able to multitask with their finances to meet their daily needs without having to stress about not having money all the time. However, with the costs of living, real estate, and basic necessities continuously on the rise, young people today face more financial stress than at any point in history, and thus their management of their own consumption has become one of the most important elements of their mental wellness (Netemeyer et al., 2018).

According to the Family Stress Model, the financial difficulties that come from poor consumption management can lead to emotional problems because they affect a person's feeling of control and safety (Conger et al., 2002). On the other hand, simple consumption management lessens the psychological burden and stress by allowing people to keep their money in check (Chaudhary et al, 2025; Rokhman & Surabaya, 2021). Thus, whereas some research looks at consumption merely as a cause of stress, there is a growing body of support for the notion that it is controlled consumption that, rather than the level of consumption per se, can help in stabilizing daily life and thereby enhancing psychological well-being. Hence, the present research concentrates on household consumption management rather than total spending which results in the following hypothesis:

*H3: Household consumption management is positively associated with psychological well-being.*

### **Wealth Accumulation and Psychological Well-Being**

Wealth accumulation is the overall process of increasing financial assets, such as bank deposits, securities portfolio, housing and other types of real estate that, over time, are essential for long-term security and a shield against economic shocks. Asset ownership is regularly found by research to be correlated with significantly less financial anxiety and a high level of perceived financial security, which, in turn, are the main factors contributing to psychological well-being (Lind et al., 2020; Ponchio et al., 2019). Moreover, while income is a flow variable,

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wealth is a stock of assets that add up over time through financial behavior and planning, and thus it is a more stable predictor of psychological outcomes.

The Conservation of Resources (COR) Theory explains that the resources that have been acquired over time work as an effective buffer for people from the threat of losing their resources and as a result, the stress level is lower and the people are more emotionally stable. Still, there is some evidence that too much money and the display of it (materialism) can be detrimental to mental health (Richins et al., 1992). In terms of emerging adults, modest wealth accumulation can lead to higher life satisfaction since it still mainly contributes to personal well-being, self-confidence, and the feeling of being secure in the future without necessarily causing the adoption of maladaptive materialistic values. Hence, this hypothesis is formulated:

*H4: Wealth accumulation is positively associated with psychological well-being.*

### **Future Orientation and Psychological Well-Being**

The readiness of people to plan and forecast the future, as well as coordinate their actions within the present in accordance with greater aims for the longer term, manifests as future orientation. This outlook on the future often goes together with having optimistic attitudes, ability control, and efficient problem-solving strategies. These factors are very important for psychological well-being (Prenda & Lachman, 2001; Zimbardo & Boyd, 1999)..Because they see obstacles as controllable within a larger temporal framework, future-oriented people are better able to handle stress and uncertainty. By promoting strategic planning and postponed pleasure, future orientation also affects financial decision-making and reinforces well-being-promoting financial behaviors (Mindra et al., 2017). Future orientation and psychological well-being have a well-established direct association, but its function as an explanatory mechanism connecting financial behavior to psychological results is still poorly understood, especially when it comes to emerging adults in developing nations. Accordingly, the following hypothesis is advanced:

*H5: Future orientation is positively associated with psychological well-being.*

### **The Mediating Role of Future Orientation**

Having your own money can help you feel good in your mind. But how much it helps may change based on how you think about what is to come (Adee et al, 2024; Mindra et al, 2017). The more you envision your own future, the more your money may matter to you including how you earn it and how you spend it. As you draw out a plan for your future, including stashing cash or cutting back on spending or building your savings stockpile, you can also carry a greater sense of stability about you. These things can make you feel strong and sure about your days ahead.

Future Time Perspective Theory says that people who look far into the future can turn what they do with money into good feelings for their mind. This is because they see the hard things they do now as steps to have a better life for themselves later on. So, caring about what can happen will help you see today's choices in money as ways to feel safe and happy in the future. Future orientation as a mediation mechanism between financial independent aspects and psychological well-being within a unified model, however, has not been empirically validated in many studies. In order to close this gap, the current study suggests that future orientation modulates the correlations between psychological well-being and financial independent characteristics to some extent. This leads to the following hypotheses:

*H6: Future orientation mediates the relationship between financial preparedness and psychological well-being.*

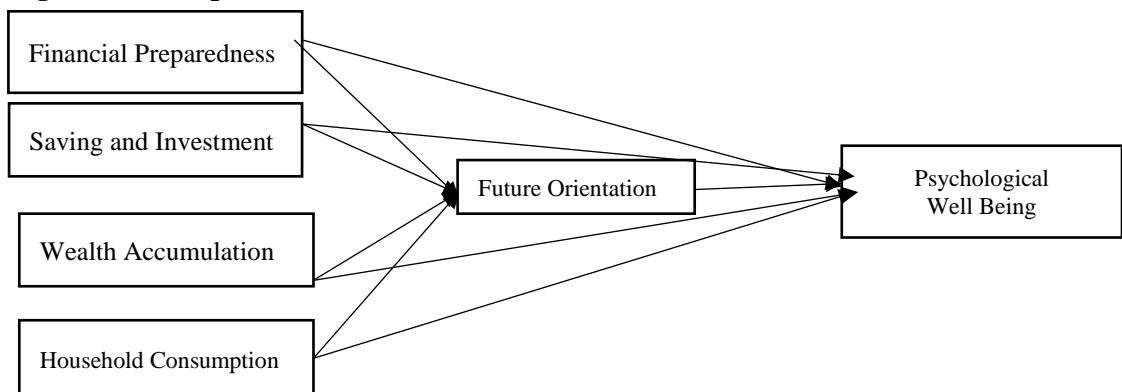
*H7: Future orientation mediates the relationship between saving and investment behavior and psychological well-being.*

*H8: Future orientation mediates the relationship between household consumption management and psychological well-being.*

*H9: Future orientation mediates the relationship between wealth accumulation and psychological well-being.*

The findings indicate that financial independence bears a quite close relation to the mental health of young adults. They should be financially prepared and spend within their means in order to increase financial stability and decrease money-related stress; therefore, saving and investing are crucial in building wealth. A future-oriented mindset can be an important bridge in enhancing the positive influence of financial independence on mental health. The well-being of young adults is thus shaped by improvements in financial literacy and fostering financial behaviors oriented toward the future. Future work should also examine how financial habits interact with psychological resilience and general well-being, and how best to design effective financial education interventions, as well as mental health support. With that in mind, a conceptual framework is presented.

**Figure 1: Conceptual Framework**



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Source: (Lusardi et al., 2020; Netemeyer et al., 2018; Ponchio et al., 2019)

### **Methods**

This study uses a quantitative, cross-sectional causal research methodology to investigate the links between financial independence and psychological well-being, with future orientation serving as a mediating variable. A cross-sectional approach is well-suited to capture individuals' financial behaviors, cognitive orientations, and psychological states at a single point in time, and it is commonly employed in financial psychology and well-being research. The design allows for empirical testing of theoretically supported hypotheses and mediation analysis within a single analytical framework.

### **Population and Sample**

Target population: emerging adults enrolled in undergraduate or graduate programs at Tribhuvan University in Nepal. This stage of life is emerging adulthood, an important period for investigating psychological well-being and financial independence with an increased focus on financial responsibility, exploration, and planning for the future (Arnett, 2000). Participants who fit the predetermined inclusion criteria and were most pertinent to the study's goals were chosen using a purposive sampling technique. This approach was selected to guarantee that respondents with traits directly associated with emerging adults' psychological well-being and financial independence were included. By using purposive sampling, there has been improvement in terms of methodological rigor and validity and relevance and truthfulness of findings (Campbell et al., 2020). The study used a structured questionnaire for data collection, and 207 valid replies were obtained for analysis. Since the sample size satisfied suggested requirements for statistical power in behavioral and social science research, it was deemed sufficient for performing regression and mediation analyses (Hayes, 2018).

### **Data Collection Procedure**

A survey form designed for self-administration was employed for the purpose of collecting data. The form was distributed both offline and online in order to ensure greater representation. The purpose of the research was made known to the respondents. They were also assured anonymity and secrecy. Before the collection of data, consent was obtained. The research followed ethical standards as no personal data was collected, and responses were limited only to academic use.

### **Measurement of Variables**

To ensure content validity and reliability, all study constructs were measured using previously validated scales that were modified from existing literature. A five-point Likert scale was employed where 1 meant strongly agree, and 5 meant strongly disagree.

Financial independence has been described as a "multi-faceted construct" that comprises four different aspects: "Wealth Accumulation" which captures asset-building behavior and feelings of financial security (Ponchio et al., 2019); "Saving and Investment Behavior" which captures saving behavior and financial planning activities over time (Lusardi et al., 2020); "Household Consumption Management" which captures respondents' ability to manage their current spending without financial worry (Netemeyer et al., 2018). Future Orientation Items that were adapted from standardized scales of well-established future time perspective instruments were employed in the measurement of future orientation (Zimbardo & Boyd, 1999; Prenda & Lachman, 2001).

Finally, a scale that measures the constructs of emotional stability, life satisfaction, and positive function was employed to evaluate psychological well-being (Ryff and Singer, 1996). In addition to the absence of psychological discomfort, this scale is considered to encompass the complete concept of psychological well-being.

### **Reliability and Validity**

The scale demonstrated good internal consistency reliability; Cronbach's alpha for all constructs was well over 0.70 (Nunnally & Bernstein, 1994). In addition to this, we established content validity by carefully adapting scaled-down versions of other items.

### **Data Analysis Techniques**

The analysis was conducted using SPSS software. Descriptive statistics were used in analyzing demographic information and critical factors in studies. Pearson correlation analysis was used in determining bivariate relationships in variables.

To examine the hypotheses put forward, multiple regression analysis was employed to identify the direct impact of the different aspects of financial independence on psychological well-being. To examine the mediating effect of future orientation, Hayes' PROCESS macro (Model 4) with bootstrapping (5,000 resample) was employed. Bootstrapping is a robust means for obtaining indirect effects in mediation analysis and is generally advocated for in social science research (Hayes, 2018). A mediation effect is considered significant if its confidence interval fails to contain zero.

Finally, this research adhered to the norms and standards of conducting research in the field of social sciences. The respondents were informed about the aim and purpose of this research

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and were assured confidentiality and freedom to withdraw from this research at any time. The results were used solely for research purposes and would not be used for any other reason.

### Results

#### Respondents' Profile

The socio demographic of respondents collected through structure questionnaire, such as age group, gender, employment status and income level have been presented in different categories in Table 1.

**Table 1:**

*Socio-Demographic Variables*

S.N	Particulars		Frequency (N)	Percent %
1.	Gender	Male	96	46.4
		Female	111	53.6
2.	Age	15-20 years	41	19.8
		20-25 years	83	40.1
		25-30 years	52	25.1
		Above 30 years	31	15
3.	Employment Status	Employed	118	57
		Student	89	43
4.	Income Level	Less than Rs 20000	92	44.4
		Rs 20000-Rs 35000	54	25.1
		Rs 35000-Rs 50000	44	21.3
		Rs50000 and above	17	8.2

(Source: Questionnaire Survey, 2025)

#### 4.2 Descriptive Statistics and Reliability Test

The Descriptive Statistics and for the test of reliability Cronbach alpha presented at the table 2. According to Henseler et al., (2016), reliability is usually considered satisfactory if it is

greater than .70 as measured by Cronbach's alpha coefficient. Based on the results of the study, Cronbach's alpha coefficients vary from .910 to 809. This shows that questionnaire used in the study is reliable and suitable to conduct the further research. With mean scores ranging from 1.39 to 1.91, the study of the six psychological well-being variables shows that respondents have moderate levels of financial independence. Despite having the most variability (SD = 0.6412), household spending management has the highest mean (1.915), indicating a comparatively better level of financial independence. With a mean of 1.84 and a standard deviation of 0.6074, saving and Investment Behavior indicates a moderate level of contentment with financial independence. The lowest mean (1.39) and variability (SD = 0.4562) are seen in financial readiness, suggesting consistent responses but lower perceived knowledge. Overall, these results indicate that respondents' financial independence and well-being are stable but diverse, with potential for development in terms of wealth accumulation and future orientations.

**Table 2:***Descriptive Analysis and Reliability Analysis*

Variable	No. of Items	Cronbach's Alpha	Mean	Standard Deviation
Financial Preparedness	5	.809	1.39	.4562
Saving and Investment Behavior	6	.857	1.84	.6074
Household Consumption Management	5	.857	1.91	.6412
Wealth Accumulation	5	.859	1.78	.5867
Future Orientation	6	.869	1.81	.6504
Psychological Wellbeing	5	.910	1.82	.6276

Source: SPSS output

#### 4.3 Inferential Analysis

The table 3 correlation results reveal several strong significant correlations. Future Orientation has a strong correlation with Psychological wellbeing ( $r=.777$ ,  $p\text{-value}=0.000$ ). Similarly, there is also a substantial positive correlation between saving and investment and Psychological wellbeing ( $r=.768$ ,  $p\text{-value}=.000$ ). Comparably, there is a strong positive association between Household Consumption and Psychological wellbeing ( $r= .765$ ,  $p\text{-value}=0.000$ ). Furthermore, the variable wealth accumulation also has a positive strong

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relationship with Psychological wellbeing ( $r=.763$ ,  $p\text{-value}=.000$ ). Also, there is a strong positive association between financial preparedness and psychological wellbeing ( $r=.775$ ,  $p\text{-value}=0.000$ ).

**Table 3:**

*Inferential Analysis*

	FP	SIB	HCM	WA	FO	PW
Financial Preparedness						
	1					
Saving and Investment Behavior	.698**		1			
Household Consumption Management	.723**	.796**	1			
Wealth Accumulation	.773**	.745**	.816**	1		
Future Orientation						
	.718**	.778**	.801**	.840**	1	
Psychological Well-Being	.775**	.768**	.765**	.763**	.777**	1

\*\*. Correlation is significant at the 0.01 level (2-tailed).

(Source: SPSS output)

### 4.4 Impact Analysis

Table 4 summarizes the model that R for the data or study research is 0.858 and adjusted R square is 0.736 which means 73.6% of the variation in dependent variable (Psychological Wellbeing) is explained by independent variables (Financial preparedness, Saving and Investment, Household Consumption and Wealth Accumulation) and 26.4% is explained by other factors which is not included in this study. The F value is 85.347 with significance value 0.000 which indicates that overall, all the independent variables have a combined significant impact on dependent variable.

Based on the beta value, it can be shown that the impact of financial preparedness on psychological wellbeing with value 0.368 is greater than other variables i.e. saving and investment, Household Consumption, wealth accumulation and future orientation.

The VIF of all the variables is less than 10 i.e. (VIF<10) which indicates that there is no presence of multi-collinearity between the independent variables. Thus, there is significant impact of financial preparedness, saving and investment Household Consumption and wealth accumulation on psychological wellbeing with sig. value 0.001, 0.001, 0.003, 0.050 and 0.005 respectively.

**Table 4:***Regression Analysis*

Model	B	Std.Error	t	Sig.	Collinearity Statistics	
					Tolerance	VIF
(Constant)	.043	.448	.534	.000		
FP	.363	.068	5.350	.001	.362	2.765
SIB	.239	.068	3.528	.001	.301	3.322
HCM	.127	.072	1.754	.003	.240	4.170
WA	.055	.085	2.646	.050	.208	4.797
FO	.206	.072	2.868	.005	.231	4.324
Adjusted R Square		.736	R	.858		
F		85.347	Sig.(F)	.000		

(Source: SPSS Output,)

Note: FP= Financial Preparedness, SIB = Saving and Investment Behavior, HCM= Household Consumption Behavior WA= Wealth Accumulation, PW= Psychological Wellbeing

#### **4.5 Mediation Analysis**

A mediation analysis was conducted using Hayes' PROCESS macro (Model 4) in SPSS to examine whether future orientation mediates the relationship between financial preparedness, saving and investment, Household Consumption, and wealth accumulation (independent variables) and psychological well-being (dependent variable).

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The table 5 presented assessed future orientation's mediation role in the relationship between financial preparedness and psychological wellbeing using the PROCESS SPSS macro (Hayes, 2022). The results indicated a substantial indirect influence of financial preparedness on psychological wellbeing ( $b=.3681$ ,  $p<.001$ ), as seen in Table 5. Additionally, it was discovered that mediator's presence had a significant direct impact on financial preparedness ( $b=.5017$ ,  $p<.001$ ). Also, a confidence interval is 0.2755 to 0.4945 that does not include zero in between, confirms the partial mediating role of future orientation between financial preparedness and psychological wellbeing.

Similarly, the results in table 5 indicated a substantial indirect influence of saving and investment on psychological wellbeing ( $b=.3620$ ,  $p<.001$ ), as seen in Table 5. Additionally, it was discovered that mediator's presence had a significant direct impact on saving and investment ( $b=.4238$ ,  $p<.001$ ). Also, a confidence interval is 0.2354 to 0.4982 that does not include zero in between, confirms the partial mediating role of future orientation between saving and investment and psychological wellbeing.

Additionally, the results indicated in table 5 a substantial indirect influence of Household Consumption on psychological wellbeing ( $b=.3598$ ,  $p<.001$ ), as seen in Table. Additionally, it was discovered that mediator's presence had a significant direct impact on Household Consumption ( $b=.3879$ ,  $p<.001$ ). Also, a confidence interval is .2363 to .4967 that does not include zero in between, confirms the partial mediating role of future orientation between Household Consumption and psychological wellbeing.

At last, the results in table 5 indicated a substantial indirect influence of wealth accumulation on psychological wellbeing ( $b=.4150$ ,  $p<.001$ ), as seen in Table 5. Additionally, it was discovered that mediator's presence had a significant direct impact on wealth accumulation ( $b=.3968$ ,  $p<.001$ ). Also, a confidence interval is 0.2272 to 0.6094 that include zero in between, confirms the partial mediating role of future orientation between wealth accumulation and psychological wellbeing.

**Table 5:***Process Macro Model 4 (Mediation Analysis)*

Relationship	Total Effect	Direct Effect	Indirect Effect	Confidence Interval		t- statistics	Conclusion
				Lower Bound	Upper Bound		
FP->FO ->PW	0.8698 (0.000)	0.5017 (0.000)	0.3618 (0.000)	0.2755	0.4945	6.9756	Partial Mediation
SIB->FO ->PW	0.7858 (0.000)	0.4238 (0.000)	0.3620 (0.000)	0.2354	0.4982	5.6071	Partial Mediation
HCM-> FO ->PW	>0.7477 (0.000)	0.3879 (0.000)	0.3598 (0.000)	0.2363	.4967	4.9971	Partial Mediation
WA->FO ->PW	0.8117 (0.000)	0.3968 (0.000)	0.4150 (0.000)	0.2272	0.6094	4.1504	Partial Mediation

FP = Financial Preparedness, SIB = Saving and Investment Behavior, HCM = Household Consumption Management, WA = Wealth Accumulation, FO = Future Orientation and PW = Psychological Well-Being

(Source: SPSS output)

### Discussion

The impact of financial independence and psychological well-being in emerging adulthood was investigated in this study, and special attention was placed on the mediating function of future orientation. The results of this study are significant as they integrate concepts of financial behavior and psychology in order to provide insight into the impact of financial independence on psychological well-being and income sufficiency. The results confirm the conceptual framework proposed in this study.

The results show that financial preparedness, saving and investment practices, consumption management in households, and wealth creation practices are positively related to psychological well-being. The results support previous evidence which showed that financial circumstances affect psychological well-being (Ngamaba et al., 2020; Xiao et al., 2014). More specifically, it is important to note that the results support previous evidence by showing that behavioral and planning-related constructs of financial independence affect psychological well-being.

From a Conservation of Resources perspective, financial resources and financially protective behaviors serve as psychological buffers that mitigate stress and promote emotional resilience (Hobfoll, 1989). Emerging adults with more financial autonomy are less vulnerable to

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economic shock, thus safeguarding their psychological well-being. At the same time, Self-Determination Theory proposes that financial autonomy augments autonomy and competence need satisfaction by fostering individuals' feelings of control and self-efficacy (Deci & Ryan, 1985). This theoretical account illustrates that financial autonomy is more than a purely economic state it is a psychologically significant resource.

Financial preparedness is clearly linked to feeling psychologically solid, in line with earlier research that found planning ahead financially lessened anxiety and increased feelings of control. Anticipating what needs to be done in the future helps people deal with uncertainty, and that is a highly important aspect of emerging adulthood, a messy stage of life that involves a lot of turmoil and upheaval.

Theoretically speaking, the connection seems to involve higher levels of perceived competence among other variables that comprise psychological well-being under Self-Determination Theory. Financial preparedness enables citizens to proactively address their financial issues concerning money. The importance may prove even more significant in economies that are considered developing or where greater financial volatility is a possibility. Also, emotional resilience is linked to such factors.

The data further reveals that saving and investing behaviors have positive influences on psychological well-being, as has been found in earlier research that pro-active financial behaviors reduce stress levels and increase life satisfaction. Saving, investing, or even generating wealth provides people with a sense of continuity to remain emotionally stable in an unstable situation. The generation of wealth also has positive effects on psychological well-being, supporting research that having assets has greater importance for psychological well-being than having income. This further demonstrates that having assets provides people with resources to protect them from loss, making them emotionally stable.

There's also a positive link to managing one's spending and their psychological well-being. If families have trouble paying for their basic needs, it increases their stress and emotional distress. Efficient management of their consumption reduces their financial and mental burdens to maintain their psychological well-being. This confirms the Family Stress Model because it explains how economic strains affect a lack of emotional well-being by reducing feelings of security and mastery. More importantly, it's shown that it's not how one spends their money but rather how effectively they spend it within their budget to have good psychological well-being. This issue means a great deal to young adults who have just started forging their own paths, where money is tighter and predictable income is not assured.

The main takeaway from this study is that future orientation mediates between financial independence and psychological well-being. The mediation analysis showed that good money

habits enhance well-being partly by shaping how people think about their future. This is in line with the Future Time Perspective Theory, proposing that the person who thinks ahead is better at regulating one's emotions and can see current sacrifices as an investment in long-term happiness when it is necessary (Zimbardo & Boyd, 1999). Other prior studies connect future orientation to optimism, resilience, and coping skills (Prenda & Lachman, 2001; Ponchio et al., 2019). We add to this work by demonstrating, using data, the ways that future outlook supports the translation of financial behaviors into mental health. Young adults practicing financially responsible habits tend to develop a more organized and hopeful view of what lies ahead, boosting well-being even when money is in short supply.

Results focusing on Nepalese emerging adults provide context-specific insights from a setting that is generally overlooked in the field of financial psychology. In developing economies, weak social safety nets, informal jobs, and limited financial literacy amplify the mental cost of financial insecurity. In these settings, future-focused financial behaviors may be especially important to psychological well-being, extending the cross-cultural reach of some of our most well-established financial and psychological theories. Theoretically, our study contributes in at least three ways. First, it opens a window into Self-Determination Theory by highlighting how financial independence supports well-being through greater autonomy and competence in money decisions. Second, it builds on Conservation of Resources Theory in confirming that financial behaviors and possessions act as psychological resources that support its stress-protective effects. Third, it extends Future Time Perspective Theory by pinpointing future orientation as a critical mediator linking financial independence to well-being. Practically, findings highlight the value of stitching future-oriented thinking into the fabric of financial literacy programs and youth development efforts. This finding is consistent with the Family Stress Model, which posits that financial strain disrupts emotional well-being by undermining individuals' sense of security and control (Conger et al., 2002). Importantly, the present study clarifies that psychological well-being is influenced not by consumption levels per se but by individuals' ability to manage consumption within their financial means. This distinction is particularly relevant for emerging adults facing rising living costs and unstable income streams.

## **Conclusion**

This study looked into the relationship between financial independence and psychological well-being in emerging adults, with a focus on the mediating function of future orientation. Using Self-Determination Theory, Conservation of Resources Theory, and Future Time Perspective Theory, the study created and empirically evaluated a holistic framework that incorporates financial behaviors, cognitive orientation, and psychological results. Results focusing on Nepalese emerging adults provide context-specific insights from a setting that is generally overlooked in the field of financial psychology. In developing economies, weak

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social safety nets, informal jobs, and limited financial literacy amplify the mental cost of financial insecurity. Where people are financially independent, they tend to carry a more organized and hopeful view of what lies ahead, thus supporting emotional steadiness, resilience, and overall happiness in life. This study extends that financial habits impact well-being not only via material security but also through a sense of future control and meaning. Focusing on emerging adults in a developing economy adds useful, context-specific nuance to the growing body of work on financial psychology and well-being. The findings emphasize that in times of economic uncertainty, coupled with weak institutional support, future-oriented financial behaviors become all the more important for sustaining psychological well-being. In other words, this study extends our understanding of how financial independence functions both as an economic and a psychological resource during an important life transition phase.

### **Implications**

The research has high importance for teachers, decision-makers, and banks, particularly in emerging countries. The research reveals that financial literacy classes must do more than deliver number concepts and regulations. They have to promote future-oriented thinking, goal-oriented planning, and skills for planning for the future. People will make better financial decisions if they have visions for what they think lies in the future and adjust their decisions according to those visions. The research states that financial literacy classes, which include psychological skills, can improve financial capability and psychological well-being of young people at the beginning of their life cycles. A chance exists for colleges and universities to help by connecting financial preparedness and planning in courses or activities. Training in budgeting, saving, making investment decisions, and being conscious about spending may enable students to acquire financial independence and mental resilience at the same time.

From a policy perspective, financial independence is more complex than simply a means-related aspect of psychological well-being and should be treated as such. The potential positive impact on psychological well-being and mental health could be substantial with easily accessible savings accounts and investment instruments for young people and strong asset-building programs when safety nets are feeble.

The banking and financial sector can also play their part in providing inclusive and youth-friendly products and services that not only encourage saving and investment but also help achieve financial independence and good mental health.

### **Directions for Future Research**

This study provides some useful insights, but future work can yield even more. Future research could look into what happens over time to determine what causes what. It would be useful to research people from other areas, with varied lives and incomes, to discover if these things

hold true for everyone. We could also speak with people and hear their tales. This would demonstrate how young people think about money and make plans for the future in real life. By performing all of this, we can learn a lot more about how they feel and behave.

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