Review of Impact of Financial literacy and Self-confidence on Customer Decision of Accepting Financial Advisory Services

Charitha, K.L

Faculty of Graduate Studies, University of Kelaniya, Sri Lanka.
Email: charith.liyanage.k@gmail.com

ABSTRACT

Financial advisory services are frequently used by households in developed countries for the purpose of personal wealth management than developing countries. On the other hand, level of Non-Performing Loans (NPLs) is comparatively high in developing countries due to macroeconomic, bank level and customer level factors. When it comes to customer specific factors, wrong judgments on credit facilities play a vital role on loan defaulting of households. Therefore, this paper analyzed the role of financial advisory services in different context in various countries. Also, this study revealed that financial literacy and self-confidence of customers influenced on demand for financial advisory services. People with higher financial literacy were more liked to get assistance of financial advice according to some studies. At the same time, some studies showed that less literate people also use financial advisory services as a substitute for financial literacy. Most studies showed that less self-confidence on financial matters (less self-assed financial literacy) was a reason for more demand on financial advice. However, this paper revealed that impact of financial literacy and self-confidence on financial advice was different in various contexts.

Keywords: Financial Advice, Financial Literacy, Self-confidence

1 INTRODUCTION

1.1 BACKGROUND OF THE STUDY

A healthy banking and household sectors are positively related with growth and development of a country’s economy. Global financial crisis 2008, started in mortgage loan market in USA with regards repayments of housing loans. Later, crisis rapidly spread out into European countries as well and adversely affected their financial markets and economies. After the crisis since 2008, there is a growing interest in retail financing and consumer protection. Researchers have more concentrated on wider range of financial service such as regulating the consumer financial service markets, financial literacy of the consumers, personal finance, consumer finance and household finance (Levine, 2012; Agrawal et al, 2009; Campbell, 2006; Tufano, 2009; Wills, 2011). Professor Nick Chater (2015) mentioned on his report (“Restoring Consumer Trust in Financial Services”) that reputation of the banks have been damaged by financial crisis in 2008. In this context need for professional financial advisory services in retail finance services was pointed out some researchers (West, 2012). At present, considerable percentage of households in developed countries use financial advisory service for purpose of personal wealth management in terms of household investment and debt management. However, households in developing countries such as Sri Lanka rarely use financial advisory service in the financial decision making.

It is evident that banking customers with low level financial literacy are not aware of financial products available in the credit market thus lead to increased level of payment troubles and loan default (Brown and Graf, 2013). Central Bank of Sri Lanka (CBSL) reported that Non-Performing Loans (NPLs) ratio of the country had increased to 5.6% by year the 2013. However, for the same year NPLs ration was around 2% in developed countries such as Australia, United Kingdom, Canada, New Zealand and Sweden. Many studies have pointed out relationship between financial knowledge and advice seeking. Furthermore, financial knowledge has the ability affect the self-confidence of customers. However, according to another argument financial advice is not a substitute for financial illiteracy rather a complementary. As mentioned previously, households in Sri Lanka rarely use advisory service and depended on advices given by the bank when selecting loan facilities. However, conflict of interest is arising at this point between bank officer and client, since bank officer may work behalf of the bank other than needs of client.

In this context this paper discusses the impact of financial literacy and self-confidence on customer decision of accepting financial advisory services when taking credit facilities.

Financial Literacy: There are many closely linked definitions for financial literature defined by researchers, academics, universities and financial organizations. One of the most authoritative ones is provided by the President’s Advisory Council on Financial Literacy, defining financial literacy as “the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial wellbeing (President’s Advisory Council on Financial Literacy, 2008).”

Financial Literacy of respondents was measured by asking 13 questions which represent different dimensions about financial knowledge. Numeracy, compound interest, inflation, time value of money, money illusion, function of stock market, knowledge of mutual funds, Relation between Interest Rates and Bond Prices, Safer: Company Stock or Mutual Fund, Riskier: Stocks or Bonds, Long Period Returns on different assets, fluctuations on assets, risk diversification were tested to get the figure on overall financial literacy of a respondent.
Self-confidence (on financial knowledge): As per the Oxford dictionary self-confidence is a feeling of trust in one’s abilities, qualities, and judgment. Therefore, self-confidence is a positive belief that in the future one can generally accomplish what one wishes to do. This is about general meaning of one’s self-confidence. Accordingly self-confidence regards to financial knowledge can be defined as follows.

Self-confidence on financial knowledge is a feeling of trust in one’s abilities, qualities and judgment of his financial knowledge which leads to positive belief that in the future he/she can generally accomplish what he/she wishes to do.

1.2 Influence of Financial Literacy on financial decisions

Some banking customers are not familiar with terms and conditions of available credit facilities thus lead to increased level of payment troubles and loan default. Also, customers may not be capable of selecting best suitable loan which is match with their personal profiles, requirements, commitments. When households don’t have proper understanding of borrowing cost or interpret interest rates, penalties, borrowing strategies, they are likely to make wrong judgments when selecting credit (loan) facilities and leads to bankruptcy. Household bankruptcy refers to failure of expected income to meet understood expenses over time (Michael Finke, 2013). Loan borrowers who have lower cognitive ability and financial knowledge may be less capable of assessing the consequences of their borrowing behavior.

Also from the perspective of banking customers, selecting loan products can be complicated since variety and complexity of the loan/credit products existing and complications of making comparison between different loan products. Sometime busy banking customers are not keen on investing time and effort in annoying to understand these complicated products.

Many studies have been conducted on the effects of financial knowledge for different type financial outcomes. Chan & Stevens, 2008; Lusardi & Mitchell, 2007, 2011 revealed that financial literacy influences on saving behavior of people. Christelis et al., 2010; van Rooij et al., 2011 showed the relationship between financial knowledge and investment and portfolio decisions. Lusardi & Tufano, 2009; Disney & Gathergood, 2011 found that choices in the credit market are highly connected with financial literacy of individuals. Therefore, financial knowledge and literacy leads to correct financial decision making and financial independence.

In this context, professional financial advisory services have the ability to play a useful role to fill the knowledge gap of banking customers at the selection of credit facilities. However, professional financial advisory services are not popular among Sri Lankan households. But, in many developed countries people get the assistance or service of financial advisory service on personal wealth management, making credit choices and decisions, debt management etc.

1.3 Financial advisory services

As explained earlier, individual investors and households in developed countries rely on financial advisors to get the guidelines for their investment, saving and credit/debt management. According to Foerster et al 2014, in the United States around 40 % of households get the service of independent financial advisors and investment brokers when making decisions on mutual fund purchasing (Investment Company Institute 2013). In Canada 80 % of assets of retail investors were directed by financial advisors and full service brokers (Canadian Securities Administrators 2012).

Especially after the financial crisis in year 2008, attention in retail financial services and consumer protection is growing. Research interest of financial advice have been increased in recent years in terms of regulation of markets for consumer financial services, household finance, personal finance, consumer finance, mortgage choice, providing and receiving of financial advice. However, role of professional financial advice in retail financial services has not yet been properly explored in the academic literature (Söderberg, 2012). Also, financial services are intangible, involve an expert knowledge, outcomes are uncertain and therefore difficult to evaluate. Financial services can be evaluated by return on investment over time. Furthermore, customers who are seeking financial service more concern on maintaining the relationship than about finding the best agreement.

1.4 Motivations to study

Research interest in retail financing and consumer protection has been increased after the global financial crisis 2008. Researchers have given more attention and conducted many studies about financial literacy of the consumers, personal finance, consumer finance and household finance. At the same time, reputations of the banks have been damaged by financial crisis in 2008 in USA and many European countries. In this context, need of financial advice for a household has been raised by many researchers. Majority of households in developed countries use some form of financial advice for decision taking of personal wealth management. Debt and loan related financial advisory services are frequently used by households in those countries. Non-Performing Loans (NPLs) ratio also is very less (2%) in the countries such as Australia, United Kingdom, Canada, New Zealand and Sweden as per the World Bank Report (2013). On the other hand, according to Central Bank of Sri Lanka (CBSL) by end of year 2013 gross NPL ratio of the country increased to 5.6 percent. However, households in Sri Lanka rarely get the service of professional financial advisors for debt and loan related matters. Most of the peoples in the country rely on bank advisors when taking loan facilities. But, there are issues in “conflict of interest” between bank advisor and bank customer. Some people who have high level of self-confidence on financial knowledge take debt and loan related decisions by themselves and ended up with wrong judgments. Those wrong judgments lead to increased level of payment troubles and loan default (NPLs).

There are many professional financial advisory services in the island which cater to corporate sector. But, there are only very few advisory services operate behalf of households in the
country. “Interest of households on debt and loan related financial advisory services” have not been given required attention and not properly investigated in previous research studies in Sri Lanka. Therefore, existing literature of personal finance doesn’t explain the local households’ intention on financial advisory service.

Objective of the study: To identify the impact of financial literacy and self-confidence on customer decision of accepting financial advisory services

1.5 Methodology

This paper is based on deductive approach which is supported by empirical evidences from previous research works. And also, journal articles and other industry related publications are reviewed to build arguments and explanations within the selected conceptual and theoretical framework. Therefore, literature review was engaged as the research instrument. This paper critically reviewed the impact and influence of financial literacy/self-confidence on demand for financial advisory services in different context in various countries. However, there were only few studies available in Sri Lankan context and researchers have given less attention to study about financial advisory services in Sri Lanka.

2  EMPIRICAL REVIEW ON IMPACT OF FINANCIAL LITERACY AND SELF-CONFIDENCE ON CUSTOMER DECISIONS OF FINANCIAL ADVISORY SERVICES

Review of the Context: Recent financial crises in the financial markets around the world since 2008, there is a growing interest over retail financial services and consumer protection in the financial markets. The research interest has been extended through a broader range of contexts in the financial services such as regulating the consumer financial service markets, financial literacy of the consumers, personal finance, consumer finance and household finance (Levine, 2012; Agrawal et al, 2009; Campbell, 2006; Tufano, 2009; Wills, 2011). The emergence of a multidisciplinary field for consumer finance has been pointed and reasoned by several scholars. Tufano (2009) has presented definition on consumer finance and issues to be dealt by the researchers regarding the financial matters and consumer finance. According to him one issue that would pay attention was the financial decision making by the consumer level which also drew attention of other scholars as well. This then has drawn the need for professional financial advisory services in retail finale services (West, 2012). However, still there is no sufficient attention has been gained by this field from the academies. Inderst and Ottaviani (2012) have explained that there should be policy interventions to increase the effectiveness and adaptations of financial advisory services and to minimize the conflicting interests between the advisors and the consumers when making financial decisions.

Garardi et al (2010) have explained that financial literacy and numeracy of individuals reflect the financial decision making of individuals. Numerous studies have pointed the importance of financial literacy of consumers. Following these findings, many governments like United States, Japan, Australia and many European countries have implemented programs to increase the educational opportunities for the citizens on consumer finance and personal finance management to actively involved in the improvement process (Bernheim et al, 2001; Wills, 2011). Almenberg (2011) has disclosed through a study on the financial literacy of Swedish households, that financial literacy and numeracy unevenly distributed among the citizens and the level of knowledge affects the financial choices they make. Interactions with the financial advisors are important to increase the effectiveness of financial decision making of consumers.

Among various factors that affect the consumer decisions on financial matters consumer characteristics play a vital role. According to Harris et al (2006) consumer characteristics determine the consumer risk assessment, investment behaviors and engaging financial advisors for financial decision making in personal lives (West, 2012; Haris et al, 2006). Many studies have showed that portfolio of consumer’s financial utilization can be affected by the adaptation of the professional financial advisors while many other studies showed that the financial portfolios have been improved the performance when the consumers have associated the financial advisors (Kramer, 2012). Collins (2012) has explained that the financial portfolios of the consumers have been improved through obtaining financial advisors’ services since it derives the knowledge on financial decision making and thus it becomes a substitute for the financial knowledge of the consumers. However, some authors have emphasized that there are certain risks attached with the financial advisory services. According to Mullainathan et al (2012) biases can be exaggerated despite being mitigated in the financial advisory services since the advisors can be affected by biases from the organizational perspectives as same as the customers who seek for financial advisory for their own benefit. Roszkowski and Grable (2005) pointed that financial advisors could misestimate the ability to tolerate risks by their clients and would make wrong decisions. Further the customers would not understand that the financial advisors would play a role of a salesperson of their firm. In such a way, it is hard to conclude that the financial advisors would make decisions that align the risk preferences of the customers accurately. Further some researches have disclosed that the customers prefer to adopt a fee-based approach rather a commission-based approach for financial advisory, yet they do not possess the clear understanding on the reason for that preference (Schwartz et al, 2011).

Financial advisory services can be put in the same category of other professional services where the face-to-face interactions between the client and service provider are taking place. However, the service can be different from other services since it involves different ideas that directs towards two different expectations except going parallel forward. Therefore when studying financial advisory services it cannot be evaluated or studied with similar metaphors as in counseling.

Soderberg (2012) has presented that the distinction among counseling, selling and financial advisory services can be laid down referring the definition by customer and the definition by
advisor of the financial advisory service. According to him financial advisory lies in a continuum between the counseling and selling as defined by the customer and the professional advisors.

According to Korling (2010) there is not a universal definition of financial advisory services. According to Korling (2010) there is a lack of common understanding of the phenomenon among people. The relationship between the advisors and the customers can be affected by various ways and these ways can be associated to the regulatory framework, financial markets, industry, economic growth, branding of the financial advisory firms and etc. Most approximate factors for the nature of the financial advisory service can be the advisors working conditions and incentives and the psychological and educational background of the customers and their expectations on obtaining the service (Soderberg, 2012). When considering the factors that lead the use of financial advisory services by the customers for their personal wealth management purposes different factors can be affected. According to Stafford (1994) has pointed that among the other factors that affect the consumption of the financial advisory services such as the service quality, factors like fair prices for the services, the concern high for effective management and the stability of the consultants can be given the priority.

Financial services and advisory services possess certain unique characteristics. According to Becket et al (2000) these can be included risk, complexity, difficulty to assess the quality and benefits and etc. Maas and Graf (2008) these characteristics of the financial advisory services exacerbates the introduction of the new offerings. As per the Lovelock (1983) since the banking services are directed at intangible assets the customers, they face the difficulty when judging the quality of these services. In addition, these services are co-developed with the customers and are heterogeneous. According to Nelson (1970) financial advisory services holds many credence attributes which involves high uncertainty due to lack of pre-purchase knowledge and information and therefore assumed high risk. The reliance on personal information sources is another factor that increases the uncertainty and risk associated with decisions made on financial advisory services.

Financial Literacy and Financial Advisory Services: Studies have shown that there is a close link between financial literacy and demand for financial advisory services. According to Calcagno and Monticone (2014) cited in Kramer (2014), demand for financial advisory services can be may be driven by financial literacy. The importance of financial literacy is due to its ability to affecting the customers’ confidence and their ability to make effective decisions on their personal financial matters. As per Lusardi and Mitchell (2011) financial ill-literacy can badly affect the effective personal financial decision making. Financial illiteracy can only be replaced by the unbiased financial advisors. However, there are many practical issues have been identified on this "unbiased financial advisory services". According to Mullainathan et al (2012) cited in Kramer (2014) the financial advisor’s incentive structure can adversely affect the extent to which he would act bona fide for the customers’ benefit. Further, there is an issue of demanding financial advisory for further improved and better solutions by the investors who are financially literate. At this point financial advisory is not a substitute for financial illiteracy rather a complementary.

As explained in a previous section the banks and other financial institutions have the opportunity to maximize their returns on the financial products and services sold due to lower financial literacy and numeracy of the customers. Customers have reflected high financial illiteracy on negative consequences for retirement planning, saving, well-being and wealth accumulation (Bernheim et al, 2001; Lusardi and Mitchell, 2009). These ideas have been further supported by Almenberg and Widmark (2011) who stated that the customers have a very low or completely null knowledge on financial management concepts and even regarding the investment concepts. The customers who are with lower financial literacy tend to avoid risks associated with the financial products and services and therefore lower their returns. Thus lower literacy affects the households’ financial decisions.

Banks and other financial institutions have the ability to increase the financial literacy of the customers regarding the retirement plans, savings decisions and etc. However, Inderst and Ottaviani (2012) and Hackethal et al (2012) cited in Hermansson (2015) stated that all financial advisers are not act with such intention to increase the financial literacy and numeracy of customers and there is always a conflict of interest between the two parties on the mutual benefits. In order to sort out this issue some countries have imposed laws to ensure the protection of the customers who seek for external financial advisors. However as explained by Korling (2010) and Erikssoon et al (2009), law does not deal with the boundary of the financial advisory and selling process of financial products and services by the respective institutions. Eriksson et al (2009) further asserted that although the customers tend to trust the financial advisors, banks and their advice given, financial advisors are failed to identify the risk profile of the customers accurately. Further according to him if the customers are literate on financial management, they could overcome such barriers for a better mutual balance of interest and effective assessment of investment risks hold by the customers.

Self-Confidence of Customers and Financial Advisory Services: Self-confidence of the customers affects the acceptance of financial advisory services. Many studies have been disclosed important findings on financial literacy and confidence of customers that affect the acceptance of financial advisory services. As per discussed in the previous section the investors who are financially literate could demand for financial advisory not to make a simple decision but to make an improved and better decision. Then the financial advisory becomes a complementary nature rather than a substitute for the services demanded by the customers who are illiterate on finance. Accordingly, this reflects that there is a link between financial literacy and self-confidence is created. According to Hung and Yoong (2010) and Von Graudekker (2014) cited in Kramer (2014), based on the studies used the measures to evaluate the financial literacy; there is a positive or no relationship between financial literacy and seeking for financial advisory. Further, in the studies that financial literacy was self-assessed; there was a negative link between seeking for financial advisory services and the financial literacy. Simply the people who seek for more financial advisory services perceive
themselves as less financially literate and people who do not seek for financial advisory services perceive themselves as financially literate. Thus, the latter section reflected high confidence on them regarding financial decisions than the persons who perceived them as financially illiterate.

Studies on self-confidence of customers and acceptance of financial advisory services are rare. However, some studies on financial literacy, self-efficacy and etc. can be used to create an idea on the impacts of self-confidence and acceptance of financial literacy. Accordingly, self-confidence of the customers can be associated with their self-efficacy where the customers who have strong self-efficacy have high self-confidence and who have low self-efficacy reflects low self-confidence. In this term, based on the degree to which the customer reflect self-efficacy can denotes the extent to which the self-confidence is there in the customers. A finding of Heckman and Grable (2011) stated that the financial knowledge and self-efficacy are positive correlated. Accordingly, it can be suggest that the consumers grow their self-confidence to make financial decisions on their own when perceive that they possess sufficient information, analytical abilities and decision making abilities. Studies have showed that consumers who have a high self-efficacy less-likely to perceive them as in a high financial risks, unsuccessful investments and such negative ideas on their financial decisions and behaviors in managing financial affairs than the consumers who have low self-efficacy. According to Englberg (2007) cited in Letkiwicz et al (2014) the consumers with high self-efficacy reflect sense of financial control, possess good economic knowledge, less likelihood for money, highly optimistic and high confidence on financial matters. Further, as per the studies cited in Letkiwicz et al (2014) when the financial self-efficacy of consumers is low it reflected through the feelings of stress within the customers, negative ideas and perceptions and etc. that also affect the health well-being of the customers.

In addition some studies on the acceptance of the financial advisory services of young people have disclosed important findings on self-confidence and financial literacy. These studies have highlighted the importance and implications of personality characteristics on acceptance of financial advisory services (Benabou and Tirole, 2002). These studies identified the motivation drives of human to achieve goals and linked them with the self-confidence that leads people to achieve ambitious goals. Benabou and Tirole (2002) asserted that self-confidence also drives motivation that induces people with low willpower to achieve goals. According to motivationtheories, external drivers also can create motivation and self-confidence of people. For instance, by using professional financial services the customers build their confidence to involve in financial activities and affairs in their personal lives than when they individually make attempts to decide on the monetary matters. This idea has been supported by Otto (2013) and Whitebread and Bingham (2013). They stated that use of formal financial services affect positively the improvement of financial capabilities of the customers. Among the factors that affect the acceptance of financial advisory, non-cognitive aspects of the people also affect the financial behaviors. According to, Johnson and Staten (2010) there are issues that affect the conditioning of the financial behaviors such as risk aversion, curios-

3 DISCUSSION

Previous studies have shown relationship among seeking financial advice, self-confidence in financial matters and financial literacy. Some studies showed positive relationships and others showed negative relationships which were contradictory. Also, many previous studies found that financial literacy and self-confidence (households) had higher predictive power on seeking financial advice. Many previous studies have revealed that financial literacy is significant for choices in the credit market (Lusardi & Tufano, 2009; Disney & Gathergood, 2013; Gerardi et al., 2013).

Disney et al (2014) revealed that households with higher financial literacy are 60 % less expected to use financial advice. Findings suggested that financial advice is a substitute for poor financial literacy. Another study (Calcagno and Monticone, 2014) found that household (investors) with lower level of financial literacy are less possible to get the service of financial advisors. According to this study, financial advisors also provide more information to knowledgeable households who are having higher financial literacy. Kramer (2014) examined that whether financial literacy and overconfidence of customers from a large Dutch bank relate to financial advice seeking. This study found that respondents’ confidence on self-assessed financial literacy was negatively related with acceptance of financial advice. That means, high level of confidence leads to lower demand for financial advice. Respondents with higher level of confidence, rate their skills knowledge and information are advanced than a financial advisor.

Debbich (2015) conducted a research to examine the capability of financial advice to substitute for financial literacy of French households. Researcher revealed that financial literacy is strongly related with probability of seeking financial advice. However, this study found that only customers with sophisticated financial literacy receive important information from the advisor. This study showed that financial advice cannot substitute for financial literacy.

As discussed some studies have revealed that people who have issues in financial decision making, financial advice attends as a substitute for lower financial literacy. According to another study (Collins, 2012) people with high financial literacy are more likely to consult financial advisors for investments, insurance, and tax-related decisions. But they are less likely to get advice for debt or loan-related problems. In this study, majority of respondents (56.7%) were used some form of financial advice. Also, study showed people with low financial literacy were less possible get any type of advice. Finally, this study indicated that financial advice is more often function as a complement than a substitute for low financial literacy.

A study (Gentile at el, 2016) conducted on Italian house-
holds to investigate the relationship between tendencies to seek for financial advice, financial literacy and overconfidence on financial knowledge. The study found that demand for advice was positively related with financial literacy and negatively related with level of confidence of respondents. Study clearly showed that overconfidence people are more likely to refuse financial advice even they are low financial literate. This study also, confirmed that financial advice doing as a complement for low financial literacy, not as a substitute for.

As per many studies overconfidence significantly influence financial decisions. Propensity of risk taking raise because of upward biased forecasts (Nosis and Weber, 2010). Overconfidence people are more likely to do excessive trading and possibly worse than average market performances (Alemanini and Franzosi, 2006; Glaser et al. 2007; Guiso and Jappelli, 2006; Haigh and List, 2005; Heat and Tversky, 1991; Odean, 1998b). These studies have shown that overconfidence may also discourage advice seeking.

Hung and Yoong (2010) and Kramer (2014) found that higher levels of financial knowledge lead increase overconfidence. Relationship between actual financial knowledge and self-assessed knowledge (self-confidence) could also go negative way: Anderson et al. (2015) showed that low financial literate individuals assessing themselves more financially educated than they actually are and Tekçe et al. (2016) find that residents in more financial literate regions are less overconfident than residents in low literate areas.

Dick and Jaroszek, 2013 investigated the determinants of the use of consumer credit in Germany. Study revealed that households with higher financial literacy were less likely to use expensive source of consumer credit. However, numeracy skills and self-control of respondents didn’t influence on financial literacy when explaining the usage of expensive credit lines. This study concluded that significance role of financial literacy when improving consumer credit choices.

4 Conclusion and Further Research Directions

This paper discussed about impact of financial literacy and self-confidence on customer decision of accepting financial advisory services. Many research works have been conducted on above subject in different countries in various contexts. However, only few studies are available in Sri Lankan context and have given less attention to study on financial advisory services.

Most of the studies revealed that financial literacy, self-confidence and demand for financial advice were interrelated. People with higher financial literacy were more likely to get assistance of financial advice according to some studies. At the same time, some studies showed that less literate people also use financial advisory services as a substitute for financial literacy. Most researches showed that less self-confidence on financial matters (less self-assed financial literacy) was a reason for seeking advice. However, research findings were contradicted in different contexts.

Suggestions for the Future Research: Need for professional financial advisory services in retail finance services have grown up after financial crisis in 2008. Banks have more focused on restoring consumer trust and lowering NPLs of their clients. However, households in Sri Lanka occasionally use financial advisory service in the financial decision making. And also studies on financial advice service for personal wealth management are limited in Sri Lanka. Therefore, this paper can be considered as an initiative and a useful study for bankers, financial institutions, households, financial advisors policy makers, regulatory authorities. Also it is recommended to conduct separate studies for different segments in the society such as undergraduate students, post graduate students, business people, public sector and private sector employees, households.

References


[36] Finke, M., Household financial choice: three essays, Texas Tech University, (A Dissertation presented to the Faculty of the Graduate School at the University of Missouri)


Built Environment and Society: Management, Economics and Law Centre for Banking and Finance School of Architecture and the Built Environment Royal Institute of Technology Stockholm Sweden)


56. Klein, N., (2013), Non-Performing Loans in CESEE: Determinants and Impact on Macroeconomic Performance, IMF working paper, European Department, 2013, WP/13/72,


69. Meltzer, B. (2010), Mortgage Debt Overhang: Reduced Investment by Homeowners with Negative Equity, Kellogg School of Management


