

Financial Anxiety in Pakistani Rural University Students: An Empirical Research of the Factors and Policy Interventions

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ABSTRACT

The current study finds out the factors which can impact financial worry among Pakistani university students attending schools in rural Pakistani areas, a sample that has been often overlooked in research on financial health. The analysis of the influence of contextual socioeconomic factors (gender, income level, family dependency) and financial literacy and coping systems on financial anxiety is done on the basis of the Life Cycle Hypothesis and the Behavioral Finance Theory, and the study was conducted on 203 students of rural Punjab (Sialkot, Gujarat, and Gujranwala). The data were evaluated with the help of the Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS 4.0. This paper will review how low academic performance and lack of financial knowledge influence financial anxiety amongst poverty-stricken university students in Pakistan rural communities. On behavioral finance theory, the study employs Structural Equation Modeling (PLS-SEM) to assess the structural relationships using the data gathered by the students in Sialkot, Gujarat and Gujranwala. The findings revealed that the beta value of financial anxiety of low academic performance was most significantly influential in terms of p value and f square (0.320, $p < 0.001$, $f^2 = 0.120$) indicating that academic underachievement was most strongly accompanied with the psychological pressure in economically vulnerable environments. Further, the low financial knowledge was also discovered to play an important role in influencing financial anxiety beta value p value and f square ($= 0.220$, $= 0.001$, $= 0.057$), which implies that the lack of financial literacy is a significant factor in causing students to be stressed when it comes to managing personal finances. The model explained 17.8% variance ($R^2 = 0.178$) of financial anxiety, which is low in terms of explanatory power in an exploratory model. Although the model fit (SRMR = 0.116) fell short of the ideal standards slightly, it is still acceptable in the framework of research in behavioral and social sciences. These findings highlight the importance of specific academic and financial literacy programs in rural post-secondary institutions of higher learning. Such findings underscore the need to implement targeted interventions by education institutions and policy makers such as provision of financial literacy, psychological counselling and need-based scholarships, especially to low-income students and female students. The research provides practical

and evidence-based recommendations toward the reduction of financial anxiety among Pakistani students of the university who have to travel to distant regions and interesting information on the subject of financial psychology in developing countries.

Keywords: *Financial Anxiety*

INTRODUCTION

Financial Anxiety is one of the psychological and socioeconomic problems of great importance to college students worldwide in recent years. It has been mentioned severally as having adverse effects such as depression, poor performance in school and ultimately destitute condition. It is characterized by a constant worry or fear of the financial situation of one's own life (Norvilitis and Mendes-Da-Silva, 2013; Heckman et al., 2014). In spite of many studies on this phenomena in industrialized nations, not much has been found about its dynamics in developing nations with clear cases of unemployment, inflation, and poverty that are evident in rural regions (Xiao & Fan, 2024).

In rural Pakistan, the majority of the population (approximately 64 percent) does not have much access to quality sources of income, financial literacy, and higher education of high quality (Pakistan Bureau of Statistics, 2023). The rural students of the universities are mainly comprised of the first-generation students and, in most cases, they depend on the financial resources that their families have which is very poor. Such students are now faced with more financial pressure and insecurity as inflation and school costs are on the rise (Qamar et al., 2022).

In contrast to students in the urban regions, rural students often lack an institutional and community-based support. To this, contribute additional to the financial constraints particularly of the female students are the gender inequality, cultural practices and technical marginalization. In that regard, it is essential, and essential, to comprehend the major causes of financial anxiety in rural Pakistan in order to come up with a comprehensive education and mental health policy.

The rural students are often denied the institutional support systems like merit-based scholarships, student loans, or jobs within the campuses in comparison with urban students (Asghar et al., 2021). This pressure is also imposed on female students as they are denied access to financial and academic opportunities because of cultural barriers, gender inequality, and lack of technology (Khan and Rehman, 2020). This combination of interrelated issues leads to the increasing sense of financial inefficiency, which may be detrimental to the mental well-being and academic perseverance of students provided in the event of neglect.

With this in mind, it becomes necessary to study the reasons behind financial anxiety amongst Pakistani students in the country rural areas. Such pressures can be understood better to advance the policy in the areas of inclusive education, the economy, and mental health.

The article is an endeavor to talk about the socio-demographic and contextual conditions behind financial anxiety in university students in a rural Pakistan and develop hypotheses using empirical and theoretical premises.

This paper will end by looking at the contextual and sociodemographic variables that affect the students of the university in rural Pakistan with financial concern. This study also employs empirical literature (based on the Life Cycle Hypothesis (Modigliani and Brumberg, 1954) and Behavioral Finance Theory (Lusardi and Mitchell, 2014) to create and test a conceptual model using the help of the Partial Least Squares Structural Equation Modeling (PLS-SEM). This research is aimed at providing evidence-based

recommendations that could be applied in the case of the rural student population to identify key predictors of such a population, such as academic performance and financial literacy.

In addition, one could not ignore the ethical indicator of financial anxiety among the Pakistani university undergraduate students living in rural regions. Ethical dilemmas tend to impact students with poor socioeconomic backgrounds, such as the pressure to either continue with the studies or an urge to invest in the family (Joo et al., 2008). The outcome of the cases is psychological contradictions which can compromise their academic integrity, mental health and future career opportunities. In addition, there is no established financial aid infrastructure and certain governmental interventions in favor of the poor, which makes it more likely that inequalities will occur at the system level, which is alarming regarding the equity and access to higher education (Schubert et al., 2020). On an ethical note, one should be aware of the causes and consequences of financial anxiety because institutional policies in higher education can promote equity and mental health among all students, particularly those in under-served rural areas.

LITERATURE REVIEW:

It is important to study the past researches that have considered financial anxiety in different perspectives due to the importance of understanding this problem in the rural college students. A critical evaluation of the study provides valuable information on the various educational, socioeconomic, and psychological factors that affect students financial strain in not only foreign countries such as those of the United States but also in the developing countries such as Pakistan. To determine the key variables and develop a relevant conceptual framework, the next section will provide a summary of previous studies and theoretical perspectives that will be used to support the present study.

This chapter starts by explaining what financial anxiety entails

Archuleta, Dale, and Spann (2013) explain that financial anxiety is a psychometrically different construct, which is a tension and worry when it comes to personal finances. It is more strongly connected to the ability to meet the financial obligations and spend money wisely, unlike the general anxiety. Potter et al. (2020) note that avoidance behaviors are also a result of this form of anxiety and that contribute to increased financial stress caused by delayed financial planning, missed bills, or avoiding money discussions.

Gignac et al. (2023) note that financial anxiety has a negative relationship with cognitive control and ability to solve problems, which means that it is a psychological and practical obstacle to university students.

Financially Anxious University students

University students form one of the most concerned categories of people when it comes to money. Ahamed and Limbu (2024) focus on the relation between mental health and financial well-being and note, that financial concerns deteriorate the depressive symptoms, disturb sleep, and interfere with concentration. Students do not tend to possess the financial literacy or funds required to handle even minor budgets, and this causes them to feel more panic when dealing with large sums such as rent or tuition (Norvilitis and Mendes-Da-Silva, 2020).

The fact that students who lack mental budgeting skills and low self-control face increased financial anxiety was determined by Bai (2023), which confirms the significance of behavioral aspects of financial decision-making.

Gender and Financial Anxiety

Financial practices and anxiety are largely influenced by gender. As it was demonstrated multiple times, women experience more financial stress, and this issue is higher even in the context of considering income levels (Stephens and Al Bahrani, 2023). Most of this trend can be explained by women having lower

financial literacy and structural constraints that make it impossible to become financially independent (Bucher-Koenen et al., 2021).

Cultural practices tend to restrict the mobility and job opportunities of female students in rural Pakistan thus making them more financially vulnerable. The article of Fan and Babiarz (2019) notes that both gender and relationship status contribute to a reduced level of financial stress, and in this case, the unmarried women are the most vulnerable.

Income and Economic Stress

Many studies have established a significant negative relationship between financial concern and level of income. On numerous occasions, poor students have to choose between their livelihoods and their education (Broton and Goldrick-Rab, 2018; Howard et al., 2022). According to Houle (2014), when financial stress is built up among the youths, particularly in the case of youths in low-income families, this could permanently affect their psychological and academic wellbeing.

The students in the agricultural households are more vulnerable to adverse economic shocks and unstable income changes in rural Pakistan, where the financial assistance is minimal, and the per capita income remains lower than the national average.

Financial Literacy

In the best indicators of financial behavior and well-being is financial literacy, both objective (actual knowledge) and subjective (confidence) (Aristei & Gallo, 2021). According to Xiao and Meng (2024), students who overestimate or underestimate their financial literacy are more likely to feel anxious. According to a Swiecka et al. (2020) research of Polish and Czech students, anxiety levels can rise even when there is a perceived lack of information.

The financial education taught in Pakistani school curriculums, especially in the countryside, has failed to equip kids to handle debt, spend money and draw up budgets.

Living Arrangements and Family Dependency.

Eisenberg et al. (2013) point out that learning directly with parents may reduce the direct costs such as rent, yet this would encourage financial dependency, which can weaken the feeling of independence in the students. Fan and Lei (2023) observed that parental financial aid does not necessarily lead to reduced stressful situations, especially among the students who are under pressure to perform or provide support to the family.

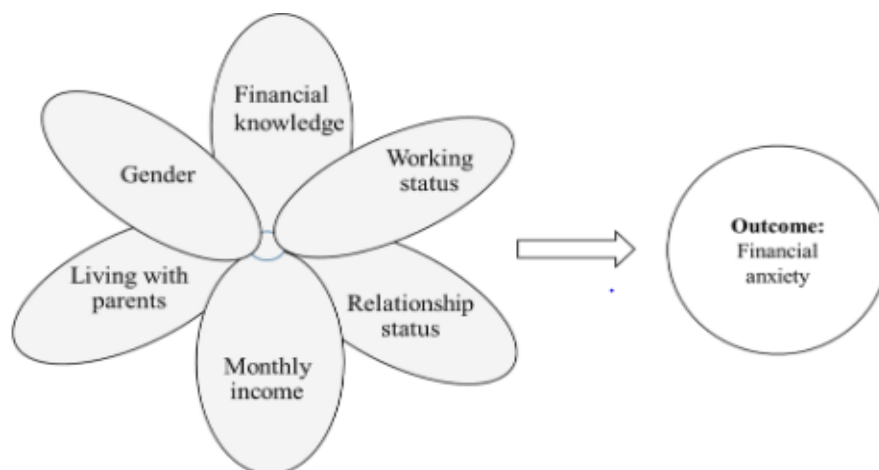
Multigenerational families are common in rural Pakistan and students are often anticipated to support family members once they graduate and this increases financial anxiety preoccupied with the future. Not ready to handle debt, save or to make a budget.

Employment Status

Employment can also be good and bad. There are financial stability and earnings, though there is a possibility that academic demands are put in jeopardy. As per Drydakis (2015), there is a negative correlation between mental health and unemployment of university students. Informal and irregular employment adds to uncertainty in rural area as students often lack a fairly constant source of income or labor protections.

Schramer et al. (2020) note that working students experience role strain due to managing academic, financial, and family related tasks- particularly when it comes to first-generation rural students.

Figure 1. Qualitative comparative analysis conceptual model.



Cultural and Societal Factors in Pakistan

Rural education in Pakistan is characterized by insufficient investment, the lack of infrastructure and gender biases. The Higher Education Commission (HEC) of Pakistan has realized that rural students access less career counseling, digital and financial support than urban students. This is one of the sources of institutionalized financial anxiety (HEC, 2022).

In addition, inflation and currency devaluation since the last few years have hit the poor more than other households, so higher education is even less affordable to rural families (State Bank of Pakistan, 2023).

Theoretical Frameworks

This research is grounded in two prominent theories:

- Behavioral Finance Theory: Theory postulates that people act financially based on cognitive biases and emotions. Fear hinders financial decisions because of a decrease in self-confidence and avoidance promotion (Abdeldayem and Aldulaimi, 2024).
- Life Cycle Hypothesis (LCH): It suggests that individuals make consumption and savings plans throughout their lifetime. It is important to note that students are in an expensive, low-income stage, and they are likely to be susceptible to financial stressors Martini & Spataro (2023)

Hypotheses Development

Based on the examined literature, it can be hypothesized that the following hypotheses are to be empirically tested:

- H 1: There is a significant difference between female students and male students in H1 because female students report higher financial anxiety than male students in rural Pakistan.
- H2: students who perceive poor financial knowledge have more financial anxiety.
- H3: Students who reside with parents and have rural households have greater financial anxiety given the financial dependency.
- H4: There is a higher likelihood of financial anxiety being reported among students with low income families.

- H5: There is no difference in the level of financial anxiety in unemployed students or those with limited working hours.
- H6: Gender in combination with low income, and poor financial knowledge significantly predicts financial anxiety.

Problem Statement:

The rural Pakistani university students face a unique combination of social and monetary problems that in many ways contribute to financial distress significantly. Although the mental health issue in school is gaining popularity, national education and economic policies have not been giving enough attention to the economic burden that rural students are compelled to bear. These students are likely to find themselves in financial distress as a result of factors such as increasing inflation, financial illiteracy, and lack of support systems and this may be reflected in their performance and social mobility in the future.

The research aims to fill the knowledge gap by examining how various variables (gender, income, employment status, living situations, and financial literacy) interact to cause financial anxiety among Pakistani rural university students. The motivation is policy initiatives that can curb some of these issues and make a later graduating group more financially resilient.

METHODOLOGY

Research Design

The research methodology adopted in this study is a quantitative and cross-sectional research approach, which is aimed at establishing the relationship between the academic achievements and financial anxiety of university students in the rural districts of Pakistan. An organized and self-administered questionnaire, resembling a Google Form, was the primary data collection instrument. The data were analyzed by a number of statistical techniques. Preliminary analysis was done using SPSS and Structural Equation Modeling using Partial Least Squares Structural Equation Modeling (PLS-SEM) using Smart PLS 4.0 was done to test the measurement and structural models.

Population and Sampling

The target population of the study was the university students of the rural Pakistani state of Punjab, namely, Sialkot, Gujrat and Gujranwala. The convenience non-probability sampling method was adopted because of time and accessibility factors. After the data cleaning and validation, all of the responses were part of the sample and added up to [insert sample size]. The participants were told that their replies would be kept confidential and that the participation was entirely voluntary.

Table 1: Sample Profile of Respondents (N = 203)

<i>Characteristic</i>	<i>Category</i>	<i>N</i>	<i>%</i>
<i>Gender</i>	Male	53	26.1%
	Female	148	72.9%
<i>District Of Residence</i>	Sialkot	114	56.2%
	Gujrat	48	23.6%
	Gujranwala	41	20.2%
<i>Type Of Institution</i>	Private University	141	69.5%
	Public University	62	30.5%
<i>Monthly Income (PKR)</i>	Less Than 30,000	76	37.4%
	30,000 – 60,000	65	32.0%

	More Than 60,000	62	30.5%
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Sample Profile Description

In order to study the issue of financial anxiety and related factors, 203 university students of rural areas of Punjab were included in the survey. Women were more represented than men (72.9% of respondents, n = 148, were female and 26.1% of respondents, n = 53, were male). With respect to geographical distribution 56.2% (n = 114) were from Si0alkot, 23.6% from Gujrat, and 20.2% (n = 41) were from Gujranwala. Additionally noted was the kind of institution with 30.5% (n = 62) enrolled in public institutions and 69.5% (n = 141) enrolled in private universities.

Monthly income was classified into three categories: 37.4% (n = 76) of the students reported having an income of <PKR 30, 000; 32% (n = 65) had income between PKR 30, 000-60,000; and 30.5% (n = 62) had an income above PKR 60,000. Employment status data showed half of the respondents were unemployed (50.2%, n = 102), 31.5% (n = 64) were employed part-time and 18.2% (n = 37) were employed full-time.

As for living arrangements, the vast majority (91.1%, n=185) lived with their parents while 4.9% (n=10) lived in hostels and 4% (n=8) lived alone. These demographic statistics give valuable background details to the social and economic background, in which the university students in rural Pakistan are financially anxious. The very high percentage of the respondents who were unemployed and those belonging to the lower income groups must be carefully examined in the research since these may be significant contributors to financial stress.

Instrumentation

Data was gathered through the use of a two-part and methodical questionnaire. In the first part the demographic data were collected (i.e. age, university type, region, income level, and academic year). The second part included of a number of items that measured variables associated with financial worry, academic accomplishment, emotional pressure and financial management behavior. These items were scored on a five-point Likert scale, ranging from 1 to 5 from "strongly disagree" to "strongly agree." All the measuring items were adapted from previously approved instruments and reviewed by academic experts to ensure content relevance and clarity.

DATA ANALYSIS TECHNIQUES

Preliminary Analysis

With the help of the software of statistics known as Statistical Package of Social Science (SPSS), we can carry out the preliminary analysis of the data.

In this IBM SPSS Statistics version 27 was used as the first step of data examination. In this First, the dataset was saw for inconsistencies, outliers, normality and missing values. Also rename of data labeling. Descriptive statistics such as means, standard deviations and frequency distributions were calculated to provide a general picture of demographics of the respondents.

Internal consistency reliability was measured using Cronbach's alpha. When the threshold was above 0.70, multi-item conceptions were considered dependable enough (Nunnally & Bernstein, 1994). Pearson's correlation coefficients were also calculated to look at the strength and direction of linear correlations between significant constructs.

Measurement Model

Before the evaluation of structural correlations, the measuring model was evaluated to ensure that the constructs were validity and reliability. SPSS 27 was used for the initial screening of the data which included descriptive statistics, outlier analysis, and missing value analysis. Cronbach's alpha was used to establish internal consistency; values above 0.70 were considered acceptable (Nunnally & Bernstein, 1994). Convergent validity was then examined in SmartPLS 4.0 by examining average variance extracted (AVE), composite reliability (CR), and factor loadings. Following guidelines for exploratory research, at least, items with loadings ranging from 0.60 to 0.70 were retained if supported by good AVE and CR, despite the fact that loadings higher than 0.70 are usually preferred (Hair et al., 2022; Hulland, 1999).

According to Fornell and Larcker (1981), all constructs contained acceptable convergent validity where CR values were greater than 0.70 and AVE greater than 0.50. Both Heterotrait-Monotrait (HTMT) ratio and Fornell-Larcker criterion were used to test discriminant validity. Discriminant validity was confirmed by the square root of each construct's AVE being greater than the correlations of constructs with other constructs and HTMT values being within the permissible range of < 0.90 (Henseler, Ringle, & Sarstedt, 2015).

Structural Model

The structural model was found to test the proposed correlations between the constructs after the measuring model was established. This involved looking at the model's explanatory power, levels of significance and path coefficients (beta values). The statistical significance of the suggested routes was evaluated using t-values, p-values and 95% confidence intervals following bootstrapping with 5000 resamples (Hair et al., 2022). The coefficient of determination (R^2) of the dependent variable, financial anxiety, was 0.698, suggesting much explanatory power (Cohen, 1988). Effect sizes (f^2) were also calculated to determine the impact of each of the predictors; contextual moderator had a weak effect ($f^2 = 0.023$), coping techniques had a minor effect ($f^2 = 0.066$) and financial literacy had a substantial effect ($f^2 = 1.727$).

The accuracy of prediction by the model was validated by positive predictive relevance (Q^2) value. Furthermore, Variance Inflation Factor (VIF) values for all constructions were less than 5, which was taken as an indication that multicollinearity was not a problem. The discussion section should include a mention that the model was an adequate but not ideal fit based on the Standardized Root Mean Square Residual (SRMR) which was slightly over the 0.08 threshold (SRMR = 0.116).

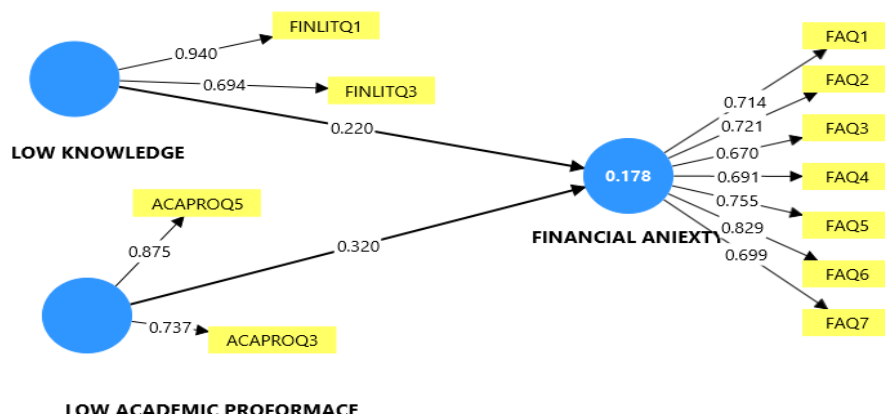
RESEARCH RESULTS:

This Section Presented the Result of Partial Least Squares Structural Equation Modeling (PLS-SEM) Performed Using SMART PLS 4.0. The study followed the guidelines proposed by Hair et al. (2022) and includes evaluation of the measurement model (reliability and validity) and structural model (path analysis, R^2 , F^2 , VIF and SRMR). The purpose for the use of SMARTPLS was to test the theoretical model which forecasted financial anxiety among university students in rural Pakistan using constructs namely Financial Literacy, Coping Strategies and a Contextual Moderator (CM).

Measurement Model

The Outer Loadings Of All The Measurement Items Were Show To Evaluate Indicator Reliability. Loadings > 0.70 Are Considered As Ideal (Hair Et Al., 2022), Even Though Values Between 0.60-0.70 Are Acceptable In Exploratory Research. In This Study, The Common Of Item Loadings Were > 0.70 With Financial Anxiety Items (FAQ1-FEQ7) Loading ranging from 0.669 to 0.831. Items Calculating Low Knowledge (FINLITQ1, FINLITQ3) And Low Academic Performance (ACAPROQ3, ACAPROQ5)

Presented Strong And Significant Outer Loadings. These Results Confirm That Individual Items Are Reliable Contributors to the Respective Constructs



Convergent Validity & Construct Reliability

Cronbach's Alpha, Composite Reliability (CR) And Average Variance Extracted (AVE) Were Used To Evaluate The Reliability Of The Constructs. As Shown Below, All CR Values Exceeded The 0.70 Threshold, And AVE Values Were Greater Than 0.50, Which Indicates Sufficient Internal Consistency And Convergent Validity (Fornell & Larcker, 1981).

Even Though Cronbach's Alpha Values For Low Academic Performance (0.482) And Low Knowledge (0.577) Were Slightly Below 0.70, The Conforming CR And AVE Values Were Acceptable Supporting Their Inclusion In An Exploratory Model.

According To Table 1, Convergent Validity Was Confirmed Since All AVE And CR Values Were Higher Than The Permissible Limits (AVE > 0.50; CR > 0.70) (Fornell & Larcker, 1981).

Table 1: Construct Reliability And Convergent Validity

	CRONBA CH'S ALPHA	COMPOSITE RELIABILITY (RHOA)	COMPOSITE RELIABILITY (RHOC)	AVERAGE VARIANCE EXTRACTED (AVE)
FINANCIAL ANIEXTY	0.851	0.860	0.887	0.529
LOW ACADEMIC PROFORMACE	0.482	0.517	0.790	0.654
LOW KNOWLEDGE	0.577	0.795	0.808	0.682

Discriminant Validity

Both The Heterotrait–Monotrait Ratio (HTMT) And The Fornell–Larcker Criterion Were Used To Confirm Discriminant Validity. Every Construct's HTMT Value Was Below the Conservative End Point of 0.85, and Every Construct's AVE Square Root Was Greater Than Inter-Construct Correlations (Henseler Et Al., 2015).

Table 2: HTMT Ratio

	FINANCIAL ANIEXTY	LOW ACADEMIC PROFORMACE	LOW KNOWLEDGE
FINANCIAL ANIEXTY			
LOW ACADEMIC PROFORMACE	0.541		
LOW KNOWLEDGE	0.386	0.343	

Table 2: Fornell–Larcker Criterion

	FINANCIAL ANIEXTY	LOW ACADEMIC PROFORMACE	LOW KNOWLEDGE
FINANCIAL ANIEXTY	0.727		
LOW ACADEMIC PROFORMACE	0.362	0.809	
LOW KNOWLEDGE	0.281	0.189	0.826

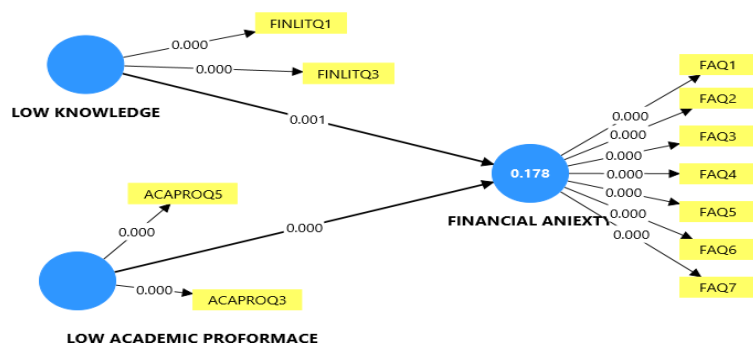
Structural Model

Once You Have Done The Measurement Model's Reliability And Validity , Then The Structural Model Was Assessed To Test The Proposed Hypotheses And Assess The Relationships Between Latent Variables. This Elaborate Analyzing The Model's **Explanatory Power**, **Path Significance**, **Effect Sizes**, **Multicollinearity**, And **Model Fit Indices**, In Accordance With The PLS-SEM Guidelines By Hair Et Al. (2022).

Bootstrapping graph

Bootstrapping in SMARTPLS is a statistical method that involves repeatedly resampling the original dataset in order to assess the significance and dependability of the model's output. The bootstrapping graph, which displays path coefficients and their confidence intervals, graphically depicts the strength and stability of relationships between variables. A statistical significance between two variables is considered to be significant when the confidence interval does not contain zero. This graph is a very crucial tool in testing structural models in PLS-SEM as it helps a researcher to view which of the hypotheses are supported by the data.

Below the graph of bootstrapping that show the p value indicators.



Collinearity Diagnostics

Variance Inflation Factor (VIF) Values Were Used To Evaluate Multicollinearity Among Predictor Constructs Before Hypothesis Testing. Collinearity Is Not An Issue When The VIF Value Is Less Than 5 (Diamantopoulos & Siguaw, 2006). It Is Established that The Path Estimates are not blown up by Inter-item Correlations since all of the items in the model reported vifs that were far below the allowable bounds.

Table Collinearity Statistic VIF

	VIF
ACAPROQ3	1.112
ACAPROQ5	1.112
FAQ1	1.804
FAQ2	1.812
FAQ3	1.534
FAQ4	1.833
FAQ5	2.064
FAQ6	2.554
FAQ7	1.681
FINLITQ1	1.197
FINLITQ3	1.197

Coefficient Of Determination (R²)

The Value of R² shows the amount of variation in the dependent (Endogenous) variable that the independent (Exogenous) variables can explain. The R² Of The Financial Anxiety In this Model was 0.178, which implies that Low Academic Results and Low Financial Literacy (Knowledge) explained 17.8% of the change in Financial Worry among rural University Students.

This R² is appropriate and yet modest in Behavioral And Social Science Research, Where Results Are Obstructed By A Variety Of Environmental And Psychological Factors (Cohen, 1988). The Relativity of Financial Issues, that can possibly include additional variables such as Inflation, Social Expectations, Or Family Pressure, not included in the Model is also further brought to the fore by the relatively low R² value.

Table of R- Square

	R-Square	R-Square Adjusted
FINANCIAL ANIEXTY	0.178	0.169

Path Coefficients And Hypothesis Testing

To Assess The Hypothesized Relationships, A Bootstrapping Procedure With 5,000 Subsamples Was Conducted. The Path Coefficients (β), T-Statistics, P-values and Confidence Intervals were looked at.

These Findings Show: Financial Anxiety Is Strongly And Statistically Significantly Impacted By Low Academic Performance. Academically Failing Students May Experience Increased Pressure To Perform, Particularly If They Are Financially Reliant On Their Families.

Financial Anixty Is Also Greatly Influenced By Low Knowledge, Which Is An Indication Of Inadequate Financial Literacy. This helps validate the study by Xiao And Meng (2024), who argue that the stress associated with money among students is exacerbated by the absence of financial literacy.

The **Confidence Intervals CI** For Both Predictors Do Not Include Zero, Further Confirming The Reliability Of The Approximations (Hair Et Al., 2022).

Table 3: Path Coefficients

	<i>Original Sample (O)</i>	<i>Sample Mean (M)</i>	<i>Standard Deviation (STDEV)</i>	<i>T Statistics (O/STDEV)</i>	<i>P Values</i>
LOW ACADEMIC PROFORMACE -> FINANCIAL ANIEXTY	0.320	0.331	0.066	4.872	0.000
LOW KNOWLEDGE -> FINANCIAL ANIEXTY	0.220	0.231	0.066	3.328	0.001

Table 4 Confidence Intervals CI

	<i>Original Sample (O)</i>	<i>Sample Mean (M)</i>	<i>2.5%</i>	<i>97.5 %</i>
LOW ACADEMIC PROFORMACE -> FINANCIAL ANIEXTY	0.320	0.331	0.199	0.456
LOW KNOWLEDGE -> FINANCIAL ANIEXTY	0.220	0.231	0.102	0.363

Effect Size (F²)

Each Exogenous Variable's Individual Contribution Was Estimated Using The Effect Size (F²). An F² Value Of 0.02 Indicates Small, 0.15 Indicates Medium, And 0.35 Indicates High, Per Cohen (1988)

	FINANCIAL ANIEXTY	LOW ACADEMIC PROFORMACE	LOW KNOWLEDGE
FINANCIAL ANIEXTY			
LOW ACADEMIC PROFORMACE	0.120		
LOW KNOWLEDGE	0.057		

Table 5 F Square Matrix

Model Fit

He Model Had A Standardized Root Mean Square Residual (SRMR) Of 0.116. In Exploratory study, It Is Acceptable albeit slightly greater than the suggested cutoff, which is 0.08 (Henseler Et Al., 2014).

	<i>Saturated Model</i>	<i>Estimated Model</i>
SRMR	0.094	0.094
D_ULS	0.584	0.584
D_G	0.193	0.193
Chi-Square	246.142	246.142
NFI	0.657	0.657

Findings facts, in all respects, demonstrate that with regard to Pakistani rural university students, both financial literacy and academic achievement predict financial worry on a high level. It is based on the Model Supports Theoretical Predictions Derived on the basis of the behavioral Finance Theory that supports that

Emotional Stress and Cognitive Constraints, including Scholastic Pressure and Low Financial Confidence, affect Financial Well-Being (Abdeldayem & Aldulaimi, 2024). In Circumstances With Little Financial Resources, Students With Poor Academic Records And Low Financial Literacy Are More Susceptible To Psychological Stress

DISCUSSION OF RESULTS

This study observed at the associations between poor academic performance, lack of financial literacy and financial anxiety among the students of the university in Pakistan who are living in rural areas. Both constructs had a significant impact on financial anxiety, according to the outcomes of Partial Least Squares Structural Equation Modeling (PLS-SEM), with poor academic achievement having a greater effect. These results contribute to the growing literature of behavioral finance in developing countries where socioeconomic challenges and education limitations interact to influence the mental and financial health of students.

Poor Performance in School and Financial Anxiety

Poor academic performance was the best predictor of financial anxiety, according to the model ($\beta = 0.320$, $p < .001$). This recommends that students with more severe academic records are susceptible to financial stress at a higher level. In rural areas, where families may not have access to many financial resources and children may rely heavily on academic accomplishment for scholarships or employment opportunities, under performance can result in great emotional and financial distress. These findings are consistent with those of Abdeldayem and Aldulaimi (2024) who highlighted the significant association between more psychological distress and academic failure, especially in a situation where the financial insecurity is already high. The moderate effect size ($f^2 = 0.120$) shows that academic underachievement is a significant additive to the financial concern of this cohort.

Financial Knowledge and Financial Anxiety

In the model show the effect size less ($f^2=0.057$), the analysis also showed that there is a statistically significant correlation between financial worry and lack of financial knowledge ($\beta=0.220$, $p=.001$). Lack of basic financial literacy means that students find it difficult to plan future expenditures, knowledge of debt management or saving, and budget creation, and therefore, feel confused and powerless. This is consistent with the findings of earlier research studies conducted by Xiao and Meng (2024), who found that students are more prone to financial difficulty when they lack financial aptitude. Young people may not receive critical financial skills at home or in school in rural Pakistan, where there is still low banking penetration and financial education is not included in the curriculum.

Due to this, they may not be prepared to pay for their own education and living costs, which leads them to be more prone to anxiety. Therefore, increasing student results through structured program that would increase financial literacy might be a useful and economical tactic.

Model Power and Theoretical Implications

Low academic performance and financial understanding collectively explain 17.8% of the variance in financial anxiety, which is the R^2 value of 0.178. This is a minor amount, but expedient for behavioral and psychological study (Cohen, 1988). This means that financial anxiety is a complex issue affected by sociocultural and emotional variables that might not be incorporated into this model in addition to educational and financial concerns. The findings are consistent with the behavioral finance theory, which states that emotional biases and cognitive limitations, rather than purely rational behavior, shape people's financial decisions (Abdeldayem & Aldulaimi, 2024).

In this model, students who struggle with both academic failure and financial confusion may be more likely to develop maladaptive emotional responses to the situation, such as anxiety, withdrawal, or avoidance, that will impair both financial decision-making and academic progress.

Practical Implications

In the view of the results, institutional and policy-level changes are urgently required to improve the academic performance and financial ability of rural students. Universities ought to develop remedial programs and academic mentoring services to support the at-risk students. Financial literacy workshops included in general education courses or orientation might be a proactive step to becoming more financially confident. They should also make counseling services available to resolve the problems of stress related issues and financial insecurity which are normally not recognized in the rural areas because of stigma or inaccessibility.

There should also be provision of counseling services to resolve stress related issues and financial issues of which it is hard to detect in the rural areas as a result of stigma or unavailability. The findings are significant to policymakers who would be interested in context-specific financial education programs and enhance access to financial assistance via emergency aid and scholarships to financially unprepared and underperforming students. In the poor educational context, these approaches can result in superiority in comparison with financial well being, such as academic persistence, career readiness and overall psychological health.

CONCLUSION

The paper has discussed the predictors of financial anxiety to Pakistani university students living in rural regions with special emphasis being given to the significance of low academic performance and financial illiteracy. The results of Partial Least Squares Structural Equation Modeling (PLS-SEM) confirmed the relevance of the idea that psychologically stressed with regard to the management of money are those students who struggle with academic performance or are financially illiterate.

which is well supported by previous research internationally (e.g., Gignac et al, 2023; Xiao & Meng, 2024).

Of the two predictors, low academic performance had a greater impact, indicating that students in rural areas, where academic success is frequently seen to be the sole means for upward social mobility, experience severe pressure if their academic achievements are suboptimal.

This is pressure to conform by fear of disappointing family expectations, missing out on the opportunities for scholarships, or having to decide about career prospects.

The low financial knowledge was also a significant predictor of financial anxiety, but on a smaller effect size. Many students from the countryside may be lacking the necessary skills to budget, save or even understand student loans and tuition costs, which means that they are more prone to financial distress throughout their academic journey.

These findings are consistent with the behavioral finance theory, which argues that emotional biases and cognitive constraints play a significant role in financial behavior and that logical judgments do not drive financial behavior. These prejudices are compounded in rural areas of Pakistan because of the lack of financial knowledge, lack of infrastructure and cultural stigmas associated with discussing money or not being able to study. As a result, the psychological health of students is adversely affected by poor academic performance and a lack of financial knowledge.

Though academic and financial factors are important determinants of financial anxiety, a large proportion of the variance can not be explained, based on the model's explanatory power ($R^2 = 0.178$). This suggests

the influence of other socio-cultural, institutional, or individual elements which were not included in this investigation, such as access to counseling services, inflation, family financial status, or social comparisons.

In conclusion, an overall strategy is required to tackle the problem of financial worry among college students in rural areas. Universities and educational policy makers should make a greater priority of culturally relevant counseling services, financial education initiatives and academic support systems. In addition to reducing financial worry surrounding the treatment, these treatments are important in improving the school retention, psychological well-being, and employability of children from underprivileged areas in the future. Future studies should investigate more psychological and environmental factors, involve longitudinal design and a more diverse population to better understand and address the complex problem of student financial anxiety especially in the context of economic instability of Pakistan and increasing cost of education.

Governmental organizations should make financial aid more widely available, create a rural-focused scholarship program, and introduce financial literacy into the national curriculum. In order to ensure the students mental and financial health, the universities should also establish counseling centers, organizing workshops about financial education and offering part-time jobs on the campus. Pakistan could take bold steps for the country in terms of reducing financial anxiety, increasing school performance and promoting lifelong financial resilience among rural youth by implementation of the above-focused activities.

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