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# EFFECT OF FINANCIAL STRESS & FINANCIAL BEHAVIOR ON AN INDIVIDUAL'S FINANCIAL WELL-BEING IN QUETTA: MEDIATING ROLE OF FINANCIAL ATTITUDE

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## Abstract
*This study examines the relationship between financial stress, financial behavior, and financial well-being among individuals in Quetta, Pakistan, with financial attitude serving as a mediating variable. Using a quantitative research design, data were collected from 384 respondents through structured questionnaires administered across four major towns of Quetta. The study employs Structural Equation Modeling (SEM) through SmartPLS to test the hypothesized relationships. Findings reveal that financial stress negatively affects financial well-being, while positive financial behavior enhances it. Financial attitude partially mediates the relationship between financial stress and financial well-being and between financial behavior and financial well-being. The results underscore the importance of psychological factors in determining financial outcomes in a developing country context. This research contributes to the limited literature on financial well-being in Balochistan and offers practical implications for policymakers, financial institutions, and educators seeking to improve population-level financial wellness.*

**Keywords:** financial stress, financial behavior, financial attitude, financial well-being, Quetta, Pakistan

## Introduction
Financial well-being is a crucial concept in behavioral finance and economic psychology, particularly in developing economies plagued by financial instability. It encompasses individuals' perceptions of their ability to meet financial obligations and secure their financial future, impacting mental health and life satisfaction (Bruggen et al., 2017). In Pakistan, especially in Balochistan, economic volatility has heightened concerns over financial well-being, with Quetta exemplifying significant vulnerabilities due to low literacy rates and limited access to formal financial services. Gaps in financial literacy correlate with demographic factors, while financial stress negatively impacts health and cognitive functions, perpetuating a cycle of financial difficulties (Netemeyer et al., 2018).

Financial behavior involves the decisions individuals make concerning budgeting, saving, investing, and managing debt. Positive financial behaviors, such as consistent saving and responsible spending, lead to better financial well-being, while negative behaviors, like impulsive spending and procrastination, harm financial security and increase stress. Financial attitude, which includes beliefs and predispositions towards financial matters, significantly influences how individuals respond to financial challenges. In developing economies, these attitudes are shaped by cultural norms and family influences, playing a critical role in the connection between psychological beliefs and financial wellness (Marjanovic et al., 201; Mani et al., 2013).

The study explores the mediating role of financial attitude within the context of financial stress and behavior impacting financial well-being in Quetta, Pakistan. It asserts that a positive financial attitude, which includes optimism and belief in personal control, can mitigate the adverse effects of financial stress and enhance positive financial behaviors. Despite increasing global interest in financial well-being, research in Pakistan is sparse, particularly regarding how these variables interact within the broader population. The investigation aims to fill this gap by proposing a comprehensive model of financial well-being relevant to developing countries. The findings may assist policymakers and educators in crafting effective interventions for vulnerable groups (Richardson et al., 2017).

The literature on financial well-being in Quetta and Balochistan is sparse, highlighting a gap in empirical research within Pakistan's unique socioeconomic context. While studies predominantly concentrate on urban hubs like Karachi, Lahore, and Islamabad, Quetta, home to over two million residents, remains underrepresented. The city exhibits distinct socioeconomic traits such as a large informal economy, limited banking access, low literacy rates (particularly among women), and cultural diversity that shape financial behaviors. Additionally, research suggests that conventional determinants of financial literacy, like parents' education and household income, have minimal influence in Quetta compared to developed areas, underscoring the necessity for location-specific studies on financial outcomes. This study investigates the underexplored mediating mechanisms between financial stress, behavior, and well-being in developing countries, focusing on financial attitude as a potential mediator. It draws from the Family Stress Model (Conger et al., 2010), which highlights the impact of economic pressure on psychological outcomes, and Self-Determination Theory, which states that satisfying basic psychological needs mediates the relationship between environmental factors and well-being (Ryan & Deci, 2000). Financial attitude reflects individual competence and autonomy in financial matters, potentially linking stress and behavior to well-being. However, the integration and testing of these frameworks in contexts marked by collectivist values and limited financial infrastructure remain lacking (D'Agostino et al., 2020).

Previous research on financial well-being in Pakistan primarily used descriptive methods and bivariate analyses, such as ANOVA, which, while informative, are insufficient for testing complex mediation models and dealing with measurement error. This study highlights the benefits of employing advanced techniques like Structural Equation Modeling (SEM) and specifically Partial Least Squares SEM (PLS-SEM) for predictive models and mediation analysis, addressing a methodological gap in the financial well-being research context in Pakistan (Hair et al., 2017).

**Problem Statement**

Financial well-being significantly influences quality of life, yet many in Quetta, Balochistan, face challenges due to low literacy, limited formal employment, inadequate financial infrastructure, and economic shocks. The region experiences inflation that diminishes purchasing power, with employment primarily in precarious informal sectors. Access to formal financial services is limited, leading to reliance on costly informal credit. Financial behaviors vary; some individuals exhibit prudent management, while others fall into vulnerability through impulsive spending. Financial attitudes are crucial, as those who feel they can control their finances tend to have better outcomes. However, the role of financial attitudes in mediating stress and behavior on well-being remains unclear, creating a knowledge gap for policymakers and educators. This study seeks to

explore the relationships between financial stress, behavior, attitude, and well-being in Quetta, focusing on how financial attitude may mediate these effects (Shahzad et al., 2026).

**Research Objectives**

The following research objectives guide this study:

- To examine the relationship between financial stress and financial well-being among individuals in Quetta.
- To investigate the relationship between financial behavior and financial well-being among individuals in Quetta.
- To assess the relationship between financial stress and financial attitude among individuals in Quetta.
- To examine the relationship between financial behavior and financial attitude among individuals in Quetta.
- To determine the relationship between financial attitude and financial well-being among individuals in Quetta.
- To test the mediating role of financial attitude in the relationship between financial stress and financial well-being.
- To test the mediating role of financial attitude in the relationship between financial behavior and financial well-being.

**Literature Review**

The Family Stress Model (FSM), developed by Conger et al. (1990, 1994 & 2010), explains how economic pressure, stemming from hardships like low income and debt, leads to emotional distress and conflict within families, resulting in negative outcomes. It has been validated across various contexts, showing that the psychological perception of financial strain mediates the impact of actual economic conditions on well-being. Specifically, financial stress as a subjective experience affects financial well-being, with individuals feeling insecure or dissatisfied despite their objective financial status. The FSM also suggests that coping resources and psychological factors may influence these relationships, highlighting the importance of financial attitudes as a mediating factor.

The Theory of Planned Behavior (TPB) by Ajzen (1991) elucidates the link between attitudes, behaviors, and outcomes, highlighting that an individual's attitude towards a behavior affects their behavioral intentions and subsequent actions. In the financial realm, attitudes toward money management and saving impact the likelihood of engaging in behaviors that enhance financial well-being. TPB posits that financial attitudes result from past experiences and serve as predictors of future behavior. Financial stress can develop negative attitudes, while positive financial behaviors can cultivate supportive attitudes, thereby influencing both future actions and overall financial well-being (Ajzen, 1991; Shahzad et al., 2026).

Financial stress is a key predictor of financial well-being, as illuminated by the Financial Threat Scale (FTS), which includes dimensions such as fear and anxiety regarding financial resources (Marjanovic et al., 2013). Research shows that financial threat is closely related to acute economic hardship. A study highlighted that financial behaviors directly influence stress levels and overall well-being among Mexican adults, underscoring their interconnectedness. Longitudinal studies confirm that personal unsecured debt is linked to mental health issues like depression and anxiety, driven by psychological burdens and social stigma (Pérez-Castañeda et al., 2025). Recent dyadic

research reveals that fluctuations in daily financial stress impact emotional well-being, with higher stress correlating with lower positive and increased negative emotions (Richardson et al., 2017). In Pakistan, variations in financial literacy indicate that lower literacy may exacerbate financial stress effects, limiting coping strategies. This context leads to the proposal of a relevant hypothesis based on these findings (Kasi et al., 2022; Shahzad et al., 2026). Based on the theoretical framework and empirical evidence, the following hypothesis is constructed:

*H1: Financial stress has a significant negative relationship with financial well-being.*

Financial behavior includes the actions individuals take in handling their finances, such as spending, saving, investing, and borrowing. It is recognized as a critical determinant of financial well-being, mediating the effects of knowledge, attitudes, and demographic factors on financial outcomes. Research by Maulidiana and Purnamasari in Indonesia indicated that financial behavior positively impacts financial well-being and serves as a mediator in the relationships between financial attitude, locus of control, and financial well-being. Similarly, Adhikari and Sharma's study in Nepal found that positive psychological beliefs are linked to better financial wellness, with financial behavior acting as a mediator (Maulidiana & Purnamasari, 2025; Nuriani et al., 2022).

The link between financial behavior and well-being is multifaceted; positive financial actions improve objective financial conditions by creating financial buffers, resource conservation, timely debt repayment, and better credit access. They also foster subjective well-being by enhancing control, competence, and goal progress. Conversely, negative financial behaviors can lead to financial struggles and psychological distress (Adhikari & Sharma, 2025).

Research on financial threats indicates that behavioral responses are correlated with stress levels, as shown by Fiksenbaum et al. (2017), where financial threats led to constructive behavioral intentions influenced by economic hardship. In developing countries, structural constraints such as limited access to financial services, irregular income, and cultural norms can impact financial behaviors. Recognizing these contextual influences is crucial for designing effective interventions aimed at improving financial well-being (Fiksenbaum et al., 2017; Risman et al., 2023).

*H2: Financial behavior has a significant positive relationship with financial well-being.*

Financial attitude is defined as an individual's learned predispositions towards financial stimuli, comprising cognitive beliefs, affective feelings, and behavioral tendencies. Financial stress significantly impacts these attitudes by forming negative associations with financial matters (D'Agostino et al., 2020). Chronic financial worry can lead to pessimism about one's financial abilities and the prospects for improvement, fostering a perception of financial planning as futile and seeing financial institutions as threatening. This shift in attitude adversely affects future financial behaviors and outcomes. Research highlights that financial stress increases cognitive load, as seen in studies by Mani et al. (2013), which shows it reduces mental bandwidth for other tasks and may inhibit the formation of positive financial attitudes (Mani et al., 2013). Haushofer and Fehr (2014) similarly indicate that stress associated with poverty fosters immediate gratification behaviors, potentially detracting from long-term financial planning. Attribution processes also play a critical role; individuals under financial stress may blame personal failures, leading to negative self-assessments and decreased financial self-efficacy, or may attribute their situation to external factors, resulting in a sense of fatalism that diminishes motivation for positive financial engagement (Haushofer & Fehr, 2014). In economically challenging environments like

Quetta, residents facing significant financial pressure may cultivate attitudes of resignation or mistrust towards formal financial systems, reinforcing cycles of exclusion and vulnerability (Shahzad et al., 2026).

*H3: Financial stress has a significant negative relationship with financial attitude.*

The relationship between financial behavior and financial attitude is bidirectional and dynamic, supported by cognitive consistency theories. Positive financial behaviors, such as saving and timely payments, reinforce positive attitudes, enhancing confidence in financial capabilities and planning. Conversely, negative behaviors, like excessive debt accumulation, can lead to altered attitudes that downplay the significance of debt avoidance, protecting self-esteem but perpetuating poor financial habits. Empirical research, including studies by Maulidiana and Purnamasari as well as Adhikari and Sharma, illustrates that financial behavior is influenced by financial attitudes and that this relationship can be reciprocal. Furthermore, financial wellness is positively correlated with psychological beliefs and attitudes, mediated by behaviors. The findings suggest that financial attitudes can serve as both precursors and outcomes of financial behavior, indicating that interventions can effectively target either area to promote positive changes in the other, implying potential benefits from financial education and behavior-focused interventions (Maulidiana & Purnamasari, 2025; Adhikari & Sharma, 2025).

*H4: Financial behavior has a significant positive relationship with financial attitude.*

Financial attitudes profoundly affect financial well-being through cognitive, behavioral, and affective pathways. Cognitively, attitudes shape individuals' perceptions of their financial situations; two people in similar financial circumstances may have starkly different experiences based on their attitudes (Baptista et al., 2021). A positively inclined individual, optimistic about the future and valuing financial planning, may feel secure with limited resources, whereas someone with a negative outlook may feel anxious despite having sufficient resources. Behaviorally, positive attitudes encourage financial planning, responsible spending, saving, and minimizing debt, leading to better financial outcomes and enhanced subjective well-being. Numerous studies have confirmed this mediating role of financial behavior. The effects of attitudes extend to emotional responses toward financial events; positive attitudes can mitigate distress from financial setbacks, while negative attitudes may exacerbate it. Research from developing countries, such as a study by Adhikari and Sharma in Nepal, indicates that favorable financial attitudes correlate with improved financial wellness. Similarly, Maulidiana and Purnamasari's (2025) Indonesian study highlights that financial attitudes significantly affect financial behaviors, which in turn influence well-being. The direct relationship between attitudes and well-being is also deemed theoretically plausible. In Pakistan, cultural values and religious beliefs may shape financial attitudes, making it crucial to understand these contextual influences for creating effective interventions (Shahzad et al., 2026).

*H5: Financial attitude has a significant positive relationship with financial well-being.*

The study investigates the mediating role of financial attitude between financial stress, financial behavior, and financial well-being. It posits that financial stress impacts financial well-being both directly, through immediate psychological burdens, and indirectly, by altering financial attitudes. Financial attitudes may erode under chronic financial stress, leading to diminished self-efficacy and negative outlooks, thus affecting well-being. This notion aligns with cognitive-behavioral frameworks, particularly Lazarus and Folkman's transactional model of stress and coping,

emphasizing cognitive appraisal in the stress-outcome relationship (Lazarus and Folkman, 1984). Empirical evidence shows that financial threat can spur adaptive behavioral intentions in coping, although this relationship varies based on economic conditions. In settings like Quetta, where financial stress is prevalent and support is scarce, enhancing positive financial attitudes may act as a critical buffer against stress's adverse effects, suggesting that interventions aimed at fostering these attitudes could be beneficial (Hutapea et al., 2023).

*H6: Financial attitude mediates the relationship between financial stress and financial well-being.*

Financial behavior significantly influences financial well-being through direct and indirect channels. The direct effects involve objective changes in financial circumstances, where saving, prudent spending, and effective debt management contribute positively to financial well-being, independent of individual attitudes. Indirectly, positive financial behaviors bolster beliefs in one's financial competence, leading to greater financial self-efficacy, which in turn enhances well-being, regardless of objective outcomes (She et al., 2022). Conversely, negative behaviors can diminish confidence and foster pessimistic attitudes. Research supports the interaction between behavior, attitudes, and well-being, indicating a bidirectional relationship. Practical implications suggest that interventions aimed at improving financial behaviors should also address related attitudinal shifts, as recognizing behavioral successes can reinforce a sense of financial competence and amplify well-being benefits (Sabri et al., 2022).

*H7: Financial attitude mediates the relationship between financial behavior and financial well-being.*

**Conceptual Framework**

Based on the literature review and theoretical foundations, this study proposes a conceptual framework that positions financial attitude as a mediator in the relationships between financial stress, financial behavior, and financial well-being.

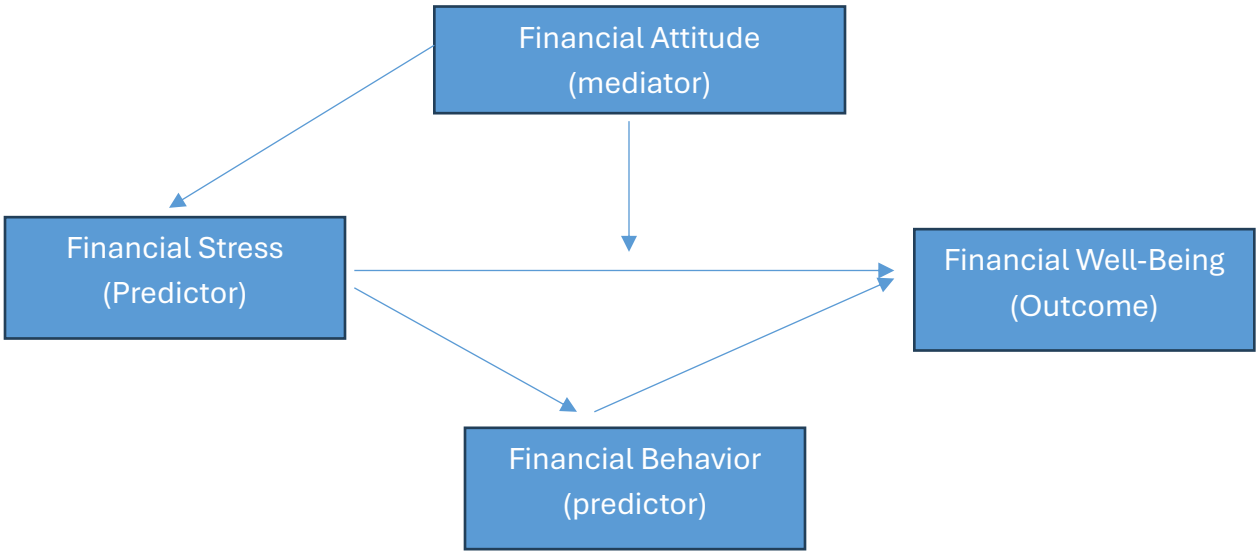


**Figure 1: Conceptual Framework**

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**Table of Variables**

| Variable | Type | Dimensions/Indicators | Source |
|---|---|---|---|
| Financial Stress | Independent | Worry about finances, fear of financial situation, preoccupation with money problems, difficulty sleeping due to financial concerns. | Marjanovic et al. (2013); |
| Financial Behavior | Independent | Budgeting, saving regularly, paying bills on time, avoiding excessive debt, and comparing prices before purchasing | (Maulidiana & Purnamasari, 2025; Adhikari & Sharma, 2025). |
| Financial Attitude | Mediating | Belief in the importance of financial planning, optimism about the financial future, preference for saving over spending, and comfort discussing financial matters | (Maulidiana & Purnamasari, 2025; Adhikari & Sharma, 2025). |
| Financial Well-Being | Dependent | Ability to meet expenses, feeling of financial security, satisfaction with financial situation, confidence in financial future | Netemeyer et al. (2018); |

All constructs are measured using multiple indicators with 5-point Likert scales ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Scale items are adapted from validated instruments in the literature and modified for the Pakistani context.

**Financial Stress Scale (FSS)**

- FS1: I often worry about my financial situation.
- FS2: Thinking about my finances makes me feel anxious.
- FS3: I have difficulty sleeping because of financial concerns.
- FS4: I feel threatened by my current financial situation.
- FS5: I am concerned that I will not be able to meet my financial obligations.

**Financial Behavior Scale (FB)**

- FB1: I prepare a budget and follow it regularly.
- FB2: I save money regularly.
- FB3: I pay my bills on time.
- FB4: I avoid taking on unnecessary debt.
- FB5: I compare prices before making purchases.
- FB6: I track my expenses regularly.

**Financial Attitude Scale (FA)**

- FA1: I believe financial planning is important for my future.
- FA2: I am optimistic about my financial future.
- FA3: I prefer saving money rather than spending immediately.
- FA4: I feel confident in my ability to manage money.
- FA5: I believe I can control my financial situation.

**Financial Well-Being Scale (FWB)**

- FWB1: I can meet my monthly expenses without difficulty.
- FWB2: I feel secure about my financial future.
- FWB3: I am satisfied with my current financial situation.

- FWB4: I have enough financial resources to handle emergencies.
- FWB5: I feel in control of my finances.

$\eta 1 = \gamma 11\xi 1 + \gamma 12\xi 2 + \zeta 1$
$\eta 2 = \gamma 21\xi 1 + \gamma 22\xi 2 + \beta 21\eta 1 + \zeta 2$
Where:

- $\xi 1$ = Financial Stress
- $\xi 2$ = Financial Behavior
- $\eta 1$ = Financial Attitude
- $\eta 2$ = Financial Well-Being
- $\gamma$ = Path coefficients for relationships between exogenous and endogenous variables
- $\beta$ = Path coefficient for the relationship between endogenous variables
- $\zeta$ = Error terms

The mediation relationships are tested using the following equations:
Equation 1: Direct Effect (without mediator)
$FWB = c1(FS) + c2(FB) + \varepsilon 1$
Equation 2: Mediator on Independent Variables
$FA = a1(FS) + a2(FB) + \varepsilon 2$
Equation 3: Dependent Variable on Mediator and Independents
$FWB = c'1(FS) + c'2(FB) + b(FA) + \varepsilon 3$
Where:

- c = total effect of independent on dependent
- c' = direct effect controlling for mediator
- a = effect of independent on mediator
- b = effect of mediator on dependent, controlling for independents
- Indirect effect = a × b

**Methodology**

This study utilizes a quantitative, cross-sectional research design and survey methodology to investigate financial well-being and its determinants in Quetta. The quantitative approach aids in testing hypothesized relationships and examining mediation effects, while the cross-sectional design offers a snapshot of the variables within a specific timeframe. The research aims to explain causal relationships among financial stress, behavior, attitude, and well-being, despite the inherent limitations of establishing causation from cross-sectional data. The target population includes adults aged 18 and over with income or financial decision-making responsibilities, representing various groups such as employed individuals, self-employed persons, business owners, and homemakers in Quetta. Sampling is conducted in four major towns: Zarghoon Town, Chiltan Town, City Town, and Sariab Town, reflecting the socioeconomic diversity of the area. The sample size, calculated using Krejcie and Morgan's formula, is set at 384, suitable for structural equation modeling and ensuring a 95% confidence level with a 5% margin of error. A multi-stage sampling technique is applied, with towns as strata and proportional allocation based on population estimates. Data are gathered through a structured questionnaire encompassing demographic information and scales for financial stress, behavior, attitude, and well-being. Analysis involves using SPSS and SmartPLS for screening, descriptive statistics, and assessments of reliability and validity.

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**Results & Analysis**

A total of 450 questionnaires were distributed across the four towns of Quetta. Of these, 402 were returned, yielding a response rate of 89.3%. After data screening, 18 questionnaires were excluded due to excessive missing data or patterned responses, leaving a final sample of 384 for analysis.

**Table 1: Demographic Characteristics of Respondents**

| Characteristic | Category | Frequency | Percentage |
|---|---|---|---|
| Gender | Male | 248 | 64.6% |
| | Female | 136 | 35.4% |
| Age | 18-25 years | 98 | 25.5% |
| | 26-35 years | 142 | 37.0% |
| | 36-45 years | 89 | 23.2% |
| | 46-55 years | 41 | 10.7% |
| | 56+ years | 14 | 3.6% |
| Education | No formal education | 42 | 10.9% |
| | Primary/middle | 78 | 20.3% |
| | Matric/intermediate | 112 | 29.2% |
| | Bachelor's degree | 96 | 25.0% |
| | Master's or higher | 56 | 14.6% |
| Occupation | Government employee | 68 | 17.7% |
| | Private employee | 94 | 24.5% |
| | Self-employed/business | 112 | 29.2% |
| | Daily wage worker | 58 | 15.1% |
| | Homemaker | 42 | 10.9% |
| | Unemployed | 10 | 2.6% |
| Monthly Income | < 25,000 PKR | 86 | 22.4% |
| | 25,000-50,000 PKR | 142 | 37.0% |
| | 50,001-75,000 PKR | 89 | 23.2% |
| | 75,001-100,000 PKR | 42 | 10.9% |
| | > 100,000 PKR | 25 | 6.5% |
| Household Size | 1-3 members | 58 | 15.1% |
| | 4-6 members | 186 | 48.4% |
| | 7-9 members | 98 | 25.5% |
| | 10+ members | 42 | 10.9% |

The sample shows a predominance of male respondents (64.6%), reflecting cultural norms around financial decision-making in Quetta. The age distribution is skewed toward younger adults, with 62.5% under 35 years. Educational attainment varies considerably, with approximately 31% having less than matriculation education. Occupations are diverse, with self-employment/business (29.2%) and private employment (24.5%) being the most common. Income distribution shows concentration in lower brackets, with 59.4% earning 50,000 PKR or less monthly. Household sizes are typically large, with 74.9% having 4-9 members.

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**Table 2: Descriptive Statistics of Constructs**

| Construct | N | Mean | Std. Deviation | Skewness | Kurtosis |
|---|---|---|---|---|---|
| Financial Stress | 384 | 3.68 | 0.84 | -0.32 | -0.41 |
| Financial Behavior | 384 | 2.96 | 0.91 | 0.28 | -0.38 |
| Financial Attitude | 384 | 3.24 | 0.88 | -0.15 | -0.52 |
| Financial Well-Being | 384 | 2.78 | 0.96 | 0.42 | -0.29 |

Descriptive statistics reveal that financial stress has the highest mean (3.68), indicating that respondents generally experience moderate to high levels of financial worry. Financial well-being has the lowest mean (2.78), suggesting that perceived financial security is relatively low in the sample. Financial behavior (2.96) and attitude (3.24) show moderate levels. Skewness and kurtosis values are within acceptable ranges (±2), indicating approximate normality suitable for parametric analysis.

Harman's single-factor test was conducted to assess common method bias. All items were entered into an unrotated exploratory factor analysis. The first factor accounted for 28.6% of total variance, well below the 50% threshold, suggesting that common method bias is not a significant concern in this study. The measurement model was assessed for reliability, convergent validity, and discriminant validity using Smart PLS.

**Table 3: Factor Loadings, Reliability, and Convergent Validity**

| Construct | Indicator | Loading | Cronbach's α | Composite Reliability | AVE |
|---|---|---|---|---|---|
| Financial Stress | FS1 | 0.82 | 0.86 | 0.90 | 0.64 |
| | FS2 | 0.85 | | | |
| | FS3 | 0.79 | | | |
| | FS4 | 0.77 | | | |
| | FS5 | 0.76 | | | |
| Financial Behavior | FB1 | 0.81 | 0.88 | 0.91 | 0.63 |
| | FB2 | 0.84 | | | |
| | FB3 | 0.78 | | | |
| | FB4 | 0.76 | | | |
| | FB5 | 0.79 | | | |
| | FB6 | 0.77 | | | |
| Financial Attitude | FA1 | 0.83 | 0.85 | 0.89 | 0.62 |
| | FA2 | 0.80 | | | |
| | FA3 | 0.78 | | | |
| | FA4 | 0.76 | | | |
| | FA5 | 0.75 | | | |
| Financial Well-Being | FWB1 | 0.84 | 0.89 | 0.92 | 0.69 |
| | FWB2 | 0.86 | | | |
| | FWB3 | 0.82 | | | |
| | FWB4 | 0.81 | | | |
| | FWB5 | 0.79 | | | |

All factor loadings exceed the recommended threshold of 0.70, indicating that each indicator reliably measures its respective construct. Cronbach's alpha values range from 0.85 to 0.89,

exceeding the 0.70 criterion and demonstrating good internal consistency. Composite reliability values (0.89-0.92) also exceed the recommended threshold of 0.70. Average Variance Extracted (AVE) values range from 0.62 to 0.69, all above the 0.50 minimum, confirming convergent validity.

**Table 4: Fornell-Larcker Criterion**

| Construct | Financial Stress | Financial Behavior | Financial Attitude | Financial Well-Being |
|---|---|---|---|---|
| Financial Stress | **0.80** | | | |
| Financial Behavior | -0.38 | **0.79** | | |
| Financial Attitude | -0.45 | 0.52 | **0.79** | |
| Financial Well-Being | -0.54 | 0.58 | 0.62 | **0.83** |

*Note: Diagonal values (bold) are square roots of AVE; off-diagonal values are correlations.*

**Table 5: HTMT Ratio**

| Construct Pair | HTMT Value | 95% CI | Discriminant Validity |
|---|---|---|---|
| Financial Stress <-> Financial Behavior | 0.41 | [0.34, 0.48] | Established |
| Financial Stress <-> Financial Attitude | 0.49 | [0.42, 0.56] | Established |
| Financial Stress <-> Financial Well-Being | 0.58 | [0.51, 0.65] | Established |
| Financial Behavior <-> Financial Attitude | 0.56 | [0.49, 0.63] | Established |
| Financial Behavior <-> Financial Well-Being | 0.62 | [0.55, 0.69] | Established |
| Financial Attitude <-> Financial Well-Being | 0.68 | [0.61, 0.75] | Established |

The Fornell-Larcker criterion is satisfied as the square root of AVE for each construct (0.79-0.83) exceeds its correlations with other constructs (maximum 0.62). HTMT ratios are all below the conservative threshold of 0.85, with confidence intervals not containing 1, further confirming discriminant validity.

**Table 6: Variance Inflation Factor (VIF)**

| Construct | Financial Attitude | Financial Well-Being |
|---|---|---|
| Financial Stress | 1.28 | 1.42 |
| Financial Behavior | 1.28 | 1.58 |
| Financial Attitude | - | 1.65 |

All VIF values are below the recommended threshold of 3.0, indicating that collinearity is not a concern in the structural model.

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**Table 7: Direct Path Coefficients**

| Hypothesis | Path | β | t-value | p-value | 95% CI | Decision |
|---|---|---|---|---|---|---|
| H1 | Financial Stress → Financial Well-Being | -0.28 | 5.12 | 0.000 | [-0.39, -0.17] | Supported |
| H2 | Financial Behavior → Financial Well-Being | 0.32 | 5.89 | 0.000 | [0.21, 0.43] | Supported |
| H3 | Financial Stress → Financial Attitude | -0.31 | 5.46 | 0.000 | [-0.42, -0.20] | Supported |
| H4 | Financial Behavior → Financial Attitude | 0.44 | 8.23 | 0.000 | [0.34, 0.54] | Supported |
| H5 | Financial Attitude → Financial Well-Being | 0.36 | 6.18 | 0.000 | [0.25, 0.47] | Supported |

All hypothesized direct relationships are supported at $p < 0.001$. Financial stress has a significant negative effect on financial well-being ($\beta = -0.28$), supporting H1. Financial behavior shows a significant positive effect on financial well-being ($\beta = 0.32$), supporting H2. Financial stress negatively affects financial attitude ($\beta = -0.31$), supporting H3. Financial behavior positively affects financial attitude ($\beta = 0.44$), supporting H4. Financial attitude positively affects financial well-being ($\beta = 0.36$), supporting H5 (Sabri et al., 2022; She et al., 2022).

**Table 8: $R^2$ Values**

| Endogenous Construct | $R^2$ | Adjusted $R^2$ | Interpretation |
|---|---|---|---|
| Financial Attitude | 0.38 | 0.37 | Moderate |
| Financial Well-Being | 0.51 | 0.50 | Moderate |

The model explains 38% of the variance in financial attitude and 51% of the variance in financial well-being. According to Hair et al. (2017), $R^2$ values of 0.25, 0.50, and 0.75 are considered weak, moderate, and substantial, respectively. Thus, the explanatory power for financial attitude is moderate-weak, while for financial well-being it is moderate (Hutapea et al., 2023; Baptista et al., 2021).

**Table 9: $f^2$ Effect Sizes**

| Path | $f^2$ | Effect Size |
|---|---|---|
| Financial Stress → Financial Well-Being | 0.09 | Small |
| Financial Behavior → Financial Well-Being | 0.12 | Small to Medium |
| Financial Stress → Financial Attitude | 0.11 | Small to Medium |
| Financial Behavior → Financial Attitude | 0.22 | Medium |
| Financial Attitude → Financial Well-Being | 0.14 | Small to Medium |

Effect sizes ($f^2$) of 0.02, 0.15, and 0.35 are considered small, medium, and large, respectively (Cohen, 1988). The effects range from small to medium, with the largest effect being financial behavior on financial attitude ($f^2 = 0.22$).

**Table 10: $Q^2$ Values**

| Construct | $Q^2$ | Predictive Relevance |
|---|---|---|
| Financial Attitude | 0.26 | Yes |
| Financial Well-Being | 0.38 | Yes |

$Q^2$ values greater than zero indicate that the model has predictive relevance for a given endogenous construct (Hair et al., 2017). Both values exceed zero, confirming predictive relevance.

**Table 11: Indirect Effects and Mediation**

| Hypothesis | Path | Indirect Effect | t-value | p-value | 95% CI | VAF | Mediation Type |
|---|---|---|---|---|---|---|---|
| H6 | FS → FA → FWB | -0.11 | 4.12 | 0.000 | [-0.16, -0.06] | 28.2% | Partial Mediation |
| H7 | FB → FA → FWB | 0.16 | 4.98 | 0.000 | [0.10, 0.22] | 33.3% | Partial Mediation |

*Note: VAF = Variance Accounted For (indirect effect/total effect)*

The indirect effect of financial stress on financial well-being through financial attitude is significant ($\beta = -0.11$, $p < 0.001$), with a 95% confidence interval not containing zero. The VAF of 28.2% indicates that 28.2% of the total effect of financial stress on financial well-being is mediated by financial attitude, supporting H6 for partial mediation. The indirect effect of financial behavior on financial well-being through financial attitude is significant ($\beta = 0.16$, $p < 0.001$), with a 95% confidence interval not containing zero. The VAF of 33.3% indicates that 33.3% of the total effect of financial behavior on financial well-being is mediated by financial attitude, supporting H7 for partial mediation (Sabri et al., 2022; She et al., 2022; Hutapea et al., 2023; Baptista et al., 2021; D'Agostino et al., 2020; Risman et al., 2023; Nuriani et al., 2022).

**Table 12: Summary of Hypothesis Results**

| Hypothesis | Statement | Result |
|---|---|---|
| H1 | Financial stress → Financial well-being (-) | Supported |
| H2 | Financial behavior → Financial well-being (+) | Supported |
| H3 | Financial stress → Financial attitude (-) | Supported |
| H4 | Financial behavior → Financial attitude (+) | Supported |
| H5 | Financial attitude → Financial well-being (+) | Supported |
| H6 | Financial attitude mediates the FS-FWB relationship | Supported (Partial) |
| H7 | Financial attitude mediates the FB-FWB relationship | Supported (Partial) |

The research indicates that financial stress negatively affects financial well-being, demonstrated by a significant negative coefficient ($\beta = -0.28$), suggesting that higher anxiety results in lower security and satisfaction. In Quetta, where economic instability is prevalent, the mean stress score of 3.68 reflects pervasive concern. This calls for interventions addressing both objective financial conditions and the subjective stress experience. The study also finds a positive correlation between financial behavior and well-being ($\beta = 0.32$), asserting that proactive financial actions like budgeting and saving improve financial outcomes, echoing similar findings in Indonesia and Nepal. However, the mean score for financial behavior in Quetta is low (2.96), indicating room for improvement. Lastly, a negative correlation is noted between financial stress and financial attitude ($\beta = -0.31$), where anxiety undermines optimism and confidence in financial skills. This underscores the need for financial education and counseling, emphasizing the importance of addressing stress before altering negative attitudes (Risman et al., 2023; Nuriani et al., 2022).

The study reveals a strong positive relationship between financial behavior and financial attitude ($\beta = 0.44$), indicating that engaging in positive financial behaviors enhances favorable attitudes towards finance. This suggests that behavioral interventions are more impactful than stress in

shaping financial attitudes. Furthermore, a positive financial attitude correlates with financial well-being (β = 0.36), emphasizing the importance of both cognitive factors and behaviors in achieving financial satisfaction. Stress negatively affects this relationship by eroding positive attitudes, partially mediating its adverse effects on well-being. The findings recommend that financial education programs address both behaviors and attitudes to foster a self-reinforcing cycle of financial engagement that could lead to improved well-being (D'Agostino et al., 2020; Risman et al., 2023; Nuriani et al., 2022).

**Conclusion**

This study examines the relationships among financial stress, behavior, attitude, and well-being in adults from Quetta, Pakistan, highlighting financial attitude as a mediating factor. Results indicate that financial stress negatively impacts well-being, while positive financial behavior enhances it, with the attitude accounting for 28-33% of the total effects. The research fills a geographical gap in financial well-being studies, employs rigorous analytical methods, and provides practical insights for improving financial wellness (Sabri et al., 2022; She et al., 2022; Hutapea et al., 2023). Limitations include the cross-sectional design, which limits causal inferences, and potential biases in self-reported data. Overall, the findings emphasize the interconnectedness of financial factors in determining well-being and suggest avenues for future research and policy interventions (Baptista et al., 2021; D'Agostino et al., 2020; Risman et al., 2023; Nuriani et al., 2022).

**Theoretical Implications**

This study extends the Family Stress Model to a developing country context, showing that financial stress affects well-being through direct and mediated pathways. It integrates self-determination theory by indicating that financial attitudes mediate the effects of stress and behavior on well-being, suggesting that financial well-being links to basic psychological needs. A bidirectional relationship between attitudes and behaviors within the financial domain is also supported, implying implications for causal models in financial well-being. Contextual factors such as Quetta's limited employment and economic shocks amplify financial stress, while cultural values and gender dynamics play essential roles in shaping financial behaviors and attitudes. Future research should explore gender differences in financial well-being

**Social Implications**

The study's findings indicate significant social implications for Quetta and similar developing regions, highlighting a strong link between financial stress and poor financial well-being, which in turn has psychological effects, like increased anxiety and depression. Financial difficulties can strain family relationships, particularly in collectivist cultures such as Pakistan's, suggesting that interventions aimed at reducing financial stress could enhance family cohesion. Additionally, financial attitudes shaped by chronic stress may perpetuate cycles of vulnerability across generations, indicating the need for early intervention programs that foster positive financial attitudes. These findings underscore the disparities in financial stress experienced by lower-income groups, women, and less educated individuals, emphasizing the importance of equitable interventions. Enhanced financial well-being at the community level may bolster resilience during economic downturns, advocating for investment in financial capability development and stress reduction strategies.

**Practical Implications**

Networks are vital in supporting families, yet financial difficulties can negatively impact relationships across generations. Interventions aimed at alleviating financial stress may enhance family cohesion, while adverse policies could harm relationships. Financial attitudes are often inherited; parents under chronic financial strain may transfer negative views to their children, leading to ongoing vulnerability. Early interventions fostering positive financial attitudes can yield intergenerational benefits and aid children in facing financial challenges. Moreover, the findings highlight the inequitable nature of financial stress, disproportionately affecting lower-income groups, women, and those with less education. Interventions must address these disparities to improve financial well-being for all and enhance community resilience.

**Limitations and Future Research Directions**

This study's limitations include its cross-sectional design, which restricts causal inference and may allow for alternative causal relationships. Self-report measures could introduce biases, though common method bias seems limited, indicating a need for objective metrics in future studies. The research focused on Quetta city, potentially hindering generalizability to rural Balochistan or other parts of Pakistan, where financial dynamics may differ. Furthermore, the sample's underrepresentation of women points to cultural constraints and may overlook gender-specific insights. Cultural factors affecting financial attitudes were not assessed, highlighting the necessity for further research in this area.

**Future Research Directions**

Future research directions include longitudinal studies to track individuals over time, revealing causal relationships between financial stress, behavior, attitudes, and well-being, and identifying optimal intervention periods. In-depth qualitative research through interviews and focus groups with Quetta residents could uncover cultural nuances that surveys miss. Experimental studies, such as randomized controlled trials, could assess the effectiveness of integrated financial education programs. Urgent attention is needed for women's financial well-being in Quetta, particularly regarding their unique challenges and access to financial resources. Comparative studies across various Pakistani regions could highlight contextual moderating factors. Additionally, research on the transmission of financial attitudes across generations could identify intervention opportunities, utilizing mixed methods for a comprehensive understanding of financial well-being.

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