

## Frugal Finance and Wellbeing: Exploring the Nexus in Emerging Markets

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### Abstract

While money matters for everyone, social and cultural contexts strongly influence individuals' subjective perceptions of their finances affecting financial behaviors like consumption and savings, which in turn can impact financial wellbeing (FWB). In addition to considerations of FWB, Researchers and policy makers are necessarily concerned with the state of financial frugality among consumers. While, the consumer financial behavior and financial well-being are two closely related aspects of an individual's financial decision-making. This study attempts to investigate the extent to which financial frugality influences financial well-being among urban households in India. The data for the study was collected through an online survey using a semi-structured questionnaire. We use the Process method in SmartPLS 4.0 to test the conditional mediation analysis. The results indicate a significant negative influence of financial frugality on financial well-being and attitude towards money is found to be positively related to financial well-being. Further, the study also analyses the mediating role of attitude towards money and the results show a significant partial mediation influence of financial frugality on financial well-being. The results also support that at a high level of financial literacy, the positive conditional indirect effect of attitude towards money on financial literacy is also high.

The current study provides insight into FWB through the measurement of financial frugality, in the context of a developing economy. The study will help academicians and practitioners to understand the role of money attitude in improving the financial well-being of financially vulnerable consumers. The results of the study will aid the practitioners and policymakers in considering the implementation of financial literacy programs and behavioral nudges to foster a culture of responsible financial behavior, especially among financially vulnerable consumers.

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