



Research Article

Financial factors and saving behavior of salaried class: A case study of Rawalpindi, Pakistan

Azhar Mehmood¹, Sabahat Subhan², Noor Fatima³, Syed Arshad Ali Shah^{4*}

^{1,2,3}Department of Economics, National University of Modern Languages (NUML), Islamabad, Pakistan

⁴Department of Management Sciences and Commerce, Bacha Khan University, Charsadda, Pakistan

*Corresponding Author email: arshad@bkuc.edu.pk

Submitted: 15 September 2022

Revised: 10 November 2022

Accepted: 17 November 2022

ABSTRACT

Human economic decisions are based on their preferences and motivations, which maximize their degree of happiness and lead to a better outcome in their lives. The majority of saving decisions are made by households. Different demographic, societal, and economic factors influence these choices. This study uses primary data from 243 salaried class households to investigate the behavioral aspects that influence human decision making. The main factor that affects the decision to save money is financial hardship. Households of the salaried class experience financial stress due to impulsive behavior, consumer debt, consumer financing products, pro-consumptive behavior, family financial support, and domestic externalities. The marginal effects of the agreed upon region, or "agree" and "strongly agree," demonstrate that important factors play a role in determining financial stress. Consumer loans account for 7.5% of financial stress, family financial support for 3.8%, and domestic externalities for 4.3%. The marginal effects of the Ordinary Logit saving model in the accepted region demonstrate that consumer loans have a 3.5% impact on saving behavior, while pro-consumptive behavior has a 3.6% impact and domestic externalities have a 1.9% impact. The consumer loan, pro consumptive behavior, and domestic externalities all have a negative effect on the saving behavior of the salaried class, according to the saving OLOGIT model. Government should give pro saving households special incentives. Government can help consumers by providing expensive goods with 0% interest in the event of hire purchasing.

Keywords: *Saving Behavior; Financial Factors; Ordinary Logit Model; Marginal Effects*

1. INTRODUCTION

Human economic decisions are based on their preferences and motivations, which maximize their degree of happiness and lead to a better outcome in their lives.

Saving money and consuming are two important aspects of a person's life. Savings limit a human life's potential impact in the future, whereas consumption offers the distinctive quality of immediate satisfaction. The money left over from a particular period of time after expenses and taxes is generally referred to as household savings. Individual saving decisions are severely influenced in this time of economic hardship by consumer debt, credit financing tools, credit purchases and most significantly, financial stress. With the exception of financial stress, which makes saving decisions more difficult, all of these take into account individual salaries. Corporate, household, and public savings make up domestic saving, according to Khan et al. (2013). The primary determinants of household saving are economic and demographic factors (Siddiqui & Siddiqui, 1993). Age,

dependence ratio, population size, and other demographic variables that may affect household saving are investigated by researchers. Age has a favorable effect on saving among demographic characteristics, but the square of age has a negative effect (Rehman et al., 2011).

Household behaviors are extensively covered in economic literature. To explain household saving patterns, a variety of socioeconomic and demographic reasons have been put up by the classical, Keynesian, and monetarist schools of thought. But every school of thought agreed that behavior played a consistent role in determining family behaviors. As economic and behavioral circumstances change, so do household behaviors. This study aims to include the behavioral aspect of financial stress, its predictors, and impacts on household saving behaviors.

1.1. IMPULSIVE BEHAVIOR

The tendency to act without thinking things through, according to Bevilacqua and Goldman (2013), "comprises a myriad of variables and is connected with psychiatric problems." (Farmer & Golden, 2009).

A wide variety of behavioral inclinations that are very unstable in form and function are referred to as impulsive behavior. It is sometimes described as a motley set of behaviors with wide variations. Economic actions, however, have the effect of increasing financial burdens and reducing financial resources.

1.2. CONSUMER FINANCING INSTRUMENTS

Bertaut and Haliassos (2006), credit financing tools are expanding quickly because they allow consumers the option of making cashless purchases through phone, internet, and domestic and international online businesses. Additionally, it features deferred payment. Mann (2002), the financial instruments given to consumers by financial organizations to purchase basics of life on credit (i.e. Banks). Credit cards, flex cards, rebate cards, and more types are included. As impulsive behavior results are unplanned and hasty purchases of things. For such people, credit financing tools are a convenient tool for cashless purchases. As a result, people fall into an implicit debt trap.

1.3. CONSUMER LOAN

Consumer loans are sums of money that financial organizations lend to clients in order to meet their domestic requirements. Consumer loans may on one hand satisfy people by meeting their requirements, but on the other hand, they factor in the salary class's financial resources. Borrowers are required to pay interest on top of the principal amount, which reduces the consumer's financial stability.

1.4. FAMILY FINANCIAL SUPPORT

Financial support from family members is a psychological and physical phenomenon. In a literal sense, it alludes to financial assistance given by family members to a member of the family who is in need. Decision making and human behavior are affected financial

support for the family is divided into perceived and actual financial support. Financial support is the assistance that a person perceives that he may receive from family members in a time of need. The genuine financial help is the assistance a person receives when he or she needs it.

1.5. DOMESTIC EXTERNALITIES

Externalities are the results of an economic transaction by one economic agent on another in which he is not directly involved, according to Rossi and Sarte (2012). It is the outcome of interaction between economic agents that is not mediated by the market. Both favourable and unfavourable domestic externalities are possible. While negative externalities may affect a household's ability to make sound financial decisions, positive externalities may improve the overall welfare and satisfaction of the household. Domestic externalities may alter a household's consumption patterns, which could further skew economic decision-making (i.e. Saving patterns).

1.5.1. Pro-Consumptive Behaviors

Proconsumptive behavior is the tendency to make purchases of goods and services without having the necessary financial means available.

1.5.2. Household Behaviors

"External changes or activities of living creatures that are functionally mediated by other external occurrences in the present" are stated by Uher, (2016). A household is a collection of people who live together and have an impact on one another's life financially. The most fundamental economic choice facing a household is how to allocate its resources. Both consumption and saving decisions are included. The behavior of households changes in accordance with changes in financial resources. The economic habits of the salaried class may differ from those of other classes or groups existing in the same region.

1.5.3. Saving Behaviors

According to Cronqvist and Siegel (2015), the decision of whether to save money or spend it is crucial in one's personal life. To maintain smooth consumption over time, the person saves.

1.6. PROBLEM STATEMENT

The income gap between the wealthy and middle class is widening in today's world, which eventually worsens the financial situation for households in emerging countries. A household's daily decisions on money are influenced by a wide range of demands. Both economic and noneconomic elements influence the household's economic decisions. This exploratory study aims to identify the variables that influence the salaried class's saving choices. The distribution of income between spending and saving for the salaried class has been extensively studied in the literature. Numerous demographic, economic, and noneconomic aspects that influence household decisions about spending and saving

are investigated by researchers. All of these components effectively reflect the impact of their respective domains, but they are unable to account for behavioral elements.

1.7. Practical Implication of the Study

In the recent times, people are stressed about their financial burden. This study has given a policy recommendation that how people can be less burdened by using suitable saving behavior.

1.8. Objective of the Study

The study's major goal is to investigate and evaluate the impacts of behavioral factors on household saving behavior.

1.9. Delimitation of The Study

This case study is based on firsthand information gathered from employees of the public and private sectors in Rawalpindi, Punjab, about behavioral, economic, and noneconomic characteristics. As a result, it might not apply to the entire population of Pakistan. Additionally, only people between the ages of 25 and 60 who are working were included in this study, thus there may not have been any distortion in the saving patterns of young and old people. Last but not least, it is time-bound for the years 2019–20.

2. LITERATURE REVIEW

Humans strive to make the most of their resources as human civilisation advances globally. Among many other resources, financial resources play a crucial role in building infrastructure and bolstering economies all over the world. Each economy derives its financial resources from either home or international sources. Researchers work to understand the various variables that could have a favourable or negative impact on domestic savings. Earlier research has examined a range of variables that impact household saving. These elements, which can be roughly categorised as demographic elements, include age, income, dependent status, and education.

In Tiruvannamalai Town, India, Angamuthu, (2020) conducted an empirical study to determine the socioeconomic and demographic elements that influence local saving behavior and to determine the most productive saving strategies based on the study's findings. Three categories of savers: negative savers, zero savers, and positive savers are identified by the study. The most frequent variables considered to affect a household's saving behavior include sex, marital status, age, education level, number of family members, economic situation of the household, standard of living of the household, income, expenditure, and saving. To gather firsthand information from the respondents, a stratified random sampling technique is used. Twenty of the 125 questionnaires distributed to respondents are discarded, leaving only 105 responses. Journals, publications, and government papers are used to gather secondary data. The data are analysed using percentage analysis and the chi square test. The results show that no household is long term negative saver. The survey also reveals that household saving must rise in order to improve investment and boost growth rate. Savings must be

encouraged from an early age. The research recommends extending the group insurance programme to rural households and implementing procedural improvements. Mwangi, (2020), conducted research on Kenyan household saving habits. Binary Logit and Multinomial Probit models are used to examine household saving behavior. This study used a discrete choice model to investigate the variables that influence household saving behavior.

According to the report, domestic saving is essential for economic growth and capital accumulation. The Life cycle income hypothesis and the Permanent income hypothesis are the major foundations of this study. The basic logit and multinomial probit models are estimated using data from the Kenyan Fin Access survey.

Every three years, the Fin Access survey is undertaken to monitor financial sector progress. In contrast to the multinomial probit model, the simple logit model uses formal and informal saves as dependent variables. According to the study, access to savings products differs in Kenya depending on the country's changing demographics. The study's findings indicate that, up to a point, age influences household saving decisions, although gender coefficients do not significantly account for any disparities. The study comes to the conclusion that spending money on economic activities, financial literacy training, and financial education can increase saving.

2.1. THEORETICAL FRAME WORK

The theory of preferences explains why a buyer might prefer one of these two over the other. In his article "From intentions to acts" published in 1985, Icek Ajzen put forth the theory of planned behavior. The literature on economics demonstrates that a number of socioeconomic and demographic factors influence saving rates. But if we take a step back, human behavior has a big impact on saving decisions. In actuality, a household's decision to save or not depends on the behavior of its members. If a person has the aim to save, they can set aside a certain percentage of their absolute income. Impulsive behavior, loans, credit financing, proconsumptive behavior, domestic externalities, and financial support are some of the elements that have an impact on saving behavior.

Economists have been attempting to analyse dynamic household economic behaviors ever since the development of economics literature. According to traditional economists Rehman et al., saving is essential for ongoing capital accumulation and development (2011). Keynes, Friedman, and Modigliani's studies are mostly centred on economic and demographic variables that affect savings rates (Aniola-Mikolajczak & Golas 2014). Keynes put forth his Absolute Income Hypothesis, which shows that savings and consumption rise as disposable income rises, with other variables remaining constant but perhaps not at the same rate.

It demonstrates that households tend to increase their MPS choice as their income level rises. According to James Duesenberry's (1951), relative Income Hypothesis, people's consumption is based on the relative size of the economy. On the basis of his hypothesis, Duesenberry came to two significant conclusions: collective saving is independent of aggregate income, and an individual's inclination to save depends on his place in the

income distribution. The perpetual income theory is presented by Friedman. This hypothesis contends that people save money when they are young to offset the consumption of their later years. According to Ando and Modigliani's Life cycle income hypothesis, people save less money in their young and old years than they do in their middle years, when saving tends to outpace consumption. The study of consumer decisions and choices is a primary goal of microeconomics (1990). The Theory of Consumer Preferences explains why a consumer has no preference between two commodities. It explains how a person can specify and rate his preferences among two options. This theory is founded on strict preference axioms that describe the characteristics of human decision-making. In this study, households had two options to choose from: consumption and savings. This study developed the consumer preferences theory in the context of behavior, examining how people choose between spending and saving when faced with various sources of financial stress. In his article "From intentions to acts" published in 1985, Icek Ajzen put forth the theory of planned behavior.

This hypothesis explains why individuals take particular acts. Economics experts Cook, Kerr, and Moore (2002) employ the Theory of Planned Behavior. The three steps Ajzen (1991) suggests in Theory of Planned Behavior are attitude toward others' behavior, subjective norms, and perceived behavioral control. Subjective norms are societal pressure to exhibit a particular behavior or not, whereas attitude toward behavior explains why a person forms a positive or negative opinion of behavior. People's judgments of their own capacity to carry out a particular action are referred to as perceived behavior control. Additionally, three stages of the theory of planned behavior are used to examine whether or not various determinants of financial stress distort or do not distort saving behaviors.

A paid person's disposable money is constrained. He commits impulsive behavior if he buys more than he specifically needs at a given time. His monthly budget is distorted by these buying habits, which ultimately weakens his desire to save.

3. METHODOLOGY

The main focus of this study is on the variables that influence financial stress and how they affect household savings. Financial strain and its causes are used to guide household saving decisions. The main information gathered via the questionnaire method. Employees in Punjab's Rawalpindi's public and private sectors are the population's goal for data collecting. Data were gathered using the snowball sampling technique, with respondents chosen at random from the entire population of the chosen city. The information gathered is used to investigate the factors that contribute to financial stress as well as to examine how these factors affect how much money households save. This study is finished in two steps: determining saving behavior and evaluating the factors that influence financial stress.

First, determine what factors influence financial stress, such as impulsive behavior, consumer financing instruments, consumer loans, proconsumer behavior, family financial support, and domestic externalities. The household savings pattern is the dependent

variable in the second phase and the detriment of financial stress is used as the main independent variable.

3.1. SAMPLE AND SAMPLING TECHNIQUE

243 respondents who work in various public and private sector organisations make up the sample. The Snowball sampling method is used to get firsthand information. One responder from the snowball sampling is asked to suggest an acquaintance and another respondent. data gathering through the use of a Google survey form. Using a fivepoint Likert scale, the questions range from Strongly disagree (1) to Strongly agree (5). Data on a wide range of demographic factors, such as age, gender, family size, number of working years, marital status, education, income, number of earners, and monthly savings, are also collected from respondents.

Both demographic and behavioral characteristics of the home are covered by the questionnaire. Additionally, the questionnaire includes both positive and negative questions to reduce the possibility of bias.

3.2. ORDERED LOGIT MODEL

This study is exploratory and qualitative in nature because it aims to identify the factors that contribute to financial stress as well as the impact these factors have on household saving habits. Every variable included in the study is ordinal in nature. Gujarati (2015) Ordinal variables' responses are estimated using the ordered Logit model. The ordered Logit regression model is used to estimate the M number of ordinal variables when the variables of interest or their responses are of a qualitative nature. A binary (i.e., 0 or 1) dependent variable is present in Ologit. Independent variables could be continuous or binary.

It records reactions to a qualitative, nonlinear variable.

$$\rho(Y_i > j) = \frac{\exp(\alpha_i + X_i \beta_j)}{1 + [\exp(\alpha_i + X_i \beta_j)]}, j = 1, 2, 3, \dots, M - 1$$

To determine the effects of financial stress factors on household saving behavior

$$S_i = \alpha_0 + \alpha_1 IB + \alpha_2 CL + \alpha_3 CFI + \alpha_4 PCB + \alpha_5 FFS + \alpha_6 DE + \varepsilon_i$$

3.3. ASSUMPTIONS

Those who seek the ultimate truth rarely assume:

1. People who earn a salary are more susceptible to financial stress.
2. Factors influencing financial stress have an effect on how much money households save.
3. Households in the salaried class are more significantly impacted by behavioral factors.

4. RESULTS AND DISCUSSION

This study aims to investigate the factors that contribute to financial stress and affect how people make financial decisions. Numerous demographic, economic, and noneconomic factors that influence households' decisions about how much to spend and save of their disposable income have been uncovered in prior studies. There aren't many research that demonstrate how financial stress, financial literacy, and financial efficacy affect people's and households' saving habits. The primary goal of this study is to investigate behavioral characteristics that might affect household economic decisions. Two separate Ordered Logistics models have been used to collect data from 243 homes in the districts of Rawalpindi, Pakistan, in order to get at the truth. First Ordered Logistic Regression (OLOGIT) Model is used to research the factors that contribute to financial stress, as well as how these factors affect household saving habits. The descriptive analysis and empirical findings from the OLOGIT model are covered in this chapter.

Table 1. Ordered Logit estimations

SAV	Coef	Std. Err	Z	p> z	95% Conf.	Interval
IB	.23	.20	1.15	0.24	-.16	.63
CL	-.76*	.20	-3.65	0.00	-1.17	-.35
CFI	-.008	.19	-0.04	0.96	-.38	.37
PCB	.80	.26	3.00	0.00	.27	1.32
FFS	-.03	.16	-0.21	0.83	-.35	.28
DE	.41*	.20	2.00	0.04	.008	.82
Ordered logistic regression			Number of obs		243	
			LR chi2(6)		30.18	
Log likelihood = -594.15007			Prob > chi2		0.00	
			Pseudo R2		0.02	

Saving is the dependent variable in this estimate, and the independent ordinal variables are impulsive behavior, consumer loans, consumer finance instruments, proconsumptive behavior, family financial assistance, and domestic externalities. The goal of the model is to determine whether the factors that cause financial stress have a discernible effect on how much money households save. To identify the factors that have a major impact on saving behaviors, an ordered Logit model is used. The understudy model's goodness of Fit is gauged by the log likelihood value. Even if the value is high, the model is thought to be more accurate.

Our model's final Log Likelihood value is 594.15007. The difference in the log likelihood values of the respective iterations is suitably minimal at this value. The estimations are based on 243 observations, as the table demonstrates. The statistical significance of the model is indicated by the P value of 0.0001. While the pseudo R square may be used to compare two models that are estimated using the same data and to see which model can predict outcomes more accurately. Three out of the six variables are statistically significant in the model, according to the estimation findings.

In contrast, impulsive behavior, consumer financing instruments, and family financial support are insignificant variables based on estimated data because their P values are

greater than or equal to 0.1. The significant variables are consumer loan, pro-consumptive behavior, and domestic externalities.

The significant factors' coefficient values show how much change one unit increase in the significant variables causes in the likelihood of determining the saving habits of households, which is the dependent variable. After estimating the overall model, we estimate the marginal effects of the model to determine how much the explanatory factors influence the dependent variable.

Table 2. Marginal Effects of Disagree Region (At 2.0) of Ordered Logit

SAV	Coef.	Std. Err.	Z	P> z	[95% Conf.]	Interval
IB	-.005	.005	-1.07	0.28	-.015	.0045
CL	.018 *	.008	2.24	0.02	.002	.033
CFI	.000	.004	0.04	0.96	-.008	.009
PCB	-.018 *	.009	-2.08	0.037	-.036	-.001
FFS	.0007	.003	0.21	0.83	-.006	.008
DE	-.009	.0058	-1.65	0.09	-.021	.001

Table 2 displays the software's marginal effects at the cut point (2.0) mark. This cut point reveals the respondents' divergent opinions on the variables under consideration. At this point, consumer loans, consumer finance instruments, and family financial support have positive coefficient values while impulsive behavior, proconsumptive behavior, and domestic externalities have negative coefficient values. The positive sign suggests two facts: first, that there is a possibility that a variable will have an impact on the salaried class's saving behavior, and second, that the respondents strongly disagree. The negative sign indicates two things: first, there is little chance that explanatory variables will have any significant influence on the likelihood that households in the salaried class will save money; second, respondents do not agree that explanatory variables will have any significant influence on the dependent variable. The value of impulsive behavior is 0.005522, meaning that there is less likelihood that it will alter by 0.55% for every unit change in saving behavior. Additionally, it shows that 0.5% of respondents don't believe that impulsive behavior can affect saving behavior. Value of consumer loans is 0.01813. It shows that the likelihood of a change in saving behavior of 0.18 percent occurs for every unit change in consumer loans. Likewise, 1.8% of respondents disagree that consumer loans can influence saving behavior. Consumer finance instruments are worth 0.00021.

This value indicates that, when all other factors are held constant, a change of one unit in the use of consumer financing instruments may change the probability of saving behavior by 0.02%, and the same percentage of respondents disagree that consumer financing instruments change saving behavior among households earning a salary. At cut point 2.0, the value of proconsumptive behavior is 0.001895, meaning that there is a 0.19% chance that saving behavior will change for every unit change in proconsumptive behavior. It also suggests that 0.19% of respondents do not agree with the effect of proconsumer households' savings habits. The value of family financial support is 0.00079. It implies that for every unit change in family financial support, there is a 0.08% risk that the probability of saving behavior will change. It also suggests that 0.08% of respondents disagree with the claim that financial support from family lowers the likelihood of saving.

Domestic externalities have a value of 0.009896. The probability of a change in saving behavior when the impact of domestic externalities changes by one unit is 0.99%, suggesting that the same percentage of respondents do not agree that domestic externalities can affect saving habits in homes with salaried workers. This cut point verifies the rejected region where respondents disagree with the mechanism of saving behavior and its determinants and that coefficients of all independent variables take minor values that have no notable impact on the determination of saving behavior. While other variables are unimportant at this cutoff point, "P" values show that consumer loans and proconsumptive behavior are significant at the 95% confidence level.

Table 3. Marginal Effects of Agree Region (At 4.0) of Ordered Logit

SAV	Coef.	Std. Err.	Z	P> z	[95% Conf.]	Interval
IB	.010	.009	1.11	0.26	-.008	.029
CL	-.034*	.012	-2.78	0.00	-.059	-.010
CFI	-.0003	.008	-0.04	0.96	-.017	.016
PCB	.036 *	.014	2.46	0.01	.007	.065
FFS	-.001	.007	-0.21	0.83	-.015	.012
DE	.018	.010	1.81	0.07	-.001	.039

Table 3 displays the software's marginal effects at the cut point (4.0) mark.

This cut point shows the percentage of respondents who believe that the discussed variables have a significant impact on the dependent variable. At this point, consumer loans, consumer finance instruments, and family financial support have negative coefficient values, while impulsive behavior, proconsumptive behavior, and domestic externalities have positive coefficient values. The coefficients' indications imply two things: first, that there is a likelihood that factors will have a positive or negative impact on how much people in the salaried class save, and second, that there is a percentage of respondents who agree with the facts about saving behavior. Impulsive behavior takes on a value of 0.01060 at this cut point.

This shows that there is a 1.1% chance that saving behavior will change for every unit change in it. Additionally, it shows that 1.1% of respondents agree that impulsive behavior has an adverse effect on saving behavior. Value of consumer loans is 0.03478. It shows that there is a 3.5% chance of a change in saving behavior occurring for every unit change in consumer loans. In a similar vein, 3.5% of respondents concur that consumer loans might have a detrimental effect on the household's desire to save money. Holding all other variables constant, the value of consumer financing instruments is 0.00039. This value suggests that one unit change in the use of consumer financing instruments may change the probability of saving decision by 0.04%, and the same percentage of respondents agree that consumer financing instruments cause variation in saving decision among households of the salaried class.

At cut point 4.0, the proconsumptive behavior value is 0.03637, meaning that there is a 3.6% likelihood that households' saving decisions will change if pro-consumptive behavior changes by one unit. It also suggests that 3.6% of respondents agree with the idea that proconsumer attitudes have an adverse effect on saving choices. The value of family financial support is 0.001517. It implies that for every unit increase in family financial

support, there is a 0.15% chance that behavior will change toward saving. It also suggests that 0.15 percent of respondents agree that financial support from family members may have an effect on households in the salaried class' views toward saving. Domestic externalities are worth 0.01899 dollars. The probability of a change in saving behavior when the impact of domestic externalities changes by one unit is 1.9%, which also suggests that the same percentage of respondents think that domestic externalities can influence saving decisions among households in the salaried class. This cut point confirms the approved zone where respondents are in agreement with the mechanism of saving behavior and its determinants and that the coefficients of all independent variables take reasonable levels that have an impact on the determination of saving behavior.

However, "P" values show that, at the 95% confidence level, only three factors are significant: consumer loans, pro-consumptive behavior, and domestic externalities.

5. CONCLUSION

The primary focus of this study is on the economic behaviors of salaried class households and the variables that may have an impact on such behaviors. Psychology is typically concerned with the behavioral aspect. Stress is a psychological phenomenon that has a significant impact on how people behave. In this exploratory study, the impact of stress on household economic behaviors is examined within the framework of economics. This variable has been renamed "Financial Stress" for the aim of expressing the theoretical hypothesis that household economic behaviors may be influenced by financial stress and its determinants. The main variable in this study is financial stress, and the goal is to identify these factors and understand how they affect how households make economic decisions. Impulsive behavior, consumer loans, consumer financial instruments, proconsumptive behavior, family financial support, and domestic externalities are the key factors that determine financial stress. The sum of the replies demonstrates how each factor had an effect on the level of financial stress. The major goals are to investigate how explanatory variables affect household economic behavior and how they affect the assessment of financial stress. The 243 respondents that provided responses for the study, which is based on primary data, all work in the salaried class of society.

To gather data for this study, a Google survey form and the snow ball sampling method were used. Five things are contained in each variable, covering its many dimensions. To categorise respondents' comments, a likert scale with values ranging from strongly disagree to strongly agree is used. Data is presented in ordinal form. So, two types of operations descriptive analysis and ordered logit estimations were used for the analysis. The ordered logit model examines how each explanatory factor affects how households in the salaried class save money.

Three of the six variables consumer loans, proconsumer behavior, and domestic externalities are statistically significant, according to the results of the ordered logit model. Although the other three factors also have an impact on the assessment of saving behavior, marginal effects of the model also confirm the same conclusions. In general, the most significant finding is that households in the salaried class experience high levels of

financial stress, and the factors selected to gauge saving behavior have a significant influence. The factors that influence financial stress also influence how much money households in the salaried class save. Consumer loans, proconsumer behavior, and domestic externalities all have an impact on how much money a household choose to save. All three characteristics have a negative relationship with saving behavior; as their influence grows, salaried class households are less likely to choose to save. Pro saving behavior ought to take the place of pro consumptive behavior. Organizations should set up particular awareness campaigns in this regard. Government should give pro saving households special incentives. Government can help consumers by providing expensive goods with 0% interest in the event of hire purchasing. In this exploratory study, behavioral aspects that influence household decisions are being investigated.

There are numerous more variables that could influence a household's decision to save and define it is level of financial stress. The data, which were provided by 243 respondents, may be used to summarize the effects of all the factors that affect how financially stressed households in the salaried class are. Although the primary data gathered for this study only included households with salaried employees, there is a probability that households in the lower and middle economic classes may also be affected by financial stress. Incorporating behavioral components into assessments of household behavior and saving decisions is the goal of the study. It broadens the scope of economics literature about household saving habits, allowing researchers to explain, estimate, and interpret the economic literature in the future by taking behavioral aspects into account. In the future, researchers may estimate and ascertain the consumption side of household behavior and, by combining behavioral components, determines the impact of selected variables on demand and supply side behavior.

Author Contributions:

Conceptualization, Azhar Mehmood; Introduction and Literature review, methodology, Azhar Mehmood.; software, validation, supervision Dr. Sabahat Subhan.; Dr. Arshad Ali Shah.; formal analysis, Azhar Mehmood.; results and discussion, Dr. Arshad Ali Shah and Noor Fatima; original draft preparation, Azhar Mehmood; writing—review and editing, Dr. Sabahat Subhan and Noor Fatima; Conclusion, Dr. Sabahat Subhan and Azhar Mehmood . The manuscript has been read and approved by all authors for final publication

Funding:

There was no external financial support for this study.

Institutional Review Board Statement:

Not applicable

Informed Consent Statement:

Not applicable

Data Availability Statement:

Not applicable

Acknowledgments:

Nil

Conflicts of Interest:

No Conflicts of interest

Reference:

- Agrigoroaei, S., Lee-Attardo, A., & Lachman, M. E. (2017). Stress and subjective age: those with greater financial stress look older. *Research on aging*, 39(10), 1075-1099.
- Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50, 179-211. *De Young*, 50(2), 509-526.
- Aniola-Mikolajczak, P., & Golas, Z. (2014). The socioeconomic conditions of saving behaviors in Polish households. *Acta Scientiarum Polonorum. Oeconomia*, 13(4).
- Antony, J. (2018). A Study on Consumer Debt Stress Caused by Credit Cards. *Arabian J. Bus Manag Review*, 8(336), 2.
- Angamuthu, r. (2020). A Study on Household Saving Behavior. *A Journal of Composition Theory*, 403-409, 0731-6755
- Ammad, S., & Ahmed, Q. M. (2020). Comparative Efficacy of Life-Cycle and Absolute Income Hypothesis in Pakistan. *The Journal of Developing Areas*, 54(1).
- Beard, G. M. (1972). American Nervousness: Its Causes and Consequences [1881]. New York, 65-67.
- Britt, S. L., Canale, A., Fernatt, F., Stutz, K., & Tibbetts, R. (2015). Financial Stress and Financial Counseling: Helping College Students. *Journal of Financial Counseling and Planning*, 26(2), 172-186.
- Bevilacqua, L., & Goldman, D. (2013). Genetics of impulsive behavior. *Philosophical Transactions of the Royal Society B: Biological Sciences*, 368(1615), 20120380.
- Bertaut, C. C., & Haliassos, M. (2006). Credit cards: facts and theories. *The economics of consumer credit*, 181-237.
- Cronqvist, H., & Siegel, S. (2015). The origins of savings behavior. *Journal of Political Economy*, 123(1), 123-169.
- Cook, A. J., Kerr, G. N., & Moore, K. (2002). Attitudes and intentions towards purchasing GM food. *Journal of Economic Psychology*, 23(5), 557-572.
- Delafrooz, N., & Paim, L. H. (2011). Determinants of financial wellness among Malaysia workers. *African Journal of Business Management*, 5(24), 10092-10100.
- Drentea, P., & Lavrakas, P. J. (2000). Over the limit: the association among health, race and debt. *Social science & medicine*, 50(4), 517-529.
- Durante, K. M., & Laran, J. (2016). The effect of stress on consumer saving and spending. *Journal of Marketing Research*, 53(5), 814-828.
- Davis, C. G., & Mantler, J. (2004). The consequences of financial stress for individuals, families, and society. Centre for Research on Stress, Coping and Well-being. Carleton University, Ottawa: Department of Psychology.
- Frączek, B. (2011). The factors affecting the level of household savings and their influence on economy development. Retrieved september, 21, 2015.
- Farmer, R. F., & Golden, J. A. (2009). The forms and functions of impulsive actions: Implications for behavioral assessment and therapy. *International Journal of Behavioral Consultation and Therapy*, 5(1), 12.

- Gedela, S. P. R. (2012). Determinants of saving behavior in rural and tribal households (An empirical analysis of Visakhapatnam District). *International Journal of Research in Social Sciences*, 2(3), 108.
- Gujarathi, D. M. (2022). *Gujarati: Basic Econometrics*. McGraw-hill.
- Njenga, G., Onuonga, S. M., & Sichei, M. M. (2018). Institutions effect on households savings in Kenya: A ranked ordered multinomial/conditional probit model approach. *Journal of Economics and International Finance*, 10(5), 43-57.
- Hakkio, C. S., & Keeton, W. R. (2009). Financial stress: what is it, how can it be measured, and why does it matter?. *Economic Review*, 94(2), 5-50.
- Ismail, S., Khairuddin, N. S., Alias, N. E., Loon-Koe, W., & Othman, R. (2018). An empirical analysis of saving behavior among Malaysian employees. *International Journal of Academic Research in Business and Social Sciences*, 8(10), 1070-1080.
- Jilani, S., Sheikh, S. A., Cheema, F.-E., & Shaik, A.-u.-H. (2013). Determinants of national savings in Pakistan: an exploratory study. *Asian Social Science*, 9(5), 254.
- Khan, T., Gill, A. R., & Haneef, S. (2013). Determinants of Private Saving: A Case of Pakistan. *Asian Journal of Economic Modelling*, 1(1), 1-7.
- Kreps, D. M. (1990). *A course in microeconomic theory*. Princeton university press.
- Lim, H., Heckman, S., Montalto, C. P., & Letkiewicz, J. (2014). Financial stress, self-efficacy, and financial help-seeking behavior of college students. *Journal of Financial Counseling and Planning*, 25(2), 148-160.
- Mann, R. J. (2002). Credit cards and debit cards in the United States and Japan. *Vand. L. Rev.*, 55, 1055.
- Mensahkla, E., Kornu, D. D., & Dom, B. (2017). An empirical analysis of the determinants of saving behavior by households in Ho, Ghana: A case study of Ho municipality, an individual level analysis. *Journal of Economics and Sustainable Development*, 8(6), 7-17. ISSN 2222-1700
- Mwangi, I. W. (2020). Household Saving Behavior in Kenya: A discrete choice approach. *Journal of Economics and Sustainable Development*, 11(4). ISSN 2222-1700
- Northern, J. J., O'Brien, W. H., & Goetz, P. W. (2010). The development, evaluation, and validation of a financial stress scale for undergraduate students. *Journal of College Student Development*, 51(1), 79-92.
- Ponnet, K. (2016). Financial stress. In *Encyclopedia of adolescence* (pp. 1-4). Springer International Publishing.
- Rossi-Hansberg, E., & Sarte, P. D. (2012). Economics of housing externalities. *International Encyclopedia of Housing and Home*, 2, 47-50.
- Rehman, H.-u., Bashir, F., & Faridi, M. Z. (2011). Saving behavior among different income groups in Pakistan: a micro study. *International Journal of Humanities and Social Science*, 1(10), 268-277.
- Rikwentishe, R., Pulka, B. M., & Yamta, H. A. (2015). Analysis of Socioeconomic Factors Affecting Savings Habits in Jalingo Taraba State. *Journal of Business and Management*, 17(8), 01-06.
- Syed, H., Nigar, S., & Ullah, S. (2017). An Analysis of Household Saving and Investment Behavior among Different Income Groups in Urban Area of District Peshawar. *iBusiness*, 9(04), 188.
- Siddiqui, R., Siddiqui, R., & Niazi, M. K. (1993). Household Saving Behavior in Pakistan [with Comments]. *The Pakistan Development Review*, 32(4), 1281-1292.
- Soharwardi, M. A., Khan, A. S., & Sheran, M. (2015). Determinants of household savings. A case study of Yazman-Pakistan. *International Journal of Scientific and Engineering*, 5(12), 1624-1630.

- Satsios, N., & Hadjidakis, S. (2018). Applying the Theory of Planned Behavior (TPB) in saving behavior of Pomak households. *International Journal of Financial Research*, 9(2), 122-133.
- Strömbäck, C., Lind, T., Skagerlund, K., Västfjäll, D., & Tinghög, G. (2017). Does self-control predict financial behavior and financial well-being? *Journal of Behavioral and Experimental Finance*, 14, 30-38.
- Tran, A. G., Lam, C. K., & Legg, E. (2018). Financial stress, social supports, gender, and anxiety during college: A stress-buffering perspective. *The Counseling Psychologist*, 46(7), 846-869.
- Uher, J. (2016). What is behavior? And (when) is language behavior? A metatheoretical definition. *Journal for the Theory of Social Behavior*, 46(4), 475-501.
- Worthington, A. C. (2006). Debt as a source of financial stress in Australian households. *International Journal of Consumer Studies*, 30(1), 2-15.