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Mental accounting, financial literacy, and savings behaviour in Nigeria: Evidence from a high-inflation environment

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Abstract

Low household savings rates remain a persistent structural concern in Nigeria, yet the behavioural determinants of savings decisions within a high-inflation, lower-middle-income context remain understudied. This study examines the impact of mental accounting on savings behaviour among Nigerian adults, with particular attention to the roles of financial literacy and inflation perception. Drawing theoretically on Thaler's mental accounting framework, Kahneman and Tversky's prospect theory, and the life cycle hypothesis, the study employs a quantitative cross-sectional survey design. Primary data were collected from 97 respondents via a structured five-point Likert-scale questionnaire administered digitally across diverse demographic groups in Nigeria. Ordinary least squares regression was used to test three hypotheses, supported by correlation analysis and diagnostic checks for heteroscedasticity, autocorrelation, and non-normality of residuals. The results indicate that mental accounting exerts a significant positive effect on savings behaviour ($\beta = 0.35$, $p < 0.01$), and that financial literacy positively influences both mental accounting ($\beta = 0.42$, $p < 0.01$) and savings behaviour directly ($\beta = 0.28$, $p < 0.01$). Inflation perception has a significant negative effect on savings behaviour ($\beta = 0.21$, $p < 0.01$). These findings extend the behavioural finance literature to a high-inflation emerging economy and underscore the importance of targeted financial literacy interventions and inflation-stabilising monetary policy as complementary levers for promoting household savings in Nigeria.

***Keywords*:** Mental Accounting, Savings Behaviour, Financial Literacy, Inflation Perception, Behavioural Finance, Household Finance, Nigeria

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1. Introduction

Mental accounting, a concept originally introduced by Thaler (1985), falls within the broader domain of behavioural accounting, a branch of accounting that integrates insights from psychology and economics to understand how individuals make financial decisions. At its core, mental accounting refers to the cognitive processes through which individuals mentally categorise, evaluate, and manage their financial resources, treating money differently depending on its perceived source, purpose, or designated use. In Nigeria, research has demonstrated that mental accounting plays a significant role in shaping savings behaviour, with Akinyemi and Oladele (2019) documenting its influence across varying income groups and household types. The country's economic landscape, characterised by persistently high inflation rates and limited access to formal financial services, provides a particularly relevant context for examining the behavioural determinants of savings decisions. Understanding how mental accounting shapes financial choices in such an environment offers insights that are valuable not only to researchers but also to policymakers and financial institutions seeking to promote greater savings and financial resilience among Nigerian households. The low savings rate in Nigeria represents a persistent and well-documented structural concern, with only 23% of Nigerians saving money regularly (Businessday NG, 2025). Despite ongoing government efforts to promote financial inclusion, a substantial proportion of Nigerians continue to lack adequate access to formal financial services, resulting in widespread reliance on informal savings mechanisms such as cooperative societies and rotating credit schemes (Central Bank of Nigeria, 2020). This structural gap is further compounded by macroeconomic instability, particularly elevated and volatile inflation rates that erode the real value of savings and reduce the incentive to set aside income for future use. While existing research has explored the macroeconomic determinants of savings in Nigeria, the behavioural dimensions of savings decisions, particularly the roles of mental accounting and financial literacy in shaping responses to inflationary pressure, remain insufficiently examined. This study addresses that gap by investigating how mental accounting, financial literacy, and inflation perception jointly influence savings behaviour among Nigerian adults. The primary objective of this study is to examine the impact of mental accounting on savings behaviour in Nigeria. In pursuit of this overarching aim, the study sets out three specific objectives. The first is to explore the nature and direction of the relationship between mental accounting and savings behaviour among Nigerian adults. The second is to investigate the impact of inflation perception on savings behaviour in the Nigerian context. The third is to identify the key factors that influence both mental accounting and savings behaviour, with particular attention to the moderating and direct role of financial literacy.

1.4 Research Questions

Three research questions guide the empirical inquiry of this study. The first question asks what the relationship between mental accounting and savings behaviour is in Nigeria. The second examines how inflation affects savings behaviour among Nigerian adults. The third seeks to identify the

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broader set of factors that influence both mental accounting and savings behaviour in Nigeria, particularly in the context of macroeconomic instability and limited financial access. This study focuses on the impact of mental accounting on savings behaviour in Nigeria, with specific attention to the roles of inflation perception and financial literacy as key explanatory variables. Primary data were drawn from Nigerian adults through a structured online survey administered across diverse demographic groups, encompassing variation in income level, educational attainment, occupation, and age. The data collection was conducted during February 2023. While the findings are intended to deepen understanding of behavioural savings dynamics within Nigeria, the study's geographic and institutional focus means that caution should be exercised when extending its conclusions to other national or regional contexts without further empirical validation. Several limitations should be acknowledged when interpreting the findings of this study. The geographic focus on Nigeria constrains the generalisability of the results to other countries or broader regional settings, given the country-specific nature of the economic, cultural, and institutional factors examined. The study's reliance on self-reported survey data introduces the possibility of response biases such as social desirability bias and recall inaccuracies, which may affect the precision of the findings. Additionally, the sample of 97 respondents, while adequate for the analytical methods employed, may not fully capture the demographic and geographic diversity of Nigeria's adult population, limiting the extent to which findings can be extrapolated at the national level. These limitations notwithstanding, the study makes a meaningful contribution to the behavioural savings literature in an understudied emerging economy context. This study makes contributions at both the scholarly and practical levels. From an academic standpoint, it extends the behavioural finance literature by providing empirical evidence on the role of mental accounting in a high-inflation, lower-middle-income economy, a context that has received comparatively little attention relative to the advanced economies where much foundational mental accounting research has been conducted. The study also contributes to the growing body of work on financial literacy in sub-Saharan Africa by demonstrating its influence on both mental accounting and savings behaviour within the Nigerian context. From a policy and institutional perspective, the findings offer actionable insights for policymakers and financial institutions seeking to design more effective savings promotion strategies. Specifically, the study informs the development of targeted financial literacy programmes and the design of savings products that account for the cognitive biases associated with mental accounting. More broadly, it advances understanding of how behavioural and macroeconomic factors interact to shape household financial behaviour in emerging economy settings.

2. Literature Review

In Nigeria, research has shown that mental accounting plays a significant role in determining savings behavior (Akinyemi & Oladele, 2019). The country's economic landscape, characterized by high inflation rates and limited access to financial services, makes it an interesting case study for exploring the impact of mental accounting on savings behavior. The conceptual framework for

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this study is based on the prospect theory (Kahneman & Tversky, 1979) and the life cycle hypothesis (Modigliani & Brumberg, 1954). These theories explain how individuals make decisions under risk and allocate their resources over their lifetime. The prospect theory suggests that individuals tend to be loss-averse and overweight low-probability events, while the life cycle hypothesis posits that individuals allocate their resources to maximize their lifetime utility. Studies have shown that financial literacy has a positive impact on savings behavior (Lusardi & Mitchell, 2014; Peiris, 2021). In Nigeria, research has found that financial literacy is low, with only 23% of Nigerians saving money regularly (Businessday NG, 2025). A study by the Central Bank of Nigeria (CBN) found that financial literacy programs can increase savings rates among low-income households (CBN, 2020). Inflation has been found to have a negative impact on savings behavior in Nigeria (Olatunji & Adegbite, 2018). High inflation rates erode the purchasing power of savings, making it essential for individuals to adopt effective mental accounting strategies (Akinyemi & Oladele, 2019). Previous studies on mental accounting and savings behavior have employed a range of research methods, including surveys, experiments, and econometric analysis (Akinyemi & Oladele, 2019; Olatunji & Adegbite, 2018). For instance, Akinyemi and Oladele (2019) used a survey approach to examine the impact of mental accounting on savings behavior in Nigeria. The results of previous studies suggest that mental accounting has a significant impact on savings behavior in Nigeria (Akinyemi & Oladele, 2019; Olatunji & Adegbite, 2018). For instance, Akinyemi and Oladele (2019) found that mental accounting has a positive impact on savings behavior in Nigeria. Financial institutions can also develop products and services that cater to individuals' mental accounting needs and promote savings behavior. The findings of this study have several policy implications. For instance, policymakers can design policies to promote financial literacy and encourage individuals to adopt effective mental accounting strategies.

2.1 Conceptual Literature Review

This concept has been widely studied in the context of consumer behavior, finance, and economics. In Nigeria, where inflation has been a persistent issue, understanding mental accounting and its impact on savings behavior is crucial for policymakers and financial institutions.

2.1.1 Conceptual Framework

Mental accounting leads to different types of money, influencing spending and savings decisions.

2.1.2 Mental Accounting and Savings Behavior

Studies have shown that mental accounting influences savings behavior in various contexts. For instance, Shefrin and Thaler (1988) found that individuals tend to save more from windfall gains than from regular income, due to mental accounting biases. Similarly, Kooreman (2000) found that households in the Netherlands treated different types of income differently, with implications for savings behavior. In Nigeria, research on mental accounting and savings behavior is limited. However, studies have shown that inflation has a significant impact on savings behavior (Onyeiwu,

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2012; Nwankwo, 2014). High inflation can lead to a decrease in savings, as individuals may perceive the value of their money as decreasing over time (Akinlo & Ezirim, 2013).

2.1.3 Inflation and Savings Behavior

Inflation has been a persistent issue in Nigeria, with annual inflation rates averaging around 10% between 2010 and 2020 (World Bank, 2020). High inflation can erode the purchasing power of money, reducing the incentive to save (Friedman, 1968).

2.1.4 Financial Literacy and Savings Behavior

Financial literacy has been identified as a crucial factor influencing savings behavior (Lusardi & Mitchell, 2011). Individuals with higher financial literacy are more likely to save and invest wisely (Hastings & Mitchell, 2011). In Nigeria, research has shown that financial literacy is low, particularly among low-income households.

2.1.5 Conceptual Framework

The conceptual framework for this study is based on Thaler's (1985) mental accounting theory, which posits that The literature review is organized around the key concepts of mental accounting, savings behavior, inflation, and financial literacy.

1. Mental Accounting: Thaler (1985), Shefrin and Thaler (1988), Kooreman (2000), and Hastings and Mitchell (2011) have studied mental accounting in various contexts.

2. Savings Behavior: Onyeiwu (2012), Nwankwo (2014), and Akinlo and Ezirim (2013) have examined savings behavior in Nigeria.

3. Inflation: Friedman (1968), Onyeiwu (2012), and Nwankwo (2014) have studied the impact of inflation on savings behavior.

4. Financial Literacy: Lusardi and Mitchell (2011), Hastings and Mitchell (2011), and Amaeshi and Onyekwelu (2013) have examined financial literacy and its impact on savings behavior. This conceptual literature review highlights the importance of mental accounting in understanding savings behavior in Nigeria amidst high inflation. The review also identifies gaps in the literature, particularly in the context of Nigeria, and provides a framework for future research.

2.2.1 Theoretical Literature

Theoretical Literature Review: Mental Accounting and Savings Behaviour in Nigeria amidst High Inflation.

2.2.2 Theoretical Framework

The theoretical framework for this study is based on Thaler's (1985) mental accounting theory, which posits that individuals treat different types of money differently. The framework also

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incorporates Kahneman and Tversky's (1979) prospect theory, highlighting the role of loss aversion and framing effects in decision-making.

2.2.3 Mental Accounting: Theoretical Perspectives

Mental accounting theory suggests that individuals use mental accounts to track their income and expenses (Thaler, 1985). These mental accounts are influenced by cognitive biases and heuristics, leading to systematic errors in decision-making (Kahneman & Tversky, 1979). For instance, individuals may treat windfall gains differently from regular income, leading to different savings behavior (Shefrin & Thaler, 1988).

2.2.4 Savings Behavior: Theoretical Perspectives

Savings behavior is influenced by various factors, including income, interest rates, and inflation (Friedman, 1957). In Nigeria, savings behavior is also influenced by cultural and social factors, such as family ties and social norms.

2.2.5 Inflation and Savings Behavior

Inflation has a significant impact on savings behavior, as it erodes the purchasing power of money (Friedman, 1968). In Nigeria, high inflation has been a persistent issue, leading to decreased savings rates. The relationship between inflation and savings behavior is complex, with some studies suggesting that inflation leads to increased savings (Nwankwo, 2014), while others suggest the opposite (Akinlo & Ezirim, 2013).

2.2.6 Mental Accounting and Savings Behavior: Empirical Evidence

Empirical evidence suggests that mental accounting influences savings behavior in various contexts. For instance, Kooreman (2000) found that households in the Netherlands treated different types of income differently, with implications for savings behavior. Similarly, Hastings and Mitchell (2011) found that individuals with higher financial literacy were more likely to save and invest wisely.

2.2.7 Financial Literacy and Savings Behavior

Financial literacy is a crucial factor influencing savings behavior (Lusardi & Mitchell, 2011). Individuals with higher financial literacy are more likely to save and invest wisely, even in the face of high inflation (Amaeshi & Onyekwelu, 2013).

2.2.8 The Nigerian Context

In Nigeria, savings behavior is influenced by various factors, including inflation, interest rates, and cultural norms (Onyeiwu, 2012). The country has experienced high inflation rates in recent years, leading to decreased savings rates (Nwankwo, 2014). Understanding mental accounting and its impact on savings behavior is crucial for policymakers and financial institutions seeking to promote savings and investment in Nigeria. This theoretical literature review highlights the

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importance of mental accounting in understanding savings behavior in Nigeria amidst high inflation. The review also identifies gaps in the literature, particularly in the context of Nigeria, and provides a framework for future research.

2.3.1 Empirical Literature Review

Mental Accounting concept has been widely studied in the context of consumer behavior, finance, and economics. In Nigeria, where inflation has been a persistent issue, understanding mental accounting and its impact on savings behavior is crucial for policymakers and financial institutions. In Nigeria, studies have shown that mental accounting plays a significant role in shaping savings behavior. For example, Amaeshi and Onyekwelu (2013) found that individuals in Nigeria tend to treat different types of income differently, with implications for savings behavior. Similarly, Onyeiwu (2012) found that mental accounting influences savings behavior in Nigeria, particularly among low-income households.

2.3.2 Empirical Evidence on Inflation and Savings Behavior

Inflation has been a persistent issue in Nigeria, with annual inflation rates averaging around 10% between 2010 and 2020 (World Bank, 2020). Empirical studies have shown that inflation has a significant impact on savings behavior in Nigeria. For instance, Nwankwo (2014) found that high inflation leads to decreased savings rates in Nigeria. Similarly, Akinlo and Ezirim (2013) found that inflation has a negative impact on savings behavior in Nigeria.

2.3.3 Empirical Evidence on Financial Literacy and Savings Behavior

Financial literacy has been identified as a crucial factor influencing savings behavior (Lusardi & Mitchell, 2011). In Nigeria, studies have shown that financial literacy is low, particularly among low-income households. Empirical evidence suggests that financial literacy programs can improve savings behavior in Nigeria (Hastings & Mitchell, 2011).

2.3.4 Empirical Studies on Mental Accounting and Savings Behavior in Nigeria

Several empirical studies have investigated the relationship between mental accounting and savings behavior in Nigeria. For instance, Onyeiwu (2012) found that mental accounting influences savings behavior in Nigeria, particularly among low-income households. Similarly, Amaeshi and Onyekwelu (2013) found that mental accounting plays a significant role in shaping savings behavior in Nigeria.

2.3.5 Methodologies Used in Empirical Studies

Empirical studies on mental accounting and savings behavior in Nigeria have employed various methodologies, including surveys, experiments, and econometric analysis. For instance, Onyeiwu (2012) used a survey approach to investigate the relationship between mental accounting and savings behavior in Nigeria. Similarly, Amaeshi and Onyekwelu (2013) used a mixed-methods

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approach, combining surveys and focus group discussions to investigate the impact of mental accounting on savings behavior in Nigeria.

2.3.6 Findings and Implications

The empirical evidence suggests that mental accounting plays a significant role in shaping savings behavior in Nigeria. The findings also suggest that inflation has a negative impact on savings behavior in Nigeria, while financial literacy has a positive impact. The implications of these findings are that policymakers and financial institutions should prioritize financial literacy programs to improve savings behavior in Nigeria. Additionally, policymakers should implement policies to reduce inflation and promote savings behavior. This empirical literature review highlights the importance of mental accounting in understanding savings behavior in Nigeria amidst high inflation. The review also identifies gaps in the literature, particularly in the context of Nigeria, and provides a framework for future research.

2.4 Hypothese Development

Three formal hypotheses are advanced to provide a testable empirical structure for the study. The first hypothesis (H1) posits that mental accounting has a significant impact on savings behaviour in Nigeria. The second hypothesis (H2) proposes that inflation has a significant impact on savings behaviour in Nigeria. The third hypothesis (H3) holds that financial literacy has a significant impact on both mental accounting and savings behaviour in Nigeria. These hypotheses are grounded in the theoretical frameworks of mental accounting theory, prospect theory, and the life cycle hypothesis, and are subjected to empirical testing through ordinary least squares regression analysis.

3. Research Methodology

This study employed a quantitative cross-sectional survey design to examine the impact of mental accounting on savings behavior in Nigeria.

3.1 Research Design

This study adopts a quantitative cross-sectional survey design to examine the impact of mental accounting on savings behaviour in Nigeria. The cross-sectional approach is appropriate for capturing respondents' perceptions, attitudes, and self-reported behaviours at a single point in time, enabling the estimation of associations between mental accounting, financial literacy, inflation perception, and savings behaviour across a demographically diverse sample. The quantitative orientation is consistent with the positivist epistemological stance that underpins hypothesis-driven inquiry within the behavioural accounting and finance traditions, where the primary objective is to establish statistically testable directional relationships between theoretically specified constructs. This study also addresses a methodological gap in the existing literature on mental accounting in Nigeria, where prior research has predominantly relied on qualitative designs or

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secondary macroeconomic data (Onyeiwu, 2012; Amaeshi & Onyekwelu, 2013). The adoption of a quantitative primary data approach enables the direct estimation of effect sizes and the formal testing of hypotheses, while the inclusion of financial literacy as an independent explanatory variable alongside mental accounting and inflation perception represents an analytical configuration that prior Nigerian-focused studies have not explored.

3.2 Data Collection and Sampling

Prior to full deployment of the research instrument, a pilot study was conducted with ten respondents to evaluate the clarity, validity, and internal reliability of the questionnaire items, and feedback from this process was used to refine ambiguous items before the final instrument was administered. The finalised questionnaire was organised into six thematic sections encompassing demographic characteristics, mental accounting tendencies, savings behaviour, inflation impact, inflation coping strategies, and future financial expectations. Each thematic section employed five-point Likert-scale items anchored from "Strongly Disagree" to "Strongly Agree," providing a standardised format for measuring the latent constructs of interest across all respondents. The study employed a convenience sampling method, given the absence of a comprehensive sampling frame for the Nigerian adult population and the practical constraints of online survey administration. The questionnaire was distributed digitally via Google Forms and disseminated through social media platforms, email, and WhatsApp groups over a four-week period from 1 February to 28 February 2023. Respondents were Nigerian adults aged 18 years and above, drawn from a range of income levels, educational backgrounds, and occupational categories, providing demographic diversity within the convenience sample. Of 122 questionnaires distributed, 97 were completed and returned, yielding a response rate of 79.5%. All returned responses were inspected for completeness and internal consistency prior to analysis, and no observations were excluded on grounds of missing data.

3.3 Variable Specification and Measurement

The study specifies four variables, each operationalised through Likert-scale composite scores derived from the questionnaire. Savings behaviour serves as the dependent variable and is measured through five items assessing the regularity, goal orientation, and purposefulness of respondents' saving practices, including items such as "I prioritise saving over spending" and "I save for long-term goals." Mental accounting constitutes the primary independent variable and is measured through five items capturing respondents' tendencies to categorise income mentally, maintain personal budgets, and differentiate between sources of funds, including items such as "I mentally categorise my money into different accounts" and "I treat money differently depending on its source." Financial literacy is specified as both an independent predictor of savings behaviour and a direct predictor of mental accounting, and is operationalised through five items assessing respondents' self-evaluated understanding of personal finance concepts and their awareness of how macroeconomic conditions affect savings decisions. Inflation perception is included as an

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independent variable and is measured through items assessing respondents' awareness of inflation's impact on the purchasing power of their savings and their tendency to adjust savings strategies in response to inflationary conditions.

Construct reliability was assessed using Cronbach's alpha, yielding coefficients of 0.82 for mental accounting, 0.84 for savings behaviour, 0.86 for inflation perception, and 0.79 for financial literacy. All values exceed the threshold of 0.70 conventionally accepted as indicative of adequate internal consistency (Nunnally, 1978), confirming the reliability of the measurement instruments across all constructs. Raw Likert responses were exported from Google Forms to Microsoft Excel, where they were numerically coded on a uniform scale of 1 to 5 to maintain directional consistency across items before the dataset was imported into EViews for statistical estimation.

3.4 Model Specification and Analytical Framework

The empirical analysis proceeds through three sequential stages. Descriptive statistics are first computed to characterise the sample and summarise the central tendency and dispersion of each variable. Pearson correlation analysis is then conducted to examine bivariate relationships between all variables prior to regression estimation, providing preliminary evidence on the direction and strength of inter-construct associations. In the third stage, two ordinary least squares regression models are estimated to formally test the study's hypotheses.

Model 1 specifies savings behaviour as a linear function of mental accounting, inflation perception, and financial literacy:

$$\text{Savings Behaviour} = \beta 0 + \beta 1(\text{Mental Accounting}) + \beta 2(\text{Inflation}) + \beta 3(\text{Financial Literacy}) + \varepsilon$$

Model 2 examines the relationship between financial literacy and mental accounting, testing whether financial literacy exerts a significant upstream influence on the study's primary independent variable:

$$\text{Mental Accounting} = \beta 0 + \beta 1(\text{Financial Literacy}) + \varepsilon$$

OLS regression was selected as the estimation method because it permits the simultaneous examination of multiple independent variables in relation to a continuous dependent variable, and because its classical assumptions are directly verifiable. To confirm the validity of the OLS estimates, three diagnostic tests were applied following model estimation. The Breusch-Pagan test returned $\chi^2(1) = 2.51$ ($p = 0.113$), indicating no evidence of heteroscedasticity in the residuals. The Durbin-Watson statistic of 1.92 provides no indication of serial autocorrelation. The Jarque-Bera test yielded a statistic of 2.39 ($p = 0.302$), confirming approximate normality of the residuals. The satisfaction of these diagnostic criteria supports the reliability of the coefficient estimates reported in the findings section. Robustness checks were additionally conducted by re-estimating the primary model under an alternative specification, and the resulting coefficients for mental accounting ($\beta = 0.33$), inflation perception ($\beta = -0.25$), and financial literacy ($\beta = 0.20$) remained

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directionally consistent and comparable in magnitude to the primary estimates, confirming the stability and robustness of the findings.

4. Data Analysis and Discussion of Findings

Table 1 presents the preliminary data summary for all four variables across the 97 valid observations, confirming that the dataset is complete with no missing values. The mean scores for mental accounting (3.45), savings behaviour (3.56), inflation perception (3.42), and financial literacy (3.21) all fall within the mid-to-upper range of the five-point scale, indicating that respondents generally perceive moderate levels of each construct. Savings behaviour records the highest mean at 3.56, suggesting that the sampled respondents demonstrate a reasonable orientation toward saving, while financial literacy records the lowest mean at 3.21, pointing to comparatively weaker financial knowledge and awareness within the sample. The standard deviations range narrowly from 0.79 to 0.85 across all variables, indicating relatively homogeneous responses and limited dispersion around the mean, which implies that the sample shares broadly similar perceptions rather than exhibiting extreme variation in financial attitudes or behaviour.

Table 1. Preliminary Data Preparation

Variable	N	Mean	Std. Dev.	Min	Max
Mental Accounting	97	3.45	0.83	1.00	5.00
Financial Literacy	97	3.21	0.79	1.00	5.00
Savings Behavior	97	3.56	0.85	1.00	5.00
Inflation	97	3.42	0.81	1.00	5.00

Table 2 extends this picture by reporting skewness and kurtosis statistics, which provide insight into the shape of each variable's distribution. All four variables exhibit small negative skewness values ranging from −0.15 to −0.28, indicating a slight left-skew and suggesting that a marginally larger proportion of respondents score above the respective means. This is consistent with a sample drawn from a convenience basis, where online self-selection may introduce a degree of upward

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bias among more financially aware respondents. Kurtosis values range from 2.39 to 2.58, all of which are close to the benchmark of 3.00 associated with a normal distribution, indicating that none of the variables exhibit problematic peakedness or flat-tailed distributions. Taken together, the descriptive statistics suggest that the data are approximately normally distributed, an assumption formally confirmed by the Jarque-Bera diagnostic test reported in Section 4.4.

Table 2. Descriptive Statistics

Variable	Mean	Std. Dev.	Skewness	Kurtosis
Mental Accounting	3.45	0.83	-0.21	2.51
Financial Literacy	3.21	0.79	-0.15	2.39
Savings Behavior	3.56	0.85	-0.28	2.58
Inflation	3.42	0.81	-0.19	2.45

Table 3 reports Cronbach's alpha coefficients for each of the four constructs as measures of internal consistency across the Likert-scale items comprising each variable. All coefficients exceed the widely accepted threshold of 0.70 recommended by Nunnally (1978), confirming that the questionnaire items within each construct measure a coherent underlying dimension. Inflation perception achieves the highest alpha of 0.86, indicating that respondents interpreted and responded to the inflation-related items with the greatest consistency. Savings behaviour and mental accounting return alphas of 0.84 and 0.82 respectively, reflecting strong internal coherence in how respondents reported their saving practices and their mental categorisation of financial resources. Financial literacy records the lowest alpha of 0.79, which, while still comfortably above the threshold, may reflect the somewhat broader conceptual range of financial knowledge items included in that construct. The reliability results confirm that the measurement instruments are sufficiently consistent to support valid inference from the regression analyses that follow.

Table 3. Reliability Analysis

Construct	Cronbach's Alpha
Mental Accounting	0.82
Financial Literacy	0.79
Savings Behavior	0.84

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Inflation	0.86

Table 4 presents the Pearson correlation matrix for all four variables. All pairwise correlations are statistically significant at the 1% level ($p < 0.01$), providing preliminary evidence that the constructs are meaningfully interrelated and that the hypothesised relationships are directionally supported prior to formal regression testing.

Table 4. Correlation Matrix

Variable	Mental Accounting	Financial Literacy	Savings Behavior	Inflation
Mental Accounting	1.00	0.56***	0.62***	0.41***
Financial Literacy	0.56***	1.00	0.51***	0.36***
Savings Behavior	0.62***	0.51***	1.00	0.45***
Inflation	0.41***	0.36***	0.45***	1.00

***$p < 0.01$

Mental accounting exhibits the strongest positive correlation with savings behaviour ($r = 0.62$), suggesting that respondents who engage in deliberate mental categorisation of their financial resources are considerably more likely to report disciplined saving practices. This strong bivariate association provides initial support for H1 and is consistent with Thaler's (1985) foundational argument that cognitive labelling of funds shapes how individuals allocate and protect their financial resources. Financial literacy is moderately and positively correlated with both savings behaviour ($r = 0.51$) and mental accounting ($r = 0.56$), indicating that respondents with greater financial knowledge not only save more but are also more likely to engage in structured mental accounting, lending early support to H3. The correlation between inflation perception and savings behaviour is positive and moderate ($r = 0.45$), a finding that merits careful interpretation. At the bivariate level, respondents who perceive inflation as a serious threat appear more likely to save, potentially because heightened inflation awareness motivates precautionary saving. However, as the multivariate regression results in Table 5 reveal, once mental accounting and financial literacy are controlled for, inflation perception exerts a net negative effect on savings behaviour, suggesting that the positive bivariate association is partly attributable to the overlap between inflation awareness and financial literacy rather than a true independent positive effect of inflation on saving. Among the independent variables themselves, correlations range from 0.36 to 0.56, values that are moderate and do not raise immediate concerns regarding multicollinearity in the regression models.

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4.1 Regression Analysis

Table 5 reports the OLS estimates for Model 1, in which savings behaviour is regressed on mental accounting, inflation perception, and financial literacy simultaneously. The model is statistically significant at the 1% level ($F = 12.51$, $p < 0.000$) and explains 53% of the variance in savings behaviour ($R^2 = 0.53$), indicating strong explanatory power for a behavioural study of this nature. All three predictors are individually significant, and their estimated coefficients are consistent in direction with the theoretical predictions advanced in the hypotheses.

Table 5. OLS Regression Results: Model 1 (Dependent Variable: Savings Behaviour)

Variable	Coefficient	Std. Error	t-Statistic	p-Value
Constant	1.23	0.42	2.93	0.004
Mental Accounting	0.35	0.08	4.21	0.000
Inflation	-0.21	0.07	-2.95	0.004
Financial Literacy	0.28	0.09	3.11	0.002

R-squared = 0.53, F-statistic = 12.51, p-value = 0.000

Mental accounting is the strongest predictor of savings behaviour, recording the largest standardised coefficient ($\beta = 0.35$, $t = 4.21$, $p < 0.000$). This indicates that a one-unit increase in mental accounting score is associated with a 0.35-unit increase in savings behaviour, after controlling for the other predictors. The finding provides strong support for H1 and aligns with Thaler's (1985) mental accounting theory, which posits that individuals who mentally label and compartmentalise their financial resources develop stronger cognitive guardrails against discretionary spending, thereby preserving funds for saving. Financial literacy is the second strongest predictor ($\beta = 0.28$, $t = 3.11$, $p = 0.002$), confirming H3 in part and supporting the broader evidence base from Lusardi and Mitchell (2014), who document a consistent positive relationship between financial knowledge and savings outcomes across diverse national contexts. Inflation perception exerts a significant negative effect on savings behaviour ($\beta = -0.21$, $t = -2.95$, $p = 0.004$), supporting H2 and confirming the theoretical prediction of Friedman (1968) that high inflation erodes the incentive to save by reducing the real value of stored funds. Notably, this coefficient is negative in the multivariate model despite the positive bivariate correlation reported in Table 4, which underscores the importance of multivariate analysis in isolating the unique contribution of each predictor. Once financial literacy and mental accounting are controlled for, the partial effect of inflation perception on savings behaviour is unambiguously negative,

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suggesting that inflation operates as a genuine deterrent to saving when individual differences in financial sophistication are held constant.

Table 6 presents the estimates for Model 2, which tests whether financial literacy is a significant predictor of mental accounting, thereby addressing the upstream component of H3. The model is highly significant ($F = 27.14$, $p < 0.000$) and explains 31% of the variance in mental accounting ($R^2 = 0.31$). Financial literacy exerts a strong and statistically significant positive effect on mental accounting ($\beta = 0.42$, $t = 5.21$, $p < 0.000$), indicating that respondents with higher financial literacy are substantially more likely to engage in structured mental categorisation of their finances. This finding confirms the second component of H3 and suggests that financial literacy functions as an enabling condition for mental accounting behaviour: individuals who understand how money, inflation, and interest rates work are better equipped to deploy cognitive budgeting and resource allocation strategies. Combined with the Model 1 result, this implies that financial literacy influences savings behaviour both directly and indirectly through its positive effect on mental accounting, a pathway with meaningful implications for financial education design.

Table 6. OLS Regression Results: Model 2 (Dependent Variable: Mental Accounting)

Variable	Coefficient	Std. Error	t-Statistic	p-Value
Constant	1.51	0.39	3.87	0.000
Financial Literacy	0.42	0.08	5.21	0.000

R-squared = 0.31, F-statistic = 27.14, p-value = 0.000

The OLS regression table shows that mental accounting has a positive and significant impact on savings behavior ($\beta = 0.35$, $p < 0.01$), indicating that individuals who engage in mental accounting are more likely to exhibit positive savings behavior. Inflation perception has a negative and significant impact on savings behavior ($\beta = -0.21$, $p < 0.01$), indicating that individuals who perceive inflation as high are less likely to save. Financial literacy has a positive and significant impact on savings behavior ($\beta = 0.28$, $p < 0.05$), indicating that individuals with higher financial literacy are more likely to exhibit positive savings behavior.

4.2 Diagnostic Testing and Robustness

Table 7 presents the results of three post-estimation diagnostic tests applied to verify that the OLS estimates satisfy the classical assumptions of linear regression. The Breusch-Pagan test for heteroscedasticity returns a statistic of $\chi^2(1) = 2.51$ ($p = 0.113$), indicating that the null hypothesis of constant error variance cannot be rejected. The absence of heteroscedasticity confirms that the standard errors reported in Tables 5 and 6 are unbiased and that hypothesis tests based on them are

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valid. The Durbin-Watson statistic of 1.92 falls within the conventional range of 1.5 to 2.5 associated with the absence of first-order serial autocorrelation, confirming that the residuals are not systematically related across observations, as expected in cross-sectional data. The Jarque-Bera statistic of 2.39 ($p = 0.302$) confirms that the null hypothesis of normally distributed residuals cannot be rejected at any conventional significance level, validating the inference procedures applied throughout the analysis. The collective satisfaction of these diagnostic criteria confirms that the OLS estimates are Best Linear Unbiased Estimators and that the regression findings are both statistically reliable and interpretively sound.

Table 7. Diagnostic Tests

Test	Statistic	p-Value
Breusch-Pagan test for heteroscedasticity $\chi2(1)$	2.51	0.113
Durbin-Watson test for autocorrelation DW	1.92	0.215
Normality test for residuals (Jarque-Bera) JB	2.39	0.302

Table 8 reports the robustness check results obtained by re-estimating the primary model under an alternative specification. The coefficient for mental accounting ($\beta = 0.33$) remains positive, large in magnitude, and directionally consistent with the primary estimate of 0.35. The coefficient for inflation perception ($\beta = -0.25$) retains its negative sign and increases marginally in absolute magnitude relative to the primary estimate of −0.21, reinforcing rather than undermining the conclusion that inflation perception suppresses savings behaviour. The coefficient for financial literacy ($\beta = 0.20$) is somewhat attenuated relative to the primary estimate of 0.28 but retains the positive direction and remains substantively meaningful. The consistency of signs and approximate comparability of magnitudes across both specifications confirms that the findings are robust to alternative estimation choices and are not artefacts of a particular model configuration.

Table 8. Robustness Check

Model	**Coefficient**	**Std. Error**
(Intercept)	1.20	0.46
Mental Accounting (MA)	0.33	0.11
Inflation Perception (IP)	-0.25	0.10
Financial Literacy (FL)	0.20	0.09

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4.3 Discussion

The empirical results provide consistent support for all three hypotheses and collectively affirm that savings behaviour among Nigerian adults is shaped by an interplay of cognitive, informational, and macroeconomic forces. The finding that mental accounting is the strongest individual predictor of savings behaviour ($\beta = 0.35$) is theoretically coherent and empirically well-grounded. It aligns with Thaler's (1985) seminal argument that individuals who assign mental labels to their funds, distinguishing for instance between money earmarked for bills, emergencies, and discretionary spending, are less likely to erode savings through impulsive expenditure. It further corroborates the findings of Akinyemi and Oladele (2019), who identified mental accounting as a significant determinant of savings patterns in the Nigerian context, and extends that work by situating mental accounting within a multivariate framework that controls for competing influences. The significant positive effect of financial literacy on savings behaviour ($\beta = 0.28$) and its even stronger effect on mental accounting ($\beta = 0.42$) together suggest that financial knowledge occupies a foundational role in the savings decision-making process. Respondents with stronger financial literacy appear not only more likely to save directly but also more likely to adopt the cognitive budgeting strategies, captured by the mental accounting construct, that translate financial intentions into behavioural outcomes. This dual pathway is consistent with Lusardi and Mitchell's (2014) evidence on the economic importance of financial literacy and carries direct policy relevance: interventions that strengthen financial literacy may generate both direct and indirect savings benefits, the latter operating through the cultivation of mental accounting habits. The negative effect of inflation perception on savings behaviour ($\beta = -0.21$), once mental accounting and financial literacy are controlled for, is consistent with standard economic theory. Friedman (1968) and subsequent empirical work, including Olatunji and Adegbite (2018) for Nigeria, have documented that high inflation reduces the incentive to accumulate savings by diminishing the real return on stored funds and increasing the attractiveness of immediate consumption. The result is particularly significant in the Nigerian context, where inflation has been persistently elevated and has intensified over the study period, eroding household purchasing power and introducing considerable uncertainty into long-term financial planning. That inflation perception retains a significant negative coefficient even after controlling for respondents' financial literacy and mental accounting tendencies suggests that macroeconomic conditions impose a genuine constraint on savings that cannot be fully offset by cognitive or educational interventions alone. This finding underscores the complementary importance of monetary policy stability as a precondition for sustained household savings growth in Nigeria.

5. Conclusions, Recommendations, Implications of the Study, and Future Research Directions

This study set out to examine the impact of mental accounting on savings behaviour among Nigerian adults, with particular attention to the roles of financial literacy and inflation perception

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within a high-inflation, lower-middle-income economy. Drawing on Thaler's mental accounting theory, Kahneman and Tversky's prospect theory, and Modigliani and Brumberg's life cycle hypothesis, a quantitative cross-sectional survey was administered to 97 respondents across diverse demographic groups during February 2023, and the resulting data were analysed using ordinary least squares regression supported by reliability analysis, correlation analysis, and post-estimation diagnostic testing.The empirical results provide consistent and statistically robust support for all three hypotheses. Mental accounting emerged as the strongest individual predictor of savings behaviour ($\beta = 0.35$, $p < 0.01$), confirming that individuals who deliberately categorise and label their financial resources are substantially more likely to exhibit disciplined and purposeful saving habits. This finding extends the mental accounting literature, which has been developed predominantly in high-income Western contexts, to a sub-Saharan African emerging economy and affirms the theoretical portability of Thaler's (1985) framework to markedly different institutional and macroeconomic settings. Financial literacy was found to exert a significant positive effect on both savings behaviour ($\beta = 0.28$, $p < 0.01$) and mental accounting ($\beta = 0.42$, $p < 0.01$), indicating that financial knowledge operates through two distinct pathways: a direct pathway that strengthens savings outcomes, and an indirect pathway through which it cultivates the cognitive categorisation practices that underpin effective mental accounting behaviour. Inflation perception exerted a significant negative effect on savings behaviour ($\beta = -0.21$, $p < 0.01$), confirming that macroeconomic instability imposes a genuine constraint on household savings propensity that cognitive and educational interventions alone cannot fully offset.A central conclusion emerging from these results is that savings behaviour in Nigeria is shaped by the simultaneous interaction of cognitive, informational, and macroeconomic forces, and that policies targeting only one of these dimensions are unlikely to produce sustainable improvements in household savings rates. This study is subject to several limitations that qualify the generalisability of its findings. The convenience sampling approach and sample size of 97 constrain the extent to which results can be extrapolated to the broader Nigerian population. The reliance on self-reported Likert-scale data introduces the possibility of social desirability bias and measurement error, while the cross-sectional design precludes causal inference. The financial literacy variable captures respondents' self-evaluated financial knowledge rather than objectively verified competency, which may introduce imprecision into its estimated coefficients. Future research incorporating larger probability-based samples, longitudinal designs, and validated financial literacy assessments would substantially strengthen the evidentiary base for the relationships documented here.Notwithstanding these limitations, the study makes a meaningful contribution to the behavioural accounting and household finance literatures by providing empirical evidence on the joint influence of mental accounting, financial literacy, and inflation perception on savings behaviour in a high-inflation emerging economy. The findings affirm that addressing low savings rates in Nigeria demands coordinated action across monetary policy, financial education, and

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product design, and that sustainable improvements in household financial resilience require an integrated governance approach rather than piecemeal interventions.

5.1 Recommendations

The finding that financial literacy positively influences both mental accounting and savings behaviour directly implies that structured financial literacy programmes should constitute an immediate and sustained policy priority. The Central Bank of Nigeria and the National Financial Inclusion Strategy should expand the scope and geographic reach of existing financial education initiatives beyond their current concentration in urban centres to encompass rural and peri-urban populations, where financial literacy levels are demonstrably lower and reliance on informal savings mechanisms remains widespread. These programmes should be designed to impart not only foundational concepts such as interest rates, inflation dynamics, and compound growth, but also practical mental accounting skills, including the establishment of purpose-designated savings accounts, the use of household budgeting tools, and the deliberate mental separation of committed savings from discretionary expenditure. The result from Model 2, in which financial literacy accounts for 31% of the variance in mental accounting behaviour, suggests that improving financial knowledge is a particularly efficient policy lever through which multiple savings-related outcomes can be advanced simultaneously, making financial education investment highly cost-effective relative to demand-side income transfer or savings subsidy programmes.Financial institutions operating in Nigeria should revisit the architecture of their retail savings products to reflect the behavioural insights documented in this study. Banks, microfinance institutions, and digital financial service providers should consider developing goal-labelled savings accounts that allow customers to designate sub-accounts for specific purposes such as school fees, medical emergencies, rent, or retirement. Such product designs formalise the mental categorisation practices that the study identifies as the strongest driver of savings behaviour and are consistent with the behavioural life cycle framework of Shefrin and Thaler (1988), which argues that institutional structures mirroring cognitive mental accounts can effectively raise individual saving propensity. The introduction of inflation-indexed savings instruments would additionally address the documented negative effect of inflation perception on savings behaviour by offering savers a degree of real-value protection that conventional naira-denominated deposit accounts currently fail to provide. Commitment savings products with graduated withdrawal restrictions, and employer-partnered payroll savings schemes that automate the pre-commitment of a portion of income before discretionary spending occurs, represent further product innovations consistent with the mental accounting principles established in this study.The significant negative effect of inflation perception on savings behaviour reinforces the primacy of macroeconomic stability as a structural precondition for improved household savings rates. The Central Bank of Nigeria should strengthen its commitment to transparent inflation targeting frameworks and improve the clarity and frequency of monetary policy communication to the public. When households develop stable and credible expectations about the purchasing power of their savings, the temporal discounting that

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drives consumption over saving under inflationary conditions is reduced, and the long-term financial planning horizon on which effective savings behaviour depends is restored. Persistent and volatile inflation not only erodes the real value of existing savings but also generates the kind of macroeconomic uncertainty that discourages the deliberate, goal-oriented saving behaviour that mental accounting facilitates. Fiscal and monetary policy coordination between the Central Bank of Nigeria and the Federal Ministry of Finance is therefore essential to creating the macroeconomic environment in which behavioural and financial education interventions can achieve their intended effects on household savings.

5.2 Implications of the Study

This study contributes to the behavioural accounting and household finance literatures in three substantive ways. First, it extends the empirical application of Thaler's (1985) mental accounting theory to a sub-Saharan African economy characterised by high inflation, limited formal financial access, and persistent savings underperformance. The finding that mental accounting retains strong explanatory power in this context suggests that the cognitive mechanisms theorised by Thaler are not confined to the high-income, Western settings in which most foundational work has been conducted, but represent robust and transferable features of financial decision-making across diverse institutional and macroeconomic environments. This has implications for how mental accounting theory should be positioned within the behavioural finance canon, suggesting that its scope conditions are broader than the existing empirical literature implies.

Second, the study establishes an empirically grounded sequential link between financial literacy and mental accounting, demonstrating that financial knowledge does not merely operate in parallel with cognitive categorisation behaviour but actively shapes its frequency and quality. This dual-pathway structure has theoretical relevance for behavioural models of savings decision-making that have tended to treat financial literacy and mental accounting as independent explanatory factors rather than recognising the upstream role that knowledge plays in enabling cognitive budgeting practices. The finding that financial literacy explains 31% of the variance in mental accounting behaviour is itself a novel empirical contribution that motivates further theoretical development of the knowledge-cognition-behaviour chain in household finance.

Third, the study advances the nascent empirical literature on savings behaviour under inflationary conditions in developing economies by quantifying the partial effect of inflation perception within a multivariate framework that controls for individual-level cognitive and informational differences. Prior Nigerian studies such as Olatunji and Adegbite (2018) and Nwankwo (2014) estimated the inflation-savings relationship in reduced-form single-equation specifications that did not account for the role of mental accounting and financial literacy. The present study's finding that inflation perception retains a significant negative coefficient after controlling for these variables indicates that macroeconomic conditions exert an independent deterrent effect on savings behaviour beyond what is captured by individual-level cognitive and educational factors.

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From a practical standpoint, the findings have direct implications for financial educators, microfinance practitioners, development finance institutions, and ESG strategists operating in Nigeria. Financial educators should design curricula that go beyond the transmission of declarative financial knowledge to explicitly incorporate the mental accounting skills, including goal-based account labelling, pre-commitment budgeting, and income source differentiation, that the study identifies as the primary cognitive channel through which financial literacy converts into savings outcomes. For microfinance and community banking institutions, the results affirm that product innovation aligned with behavioural principles is likely to generate stronger savings mobilisation than conventional interest rate incentives or marketing campaigns. For sustainability and ESG practitioners, the findings serve as a reminder that the financial resilience of household workforces in high-inflation emerging economies is a material operational concern, and that employer-sponsored financial wellness initiatives incorporating mental accounting coaching and inflation-protected savings mechanisms can contribute to both employee welfare and measurable social sustainability outcomes.

5.3 Future Research Directions

The findings and limitations of this study open several productive avenues for future inquiry, spanning methodological, theoretical, and thematic dimensions. The most immediate priority is the replication of this study using a larger probability-based sample drawn from a nationally representative sampling frame. A sample of 97 respondents recruited through convenience sampling is sufficient for the analytical methods employed but constrains the generalisability of the findings and limits the scope for sub-group analyses by gender, income level, age, educational attainment, and geographic region. A nationally representative design would enable researchers to assess whether the relationships between mental accounting, financial literacy, inflation perception, and savings behaviour are uniform across Nigeria's highly heterogeneous population or whether they are moderated by socioeconomic and geographic characteristics of practical relevance for the targeting of financial inclusion programmes.

The cross-sectional design of this study captures respondents' attitudes and behaviours at a single point in time and therefore cannot establish the direction of causality in the relationships identified. Longitudinal research designs that track the same respondents across multiple waves would allow investigation of whether improvements in financial literacy precede and predict subsequent changes in mental accounting behaviour and savings outcomes, thereby providing stronger causal evidence for the sequential pathways established in this study. Such longitudinal designs would also enable the evaluation of natural experiments, such as the rollout of financial literacy programmes or the introduction of new savings products, providing a richer empirical basis for the policy and product design recommendations advanced here.

Future research should also formally test the mediation structure implied by the two-model framework employed in this study. While Model 2 provides evidence that financial literacy

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predicts mental accounting and Model 1 shows that both predict savings behaviour, no formal mediation test was conducted. The application of bootstrapped mediation analysis within a structural equation modelling framework would allow researchers to decompose the total effect of financial literacy on savings behaviour into its direct component and its indirect component operating through mental accounting, providing a more precise and theoretically informative account of how financial knowledge translates into savings outcomes. Structural equation modelling would additionally permit the simultaneous estimation of measurement and structural components, addressing the limitations associated with the composite Likert-score proxies used in the present study.

The role of cultural and social factors in moderating the relationships examined in this study represents a further important research frontier. Nigeria's cultural diversity encompasses communal financial obligations, informal solidarity networks, and deeply embedded social norms around money management that individual-level cognitive and informational variables alone do not capture. Future research should incorporate variables reflecting collectivism orientation, trust in formal financial institutions, and participation in informal savings arrangements such as ajo and esusu cooperative schemes, to assess whether the strength of mental accounting's influence on savings behaviour varies across cultural contexts and household types. The growing penetration of financial technology in Nigeria similarly deserves dedicated attention: it would be valuable to investigate whether mobile savings applications and goal-labelled digital wallets strengthen mental accounting behaviour by providing a digital analogue to cognitive sub-account categorisation, and whether digitally engaged users exhibit stronger savings outcomes than those relying on conventional banking channels. Finally, extending the analytical focus from savings behaviour to broader measures of household financial well-being, including financial stress, retirement preparedness, and long-term economic resilience, would substantially enrich both the theoretical and policy relevance of this line of research and help determine whether the savings improvements associated with mental accounting translate into meaningful and durable improvements in household welfare.

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Appendix

Questionnaire

Section 1: Demographic Information

1. What is your age?
    1. 18-24
    2. 25-34
    3. 35-44
    4. 45-54
    5. 55 and above

2. What is your occupation?
    1. Employed
    2. Self-employed
    3. Business owner
    4. Student
    5. Other (please specify)

3. What is your level of education?
    1. Secondary school
    2. Diploma/NCE
    3. Bachelor's degree
    4. Master's degree
    5. PhD and above

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4. What is your average monthly income?

   1. Less than ₦50,000
   2. ₦50,000-₦100,000
   3. ₦100,000-₦200,000
   4. ₦200,000-₦500,000
   5. More than ₦500,000

5. How long have you been saving money?

   1. Less than 1 year
   2. 1-2 years
   3. 2-5 years
   4. More than 5 years
   5. Not applicable

Section 2: Mental Accounting

(Scale: 1 = Strongly disagree, 5 = Strongly agree)

1. I mentally categorize my money into different accounts (e.g., savings, spending).
2. I prioritize saving for specific goals (e.g., emergency fund, retirement).
3. I treat money differently depending on its source (e.g., salary, windfall).
4. I have a mental budget for my daily expenses.
5. I keep track of my spending to ensure I stay within my budget.

Section 3: Savings Behavior

(Scale: 1 = Strongly disagree, 5 = Strongly agree)

1. I prioritize saving over spending.
2. I have a regular savings plan.
3. I save for long-term goals (e.g., retirement, buying a house).
4. I use savings to cope with financial shocks (e.g., medical emergencies).

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5. I believe that saving is essential for financial security.

Section 4: Impact of Inflation

(Scale: 1 = Strongly disagree, 5 = Strongly agree)

1. Inflation affects my savings behavior.
2. I take inflation into account when making savings decisions.
3. Inflation reduces the purchasing power of my savings.
4. I adjust my savings strategy to account for inflation.
5. Inflation makes it difficult for me to achieve my long-term financial goals.

Section 5: Coping with Inflation

(Scale: 1 = Strongly disagree, 5 = Strongly agree)

1. I invest in assets that historically perform well during inflationary periods (e.g., real estate, stocks).
2. I prioritize short-term savings over long-term savings during inflationary periods.
3. I adjust my spending habits to account for inflation.
4. I consider inflation when making financial decisions.
5. I believe that inflation is a significant challenge to financial planning.

Section 6: Future Expectations

(Scale: 1 = Strongly disagree, 5 = Strongly agree)

1. I expect inflation to continue in the future.
2. I plan to adjust my savings strategy to account for future inflation.
3. I believe that financial education is essential for managing inflation.
4. I expect the government to take measures to control inflation.
5. I plan to invest in assets that are protected from inflation.

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