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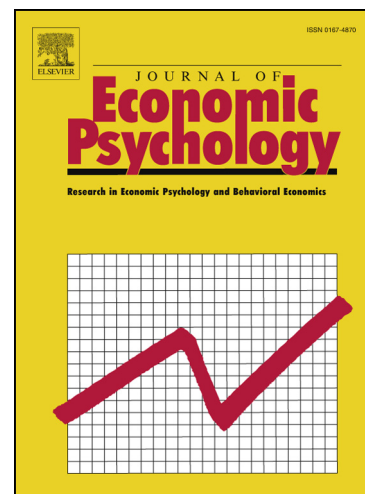
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PII: S0167-4870(15)00094-X  
DOI: <http://dx.doi.org/10.1016/j.joep.2015.07.001>  
Reference: JOEP 1840

To appear in: *Journal of Economic Psychology*

Received Date: 8 February 2015  
Revised Date: 15 May 2015  
Accepted Date: 13 July 2015



Please cite this article as: Farrell, L., Fry, T.R.L., Risse, L., The significance of financial self-efficacy in explaining women's personal finance behaviour, *Journal of Economic Psychology* (2015), doi: <http://dx.doi.org/10.1016/j.joep.2015.07.001>

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# The significance of financial self-efficacy in explaining women's personal finance behaviour

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## Abstract

Much policy attention has been placed on enhancing individuals' financial knowledge and literacy, chiefly through financial education programs. However, managing one's personal finances takes more than financial knowledge and literacy: an individual also needs a sense of self-assuredness, or 'self-belief', in their own capabilities. This personal attribute is known within the psychology literature as 'self-efficacy'. This paper examines the significance of an individual's financial self-efficacy in explaining their personal finance behaviour, through the application of a psychometric instrument. Using a 2013 survey of Australian women, financial self-efficacy emerges as one of the strongest predictors of the type and number of financial products that a woman holds. Specifically, our analysis reveals that women with higher financial self-efficacy – that is, with greater self-assuredness in their financial management capacities – are more likely to hold investment and savings products, and less

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