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THE INFLUENCE OF PARENTAL FINANCIAL SOCIALIZATION ON YOUNG BLACK AFRICAN ADULTS' FINANCIAL BEHAVIOR[†]

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Abstract

Parental financial socialization is becoming increasingly important globally due to poor financial behavior amongst young adults, especially those in developing countries and rural and low-income areas. This study makes a unique contribution to the body of knowledge by investigating the relationship between parental financial socialization and financial behavior. Using a quantitative research approach, parental financial socialization was extended through parental financial teaching, discussions, monitoring, and financial modeling. We collected a self-administered questionnaire from young black African adults in two low-income and rural areas in South Africa (Intsika Yethu and Fetakgomo Tubatse municipalities) and showed a significant positive relationship between parental financial teaching, parental financial discussions, and financial behavior. Results revealed that parental financial discussions had a significant and positive relationship with financial behavior, while parental financial monitoring was adversely associated with financial behavior. Finally, findings demonstrated that parental financial modeling had no relationship with financial behavior. The results suggest that parents should teach and discuss financial matters with young adults to improve financial behavior. Also, financial educators should design financial education programs to assist parents in improving their financial behavior to transfer responsible financial behavior to young adults.

Keywords: Young Black African Adults, Financial Behavior, Parental Financial Socialization

JEL Classifications: D14, G51, G53

1. Introduction

In South Africa, young adults' debt levels have increased sharply, with a high number of young adults applying for debt review programs offered by debt counselors (BusinessTech, 2021; Sallie,

[†] This study is based on the PhD thesis entitled "The influence of parental financial socialization on the financial literacy of young black African adults in rural and low-income areas in South Africa" by the corresponding author.

2015). Young adults are less financially capable of setting aside emergency funds and retirement savings than older cohorts (Fan and Park, 2021). Black Africans struggle to keep up with their respective earnings, live beyond their means with little left to save, and are more vulnerable to financial shocks (Struwig *et al.* 2018). According to Antoni (2014), black African consumers have low levels of knowledge regarding issues such as bad debts and are more likely to experience financial problems than other racial groups. Matemane (2018) show that black South Africans are less financially literate than coloreds[1], Indians, and whites. Black African consumers in rural and low-income areas are more likely to be exploited by informal lenders, commonly referred to as loan sharks or mashonisa, due to minimal access to financial products and credit facilities from financial institutions (Finmark Trust, 2015; James, 2014). Thus, young black African adults in low-income and rural areas are financially vulnerable due to increasingly high debt levels, lack of financial knowledge, and poor financial behavior (Opoku, 2015). Lyons (2004) points out that young black African adults are not able to honor credit card repayments. The situation and challenges individuals face in low-income areas make the financial decision-making process more complex and different from those in middle and high-income areas (Collins, 2005). A study by Flores (2014) demonstrates low financial literacy scores among young adults in low-income areas. Less educated and low-income respondents display low levels of financial literacy (Nanziri and Olckers, 2019). According to Cameron *et al.* (2014), young adults from financially poor backgrounds experience a high level of financial challenges as they were confronted with complex financial choices with little space to maneuver before becoming adults. Lahav *et al.* (2017) assert that in the past years, the banking sector has mainly targeted young adults as their most valuable customers and is overwhelmed.

The transition to adulthood for young adults is challenging financially. During this period, young adults face many challenges, including funding their education, starting a family, finding employment, accumulating assets, and creating wealth (Arnett, 2016). Young adults cannot afford to make a financial mistake at this stage because it will haunt them in adulthood. Jorgensen (2007) emphasizes that financial decisions made early in life create habits challenging to break, affecting the ability to be more financially secure adults. Thus, young adults must be financially prepared during the transition to adulthood. Studies argue that financial socialization can bridge this gap and empower young adults to be financially ready and responsible in adulthood. Sabri *et al*. (2008) shows that financial socialization is the utmost crucial predictor of financial challenges and problems. According to Isomidinova and Singh (2017), financial socialization agents positively affect young adults' levels of financial literacy. Parents are considered the greatest financial socialization agent and molders of children's financial behavior (Marshall and Magruder, 1960; Kim and Chatterjee, 2013; Mohamed, 2017). Therefore, parents are well positioned to expose children early to financial matters and foster financial knowledge, but earlier studies have found that parents often do not have the required financial skills to teach their children (Moschis, 1992; Pritchard and Myers, 1992). This may pose a danger where parents are more likely to teach their children that money matters based on their own emotions towards money (Williams, 2010). Furthermore, the role of parents in the financial socialization of their youngsters has evolved significantly as parents are responsible for securing the financial well-being of their families and have a strong influence on their children, with most children regarding their parents as their role models (Mahapatra *et al*. 2016). However, parents from black families and those in rural and low-income areas raise and socialize their children differently from those of other races in urban and high-income areas. Therefore, it is imperative for this study to determine the influence of parental financial socialization on young black African adults' financial behavior in rural and low-income areas.

This study is of importance because it intends to fill the gap in the literature, which has been ignored for a very long time, as there seems to be no study that investigates the influence

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[1] A person of mixed ethnic origin, mixed black and white descent, mixed "white" and African ("black") or Asian ancestry, who speaks either English or Afrikaans as the home language. Coloreds in South Africa are not categorized as black people but as a mix race of whites and blacks.

of parental financial socialization on young black African adults' financial behavior in rural and low-income areas. The only few notable studies are by Nomlala (2021), Antoni and Saayman (2021), and Antoni *et al*. (2019). These studies focus on the general financial socialization of accounting students, young financial professionals, and students. Other notable previous studies are by Sallie (2015) and Antoni (2018).

Sallie's (2015) research concerns the impact of socialization factors on financial literacy and financial security among employees in the financial services industry. At the same time, Antoni (2018) investigates the role of family structure and financial socialization in influencing students' financial capability. As explained, financial socialization studies in rural and low-income areas are scant. Moreover, previous studies focused on students and employees, ignoring young adults who are not formally employed or at school. Most young black African adults in rural and low-income areas are neither in school nor formally employed. They perform temporary jobs in households, operate tuck shops (also known as "spazas"), work on farms, or run their own farms. The current study focused specifically on the general population of young black African adults, which was not limited to students and employees. The current study has been conducted in rural and low-income areas, namely Intsika Yethu and Fetakgomo Tubatse municipalities, to investigate the parental influence on the financial behavior of young black African adults in South Africa. These municipalities are the most rural areas with low income in South Africa (STATSSA, 2016). The primary motivation to conduct the study in these two areas is because these municipalities are financially vulnerable and suffer from high debt levels and poor financial behavior coupled with low levels of financial literacy.

The remainder of this article is structured as follows: Section 2 provides a literature review. Section 3 covers the conceptual model, hypotheses, and methods used to conduct the study, while Section 4 presents the study's empirical results. Section 5 provides the conclusion and recommendations.

2. Literature review

Financial behavior is subject to human behavior, which is not always rational. Individuals are different and are more likely to behave differently in similar situations (Duxbury, 2015). Financial behavior is the key antecedent in predicting financial well-being (Rahman *et al*. 2021). Thus, financial behavior is the process of managing financial resources in money management, credit management, retirement planning, and financial planning and includes the design, implementation, and evaluation of the finances (Xiao and Yao, 2011). Financial behavior refers to individual financial outcomes that are observable and manifested through two interrelated behavior types. The first type of financial behavior is a pattern of action over time, such as earning, saving, spending, and gifting. While the second type of financial behavior is no less critical for financial success as it is linked to crucial financial turning points and decision-making, it is more event-like than immediate financial transactions. Furthermore, it includes initiating and terminating the passive financial process, such as setting up a retirement saving account (Gudmunson and Danes, 2011). Financial behavior can be desirable or undesirable and is displayed by individuals' saving and spending behavior. Saving behavior is necessary to accumulate wealth, protect young adults from financial crises, and increase economic well-being. Individuals that worry about debt repayment and meeting financial emergencies are associated with lower levels of savings, undesirable financial behavior, and low financial well-being (Mayer *et al*. 2011). Spending behavior deals with individuals' spending habits. Therefore, poor and undesirable financial behavior is centered around individuals spending too much on products and services, impulsive use of credit, running out of cash, having no savings for emergencies, and being unable to repay their monthly installments on debt (Struwig *et al*. 2018).

Desirable financial behavior is often viewed as the cornerstone of financial well-being. Studies found that desirable financial behaviors are associated with positive financial outcomes. A study by Fan and Park (2021) found a positive association between financial management behavior and the financial well-being of young adults. Financial behavior would appear not to have consequences for individuals' finances but also for their personal health. Nelson *et al*. (2008)

argued that risky credit behavior is associated with other unhealthy behaviors, such as eating poorly, abusing drugs and alcohol, engaging in unsafe sex, and driving recklessly. Financial stressors, such as debts and income shocks, causing financial difficulties were positively associated with negative financial behaviors. Moreover, financial stress has been found to cause mental problems, affect general well-being, and is linked with bad financial behaviors such as the inability to honor debt repayment and not to save for emergencies and retirement (Fan, 2017). Judicious financial management is associated with good physical and mental health and improves life satisfaction and well-being (Xiao *et al*. 2009). Young black African adults seem to be less concerned about their spending patterns and habits in rural and low-income areas in South Africa. However, parental financial socialization can influence their spending patterns and habits, which is argued to form undesirable financial behavior (Sabri *et al*. 2020).

Parents socialize their children about financial affairs by explicitly and directly teaching financial matters. Direct financial teaching focuses on how parents teach their children about financial matters throughout childhood until adulthood (Moschis, 1985). According to Antoni and Saayman (2021), parental financial teaching positively influences the financial literacy of young financial professionals. Shim *et al*. (2010) assert that explicit financial teaching is linked with children's financial learning and future financial behaviors. Parents also actively influence their children to make better financial decisions and learn about finance by trying to install good financial behavior in them (Grohmann *et al.* 2015). Bucciol and Veronesi (2014) demonstrate that adults whose parents taught them to save were more likely to save. Therefore, direct financial teaching could influence adolescents' financial behavior through financial learning outcomes (Zhu, 2018). According to Kim and Torquati (2019), parental financial discussions are tools for educating children about financial issues such as saving, budgeting, investing, financial skills, and building a solid foundation for financial well-being. It is sometimes referred to as parental financial communication, where parents openly discuss financial matters with their children and allow input from their children. Young adults whose parents engaged in financial discussions when they were children tend to have less credit card debt, less loan delinquency, and higher household net worth and investment rate (Grinstein-Weiss *et al.* 2011). Thus, parental financial discussions may play an essential role in influencing young black African adults' financial behavior.

Parental financial monitoring is a process whereby parents assist children in internalizing and familiarizing themselves with parents' rules and expectations about financial matters and practices. This is where children acquire knowledge and skills to develop self-control and delay gratification, which are very critical skills to children's use of financial behaviors like knowing how to spend, save, and plan for the long term (Kim *et al.* 2011). According to Kim and Chatterjee (2013), parental monitoring of spending during childhood predicted greater assets in emerging adulthood. Parental financial monitoring can influence habit formation for children because habits are formed at a young age, and parents influence the development of their children's habits (Batty *et al.* 2015). Parents influence the habit formation of their children by monitoring their spending patterns and pushing behavior in a certain direction to prevent unwanted habits from forming (Webley and Nyhus, 2006). Therefore, parental financial monitoring can forester financial independence for children early in life and influence financial behavior.

Financial modeling can occur through experimental learning and parental financial behavior. Parental financial modeling through experimental learning occurs when parents involve their children in direct financial situations to provide them with real financial experience. This can be done by opening bank accounts in their names, giving them responsibility for managing their own money, and going shopping with children (LeBaron *et al.* 2018). For instance, holding savings accounts allows children to develop sound financial behavior (Agnew, 2018).

Parental financial behavior modeling occurs when children view their parents as role models and do what their parents did when they grow up. This is referred to as role modeling. When parents pay bills and put money aside for emergencies, they model the financial norms, attitudes, and behaviors that form the foundation for their children's financial values (Bucciol and Veronesi, 2014). By setting a good example and being positive role models, parents can influence their children's financial habits and behavior while they are at an impressionable age (LeBaron *et* *al.* 2019). Thus, parental financial modeling could affect the financial behavior of young black African adults in rural and low-income areas in South Africa.

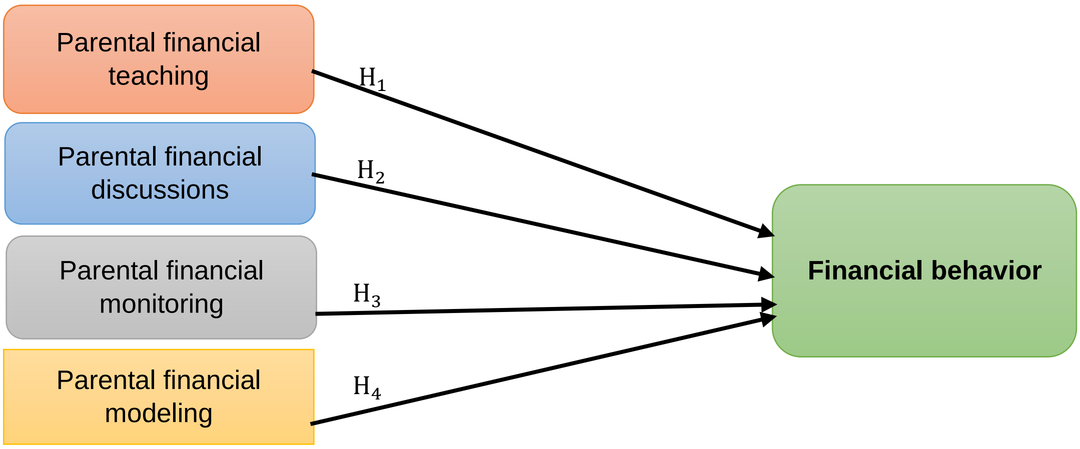
3. Research design and methodology

3.1. Conceptual model and hypotheses

In order to develop hypotheses and conceptual model, this study adopted the family financial socialization theory by Gudmunson and Danes (2011), which draws from the consumer socialization model by Moschis and Churchill (1978) to incorporate family characteristics and family interactions and relationships to financial socialization. The family financial socialization theory is cognizant of the various family characteristics, such as family size and socioeconomic status, as predictors of financial outcomes through their association with the family socialization process.

Against this background, Figure 1 shows the conceptual model and four hypotheses of the study. Accordingly, we test in this paper whether financial behavior is significantly associated with parental financial teaching, parental financial discussions, parental financial monitoring, and parental financial modelling.

Figure 1. Conceptual model of the study



Source: Authors' own compilation

3.2. Measurement of variables and research approach

This study measured the independent variable of parental financial socialization through parental financial teaching, parental financial discussions, parental financial monitoring, and parental financial modeling. The dependent variable is financial behavior. The measurement is in 5-point Likert-scale. Table 1 indicates the measurements of variables for this study.

This research used a quantitative research approach, as it allows for stable and predictable world which gives the research more control over external factors in testing the relationship between variables and expressing or explaining a phenomenon in amount or quantity (Adams *et al.* 2014). This approach is associated with methodological principles of positivism, especially when used with predetermined and highly structured data collection techniques (Saunders *et al.* 2016). When using this approach, researchers gather data in such a way that the data are easy to quantify, allowing for statistical analysis (Patten and Newhart, 2018). Quantitative research is usually associated with a deductive approach, where data are collected and analyzed to test the theory. In line with this approach, this study tests the relationship between parental financial socialization and financial behavior.

Table 1. Measurement of variables

Variable	Statements	Sources
Parental financial teaching	My parent(s): taught me about budgeting. taught me about credit. taught me how to be a smart shopper. taught me about savings.	Antoni (2018); Shim *et al.* (2010)
Parental financial monitoring	My parent(s): gave me allowance such as pocket money. would allow me to spend money as I want. would want to know how I spend pocket money. restricted my spending. reviewed my spending habits.	Bucciol and Veronesi (2014); Kim *et al*. (2011)
Parental financial discussions	My parent(s): involved me in family financial matters. discussed with me checking credit report. discussed with me paying bills on time. discussed their personal financial decisions with me.	Kim and Torquati (2019) Zhu (2018)
Parental financial modelling	My parent(s): saved money for the future. used a budget. paid bills on time. encouraged me to save. opened a saving account for me. involved me in drafting grocery list. went to shopping with me.	LeBaron *et al*. (2018); Batty *et al*. (2015)
Financial behavior	I regularly set money aside for saving. I save money each month for the future. I save money to achieve long-term financial goals. I set money aside for emergencies. I have a plan for how to use my money. I compare prices when making a purchase.	Agnew, (2018); Bucciol and Veronesi (2014)

3.3. Study area

We conducted this study in 2020, where we collected data from young black African adults in Intsika Yethu and Fetakgomo Tubatse local municipalities, which are rural areas with low income in South Africa. These municipalities have been declared to be the lowest-income area and are mostly rural. Intsika Yethu and Fetakgomo Tubatse municipalities are largely dominated by rural landscapes, weak economic bases, inadequate infrastructure, major service backlogs, dispersed human settlements, and high poverty levels (STATSSA, 2016). Young black African adults in rural and low-income areas in South Africa are financially vulnerable, facing financial challenges, have low levels of financial knowledge, and are more likely to experience financial problems than other racial groups (Struwig *et al*. 2018; Antoni, 2014; Matemane, 2018).

3.4. Sampling

This study's target population was young black African adults in Fetakgomo Tubatse and Intsika Yethu municipalities. This study used cluster sampling, random sampling, proportionate stratified sampling, and systematic sampling because they afforded all young black African adults in Fetakgomo Tubatse and Intsika Yethu municipalities an equal chance to be included in the sample (Babbie, 2013). We used cluster sampling to divide and group each municipality into wards, villages, and households where young black African adults were visited. We used random sampling to sample wards from each municipality, where a ward number of each ward was written on a piece of paper, folded, placed in a box, and picked one by one until the number of desired wards was reached. In order to ensure enough representation in this study, at least 50% of the wards were selected. The municipality of Fetakgomo Tubatse comprises 39 wards, with 342 villages and 189,269 households. Therefore, 19 wards (39x0.50) are selected. Since Intsika Yethu Municipality is made up of 21 wards, with 214 villages and 40,448 households, 10 wards (21x0.5) are selected. We used proportionate stratified sampling to apportion the sample size to each municipality and each selected ward based on the population proportion percentage. Simple random sampling was applied again to select villages and households in each ward as young black African adults were visited at their homes to collect data.

The first village from each ward, together with the first household, was randomly selected, but if there were no respondents that met the inclusion criteria in the first household, the next household was visited. Afterward, a systematic sampling method was used, where households were selected per interval. As the first household was selected randomly, a systematical procedure was followed as per the determined interval (Godwill, 2015). The interval was calculated by dividing the sample size by sampling wards (Salkind, 2017). For instance, in Fetakgomo Tubatse municipality, the researcher counted households from 1 to 15 from both sides of the street, then the 16th (306/19) household was selected. For Intsika Yethu municipality, the interval was 7 (78/10); thus, the researcher counted from 1 to 6 from both sides of the street, then the 7th household was selected. If no young adults, the next household was visited. This procedure was repeated until a household with young adults was found then the counting started again. We followed the same procedure in the next village until the sample size was reached. After that, we visited the next ward, applying the same procedure until the data collection was completed by reaching the required sample size. A total of 154 young black African adults completed the questionnaires.

3.5. Questionnaire design

The questionnaire used existing scales adopted from the literature, comprising a Likert-type scale and containing closed-ended questions. The Likert scale consisted of 5-point scales that ranged from strongly disagree (1) to strongly agree (5). We used Likert scales and closed-ended questions since this approach is easily standardized, simple to administer, quick, and relatively inexpensive (Bhandarkar and Wilkinson, 2010). In order to ensure face and content validity, questionnaires were designed based on the study's objectives to provide comprehensive and relevant data. They were also submitted to academics and experts in financial literacy to evaluate whether the measures cover the facets that make up the concept. Their inputs were reviewed, and where appropriate, the questionnaire was revised. The questionnaire consisted of an information letter, a consent form, and six sections. Section A comprises demographical data, Section B collects socioeconomic status data, Section C focuses on culture data, section D collects parenting styles data, section E deals with financial socialization, and Section F collects financial literacy data. The study received ethical clearance before data could be collected.

3.6. Data analysis

Completed questionnaires were checked for missing data, and incomplete questionnaires were not considered for data analysis. Microsoft Excel was used to capture data, which were later transferred to SPSS version 25 for further analysis. This study assessed validity and reliability before data could be subjected to extensive statistical analysis. Validity was measured through Exploratory Factor Analysis (EFA) by conducting a KMO and Bartlett's test of sphericity. The acceptable value of KMO, which is considered suitable and adequate for EFA, is 0.50 and above. While Bartlett's test of sphericity was significant and suitable for EFA with a significance value of 5% percent, factors loadings of ±.30 to ±.40 are minimally acceptable since values greater than ±.50 are generally considered necessary for practical significance (Williams *et al*. 2010; Hair *et al*. 2014). This study retained a minimum factor loading of 0.35 for the interpretation. Reliability was measured through Cronbach's alpha, as it is the most widely used reliability measure of internal consistency (Vanderstoep and Johnson, 2009). Cronbach's alpha with a score of 0.60 and more is usually acceptable and considered reliable (Cohen *et al*. 2018). Descriptive statistics were calculated to describe and summarize the characteristics of the sample without trying to make inferences or casual statements. This was done by calculating the means and standard deviations of the variables. Multiple regression analysis was used to test the relationship between parental financial socialization and financial behavior.

Descriptive statistics indicated in Table 2 show that most respondents were from Instika Yethu municipality (66.2%), and 33.8% were from Fetakgomo Tubatse municipality. Most respondents were female (64.3%), and 35.7% were male. Most respondents were between the ages of 31 and 35 (40.3%) and 26 and 30 (34.4%). Furthermore, 43.5% of the respondents were living with their partners, 18.2% were divorced, only 16.9% were married, 16.2% were single, and 5.2% were widows. Most respondents' parents earned less than R5,000 (32.2%), followed by 27.8%, who earned between R5,000 and R10,000, while the minority earned R20,000 and more (5.5%).

Table 2. Descriptive statistics of young black African adults

Variables	Percentage	Minimum	Maximum	Mean	Std. Dev
Local municipality		1.57	4.57	3.09	1.03
Fetakgomo Tubatse	66.2				
Intsika Yethu	33.8				
Gender		1.71	4.80	3.17	1.21
Female	64.3				
Male	35.7				
Age		1.40	5.00	3.54	1.24
18-20	10.0				
21-25	16.3				
26-30	34.4				
31-35	40.3				
Marital status		1.86	4.43	2.74	0.97
Single	16.2				
Live with partners	43.5				
Married	16.9				
Divorced	18.2				
Widows	5.2				
Parental income		1.57	3.71	1.99	0.78
Less than R5 000	32.2				
R5 001- R10 000	27.8				
R10 001- R15 000	18.0				
R15 001- R20 000	16.5				
R20 000 and above	5.5				
Parental level of education		2.14	4.14	3.98	0.80
Lower than Grade 12	23.3				
Grade 12	28.0				
Diploma	15.7				
Degree	14.4				
Honors degree	10.6				
Master's degree	7.6				
Doctorate	0.4				
Parental occupation		1.25	4.75	3.64	1.18
Parental financial teaching		1.33	4.83	3.05	1.16
Parental financial monitoring		1.25	4.75	3.22	1.15
Parental financial discussions		1.20	4.80	3.09	1.24
Parental financial modelling		1.00	5.00	3.26	1.27
Financial behavior		1.33	4.67	3.02	1.16

Source: Authors' own compilation

Concerning education, most respondents indicated that their parents held Grade 12 (28.0%), followed by parents who did not hold Grade 12 (23.3%), and those whose parents held a diploma (15.7%), a degree (14.4%), an honors degree (10.6%), a master's degree (7.6%), or a doctorate (0.4%). Regarding parental occupation, most respondents' parents were general workers (12.5%) or were self-employed (12.3%), followed by 11% whose parents were unemployed, then 10% clerical support workers, 9.3% were financial sector workers, 8.9% agricultural, forestry and fisheries workers, 7.6% were education sector workers, 6.1% were trained professional, another 6.1% were technicians, 5.7% were managers, 5.3% were security and armed forces, and lastly, 5.1% were service and sales workers. Table 2 shows the descriptive statistics.

Table 3 shows the results of the KMO and Bartlett's test of sphericity to assess the construct validity for suitability to conduct the factor analysis. The KMO for all factors was above 0.60, ranging from 0.625 to 0.967. The p-value of Bartlett's test for all factors was smaller than 0.05 and, thus, significant. This result indicated that the construct's correlation structure was adequate for factor analysis and that all factors were valid and reliable.

Table 4 shows the results of the EFA, reliability by depicting Cronbach's alphas, and descriptive statistics for the constructs and factors of the study. Further, Table 4 indicates that five factors were extracted by the EFA, with all items loaded onto the factors as expected, with loadings of above 0.35. The overall factor loadings ranged from 0.368 to 0.965. The Cronbach's alpha coefficients were above 0.6, acceptable, and considered reliable. The descriptive statistics provided the means and standard deviation. Regarding the means, the majority of respondents agreed with the statements measuring parental financial monitoring (3.97) and disagreed with statements measuring parental financial teaching (2.81), parental financial modeling (2.80), and parental financial discussions (2.74). The standard deviations of all factors were high, showing that the respondents' responses varied. However, parental financial discussions had the highest standard deviation of 1.62, indicating that the responses varied mostly concerning this factor's statements.

Table 3. KMO and Bartlett's test

Factors	Kaiser-Meyer-Olkin measure of sampling adequacy (KMO)	Bartlett's test of sphericity approx.		
		Chi-Square	d.f.	Sig.
Parental financial teaching	0.865	715.750	6	0.000
Parental financial discussions	0.967	2505.802	36	0.000
Parental financial monitoring	0.625	219.968	10	0.000
Parental financial modelling	0.917	1015.958	10	0.000
Financial behavior	0.955	2708.122	78	0.000

Source: Author's own compilation

Table 4. Validity, reliability, and descriptive statistics results

Factors	EFA factor loadings			CA descriptive statistics		
	Items	Highest	Lowest	α	μ	Stand. Dev.
Parental financial teaching	4	0.959	0.529	0.961	2.81	1.58
Parental financial discussions	9	0.965	0.457	0.988	2.74	1.62
Parental financial monitoring	4	0.857	0.368	0.718	3.97	1.39
Parental financial modelling	5	0.955	0.628	0.971	2.80	1.59
Financial behavior	13	0.927	0.569	0.976	2.67	1.50

Source: Author's own compilation

4. Empirical results

The multiple regression analysis was conducted to test the relationship between independent variables (parental financial teaching, parental financial discussions, parental financial monitoring, parental financial modeling) and the dependent variable (financial behavior). Table 5 indicates the results of the multiple regression analysis. Pre-analysis was done to check for multicollinearity between variables by looking at the tolerance value and variance inflation factor (VIF). Table 5 shows that the factors' tolerance values were more than 0.10. The VIF for all factors ranged from

1.178 and 4.557, which is well below 10, meaning that the multicollinearity assumptions are not violated. Table 5 further indicates that the model can explain 76.1% of the variability in financial behavior. The F-value (118.029), which is significant at 1%, indicates that the model helps explain financial behavior. Therefore, the independent variables can explain a significant amount of variance in financial behavior.

Table 5. Multiple regression analysis results for financial behavior

Variables	Regression coefficient	t-value	p-value	Collinearity statistics	
				Tolerance	VIF
Parental financial teaching	0.339	3.874	0.000	0.219	4.557
Parental financial discussions	0.509	5.956	0.000	0.244	4.101
Parental financial monitoring	-0.121	-2551	0.012	0.849	1.178
Parental financial modelling	0.048	0.545	0.587	0.238	4.207
F-value			118.029		
R-square			0.761		

Source: Author’s own compilation

Table 5 further indicates that parental financial discussions and financial teaching factors had positive relationships with financial behavior at a 5% significance level, with parental financial discussions having a stronger relationship with financial behavior. However, parental financial monitoring had a significant negative relationship with financial behavior, while parental financial modeling had no significant relationship with financial behavior. Table 6 shows the hypotheses decision for the current study, where two hypotheses are accepted, while two hypotheses are rejected. According to the results of the multiple regression, we rejected the H1 and H2 and accepted H3 and H4.

Table 6. Hypotheses decision

Hypotheses	Decision
H1: There is a significant positive relationship between parental financial teaching and financial behavior.	**Accept**
H2: There is a significant positive relationship between parental financial discussions and financial behavior.	**Accept**
H3: There is a significant positive relationship between parental financial monitoring and financial behavior.	**Reject**
H4: There is a significant positive relationship between parental financial modelling and financial behavior.	**Reject**

Source: Author’s own compilation

This study produced mixed results. On the one hand, the results support previous studies. On the other hand, our findings refute the results demonstrated in the literature. The results of this study support the findings on financial teaching and discussions. For instance, our results support Shim *et al*. (2009), who also found that parental financial teaching strongly influences financial behavior and early experience with money. Shim *et al*. (2010) found that explicit financial teaching is linked with children's financial learning and future behaviors. In another study, Webley and Nyhus (2013) indicated that parental financial teaching, such as encouraging children to save and teaching budgeting, positively affects young adults' future orientation and saving behavior. A study by Bucciol and Veronesi (2014) revealed that young adults who were taught to save at an early age by their parents were more likely to save in the future. Furthermore, Grinstein-Weiss *et al*. (2011) found that young adults whose parents were involved in financial discussions when they were still young are likelier to have less credit card debt.

This study also contradicted previous studies on parental financial monitoring and financial modeling. For instance, Norvilitis and MacLean (2010) found that parental financial monitoring of children's financial skills is associated with improved financial skills to deal with debt, ultimately leading to lower debt levels. In a more recent study, Kim and Chatterjee (2013) found that parental financial monitoring of spending during childhood predicted greater assets in emerging adulthood. In another study, Garrison and Gutter (2010) found that parental financial modeling is influential in developing financial behaviors in children and is sustained into the future. Bucciol and Veronesi (2014) indicated that when parents save, children know that saving is good, which usually influences their future saving and borrowing behavior. Similarly, Hibbert *et al*. (2004) found that students raised in households with sound and positive financial management, where saving and paying bills on time are practiced, were less likely to exhibit negative financial behaviors like overspending on credit cards and purchasing items which they do not afford. However, in the perspective of this study, parental financial monitoring and parental financial modeling did not influence the financial behavior of young black African adults.

5. Conclusion and recommendations

This study investigated the relationship between parental financial teaching, parental financial discussions, parental financial monitoring, and parental financial modeling and financial behavior. The results showed, firstly, that parental financial teaching and discussions had a significant positive influence on financial behavior. Secondly, parental financial discussions had the strongest influence on financial behavior. Thirdly, parental financial monitoring had a significant negative influence on financial behavior. Lastly, parental financial modeling did not influence financial behavior. Therefore, hypotheses H1 and H2 were accepted, while H3 and H4 were rejected.

Financial behavior is essential for maintaining a healthy financial life and managing finances effectively. Thus, young black African adults' financial behavior must be improved to ensure responsible financial behavior. Parents have a crucial role in this regard as they are responsible for bringing their children, fostering responsible behavior, and ensuring that house rules are always adhered. Parents must play an active part in teaching, discussing, monitoring, and modeling their children's financial behavior. They should do this from children's early age and throughout adolescence until adulthood to ensure that their children adopt responsible financial behavior. However, to do this effectively, parents should also improve their own financial behavior because most children regard their parents as role models, and they learn responsible financial behavior by observing their parent's financial behavior. Thus, parents must set a good example for their children to emulate. For instance, if parents are good at saving, this is more likely to be rubbed off on their children. However, single parents are likely to struggle to teach their children responsible financial behavior. Therefore, financial educators must come to the fore to assist parents. Financial educators must design financial education programs to teach and equip parents to be good financial role models to young adults and display good money management behavior so that this behavior can be passed over to young adults. It is the role of financial educators to develop programs that will help parents break the taboo of financial discussions and the involvement of children in household finances in black African families. Parents must be educated that they need to discuss financial matters with young adults and involve them in the household budget. Parents must understand that by concealing and withholding financial information from young adults, they are not doing them any justice; in fact, they deny them an opportunity to obtain real financial experience. Moreover, financial educators must teach parents to monitor young adults' finances and teach them to be financially independent. This can be done by teaching parents to give young adults allowance and monitor them in a manner that rewards them for displaying responsible financial behavior. For example, young adults can be taught that saving a portion of their allowance would lead to them getting more allowance. This will foster saving behavior among young adults, which will continue even in the future and provide them with financial independence.

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