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Impact of Financial Well-Being, Financial Literacy, and Country Economic Situation with Mediating Effect of COVID-19

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ABSTRACT

Financial Inclusion is an essential element of social inclusion, and it's especially helpful in eliminating poverty and income inequality by allowing disadvantaged people to advance. Steam of this study has investigated the country's financial well-being, financial literacy, and economic situation with the mediating effect of the corona virus-19 outbreak. However, the little research conducted on COVID-19 mediates financial well-being, financial literacy, and economic condition. To illustrate this domain, we developed a framework based on existing literature on financial-wellbeing, financial literacy, economic situation, and COVID-19. The surveys were conducted on 870 respondents in Pakistan via Google form, Likert scale was used. While the structural equation model (SEM) was used to check the hypotheses. This research contributes that financially well being and financially literate individuals positively influenced pandemics, such as the COVID-19 outbreak. In contrast, it has a negative impact on the country's economic situation. Further, we found that financial well-being has a negative and significant relationship with the economic condition. Meanwhile, financial literacy has a significant and positive impact on the economic situation. In addition, research reveals the role of financial well-being and financial literacy as a strong predictor to survive the pandemic outbreak. The finding provides the implications for economic, educational, and policymaker for providing the financial knowledge and improving the financial well-being of nation generation.

| **Keywords:** | COVID-19, Economic Situation, Financial Literacy, Financial Well-Being |

Introduction

Financial inclusion refers to all efforts aimed at making formal financial services more accessible and affordable to low-income individuals it is also aims to break down the barriers that prevent people from engaging in the financial system and benefiting from its services (Kim et al., 2018; Omar & Inaba, 2020).

In 2019 the spread of COVID intensely hit the entire world and their effect beyond the limit, especially people's health, lives, and wealth. As above, the pandemic has a combined impact on the world economy both for nation and household. (IMF, 2020) estimated in its Globally Economic View report published in 2020 June reported that because of corona virus-19 world economy sharply declines in 2020 by -4.9%. Previous financial crises occurred in 1998 and 2008, but the economic condition is not worse than now in CVID-19 out brake and no one knows these crises how long term consequences would the world face and how it affects the global economy. (Goodell, 2020) stated that this natural misadventure was implemented on the world economic condition. It is a form of usual experimentation, which calls for an investigation to find the impact of coronavirus (COVID-19) on individuals' behavior and financial outcomes.

Another past pandemic such as SARS (2003), H5N1 avian flu (2003-2019), and Ebola (2014-2016) has littler stun to the world economy. (Ghofur et al., 2021) appears that the financial misfortune anticipated by considers around 0.1 percent to the world GDP and 1 until 2 percent to China's economy. In expansion to the H5N1 Avian flu, Burns et al. (2004) anticipated that worldwide financial effect was less than 0.1 percent of global GDP and 0.4 percent for Asia. The other pandemic was Ebola in 2014 -2016 that has been assessed by the World Bank (2014) to lower GDP development of Guinea, Liberia, and Sierra Leone within the To begin with the year of the scourge.

At the onset of the corona virus-19 situation, we measured individuals in Asian countries concerning how their economic condition evaluates the upcoming within their nation, household, and the world (Li & Xu, 2021). Furthermore, we assembled individual variance procedures on psychological factors linked to information dealing out, financial literacy, and financial well-being of emotional aspect. This scenario allows us to evaluate which factors pay to better financial well-being within an unexpected financial crisis (Botha et al., 2020).

People's perspective or financial well-being on their financial condition is sometimes estimated to be the decisive measure to calculate financial well-being. (Brüggen et al., 2017) Financial well-being as a particular measure is commonly categorized into two aspects: (a) financial security about one's future financial situation and (b) financial anxiety about the current financial matters. Despite the fact that some studies have looked into factors related to financial well-being in general (Michael Collins & Urban, 2020), for reviews of relevant empirical studies, little is known about the aspects related to financial well-being during a rapid and unexpected economic downturn.

However, financial well-being is affected by factors outside of individuals' control; it can also indicate how individuals should give the current economic situation and make the best out of the circumstances (Rehman et al., 2019).

Barrafrem et al. (2020) defined financial unawareness as a tendency to avoid and neglect appropriate economic evidence that is available freely. For Instance, individuals may deliberately ignore the available information (approximately the consequences for progressing over debts) and ignore facts dissimilar to their beliefs and hopes (for example, what influence the disaster will have on the entire world economy). Perhaps financial illiteracy is bliss, while on the other side hiding the head in the sand, people strip themselves of the opportunity of the timely reaction to change in their financial standing and enhances the ambiguity of their financial situation.

The response of COVID-19 spreading is different around the globe primarily countries face this pandemic situation in the first half of 2020. Meanwhile, few states imposed a nationwide lockdown, while others took a lenient approach. Pakistan government announced the social distancing and adopted the work from home policies. Perhaps, after the number of cases enhance, the Pakistan prime minister, Imran Khan announced the complete lockdown on 26 March 2020. The Government adopted the following approaches to tackle the pandemic COVID-19 situation to suffer the minimum loss in the financial-economic sector.

The main objectives of this research are to investigate the impact of financial well-being and the country's economic situation further, how financial literacy relates to the economic crisis. While investigating the effect of Covid-19 mediates the relationship between the desired nation's financial well-being, financial literacy, and economic situation.

This research evaluates the situation of pandemics outbreaks in their finance. This study's influence is dual; first, we review how the prospect of the financial crisis in the future and gather with psychological factors linked to financial literacy and information avoidance are related to financial well-being during this current economic disaster. In addition, we

review what expectation of the future monetary stance of national, global, and private economic position at the inception of economic declines in pandemic situation COVID-19 in Pakistan.

We conducted an online survey within the Pakistan emerging economy. This explanation reveals that the understanding of financial well-being is essential in every part of a financial sector's life. This applies to everybody because money can also be wasted without proper financial management, no matter how much a person's revenue. Financial goals that are set will be challenging to achieve. Based on the explanation above, it would be interesting to investigate the relationship between financial attitude and financial behavior toward financial literacy and financial well-being during the corona outbreak.

The next section of the research article is a literature review that continues with developing the hypotheses. The third section is about the methods used in this study. The fourth section of the paper describes and the results and discusses them. The last section is the conclusion and provides suggestions for further future research.

Literature Review

Financial Well-being and Economic Situation

Financial well-being has been defined in many academic fields, including consumer decision making, economics, development psychology, financial planning and counseling, and services marketing (Brüggen et al., 2017). One of research by (Guo et al., 2013) suggests financial well-being can be explained as a state of being where you have control month-to-month over day-to-day finances; have the capacity to inhale an economic shock.

For Instance, (Suryahadi et al., 2020; Yuesti et al., 2020) was conducted the online survey 2020 on the UK family base at the beginning of COVID-19, and the result that 50% detailed to feel on edge around their back and approximately 35% found to feel fiscally secure. Even though a few consider investigated components related to money-related well-being in common (Younas & Farooq, 2019) for analyses of related empirical research about the factors associated with financial well-being during a quick and unpredicted economic decline.

Past investigations recognized different variables that affect financial well-being. Sure of them contain (1) trait self-control (Dickason & Ferreira, 2018); (2) info avoidance and financial illiteracy (Barrafrem et al., 2020)(3) objective and subjective financial knowledge (D.A.T, 2020); and (1) The social and economic environment, such as macroeconomic perspective, domestic wealth, educational access, and geographic location (Yuesti et al., 2020).

The coronavirus (COVID-19) situation is consuming a better impact on the global economic and financial circumstance and establishes a non-negligible portion of the winning financial setting. Be that as it may, people may contrast in their recognition of how fine they consider they will be doing within the close upcoming.

Besides, they may consider the macroeconomic viewpoint unexpectedly; for example, they can contrast their expectations of how well the rest of the residents in their nation and within the globe will be doing. The desires concerning personal and macroeconomic monetary circumstances may impact individuals' discernment of economic safety. In extension, different contrasts may prime to dissimilar coping methodologies with the financial possibility amid the continuous widespread influencing financial well-being.

H1: Financial well-being positively influenced the Economic situation.

Financial Literacy and Economic Situation

Financial literacy may be an essential requirement within the information frame and capacity to oversee individual funds to form money-related choices to maintain a strategic distance from economic issues (Gardel Vicente et al., 2010). A state of mind in excellent financial administration begins with applying a budgetary state of mind a great towards the world it lives in. Besides, people with pertinent financial information might be more intelligent to adapt to the financial disaster than people with short money-related knowledge (Yuesti et al., 2020).

Financial literacy is regarded as a necessary skill for people to acquire in order to increase their financial prosperity. Due to a lack of financial information, individuals and society as a whole make poor financial decisions (Kannadhasan et al., 2016). Several research studies have found a strong link between financial literacy and wealth accumulation, savings, and retirement planning. This paper section describes the link between financial literacy and investment performance and risk tolerance (Dickason & Ferreira, 2018). D.A.T. (2020) concluded that financially educated students exhibited a more confident attitude towards the financial risk than financially illiterate students. Masenya & Dickason-Koekemoer (2020) that people with a low level of financial literacy would have a difficult time understanding financial concepts, and that this frequently causes complete problems. According to Bayar et al. (2020) explained that people with more financial experience could have better-distributed finances, Akims & Jagongo (2017) concluded that persons with an upper level of financial literacy earn high scores on absolute risk and vice versa. According to Janor et al. (2016) Households with a lack of financial literacy are especially vulnerable.

H2: Financial literacy positively impacts the economic situation.

Financial Well-being, Financial literacy, Covid-19 and Economic Situation

People with low stages of financial literacy could take an additional dynamic tactic in overseeing their back, seeking on behalf of, and benefit from the exhortation on how to manage with diminished salary and money-related instability (Suryahadi et al., 2020). Small is known how emotional viewpoints interrelated to information and knowledge handling are connected to money-related literacy amid turbulent and unpleasant times. Past thinks about financial specialists have appeared to overlook the status of their speculation portfolio amid the advertise recessions, a wonder that has been called the ostrich impact (Suryahadi et al., 2020). One of the previous study (Barrafrem et al., 2020) found that propose that active information processing can somewhat counteract the perceived negative impact of Corona Virus (COVID-19) on financial well-being. Financial well-being was higher among those with better financial literacy.

As the world economy gradually recuperates from the later financial turbulence, citizens' solid investing and sparing propensities have ended up a point of expanding significance for companies, policy producers, and controllers. (OECD, 2016) stated The OECD reports that household investment funds rates have diminished for most industrialized nations in later a long time. We discover that whereas negative in common, individual prospects of their financial circumstance remain better than nation's or global as an entire indicating to approximately, we call a "financial better-than-average effect."

Barrafrem et al. (2020) originate that the forecasts connected to the coronavirus (COVID-19) pandemic are related to financial well-being. People detailed additional critical options for long-term household's financial circumstances moreover described lower financial well-being.

H3: Covid-19 mediates the relationship between financial well-being, financial literacy, and economic situation.
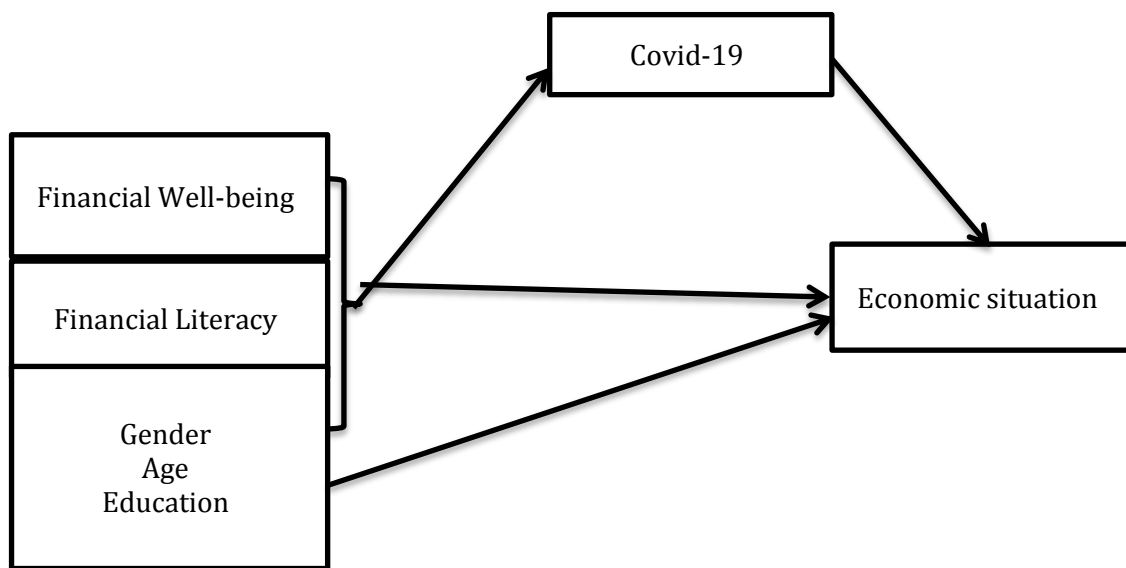
Fig.1 Conceptual Framework

Material and Methods

Questionnaire and Scale f Data Collection

This research aimed to investigates the impact of financial well-being, financial literacy, and economic condition with the mediating effect of COVID-19. The sample of this paper construct of 895 respondents from the foremost cosmopolitan and developed cities of province Punjab Pakistan. Punjab is the well-renowned province of Pakistan with having largest population and industrialized advancement city with major contributor of country economy with high literacy rate. This research eliminates 25 replies due to unattainable information. The entire data set was gathered using a random sampling technique. In instruction to gather relevant responses, we selected the participants of Eighteen years above or age, have earning resource and must have bank account. We gathered the information of participants, gender, age and educational background.

Table 1

Dimension technique and Definitions

Variable's	Control Variable
Gender	The gender of the participants (Male=1, Female=2)
Age	The age of respondents is divided into four categories, C1 if participant's age is between 21-30, C2 if respondents age from 31-40, C4 between 41-50 and C4 participants age 50 years above.
Education	The educational information about participants (Graduation=1, Master=2, Mphil=3, Phd=4)

Further Variable

Financial Wellbeing   Financial well-being has been defined in many academic fields, including consumer decision making, economics, development psychology, financial planning and counseling, and services marketing (Brüggen et al., 2017), (Botha et al., 2020) was measured by using a five point Likert scale (Strongly disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly Agree=5)

Financial Literacy   Information regarding financial decision (Hasan et al., 2021) was measured by using a five point Likert scale (Strongly disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly Agree=5)

COVID-19   it is a disease which greatly affect the world economy, people wealth and health (Barrafrem et al., 2020) measured by using a five point Likert scale (Strongly disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly Agree=5)

Economic Situation   Knowledge regarding epidemic of the coronavirus disease will have pretentious the economic situation in the country (Barrafrem et al., 2020) measured by using a five point Likert scale (Strongly disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly Agree=5)

The research questionnaires were formed after the comprehensives evaluation of literature, reports and scale. The questionnaires of this research are shown in Figure1. The Financial literacy, economic condition and COVID-19 were measured through five items allowed by (Barrafrem et al., 2020), (Yuesti et al., 2020) respectively. Although, Economic condition measured through four item allowed by (Barrafrem et al., 2020), (Kim et al., 2018), The questionnaire were examined financial well-being (Fünfgeld & Wang, 2009), (Rehman et al., 2019). We characterize higher financial well-being as individuals how it decides in the pandemic situation. Financial well-being contains six questions about the saving and spending of individual personalities. While, financial literacy Scale measured their knowledge about stock, market risk.

This research was conducted in an online survey with the general population of Pakistan in May 2021 using the platform Google forms. We measured the individual perception about the economic condition change in the future using a series of four questions asking the participant about their view of how the pandemic situation of coronavirus (COVID-19) will affect (1) country's economic condition.

The survey was established to scrutinize the impact of financial wellbeing, financial literacy on economic condition using Corona virus-19 as mediating factor. All the constituents were measured through using the Likeret Scale of "strongly agree"=5 to "strongly disagree"=1. The review was conducted through distributing google form link to collect the information. The operational definitions and method of each component are presented in Table 1.

Econometric Technique

A structural equation model (SEM) was used to investigate the structural association between the variable. SEM is the combination of multiple regressions and confirmatory factor analysis (Masenya & Dickason-Koekemoer, 2020). In sequence to investigate the impact of financial wellbeing, financial literacy, economic situation using COVID-19 using as mediating factor while, we use the fallowing multiple regression method to check the hypothesis H1,H2&H3 (Barrafrem et al., 2020; Yuesti et al., 2020)

Financial well-being and financial literacy positively have a positive impact on COVID-19.

$$covid-19_i = \beta_0 + \beta_1 finwell-being_i + \beta_2 Financial\_Lit_i + \beta_3 Gender_i + \beta_4 Age_i + \beta_5 income_i + \epsilon_i \quad (1)$$

Financial well-being and financial literacy have a positive impact on the economic situation.

$$Eco\_situation_i = \beta_0 + \beta_1 finwell-being_i + \beta_2 Financial\_Lit_i + \beta_3 Gender_i + \beta_4 Age_i + \beta_5 income_i + \epsilon_i \quad (2)$$

Financial well-being and financial literacy have a negative impact on investment decisions with mediating role of COVID-19.

$$Eco\_situation_i$$
$$= \beta_0 + \beta_1 finwell - being_i + \beta_2\, Financial\_Lit_i$$
$$+ \beta_3\, Covid\_19_i + \beta_4\, Gender_i + \beta_5 Age_i + \beta_6\, income_i$$
$$+ \epsilon_i \quad (3)$$

Where i denotes the number of participants, economic situation is a dependent variable and financial wellbeing, financial literacy, COVID-19 are independent variable. Meanwhile, Gender, Age, Education all is control variable ϵ_i is denoted as error term. The measurement and definitions are presented in table 1.

Results and Discussion

Descriptive Statistics

After gathering and evaluating the participants information table 2 represented the distribution of participant's profile. The Likert scale is applied to a sample of 870 participants in which respondents who have secondary or primary Education is ignored. Descriptive statistics results are shown below in table 2 in which male respondents 540 and female participants 330. While, 54% participant fall between the age of 21-30(N=470), 28.6% (N=249) are range lie under 31-40, 12.2% (N=106) age fall within 41-50 at last 5.2% (N=45) range within 51 and above. However, Education of respondents graduation take 48.8% (N=425), master degree holder 28.2% (N=245), M.Phil contains 16% (N=140), the participant with Doctorate are only 7% (N=60) to fill the questionnaire.

Table 2
Demographic profile of participants

Characteristics	Grouping	Respondents	Percentage %
Gender	Female	330	38
	Male	540	62
N=870			
Age	21-30 Year	470	54
	31-40 year	249	28.6
	41-50 Year	106	12.2
	More than 50 Year	45	5.2
N=870			
Education	Graduation	425	48.8
	Masters	245	28.2
	M.Phil	140	16
	PhD	60	7
N=870			

Reliability and Validity

For construct of reliability and validity and Discriminant validity, extensively Smart PLS is used in social sciences and Human resource management(Hameed et al., 2020). The detailed findings are shown in Table by using Structural Equation Model (SEM). The outer loading, Cronbach's Alpha, and composite reliability (CR) scores against were element is above 0.70 (Hussain et al., 2021) and Adjusted R^2 value greater than and should be 0.25 (Utkarsh et al., 2020). AVE is described as the variance indicator of construct, and it would be above than or equal to 0.50 (Perveen et al., 2020)

Table 3
Results of validity and reliability

Item	Outer loading	Cronbach's Alpha	Reliability (CR)	AVE	R^2
Covid-19		0.756	0.78	0.537	0.46
C1	0.769				
C2	0.748				
C3	0.731				
C4	0.837				
C5	0.813				
Economic situation		0.778	0.735	0.525	0.781
ES1	0.749				
ES2	0.827				
ES3	0.786				
ES4	0.882				
Financial Literacy		0.741	0.719	0.548	
FL1	0.776				
FL2	0.749				
FL3	0.819				
FL4	0.76				
FL5	0.737				
Financial well-being		0.864	0.765	0.551	
FWB1	0.802				
FWB2	0.745				
FWB3	0.765				
FWB4	0.75				
FWB5	0.761				
FWB6	0.784				

Our results showed Outer loading results C1 to C5 0.769 and 0.813, Cronbach's alpha and composite reliability 0.756 and 0.780 respectively with the AVE value 0.537, so the results are acceptable. All other questionnaire respondents: Economics situation, financial well-being, and financial literacy results are accepted because of the outer loading, Cronbach's alpha and composite reliability scores are above 0.708 and lower than 0.90. Our finding Average Variance Extracted value is more significant than 0.50. It's also accepted. The results show that adjusted R^2 values are more significant than 0.50; it has a better impact of an independent variable on the dependent variable, above and better (Utkarsh et al., 2020). The combined impact of independent variables (IVs) on the dependent variable (DV) is 0.460 it showed a moderate effect, and the variance in DV occurred by IVs is 0.460.

Discriminant Validity results

Discriminant validity is calculated using the Fornell Larcker criterion (FLC) (Henseler et al., 2009). Hetrotrait Monotrait (HTMT) also calculated discriminant validity (Hussain et al., 2021; Younas & Farooq, 2019).

The Heterotrait-Monotrait (HTMT)

Hetrotrait-Monotrait HTMT shows that the correlation exists between two variables (Pak & Mahmood, 2015). Hetrotrait-Monotraits score should not be exceed0.85 (Nguyen et al., 2016) or not above then 0.90 (Hussain et al., 2021). Our findings are within these limitations, as shown in the table.

Table 4
Summary of Discriminant Validity using Heterotrait-Monotrait (HTMT)

	Covid-19	Education	Financial literacy	Financial well-being	age	Gender
Covid-19						
Economic situation	0.891					
Education	0.163					
Financial literacy	0.195	0.216				
Financial well-being	0.084	0.151	0.613			
Age	0.152	0.071	0.201	0.169		
Gender	0.078	0.033	0.120	0.124	0.089	

Fornell-Larcker criterion (FLC) method

The discriminant validity test is calculated using the Fornell-Larcker criterion (FLC) tested. The FLC value should be equal to or below 0.90 (Fornell & Larcker, 1981), the square root of variance extracted from all hypotheses and square root are shown on merging matrix behind diagonal. The square root value was above the square value found in each construct (Hussain et al., 2021). Table 5 shows that the square root of each construct AVE is more significant than its correlation among another construct.

Table 5
Results of Fornell-Larcker Criterion

Variables	Covid-19	Education	Financial literacy	Financial well-being	Age	Gender
Covid-19	0.614					
Economic situation	-0.342					
Education	0.091	1.000				
Financial literacy	0.514	0.116	0.544			
Financial well-being	0.427	0.036	0.591	0.495		
Age	0.045	0.071	0.098	0.040	1.000	
Gender	-0.032	-0.033	-0.075	0.011	0.089	1.000

Summary of Structural Equation Model (SEM)

Measurement of structural equation model is examined by using Smart PLS 3. Previous studies are done by following reference (Henseler et al., 2009; Hussain et al., 2021). In this SEM, firstly, each variable's direct effect is investigated and mediated between the construct. Secondly, the indirect effect is tested by the view of mediating role of COVID-19. Furthermore, path analysis was also tested to show the relationship of the variable whether the hypothesis was accepted.

Table 6
Results of Direct Effect and Decisions on Variable's

Hypotheses	Relationships	B	STD	T Statistics	p Values	Assessments
H1	Financial Well-being -> Economic Situation	-0.133**	0.091	1.4663	0.043	Accepted
H2	Financial Literacy -> Economic Situation	0.031*	0.059	5.524	0.063	Accepted
H3	Financial Well-being -> COVID-19	0.183***	0.054	3.382	0.001	Accepted
H3	Financial Literacy -> COVID-19	0.272***	0.063	4.315	0	Accepted
H3	Covid-19 -> Economic situation	-0.682***	0.101	6.709	0	Accepted

*, ** & *** indicates the significance level at 10%, 5% & 1% respectively

Table 6 indicates the direct effects of variables; these results display that financial well-being has a negative and significant impact on the nation's economic situation. The **B** values of hypotheses 1 are -0.133** and t vales1.466. So, the finding indicates that H1 is accepted. While, the results of H2 suggest that financial literacy has significantly and positively related to the country's economic situation with the **B** value of 0.031* and t values are 5.524. Thus, hypothesis 2 is accepted.

Moreover, the results of hypothesis 3 show the mediation effect on independent variables and dependent variable in which financial well-being, financial literacy has a positive and significant relationship between the COVID-19 with a **B** value of 0.183***,0.272*** and t values of3.82,4.315 respectively. COVID-19 negatively and significantly mediate the dependent variable economic situation with the **B** value of -0.682*** and t values 6.709. So, Hypothesis 3 is firmly accepted.

Table 7 shows the indirect effect of variables; these findings indicate that financial well-being, COVID-19, and economic situation have a negative and significant impact with B value of -0.125*** and t value 3.136; thus, H3 is accepted. However, financial literacy, COVID-19, and economic situation have a positive and significant impact. So, hypothesis 3 is accepted.

Table 7
Summary of Indirect Effect and Decisions on Variable's

Hypotheses	Relationships	B	STD	T Statistics	p Values	Decisions
H3	Financial well-being -> Covid-19 -> Economic situation	-0.125***	0.04	3.136	0.002	Mediation
H3	Financial literacy -> Covid-19 -> Economic situation	0.185***	0.042	4.4	0	Mediation

*, ** & *** indicates the significance level at 10%, 5% & 1% respectively

Table 8 shows the result of path analysis, and this finding indicates that financial well-being has a negative relationship between economic situation in which beta have -0.008*, t value 0.290 So, hypothesis 1 is accepted. Still, financial well-being negatively relates to economic value also, t value is relatively lower than other variable results. While, H2 results show that **B** value 0.217*** and t value 3.691, which shows the financial literacy have positively impacted the economic situation. So, H2 is accepted. Moreover, financial well-being and financial literacy positively correlate with COVID-19 with the beta values of 0.183**, 0.272*** with t values of 3.383, 4.315 respectively. However, COVID-19 has a negative relationship with the economic situation with a B value of -0.682*** and a t value of 6.709. So, H3 is accepted.

Table 8
Results of Path Analysis

Hypotheses	Relationships	B	STDEV	T Statistics	p Values	Decisions
H1	**Financial well-being -> Economic situation**	**-0.008**	**0.090**	**0.090**	**0.008**	**Accepted**
H2	**Financial literacy -> Economic situation**	**0.217**	**0.059**	**3.691**	**0.000**	**Accepted**
H3	**Financial well-being -> Covid-19**	**0.183**	**0.054**	**3.383**	**0.001**	**Accepted**
H3	**Financial literacy -> Covid-19**	**0.272**	**0.063**	**4.315**	**0.000**	**Accepted**
H3	**Covid-19 -> Economic situation**	**-0.682**	**0.102**	**6.709**	**0.000**	**Accepted**

*, ** & *** indicates the significance level at 10%, 5% & 1% respectively

Conclusion

The results of the present study permit a discussion. This study's main aim was to assess the impact of financial well-being, financial literacy, and national economic situation with mediating effect of COVID-19. A survey of 870 respondents from Pakistan was conducted using a five Likert scale questionnaire from financial well-being. Financial literacy

was adopted from (Utkarsh et al., 2020; Younas & Farooq, 2019), while economic situation and COVID-19 were taken from (Barrafrem et al., 2020). The data was collected for the entire variables via a platform of Google form.

Ultimately the results from financial well-being have a negative and significant relationship with the economic situation. In contrast, financial literacy has a significant and positive impact on the economic situation without mediating the effect of COVID-19. Moreover, people have better financial savings and financial knowledge; they easily survived the pandemic, finding that financial well-being and financial literacy have a positive and significant impact on COVID-19. Meanwhile, the country's economic situation has adverse effects these outbreaks hit the nation's economic condition. So, our research results show that peoples have to save money and be financially literate about their financing decision to survive in pandemics.

Our research has unique implications for financial and academic institutions. Policymakers would create programs and encourage people about financial knowledge and the importance of saving funds; it can promote financial well-being, financial literacy to minimize the pandemic effect.

One of the few limitations of this study will be prominent. The research sample size is more educated as compared to the population of a country. Moreover, businessman and employer respondent and their income bracket should be included. Furthermore, for future study, comparison between multiple emerging countries also includes financial behavior and investor decision in pandemics such as corona virus and other outbreaks.

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