



Financial Decision Making during Midlife Crisis among Citizens of Mangalore through the lens of Behaviour Finance

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Abstract

Midlife crisis is a period often marked by emotional and psychological changes, usually between the ages of 40 and 60 years, where individuals may re-evaluate their achievements, future goals, and personal identity. These experiences, combined with responsibilities such as raising children, paying loans, and preparing for retirement, can strongly influence financial behaviour. Since financial decisions made in midlife play a key role in shaping retirement security and long-term well-being, understanding this link has become increasingly important.

This study focuses on people in Mangalore, aged 40-60 years, to explore how midlife crisis intensity affects financial decision-making. Primary data was collected using a structured questionnaire, and responses were analysed through statistical tools and structural equation modeling. The study examined three psychological factors emotional instability, psychological stress, and midlife crisis intensity and tested their influence on financial decision-making, as well as the mediating role of financial decisions in building financial resilience.

The findings show that psychological stress has a more significant impact on financial behaviour compared to emotional instability or midlife crisis intensity. While midlife crisis does not always lead to poor financial choices, it often encourages individuals to reassess their spending and saving habits. Results further confirm that financial decisions strongly improve financial resilience, aligning with earlier research that highlights the role of budgeting, saving, and disciplined planning in financial stability.

By focusing on the cultural and social setting of Mangalore, this research contributes to behavioral finance literature with a regional perspective. The insights are valuable for financial advisors, policymakers, and individuals, as they emphasize the importance of integrating emotional well-being with financial planning to strengthen resilience during midlife transitions.

Keywords: Financial Decision-Making, Midlife Crisis, Emotional Intelligence, Psychological Stress, Financial Resilience, Mangalore.

1.Introduction

Midlife is often seen as a turning point in human development, typically occurring between the ages of 40 and 60. During this stage, individuals may begin to reflect on their life achievements, career paths, and personal identities, sometimes leading to what is popularly described as a “midlife crisis”(Anton & Moise, 2025) .This phase can bring both challenges and opportunities, as people navigate changing family roles, health concerns, and financial responsibilities. For many, it is also a time of heightened emotional and psychological stress, which can significantly influence decision-making patterns(Okerstrom, 2025).

Financial decisions taken during midlife are especially critical. This stage often coincides with competing financial demands such as children’s education, home loans, healthcare costs, and preparation for retirement. (John & Wani, 2025)Because of these overlapping pressures, individuals in midlife are particularly vulnerable to making choices influenced more by emotions than by rational planning. In some cases, this may lead to risky financial behaviour’s such as impulsive investments, overspending, or premature career shifts. (Pivori, n.d.)On the other hand, some individuals respond by adopting more disciplined approaches, including saving, budgeting, and long-term planning.

Research in behavioral finance shows that psychological and emotional factors play a major role in shaping financial behavior. Emotional instability and psychological stress can alter how people perceive risks and opportunities. A midlife crisis, with its mixture of dissatisfaction and desire for change, may further complicate financial choices.(Jong & Lee, 2024) However, despite the importance of these factors, relatively few studies have examined how midlife experiences directly influence financial decision-making. Most existing work has focused on financial literacy, income, or access to resources as drivers of financial resilience.(Solcová, 2020).

In the context of Mangalore, the topic gains further importance. As a growing urban center with a mix of traditional and modern lifestyles, individuals in the 40-60 years of age group often juggle multiple financial and family responsibilities.(Dhaigude et al., 2025) Cultural expectations, social pressures, and community networks also shape how people think about money, security, and future planning. Studying midlife crisis and financial decision-making in this setting provides not only academic value but also practical insights for local families and policymakers.(Dubey, 2025).

The present study aims to explore the relationship between midlife crisis intensity and financial decision-making among individuals aged 40–60 years in Mangalore. It also considers related psychological factors such as emotional instability

and stress, while examining how financial choices contribute to resilience and stability.(Nasution et al., 2025) By filling this gap in the literature, the research contributes to a deeper understanding of behavioral finance from a life-stage and regional perspective. The findings are expected to help individuals, financial advisors, and policymakers design better strategies to support financial well-being during this transitional stage of life.(Irene et al., 2025).

2. Literature review

Midlife, generally between the ages of 40 and 60 years, is a critical stage marked by emotional transitions, psychological shifts, and changing life priorities.(Nasution et al., 2025)(Paylan et al., 2025) During this phase, individuals often reassess their achievements, personal goals, and future direction. Such self-evaluation may bring feelings of dissatisfaction or uncertainty, commonly referred to as a midlife crisis. The combination of emotional changes and practical challenges like career pressures, family responsibilities, and financial commitments creates a complex environment that can influence financial attitudes and decisions.(Chhatwani, 2025).

Emotional and psychological factors are central to understanding financial behaviour. Emotional intelligence, or the ability to manage and regulate emotions, is often linked to better decision-making and long-term financial stability.(García Mata, 2023) Individuals with greater emotional awareness tend to make thoughtful, goal-driven financial choices, while those experiencing emotional instability or impulsivity are more likely to take risks or make unplanned financial moves. Psychological stress also affects financial behaviour by impairing rational thinking, increasing anxiety, and leading to avoidance or over-cautious financial decisions.(Šolcová, 2020)

Financial resilience has emerged as an important construct in behavioural finance. It refers to an individual's capacity to cope with financial setbacks, adapt to changing circumstances, and maintain stability during economic stress.(Cajili, 2024)Resilient individuals typically demonstrate better saving habits, debt management, and long-term planning. This ability becomes especially important during midlife, a stage often accompanied by multiple financial demands such as children's education, healthcare costs, and retirement preparation.(Okerstrom, 2025)

Cultural and social contexts further shape how people make financial decisions. In Indian society, family obligations,(Bayram et al., 2024) social comparisons, and lifestyle aspirations strongly influence spending and saving patterns.(Bhattacharya & Bhattacharya, 2025) Regional factors, such as community expectations and local economic conditions, also contribute to differences in financial behaviour. Understanding these contextual influences is crucial for interpreting how emotional and psychological elements interact with financial choices.(Cajili, 2024)

This study builds on these insights to explore how emotional and psychological factors specifically emotional intelligence, psychological stress, and midlife crisis intensity affect financial decision-making among midlife individuals in Mangalore. It also examines the mediating role of financial decisions in building financial resilience. By focusing on this regional and life-stage context, the study aims to provide a deeper understanding of how emotions, stress, and resilience shape financial behaviour during midlife transitions.

3. Research framework and hypothesis development

3.1 Conceptual model

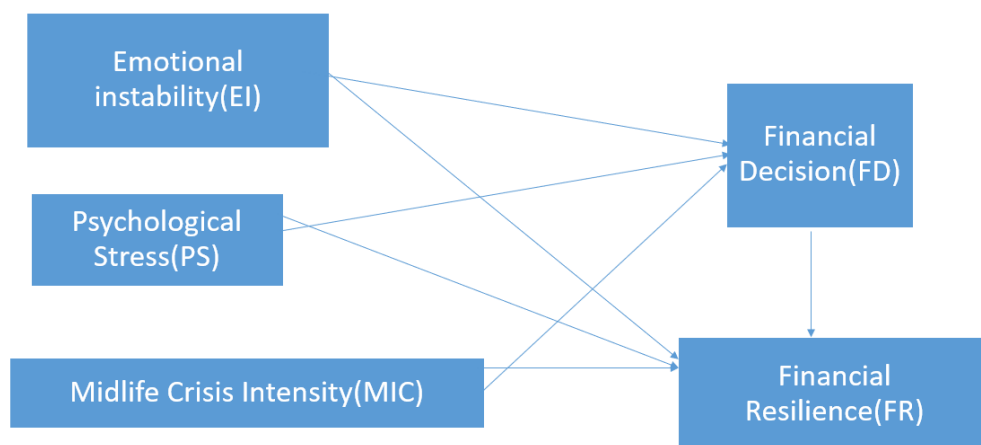


Figure.1 Conceptual model

The conceptual model explains how emotional and psychological factors influence financial behavior during midlife. It highlights three key predictors: emotional instability, psychological stress, and midlife crisis intensity. These factors shape how individuals make financial decisions, often under emotional strain or uncertainty.(Nasution et al., 2025) Financial decision-making acts as a mediating factor linking psychological states to financial resilience. Financial resilience reflects one's ability to cope with and recover from financial challenges. The model suggests that stable emotions and lower stress

lead to better financial decisions.(Pivori, n.d.)Ultimately, effective decision-making enhances financial resilience and overall financial well-being during midlife..

3.2 Hypotheses development

H1: Emotional Intelligence (EI)

This hypothesis proposes that emotional intelligence has a positive influence on financial decision-making during midlife. Individuals with higher emotional intelligence are better at recognizing and managing their emotions, allowing them to make rational and balanced financial choices. They are less likely to be influenced by impulsive feelings such as fear or overconfidence and more likely to plan and invest wisely, especially during periods of emotional change.

H2: Midlife Crisis Intensity (MIC)

This hypothesis suggests that the intensity of the midlife crisis affects financial decisions. During midlife, individuals often reassess their achievements and goals, which may lead to changes in spending, saving, or investment behavior. A strong midlife crisis might cause risky or impulsive financial choices, while a mild or reflective crisis may encourage more responsible planning and financial restructuring for future stability.

H2: Psychological Stress (PS)

This hypothesis assumes that psychological stress negatively influences financial decision-making. High stress levels can reduce cognitive clarity and increase emotional reactions, leading individuals to make short-term or emotion-driven financial decisions. In contrast, lower stress enables better judgment, thoughtful planning, and greater consistency in managing finances, contributing to stronger financial outcomes during midlife.

4. Research Methodology

This study follows a quantitative explanatory research design using cross-sectional primary data to test the proposed model. The approach helps in analysing how midlife making financial decision.

4.1 Data Collection

Primary data were collected from midlife individuals (aged 40–60 years) residing in Mangalore using a structured questionnaire. Both online and offline methods were used to ensure wide participation. Respondents were informed about the study's purpose, and confidentiality was strictly maintained.

4.2 Sampling

A purposive sampling technique was adopted to target individuals actively involved in financial decision-making. A total of 180 valid responses were collected, which met the requirements for PLS-SEM analysis. The sample included diverse participants in terms of gender, occupation, and income levels.

4.3 Questionnaire Design

The questionnaire consisted of five sections: Emotional Intelligence (EI), Psychological Stress (PS), Midlife Crisis (MIC), Financial Decision-Making (FD), and Financial Resilience (FR). Each construct was measured using multiple items on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). A pilot test was conducted to ensure clarity and reliability before final distribution.

4.4 Demographic profile:

Table 1 Demographic Analysis

Category	Frequency	%
Age		
40-50	120	66.7
50-60	60	33.3
Gender		
Male	114	63.3
Female	46	56
Others	20	11.11
Marital Status		
Single	37	20.6
Married	107	59.4
Widowed	36	20
Education		
High School	39	21.7
Under Graduate	85	47.2
Postgraduate	29	16.1
Others	27	15
Occupation		
Employed	39	21.7
Private Employed	44	24.4
Government Employed	51	28.3

Self-Employed	46	25.6
Monthly Income (Rupees)		
Less than 50000	48	26.1
50000-100000	41	22.8
100000-200000	44	24.4
More than 200000	48	26.7
Area of Residence		
Mangalore Urban	118	65.6
Mangalore Rural	62	34.4

The respondents of this study represent a wide range of backgrounds, offering a rich picture of the population under consideration. Most participants are between 40 and 50 years of age (66.7%), while a smaller proportion (33.3%) fall into the 50–60 age group. This shows that the study largely reflects the views of younger midlife individuals, which is particularly relevant since this is a stage often associated with financial responsibilities and life transitions.

In terms of gender, the sample is more male-dominated (63.3%) compared to female participants (25.6%), with 11.1% identifying as others. This indicates that while men are more represented, the inclusion of women and other genders ensures a wider perspective on financial behaviors and decision-making patterns.

5. Results

This section presents the results from the Structural Equation Modelling Partial Least Squares analysis, which tested the suggested conceptual model. The findings are organized into main sub sections: evaluation of the measurement and structural models, hypothesis testing, and an analysis of direct, indirect, and moderating effects.

5.1. Measurement Model Evaluation

The measurement model was assessed to ensure the reliability and validity of the constructs before testing structural relationships. Indicator reliability was evaluated through outer loadings, with all items exceeding the threshold of 0.7, confirming that they adequately represent their respective constructs. Internal consistency was verified using Cronbach's Alpha and Composite Reliability, both of which exceeded 0.7, indicating that the items within each construct consistently measure the intended concept. Convergent validity was established through Average Variance Extracted (AVE) values above 0.5, showing that the constructs explained a substantial portion of the variance in their indicators. Discriminant validity was confirmed using the Fornell-Larcker criterion and HTMT ratios, demonstrating that each construct is empirically distinct from others.(George, 2025) Overall, the results indicate that the measurement model is robust, reliable, and valid, providing a strong foundation for evaluating the structural relationships in the study.(Bayram et al., 2024).

5.1.1 Outer loading matrix

Outer loadings indicate how strongly each indicator reflects its underlying construct. Values above 0.7 are considered acceptable, showing that the item reliably measures the intended concept. Higher loadings signify better indicator reliability and contribution to the construct. Items with loadings below 0.7 may be reviewed or removed to improve measurement quality. In this study, all constructs achieved outer loadings above the threshold, confirming the reliability of the indicators.

Table 2 Outer Loading

	EI	FD	FR	MIC	PS
EI2	0.836				
EI4	0.739				
EI5	0.875				
FD1		0.719			
FD2		0.792			
FD3		0.827			
FD4		0.836			
FD5		0.787			
FD6		0.787			
FR2			0.714		
FR3			0.767		
FR4			0.813		
FR5			0.835		
FR6			0.794		
MIC2				0.838	

MIC3				0.760	
MIC5				0.837	
MIC6				0.749	
PS1					0.849
PS2					0.707
PS3					0.770
PS4					0.791
PS5					0.854

5.1.2 Construct reliability and validity

The reliability and validity of all constructs were satisfactory. Cronbach's Alpha values ranged from 0.768 to 0.882, and Composite Reliability (ρ_c) values ranged from 0.866 to 0.910, indicating strong internal consistency. Average Variance Extracted (AVE) values exceeded 0.6 for all constructs, confirming good convergent validity. Overall, the measurement model demonstrates that the constructs are both reliable and valid for further structural analysis. (Wu & Yu, 2024).

Table 2 Construct reliability and validity

	Cronbach's alpha	Composite reliability (ρ_a)	Composite reliability (ρ_c)	Average variance extracted (AVE)
EI	0.768	0.779	0.866	0.683
FD	0.882	0.891	0.910	0.628
FR	0.845	0.851	0.890	0.618
MIC	0.813	0.815	0.877	0.641
PS	0.859	0.872	0.898	0.638

5.1.3 Discriminant validity (HTMT Ratio)

Table 4 Discriminant validity (HTMT Ratio)

	EI	FD	FR	MIC	PS
EI					
FD	0.083				
FR	0.438	0.380			
MIC	0.072	0.106	0.514		
PS	0.104	0.122	0.435	0.109	

The Heterotrait-Monotrait Ratio (HTMT) assesses discriminant validity by comparing correlations across constructs. Values below 0.90 indicate that the constructs are distinct from each other. In this study, all HTMT values range from 0.072 to 0.514, well below the 0.90 threshold, confirming that Ego Intelligence (EI), Financial Decision-making (FD), Financial Resilience (FR), Midlife Crisis (MIC), and Psychological Stress (PS) are empirically distinct constructs. This indicates strong discriminant validity, ensuring that each construct measures a unique aspect of midlife financial behavior. (Wu & Yu, 2024).

5.1.4 VIF-Collinearity statistics

Table 5 VIF-Collinearity statistics

	VIF
EI2	1.456
EI4	1.637
EI5	1.670
FD1	1.698
FD2	1.935
FD3	2.111
FD4	2.261
FD5	1.873
FD6	1.865
FR2	1.551
FR3	1.638
FR4	1.922
FR5	1.984

FR6	1.819
MIC2	1.645
MIC3	1.670
MIC5	1.779
MIC6	1.609
PS1	2.042
PS2	1.681
PS3	1.819
PS4	1.882
PS5	2.148

Variance Inflation Factor (VIF) was assessed to check for multicollinearity among the indicators. VIF values greater than 5 or 10 indicate high collinearity, which can distort regression estimates. In this study, all VIF values range from 1.456 to 2.261, well below the critical threshold, suggesting that multicollinearity is not a concern. This confirms that the indicators of EI, FD, FR, MIC, and PS can reliably coexist in the model without redundancy affecting the results. (Khatri et al., 2021).

5.1.5 Model fit Summary

The model fit in this Partial Least Squares Structural Equation Model (PLS-SEM) is assessed by focusing on the reliability of measures and the predictive power of the relationships. The measurement model fit is strong, as evidenced by all indicator outer loadings being high (ranging from 0.707 to 0.875), which is well above the acceptable threshold of 0.70. This confirms the high reliability and convergent validity of the measurement scales. However, the structural model's predictive fit is weak. The R² for Financial Distress (FD) is a very low 0.027, meaning the psychological constructs (EI, PS, and MIC) explain only 2.7% of the variance in FD. The model performs slightly better for Financial Resilience (FR), where the R² is 0.113, indicating that FD explains 11.3% of the variance. In social science, low R² values are sometimes acceptable if the path coefficients are statistically significant, but without the t-statistics or p-values, one cannot confirm the significance of the paths (β values). Therefore, while the constructs are well-measured, the model has limited explanatory power for the outcome variables, and its inferential fit cannot be fully confirmed without significance testing and overall fit indices like SRMR. (Wang et al., 2013).

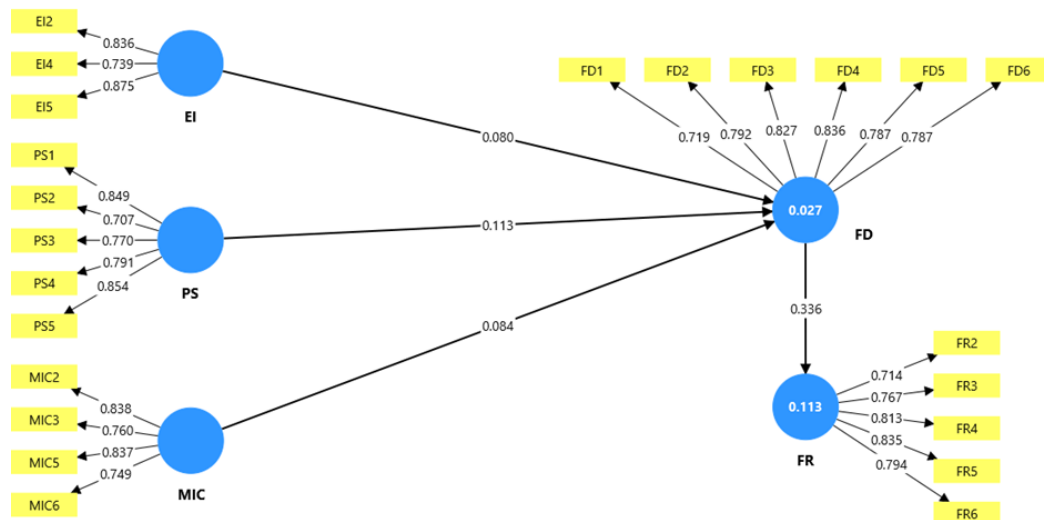


Figure 2 Measurement Model

Table 6 Model Fit Summary

	Saturated model	Estimated model
SRMR	0.049	0.116
d_ ULS	0.662	3.692
d_ G	0.230	0.366
Chi-square	558.935	764.819
NFI	0.861	0.809

The model fit indicates that the saturated model fits the data very well, as expected, with SRMR (0.049), d_ ULS (0.662), d_ G (0.230), and NFI (0.861) all within acceptable ranges. The estimated model shows a moderate fit, with SRMR (0.116) above the recommended 0.08, higher d_ ULS (3.692) and d_ G (0.366), and lower NFI (0.809), suggesting some deviations from the observed data. Overall, the estimated model captures the data reasonably but could benefit from refinement to improve its fit. (Wu & Yu, 2024).

5.2 Predictive Relevance (Q2 predict)

Table 7 Q2 predict

	Q ² predict	RMSE	MAE
FD	0.005	1.003	0.794
FR	0.420	0.766	0.603

The model has poor predictive power for FD but shows moderate predictive ability for FR. While FR can be predicted reasonably well, the model's capacity to forecast FD is very limited, suggesting a need to reconsider predictors or model specification for FD. (Wang et al., 2013)

5.3 Hypotheses Testing: Direct and Indirect Effects

This image presents the results of a Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis, which examines the relationships between several psychological and financial constructs. The measurement model shows high quality: all indicators have strong outer loadings (ranging from 0.707 to 0.875), confirming that the items reliably measure their respective constructs (Emotional Intelligence (EI), Perceived Stress (PS), Motivation to Improve Competence (MIC), Financial Distress (FD), and Financial Resilience (FR)).

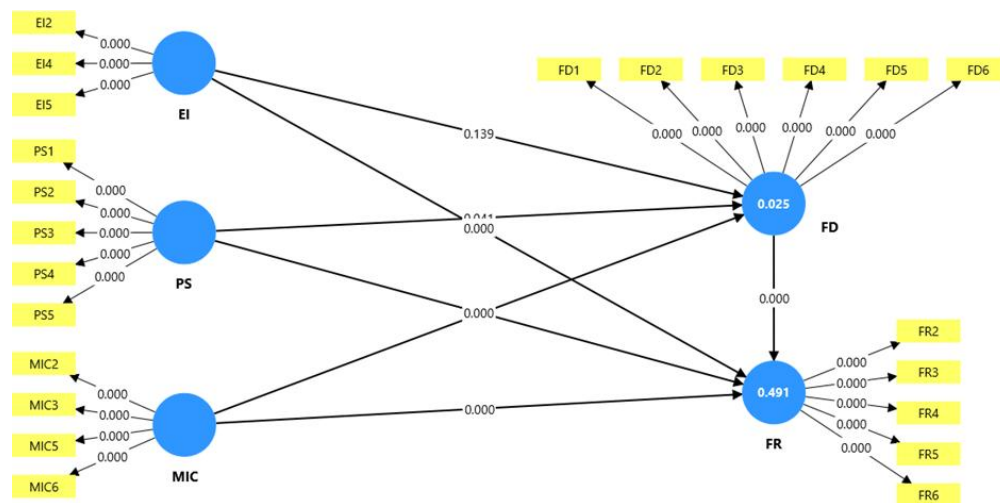


Figure 3 Bootstrap model

5.3.1 Bootstrap (direct)

Table 8 Direct Path Results

Path	Hypothesis	Original sample	Sample mean	Standard deviation	T statistics	P values	Decision
EI -> FD	H1	0.076	0.078	0.051	1.479	0.139	Not Supported
EI -> FR	H2	0.349	0.349	0.036	9.733	0.000	Supported
FD -> FR	H3	0.239	0.239	0.035	6.870	0.000	Supported
MIC -> FD	H4	0.080	0.082	0.055	1.457	0.145	Not Supported
MIC -> FR	H5	0.359	0.360	0.038	9.468	0.000	Supported
PS -> FD	H5	0.109	0.112	0.053	2.042	0.041	Supported
PS -> FR	H6	0.349	0.349	0.035	9.844	0.000	Supported

The results indicate that Emotional Intelligence (EI) significantly enhances Financial Resilience (FR) ($\beta = 0.349$, $t = 9.733$, $p < 0.001$), while its effect on Financial Decision-making (FD) is not significant ($\beta = 0.076$, $t = 1.479$, $p = 0.139$). Midlife Crisis (MIC) also positively affects FR ($\beta = 0.359$, $t = 9.468$, $p < 0.001$) but has no significant effect on FD ($\beta = 0.080$, $t = 1.457$, $p = 0.145$). Psychological Stress (PS) positively influences both FD ($\beta = 0.109$, $t = 2.042$, $p = 0.041$) and FR ($\beta = 0.349$, $t = 9.844$, $p < 0.001$). Additionally, FD significantly impacts FR ($\beta = 0.239$, $t = 6.870$, $p < 0.001$), indicating that FD partially mediates the relationship between these factors and financial resilience. (Khatri et al., 2021).

5.3.2 Bootstrap (indirect)

Path	Hypothesis	Original sample	Sample mean	Standard deviation	T statistics	P values	Decisions
EI -> FD -> FR	H6	0.018	0.018	0.012	1.459	0.145	Not Supported
MIC -> FD -> FR	H7	0.019	0.020	0.014	1.395	0.163	Not Supported
PS -> FD -> FR	8	0.026	0.027	0.013	1.979	0.048	Supported

Table 9 Indirect Path Results

The mediation analysis shows that the indirect effect of Emotional Intelligence on Financial Resilience through Financial Decision-making is not significant ($\beta = 0.018$, $t = 1.459$, $p = 0.145$), and similarly, the indirect effect of Midlife Crisis is also not significant ($\beta = 0.019$, $t = 1.395$, $p = 0.163$). In contrast, Psychological Stress has a significant indirect effect on Financial Resilience via Financial Decision-making ($\beta = 0.026$, $t = 1.979$, $p = 0.048$), indicating partial mediation. This suggests that only Psychological Stress influences Financial Resilience through decision-making, while EI and MIC affect resilience mainly through direct paths.

5.3.3 Segments (direct)

Table 9 Segments (direct)

	Original total effects	Segment1	Segment2
EI -> FD	0.076	0.047	0.423
EI -> FR	0.367	0.383	-0.286
FD -> FR	0.239	0.260	2.144
MIC -> FD	0.080	0.109	-0.431
MIC -> FR	0.378	0.368	0.748
PS -> FD	0.109	0.067	0.630
PS -> FR	0.375	0.370	0.848

The multi-group analysis shows that the effects of predictors vary notably across segments. Emotional Intelligence (EI) has a weak overall effect on Financial Decision-making (FD) ($\beta = 0.076$), being stronger in Segment 2 ($\beta = 0.423$) than Segment 1 ($\beta = 0.047$), while its effect on Financial Resilience (FR) is positive in Segment 1 ($\beta = 0.383$) but negative in Segment 2 ($\beta = -0.286$). Financial Decision-making positively influences FR overall ($\beta = 0.239$), with a much stronger effect in Segment 2 ($\beta = 2.144$). Midlife Crisis (MIC) shows small effects on FD, positive in Segment 1 ($\beta = 0.109$) and negative in Segment 2 ($\beta = -0.431$), but consistently enhances FR (overall $\beta = 0.378$). Psychological Stress (PS) has a moderate overall effect on FD ($\beta = 0.109$) and FR ($\beta = 0.375$), with stronger effects in Segment 2 (FD $\beta = 0.630$; FR $\beta = 0.848$). (Khatri et al., 2021).

5.3.4 Segments (indirect)

Table 10 Segments (indirect)

	Original indirect effects	Segment1	Segment2
EI -> FR	0.018	0.012	0.907
MIC -> FR	0.019	0.028	-0.923
PS -> FR	0.026	0.017	1.350

The indirect effects show substantial variation between segments: Segment 2 exhibits much stronger or even reversed mediation effects compared to Segment 1. This indicates that the role of Financial Decision-making as a mediator differs significantly across groups, emphasizing the importance of analyzing segment-specific dynamics rather than relying solely on overall effects. (Paladugula, 2025).

6. Discussion and Implications

6.1 Discussion

The present study examined the effects of Emotional Intelligence (EI), Midlife Crisis (MIC), and Psychological Stress (PS) on Financial Decision-making (FD) and Financial Resilience (FR) among midlife individuals, using PLS-SEM and multi-group analysis. The results indicate that EI, MIC, and PS significantly enhance FR, (Anton & Moise, 2025) while FD also positively contributes to resilience. Among predictors of FD, only PS showed a significant direct effect, suggesting that stress may motivate individuals to make better financial decisions, (Chikeya & Ntsalaze, 2025) whereas EI and MIC influence resilience primarily through other mechanisms. The mediation analysis further confirmed that FD

partially mediates the effect of PS on FR, but the indirect effects of EI and MIC through FD were not significant, highlighting that their contributions to resilience are largely direct.

The multi-group analysis revealed considerable segment-specific variations. For instance, the effect of EI on FD and FR was positive in Segment 1 but negative or much stronger in Segment 2, indicating that the influence of psychological factors on financial behavior may differ depending on group characteristics such as demographics or financial experience. Similarly, PS and MIC showed stronger indirect and total effects on FR in Segment 2, (Paladugula, 2025) suggesting that some groups may rely more on stress or life experiences to improve decision-making and resilience. (Boungou, 2025) These findings emphasize the importance of considering segment-level differences, as overall effects can mask meaningful variations in behavior.

Overall, the study highlights that Psychological Stress consistently plays a critical role in shaping both decision-making and resilience, (Dote Pardo & Parra-Domínguez, 2025) whereas EI and MIC primarily strengthen resilience directly. The results support the notion that financial resilience is influenced by both cognitive-emotional factors and experiential factors, with decision-making acting as a partial conduit for stress-related effects. These insights underscore the need for financial interventions and guidance to be tailored to individual characteristics and life stage, recognizing that midlife challenges such as stress or crisis experiences may differently affect financial behavior across segments. (Nasution et al., 2025)

In conclusion, the findings provide robust evidence for the direct and indirect mechanisms linking psychological traits to financial outcomes and illustrate the importance of segment-specific analysis in understanding midlife financial decision-making and resilience. This has practical implications for financial advisors, policymakers, and educational programs aiming to improve financial stability and planning during midlife.

6.2 Implications

- Psychological factors (EI, MIC, PS) significantly influence Financial Resilience, supporting theories linking cognitive-emotional traits and life experiences to financial behavior.
- Financial Decision-making partially mediates the effect of PS on resilience, emphasizing the importance of both direct and indirect pathways in theoretical models.
- Financial advisors should provide personalized guidance based on stress levels, EI, and midlife experiences to improve decision-making and resilience.
- Structured decision-making tools can help midlife clients convert stress into effective financial choices.
- Policymakers and educators should design targeted financial literacy programs integrating emotional, behavioral, and decision-making components.
- Stress management and adaptive coping strategies should be included in programs to enhance financial resilience during midlife crises.

7. Limitations and future works

This study has several limitations. First, the focus on a specific midlife population may limit generalizability to other age groups or regions. Second, the cross-sectional design prevents establishing causal relationships between psychological factors, financial decision-making, and resilience. Third, the use of self-reported measures may introduce response biases, and fourth, only EI, MIC, and PS were considered, leaving out other potentially relevant factors like financial literacy or personality traits.

Future research can address these limitations by employing longitudinal designs to examine causal effects and expanding the sample to different regions and demographics for greater generalizability. Including additional predictors, such as financial literacy, risk tolerance, and personality traits, can provide a more comprehensive understanding of midlife financial behavior. Moreover, experimental interventions targeting stress management or decision-making skills can test ways to enhance financial resilience. Finally, further exploration of segment-specific differences can clarify how demographic or experiential factors influence the relationships observed in this study.

8. Conclusion

This study examined the influence of Emotional Intelligence (EI), Midlife Crisis (MIC), and Psychological Stress (PS) on Financial Decision-making (FD) and Financial Resilience (FR) among midlife individuals. The results indicate that EI, MIC, and PS significantly enhance financial resilience, while FD positively contributes to resilience and partially mediates the effect of PS. Among the predictors of FD, only PS had a significant direct effect, suggesting that stress motivates better decision-making, whereas EI and MIC primarily impact resilience directly.

Multi-group analysis revealed substantial segment-specific differences, highlighting that the effects of psychological factors on FD and FR vary across groups, emphasizing the importance of considering demographic or experiential characteristics. Overall, Psychological Stress emerged as the most consistent predictor, influencing both decision-making and resilience, while EI and MIC mainly strengthen resilience.

The findings provide evidence that financial resilience is shaped by both cognitive-emotional factors and behavioral pathways, and that segment-specific contexts can significantly alter these relationships. This underscores the need for personalized financial guidance, targeted interventions, and policies that account for psychological traits and life experiences during midlife. The study contributes to the understanding of how psychological and behavioral factors

interact to influence financial outcomes, offering practical insights for individuals, advisors, and policymakers seeking to enhance financial stability and planning in midlife.

9. Reference

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