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The Impact of Financial Optimism on Impulse Buying Behavior: The Mediating Role of General Risk Propensity and the Moderating Effect of Digital Financial Literacy

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Abstract
The examination of financial optimism on impulse buying behavior includes analysis of general risk propensity as a mediator and digital financial literacy as a moderator. The study implements the Theory of Planned Behavior (TPB) to explain how financial optimism affects decision-making processes by affecting attitudes, perceived control, and intentions. A quantitative research design produced results from 164 respondents in Punjab, Pakistan, who responded at a 65.6% rate. The Hayes Process Macro, combined with SPSS, allowed researchers to run regression analysis and correlation analysis to study variable interactions. Financial optimism increases consumer behavior of impulsive buying, mainly by altering their propensity to take risks. The results showed that general risk propensity served as a mediating factor when tested through regression analysis, although digital financial literacy acted as a moderating factor according to analysis results. The results of the correlation analysis matched the predicted relationships between principal study constructs. Modern financial knowledge initiatives from public institutions will provide citizens with the empowerment to make sound, responsible financial decisions. Education professionals need to embed digital financial literacy within core educational curriculums while marketers require concentrating on moral promotional tactics. The research encounters three essential obstacles due to its experimental approach and data-acquisition procedures. Scientists must extend their research duration to study various participant populations while using experimental methods to validate their findings. Studies must investigate how personal self-control, together with monetary stress, affects consumer actions when evaluated using financial optimism evaluations alongside modern financial systems.

Keywords
Financial Optimism, General Risk Propensity, Digital Financial Literacy, Theory of Planned Behavior

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Introduction

In today's consumer behavior research on purchasing behavior, impulse buying has become a focus of interest among scholars due to the emergence of impulse-buying buttons and their influence on consumer welfare in markets. To those acquainted with behavioral finance, a branch of academic study that focuses on behavioral patterns and psychological factors influencing financial decisions, impulse buying is easily understood. Impulsive buying behavior could be defined as the type of purchase that takes place without advanced planning and is instigated by feelings or thoughts, including the feeling of receiving a particular product, the inability to withstand clearly intentional cues (Amos et al., 2014; Verplanken & Sato, 2011; Lo et al., 2022). The prevention of the negative consequences, such as financial insecurity, and regret, and improvement of the consumer decision-making frameworks, hence, the psychological, financial, and cognitive metrics of this behavior must be understood to avoid the same through education and policy intervention (Badgaiyan & Verma, 2014)(Dey & Srivastava, 2023). Among these antecedents, financial optimism/risk suffix, general risk-taking propensity, and digital financial literacy are trending upward in interest in studying cross-sectional variations in impulse buying behaviors.

Financial optimism, which is the amount of positive attitude towards the financial future, is on the list of essential variables that shape consumers' behavior. In respective investigations performed within the framework of behavioral finance, it has been proven mathematically that positive financial attitudes distort risk assessments: people minimize risks and overestimate control over financial conditions, which prompts stimulation of consumption in case actual conditions do not allow it (Puri & Robinson, 2007 ; Jain et al., 2021; Park et al., 2023). That was a fact pointed out by the result which showed that decision making in financial optimism was relevant to perceived financial status Impulsiveness, the skewed inclination to opt for the worst case scenario, this was established by the fact that the optimistically inclined subjects were inclined to be extremely liberal in their spending, making frivolous purchases more often, going for more impulse buys than was necessary. This research proposal supports this to show that financial optimism is a better mediator of general risk propensity in consonance with earlier works that investigated the manner in which risk propensity influences the financial and investment decisions of individuals or their tendency towards investing in high risk/high return products or engaging in high risk/high return transactions (Lin &Lee, 2004; Hossain & Li, 2022; Zhou & Wang, 2023). However, it doesn't stop at influencing the decisions relating to rationalistic finance control but can, in fact, lead to impulsive buying behavior owing to confidence in financial resources; this assertion accords with Wang et al.'s probability reasoning on overspending (Limbu et al., 2012; Yang et al., 2017: Chiu & Lai, 2023).

Another factor emphasized, in consumer decisions, is the concept of risk propensity – the extent of risk-taking in consumer behavior. Hersh and Samuel, who emphasize the principles of behavioral finance, say that risk sensitivity is one of the most effective measures of behavior, as people with high-risk sensitivity tend to focus on potential gains rather than losses. Risk propensity serves as a mediator of the relationship between financial optimism and impulse buying, explaining how risk is managed in this context. Trait risk-taking is a person's propensity to take risks across a variety of domains; specifically, in the financial domain, some risk-taking individuals may have even higher risk/reward profiles (Sharma et al., 2020; Kausel et al., 2016; Lee & Lee, 2023). Studies indicate that self-generated cognitions of financial optimism led to risk taking and thus, engage in emotionally charged decisions, which might in this regard be the impulsive purchasing of luxury or novelty products that have no prior planning (Lattimore et al., 1997; Seiler et al., 2012; Chen et al., 2022). On this note, the study

considered the mediating role of risk propensity to provide a clear understanding of how psychological factors operate in tandem to impact impulse buying behavior, not only among youths but especially among those inclined to take on high risks.

Regarding FL, it should be noted that in the context of the digital age, financial literacy, defined as the knowledge and skills required to make effective and efficient personal financial decisions, is a concept distinct from its earlier meanings. In the present-day context, financial literacy was conceptualized as the consumer's aptitude to incorporate digital tools, applications, and online platforms (Xiao et al., 2014; Potrich et al., 2016; Tan et al., 2023). First, it explains how to evaluate and analyze different types of digital payments; second, it describes how to understand various kinds of online marketing, as well as how to avoid overspending when one feels unwell in cyberspace. It helps consumers to have higher levels of digital financial literacy, which makes them evaluate their decisions so that they do not make unsafe decisions that are a result of risk-taking propensity, especially for online purchases based on probable ads that may exploit the consumers (Lusardi & Mitchell, 2014; OECD, 2018; Kim et al., 2023). For this reason, sustained efforts are required to build digital financial literacy so consumers can address emerging digital financial crises effectively. A strong foundation in digital literacy can help counter the impulsiveness that arises from risk-taking and financial optimism by equipping people with tools to budget, estimate costs, and avoid being duped by marketers (Hasler & Lusardi, 2017; Johnson & Smith, 2023).

On the grounded of the theoretical model, this study will seek to establish how financial optimism and general risk propensity influence Impulsive buying and how digital financial literacy moderates the relationship. By combining these constructs, the research provides an in-depth analysis of consumer behavior as a multifaceted concept that addresses the lack of clarity regarding the relationships and interactions between psychological antecedents and digital skills in economic choice. Using the Theory of Planned Behavior (TPB) as a starting point, this investigation outlines the roles of attitudes, perceived control, and intentions in behavior. Optimism is related to the attitudinal dimension of TPB, affecting risk-taking propensity as a cognitive endowment. Risk propensity is thus posited to mediate the optimism-intentions-impulse buying relationship in line with TPB's moderated relationships. In addition, digital financial literacy improves perceived behavioral control, thereby reducing the effect of risk propensity on impulsive behavior by providing the right tools for evaluation. They are also overlaid with behavioral finance, which provides a complete understanding of cognitive biases and emotional factors that underpin optimism and risk-taking in this framework.

The study has significant theoretical and practical implications for policymakers, educators, and marketers by providing insights into how Behavioral economics, financial optimism, and digital literacy interventions can be used to encourage responsible consumer behavior. In sum, this research explores a new combination of financial hope, risk-taking tendency, and reckoned digital financial literacy in predicting impulsive buying behavior. By examining these relationships, the study builds a rich picture of consumer decision-making that may inform both theoretical development and strategies to improve consumers' financial literacy and financial outcomes in the age of digital platforms.

Literature Review

Theory and Hypotheses Development

Financial optimism shapes one's risk-taking disposition by allowing people to modify their attitudes, subjective norms, and perceived behavioral control, according to the Theory of Planned Behavior. A person adopts their planned behavior based on the outcome beliefs they hold, according to the Theory of Planned Behavior. According to Dawson (2023) and Kahneman & Tversky (2022), optimistic

individuals develop the expectation that benefits usually follow risky choices. TPB illustrates how positive psych visual perceptions lead to improved behavior execution and thereby boost risk-oriented conduct.

H_1: Financial optimism positively influences general risk propensity.

The way optimistic financial perceptions influence risk-taking choices gets strengthened through subjective norm assessment. People who maintain an optimistic mindset tend to follow social norms when pursuing bold investment approaches and entrepreneurial business activities (Thaler, 2023; El-Erian, 2024). Individuals living in individualistic societies are more likely to take risks because this behavior is socially rewarded and reflects their financial optimism. According to Dawson (2023) social reinforcement creates two elements in risk-takers: better perception of acceptable risks and greater potential rewards that strengthen their risky nature.

TPB principles state that perceived behavioral control serves as an intermediary factor that enables individuals to connect optimism with their propensity for risk-taking. Positive thinkers expect to handle ambiguous situations and their skills and environmental resources to produce beneficial outcomes according to Kahneman & Tversky (2022); Dawson (2023). People who distort their risk perceptions due to optimistic beliefs are more willing to take risks than others.

Excessive optimism in overconfident individuals leads to dangerous behaviors because TPB assesses how irrationality affects decision-making (Thaler, 2023). The research at Berkeley Research University demonstrates that financial education as a cognitive bias treatment helps minimize dangerous responses among students. The regulation and implementation of reflective choices constitute parallel practices according to TPB through its belief and perception modification strategies (El-Erian, 2024; Kahneman & Tversky, 2022).

H_2: General risk propensity positively affects impulse buying behavior.

Analysis of impulse buying behaviors requires an understanding of risk propensity through the Theory of Planned Behavior model by evaluating individual attitudes and subjective norms as well as perceived behavioral control. Subjective risk-perception attitudes play the dominant role in shaping how consumers respond to making spontaneous purchases. People who possess high risk-taking tendencies view shopping impulsively as thrilling, thus making them more optimistic about future such purchases (Zhang et al., 2019; Frey et al., 2017). A study by Verplanken and Sato shows that tolerant-risk takers experience rewarding emotions from their sudden purchases, which strengthens the connection between psychological and behavioral attitudes.

The social understanding of risk-prone impulse buying comes from the subjective norms' theory. A risk-taking disposition toward spontaneous shopping activities is further strengthened by the combination of peer group influence and widespread acceptance of spontaneous behaviors (Liu et al., 2021). Popular consumer-focused social media figures use product endorsements alongside limited-time promotions to drive immediate purchases, according to Kapoor et al. (2022). Interesting preferences strengthen the inclination toward risk-taking behaviors but only affect people who naturally engage in dangerous actions, according to TPB.

A belief in personal control over buying behavior strengthens the natural relationship with spontaneous purchase tendency. People who take high risks feel confident about managing financial consequences from spontaneous buying behaviors; thus, they follow their spontaneous urges (Dunn, 2024; Zhang et al., 2019). Spontaneous shopping in e-commerce is driven by straightforward ordering procedures and

adaptable payment options, which lower the barrier to purchase (Xiao & Nicholson, 2022). The reduction of impulsive buying risks toward vulnerable consumers should inform strategies that adjust the Theory of Planned Behavior model's three core dimensions. Educating people about financial basics through social outreach will foster more positive attitudes toward spontaneous consumerism and jointly curb emotional decision-making. Technological alerts, in conjunction with control enhancement, lead to greater consumer control over buying impulses (Liu et al., 2021; Kapoor et al., 2022).

H_3: General risk propensity mediates the relationship between financial optimism and impulse buying behavior.

Researchers using the Theory of Planned Behavior can determine how risk propensity bridges the connection between financial optimism and the formation of impulsive buying decisions. The basis for risk propensity to trigger impulsive behavior derives from attitudes and norms, and from perceived control, which optimism shapes (Dawson, 2023; Kahneman & Tversky, 2022). A positive attitude toward risk exists among optimistic individuals, who recognize the benefits risks provide toward achieving their desired objectives, as described by Thaler in TPB theory (Thaler 2023).

Subjective norms strongly influence risk propensity. People in entrepreneurial-oriented consumer cultures who detect community approval of risky behavior tend to be optimistic. Risk-prone behaviors become more prevalent within communities when social groups reward such approaches through their own behavior, thereby triggering instant buying among consumers (El-Erian, 2024). The research by Zhang et al. (2019) shows that positive cultural belief systems lead people to develop spontaneous shopping habits characterized by risk-taking behavior.

Risk perception controls use risk-propensity behaviors as mediating functions. Those with optimistic views believe they control their actions better, so they judge dangerous spontaneous purchases as less threatening (Dawson, 2023; Frey et al., 2017). Optimistic thinking appeals to risk-takers because they can control their shopping impulsiveness through an adventurous approach, which suggests how optimism links to risk-taking. The success of health promotion approaches requires intervention strategies that address person-level attitudes, alongside social norms and control perceptions, to transform risky decision-making behavior. Realistic, optimism-based low-risk financial education programs help consumers make better risk assessments, while targeted social norm campaigns prevent hasty choices (Zhang et al., 2019; Thaler, 2023).

H_4: General risk propensity mediates the relationship between financial optimism and impulse buying behavior.

DFL acts as a moderator between risk propensity and impulse shopping by influencing the three elements of the Theory of Planned Behavior: attitudes, subjective norms, and perceived behavioral control. People with improved DFL comprehend purchasing risks better because their knowledge training teaches them to recognize the perils of such purchases (Choung et al., 2023; Yadav & Banerji, 2024). The new mental capacity helps people avoid making spontaneous choices, as it is specifically designed for those who tend to take high risks.

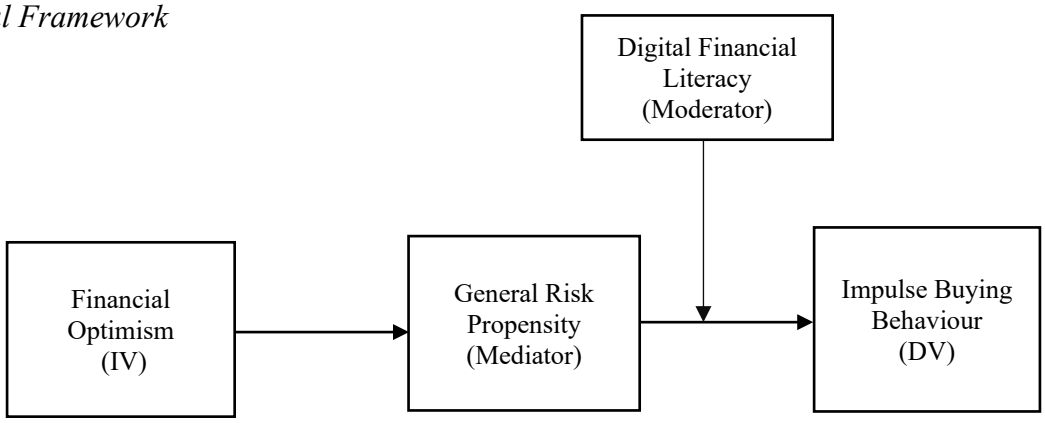
The impact of DFL is sustained by strong influence from individual beliefs about normative expectations. People who possess high DFL stay resistant to both societal and marketing messages advocating impulsive purchasing behaviors (Golden & Cordie, 2022). Consumers who possess DFL capabilities examine influencer endorsements and advertising methods because this integrated mode

helps them avoid the social reinforcement of impulse buying (Kapoor et al., 2022). TPB supports the notion that changing how others perceive directly influences behavioral readiness.

The level of perceived behavioral control that develops through DFL establishes an additional factor that affects how risk impacts impulses. Advanced Digital Financial Literacy among individuals gives them greater authority over financial decisions, thereby reducing their tendency toward impulsive behavior (Choung et al., 2023). Online purchasing features that use personalized recommendations and deadlines for offers are less appealing to individuals with high DFL, as their analytical skills enable them to evaluate such methods (Yadav & Banerji, 2024).

The development of special educational programs to improve financial literacy results in substantial reductions in impulsive purchasing behavior among individuals prone to risk-taking, according to TPB principles. DFL intervention methods that focus on attitude modification, normalization of normative behaviors, and enhancement of control perceptions lead to responsible consumer actions. Future investigations should examine how emerging technologies, including blockchain and AI, could improve DFL capabilities and their effects on consumer behavior management (Choung et al., 2023; Golden & Cordie, 2022).

Figure 1
Theoretical Framework



Methods and Procedures

Research Design and Sample

The research used quantitative methods to explore how financial optimism influences impulse buying behavior among people whose general risk propensity acts as the mediator while digital financial literacy serves as the moderator for the (GRP → IMP BEH) relationship. The Hayes Process Macro (Model 14) and SPSS Version 26 served to evaluate mediation and moderation effects according to (Hayes,2018).

Residents of Punjab, Pakistan, were selected as the research sample because they demonstrate a wide range of financial literacy, risk-taking behaviors, and consumer choices. A total of 250 people participated in an online survey, but only 164 individuals completed the survey (a 65.6% response rate was recorded). The research included 26% female respondents to guarantee equal participation of both genders. Participants came from diverse financial circumstances and educational backgrounds, thereby enhancing the validity of the study's results.

Internet-based survey methodology was selected because it offered efficiency and universal accessibility, enabling broader participant inclusion. Financial optimism and impulse buying behavior, along with general risk propensity and digital financial literacy, served as the basis for data collection in the survey. Each participant received complete information about the research purpose while the study required voluntary participation and guaranteed confidentiality to all participants.

Data Collection Procedure

The researcher developed a structured questionnaire that obtained the necessary data to evaluate the hypotheses. The researcher used a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree) to develop the questionnaire. Ordinal data collection was possible through this scale because it enabled quantitative analysis.

The questionnaire underwent a pre-test with 20 participants before being administered to the entire subject group. Tests conducted with a limited group allowed researchers to resolve linguistic uncertainties in survey questions, leading to simple revisions that improved understanding. Results from the pre-test survey were excluded from the research conclusion. The survey moved forward for electronic distribution to reach the selected participants. The study recruited participants from a group of individuals with varying levels of financial knowledge and consumption habits to elicit diverse reaction patterns. The survey participants received confirmation that their confidentiality would be protected and that their individual responses would not be shared with other participants. The survey was distributed in English because it remains the most widely accepted language for financial communication among educated residents of Pakistan.

Measures

A combination of approved scales measured the constructs, demonstrating reliability and validity. Researchers selected each measurement scale because it proved reliable for identifying the targeted psychological constructs in this research context.

Financial Optimism (Independent Variable)

The measurement of financial optimism relied on a five-item scale adopted from Chhatwani and Mishra (2021). The scale measures people's expectations of monetary success and their confidence in handling financial problems that may arise. The scale assessed financial optimism through two statements about improved financial prospects in the future and optimistic risk management abilities. The reliability of this scale was excellent, with a Cronbach's alpha of 0.82 (Chhatwani & Mishra, 2021). This study employed the analyzed financial optimism scale to understand how optimism influences spending choices of consumers.

General Risk Propensity (Mediator)

Multiple items compiled into the General Risk Propensity Scale (GRiPS) formulated by Zhang, Highhouse, and Nye served to measure general risk propensity. The GRiPS provides a universal assessment that evaluates the risk-taking behavior of people within different aspects of their life, including work environments, academics, and personal spaces. The measurement items for this construct include "I enjoy taking risks in various areas of my life" and "I am generally willing to take chances." Zhang, Highhouse, and Nye (2018) have demonstrated that both construct validity and predictive power of this measurement scale in their prior research. The use of this scale addresses its wide-ranging suitability and its ability to measure universal risk-taking tendencies since this insight

positively contributes to financial decision and consumer behavior research. In the present study, the GRiPS scale achieved a Cronbach's alpha of 0.87, indicating excellent reliability.

Impulse Buying Behavior (Dependent Variable)

The impulse buying scale from Sheoran (2024) consists of seven items to determine spontaneous and emotion-based purchasing behaviors. People who take this scale test report both spontaneous shopping and purchasing items driven by personal emotions. The consumer behavior research community uses this scale because it accurately captures spontaneous reactions to emotional triggers during buying impulses (Sheoran, 2024). The used scale demonstrated strong internal consistency, with a Cronbach's alpha value of 0.85, indicating it is a reliable tool for measuring the dependent variable. Using these scales, researchers conducted studies examining how financial optimism and risk propensity affect spontaneous consumer buying behavior.

Digital Financial Literacy (Moderator)

This study used fifteen items adapted from Lusardi and Mitchell (2014) together with Xiao, Chen, and Chen (2015) to assess participants' digital financial literacy as the moderator. People who use digital financial services assess their digital financial literacy through standardized items measuring their understanding and comfort with online banking and mobile payments. The scale includes two items that demonstrate "I am knowledgeable about online financial transactions" while also demonstrating "I understand how to use digital banking services securely." Research specialists selected this scale because it fits current financial industry digitization patterns. The reliability measure for this scale was calculated at 0.80 using Cronbach's alpha, which points to a good stability score (Xiao, Chen, & Chen, 2015; Lusardi & Mitchell, 2014). Digital financial literacy plays a crucial moderating function because it determines how much risk people take in their financial actions particularly when using online platforms.

Table 1
Factor Loadings

Construct	Measurement Items	Factor loading	t-value	Cronbach's Alpha
Financial optimism (FO)	I feel that my current financial situation is excellent.	0.75	9.5	
	I think that my financial situation a year from now will be excellent.	0.78	9.8	
	I think that current business conditions in my country are excellent.	0.80	10.2	0.82
	I think that business conditions in Pakistan a year from now will be excellent.	0.74	9.4	
General Risk propensity (GRP)	What I think is that risk make life fun.	0.70	8.9	
	My friends would say that I am an adventurous person.	0.72	9.2	
	In many areas that interest me, I love to assume certain risks most of the time.	0.75	9.6	0.87
	I can pursue a risk even when I know I am most likely to be hurt.	0.77	9.7	

	In my life, I enjoy taking risks.	0.73	9.4	
	I trust in taking new chances. One can say that I appear to be wired to take risks and not run away from them.	0.75	9.5	
	I often buy things spontaneously. Just do it describe the way I buy things.	0.72	9.2	
	I often buy things without thinking. I see it; I buy it describes me.	0.82	10.5	
	Buy now, think about it later			0.85
	Sometimes, I feel like buying things	0.85	10.8	
	on the spur of the moment	0.80	10.3	
	I buy things according to how I feel at the moment.	0.83	10.6	
	I carefully planned most of my purchases	0.79	10.0	
	Sometimes, I am a bit reckless about what I buy.	0.84	10.9	
	I possess knowledge about IMPS/RTBS/NEXT/AEPs	0.80	10.2	
Digital Financial literacy (DFL)	BHIM based money transactions.	0.69	8.8	
	I possess some knowledge about electric wallets (paytm, PayPal, google pay, etc)	0.77	9.7	
	I know about debit/credit/ATM cards.	0.68	8.7	
	I comprehend mobile and internet banking.	0.70	9.1	
	I frequently update my password for online banking.	0.72	9.3	0.80
	I know the customer rights and protection regarding digital financial services.	0.71	9.0	
	I understand how firewall, antivirus and software update enhance security.	0.73	9.5	
	I have knowledge of how to complain about defective digital financial services.	0.70	9.1	
	Before purchasing financial products online, I verify whether the provider is licensed in my country.	0.69	8.8	
	I frequently change password for financial transactions.	0.72	9.3	
	I know a thing or two internet money (Biotin, etc)	0.74	9.5	

SPSS output

Table 2
Descriptive statistics

Variable	Mean	Std.	Min	Max
Financial optimism (FO)	3.90	0.70	2.00	5.00
General Risk Prosperity(GRP)	3.80	0.75	2.10	5.00
Impulse buying behavior (IMP BEH)	4.00	0.80	2.00	5.00
Digital financial literacy (DFL)	3.85	0.72	2.00	5.00

SPSS output

Table 3
Correlation Analysis

Variable	1	2	3	4
Financial Optimism	1.00	0.45**	0.30**	0.25**
General risk prosperity	0.45**	1.00	0.50**	-0. 30**
Impulse buying behavior	0.30**	0.50**	1.00	-0. 30**
Digital Financial literacy	0.25**	-0. 30**	-0. 40**	1.00

SPSS output

Table 4
Regression Analysis

Model	B	Standard Error	Beta (standardized)	t-value	p-value
H1:FO→GRP	0.40	0.08	0.45	5.00	0.001**
H2:GRP→IMP BEH	0.50	0.07	0.50	7.14	0.001**
H3:Meditation (FO→GRP→IMPBEH)	0.20	0.06	0.30	3.33	0.001**
H4:Moderation(DFLxGRP→IMP BEH)	-0. 30	0.05	-0. 40	-6. 00	0.001**

SPSS output

This research included age, gender, income level, and education level as control variables to investigate their influence on the study's main relationships. Consumer behavior studies use these variables to address demographic imbalances that influence financial attitudes and behavioral variants (Lusardi & Mitchell, 2014).

Discussion

Overview of the findings

This research sought to examine financial optimism, general risk propensity, impulse buying behavior, and digital financial literacy as components that illuminate consumer behavior in online financial decision-making. The effects of financial optimism and impulse buying behavior remain positive, with general risk propensity, suggesting that digital financial literacy moderates risk propensity towards impulse buying behavior.

Financial Optimism and Impulse Buying Behavior

Optimistic perceptions about finances significantly increased a person's inclination to make impulse transactions. The outlook of financial success people maintain at present seems to increase their tendency toward impulsive buying behavior. People develop a more peaceful perception of their spending when they believe their economic condition will improve in the future (Chhatwani & Mishra, 2021). The research demonstrates that financial health evaluations and buying habits naturally form a psychological relationship between the two.

Role of General Risk Propensity as mediator

GRiPS served to measure participant levels of risk-taking behavior both in monetary selections and regular existence (general risk propensity). The relationship between financial optimism and impulsive buying behavior was significantly mediated by general risk propensity. Financial Optimistic individuals tend to take risks regarding their finances because they approach money positively, resulting in more impulsive product purchases. The results of this study support theories that behavioral expenditure habits are driven by risk-taking during periods when instant satisfaction supersedes long-term savings (Zhang, Highhouse, and Nye 2018).

Moderating role of Digital Financial Literacy

Digital financial literacy proved to play an essential role as it restricted the relationship between general risk propensity and impulse buying behavior. The study illustrates how digital financial literacy controls the positive bond between general risk propensity and impulse buying behavior. People with advanced digital financial knowledge maintain better self-control over their actions, although their natural tendency to take risks may be higher. Research confirms that appropriate financial knowledge serves as a protective factor, mitigating the risks associated with risky financial decisions when media recipients interact through digital platforms (Lusardi & Mitchell, 2014; Xiao, Chen, & Chen, 2015).

Theoretical Implications

This research enhances future studies of consumer financial behavior by integrating financial optimism theory and risk-taking temperament with digital financial literacy requirements. An optimistic financial attitude towards buying impulses strengthens Theory of Planned Behavior (Ajzen, 1991) through understanding how consumers perceive positive financial potential to influence their spontaneous shopping behavior. The findings from this study prove the validity of Risk Propensity Theory (Blais & Weber, 2006), which establishes that risk-averse people tend to participate more frequently in uncertain actions such as impulse buying. The study found that digital financial literacy serves as a control variable, offering novel insights into digital consumer behavior. Financial knowledge about digital platforms shows its ability to reduce the effects of risky behavior, which drives consumers to make impulsive online financial choices.

Practical Implications

This research yields beneficial information that helps marketers in addition to financial instructors and governmental policymakers.

Marketers: Information on financial optimism helps them develop targeted marketing strategies to reach consumers with positive financial expectations. The marketing of security-enhancing products and lifestyle-targeted items helps attract consumers who maintain positive financial expectations. Marketers must proceed with caution regarding ethical concerns stemming from their promotional efforts to boost optimistic consumer spending yet protect consumers from financially harmful campaigns.

Financial Educators: Digital financial tools and strategies should be incorporated into financial literacy programs because they are highly important to students. Educational institutions should teach people how to use online financial platforms securely and responsibly, so they can acquire the information needed to make financial decisions wisely. Teaching a better understanding of digital finance can help minimize the destructive consequences of overly enthusiastic spending behavior.

Policymakers: The research findings enable policymakers to develop support for digital financial literacy initiatives through government policies. Digital financial services have become more prevalent, thus making consumer education about their risks and rewards in online transactions mandatory for proper use. New regulations for financial institutions must offer people easy-to-understand digital literacy resources that explain everything transparently, or policymakers should back campaigns that teach the public how to make wise financial choices in this digital age.

Limitations

The study provides valuable results but is constrained by several limitations. This study employed a cross-sectional research design, which limits the proper identification of causal associations among research variables. Longitudinal research, together with experimental designs, should be employed to establish definitive evidence of cause and effect. The limited number of 164 study participants from the Punjab, Pakistan, population introduces constraints on how broadly the research findings can be applied. Including participants from diverse cultural and financial backgrounds would enhance the external validity of this study. Self-reported data collection creates a third limitation, as participants may select socially attractive responses rather than provide genuine financial activity data due to social desirability bias. Research should integrate behavioral tests and financial transaction records to confirm self-reported data.

Future Directions

This study suggests several avenues for future research to extend its current findings. More investigations should examine the mechanisms underlying the relationship between financial optimism and risk-taking behaviors, as well as their relationships with other psychological factors, including financial stress and self-control, that affect impulsive buying behavior. The effects of AI-powered financial management tools on impulsive spending should be studied to determine their ability to reduce such behavior. An experimental research design should be used to evaluate the effectiveness of digital financial literacy programs aimed at reducing impulse buying and promoting long-term behavioral change. Future research that combines past areas with novel investigations will yield more profound understanding of financial optimism and impulse buying behavior, thereby enabling the development of effective strategies to improve financial decision-making responsibility.

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