

**UNIVERSITY OF ECONOMICS IN BRATISLAVA
FACULTY OF NATIONAL ECONOMY**

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**The Impact of Government Institutions and
Non-Governmental Organizations on household Financial
Decision Making**

Bachelor thesis

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Study programme: Finance, Banking, and Insurance

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Department: Department of Finance

Supervisor: Mgr. Yuliya Petrenko, CSc.

ABSTRACT

DAHDAH, Joelle: *impact of government institutions and non-governmental organizations on household financial decision making*. University of Economics in Bratislava, faculty of national economy; department of finance. Mgr. Yuliya Petrenko, CSc. Bratislava: NHF EU, 2023, (47pp).

The final thesis is dedicated to show the impact of government institutions and non-governmental organizations on household financial decision making the aim of the bachelor thesis is to delineate the impact of different institutions and organizations on households' financial decision making. It presents a thorough explanation and analysis of the study findings, emphasizing the importance and potential consequences for government institutions, non-governmental organizations (NGOs), financial institutions, and families, provides a succinct review of the study findings, stresses the importance of the research, and provide recommendations for future research areas. The result of solving the given problem shed light on how government institutions and non-governmental organizations (NGOs) influence family financial decisions. It highlights many processes through which these institutions influence the financial behavior of families, such as financial education programs, social welfare policies, or access to financial services. The research analyses the impact of certain government policies or non-governmental organization activities in affecting family financial decisions. It might give evidence on the outcomes and implications of various financial literacy programs, policies, or initiatives. Key elements influencing family financial decision making, such as socioeconomic position, cultural norms, or institutional settings, will be identified via the research. It investigates how government institutions and non-governmental organizations interact with these elements, either strengthening or lessening their influence on families.

ABSTRAKT

DAHDAH, Joelle: vplyv vládnych inštitúcií a mimovládnych organizácií na finančné rozhodovanie domácností. Ekonomická univerzita v Bratislave, národohospodárska fakulta; oddelenie financií. Mgr. Yuliya Petrenko, CSc. Bratislava: NHF EU, 2023, (47pp).

Záverečná práca je spracovaná o vplyve vládnych inštitúcií a mimovládnych Organizácií na finančné rozhodovanie domácností cieľom bakalárskej práce je načrtnúť vplyv rôznych inštitúcií a organizácií na finančné rozhodovanie domácností. Jednotlivé časti záverečnej práce boli zamerané na rôzne cieľové skupiny. Literárna časť diplomovej práce je často určená pre akademikov, výskumníkov a iných jednotlivcov, ktorí majú záujem dozvedieť sa o existujúcom súbore vedomostí o danej téme. Zahŕňa dôkladné hodnotenie dôležitých odborných časopisov, kníh a správ, ako aj pomáha pri zaradovaní štúdie do rozsiahlejšej akademickej diskusie. Metodologická časť práce je primárne zameraná na výskumníkov, akademikov a jednotlivcov so záujmom o výskum. dizajn a metodológia, časť práce s analýzou údajov a zisteniami je zameraná na výskumníkov aj tvorcov politik, časť s diskúsiou a dôsledkami práce je zameraná na väčšiu čitateľskú obec vrátane tvorcov politik, odborníkov z praxe a akademikov. Predkladá dôkladné vysvetlenie a analýzu zistení štúdie, pričom zdôrazňuje dôležitosť a potenciálne dôsledky pre vládne inštitúcie, mimovládne organizácie (MVO), finančné inštitúcie a rodiny. Záver práce je určený všetkým čitateľom, ktorí chcú zhrnúť hlavné výsledky a prínosy štúdie. Poskytuje stručný prehľad výsledkov štúdie, zdôrazňuje dôležitosť výskumu a môže poskytnúť odporúčania pre budúce oblasti výskumu. Výsledok riešenia daného problému môže objasniť, ako vládne inštitúcie a mimovládne organizácie (MVO) ovplyvňujú finančné rozhodovanie rodiny. Mohlo by to zdôrazniť mnohé procesy, prostredníctvom ktorých tieto inštitúcie ovplyvňujú finančné správanie rodín, ako sú programy finančného vzdelávania, politiky sociálneho zabezpečenia alebo prístup k finančným službám. Výskum by mohol analyzovať vplyv určitých vládnych politik alebo aktivít mimovládnych organizácií na ovplyvňovanie finančných rozhodnutí rodiny. Môže poskytnúť dôkazy o výsledkoch a dôsledkoch rôznych programov, politik alebo iniciatív v oblasti finančnej gramotnosti. Prostredníctvom výskumu možno identifikovať kľúčové prvky ovplyvňujúce rodinné finančné rozhodovanie, ako napríklad sociálno-ekonomické postavenie, kultúrne normy alebo inštitucionálne prostredie. Môže skúmať, ako vládne inštitúcie a mimovládne organizácie interagujú s týmito prvkami, či už posilňujú alebo znižujú ich vplyv na rodiny.

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Introduction

Household financial decision-making is an important component of people's life in modern civilizations. Individuals and their families' quality of life can be influenced by financial decisions such as investments, savings, and budgeting. Governments and non-governmental organizations (NGOs) have different roles in influencing family financial decisions. This paper will look at the influence of government institutions and non-governmental organizations (NGOs) on family financial decisions.

Government institutions' influence on household financial decision-making: Government institutions have a substantial influence on household financial decision-making. For example, the government can control financial markets, which might influence household behavior. Incentives for saving and investing can also be provided by the government. Some examples of such incentives are tax breaks for retirement savings, college savings, and property ownership.

Non-governmental organizations' influence on household financial decision-making: non-governmental organizations (NGOs) can have a major impact on household financial decision-making. Financial education programs, such as workshops and seminars, can be provided by non-governmental organizations to assist families in understanding financial products and making educated decisions. NGOs may also assist households manage debt, create budgets, and plan by offering financial counseling services.

Finally, government institutions and non-governmental organizations (NGOs) play key roles in molding household financial decisions. Governments may control financial markets, give incentives, educate citizens, and provide social welfare services. NGOs can provide financial education, counseling, microfinance, and advocacy services. Governments and non-governmental organizations (NGOs) can collaborate to assist people make educated financial decisions and increase their financial stability. Thus, in today's complex economic landscape, household financial decision making plays a pivotal role in shaping individual and family well-being. With the emergence of government institutions and non-governmental organizations (NGOs) as key players in the financial sector, the dynamics of how households manage their finances have undergone significant transformations. This study aims to explore the profound influence that these entities exert on household financial decisions and outcomes. By analyzing the various policies, programs, and interventions implemented by government institutions and

NGOs, we seek to comprehend their direct and indirect effects on the financial choices made by households. In doing so, this research seeks to shed light on the multifaceted interactions between households and these influential actors, offering valuable insights for policymakers, financial institutions, and researchers alike.

The intricate web of household financial decision making is a crucial aspect of individuals' economic well-being. In this thesis, the study delves into the multifaceted elements that influence how households manage their monetary assets, aiming to shed light on the substantial role of government institutions and non-governmental organizations (NGOs) in shaping these choices. Chapter one sets the foundation by exploring the reasons why households need to save their monetary assets, encompassing aspects like financial decision making, household financial planning, and diverse economic backgrounds. The study delves into the dynamics of family arrangements, women empowerment, and children's impact on family financial decisions. Additionally, it unravels various ways households plan for financial situations, from budgeting and managing liquidity to investing and preparing for retirement. Chapter one also delves into the profound influence of government institutions through fiscal and monetary policies, analyzing recent examples and exploring the broader impact of governmental policies on household financial decision-making. Moreover, it examines the significant roles played by different types of NGOs, such as micro-credit finance, education, and health sectors, in shaping household financial decisions. The second Chapter will outline the aim of this thesis, the methodology employed, and the research methods used. Chapter three will present the results and discussions, and the thesis will conclude by synthesizing the findings and highlighting their implications for policymakers, financial institutions, and households alike. Through this comprehensive investigation, the study aims to contribute valuable insights into the dynamic interplay between government institutions, NGOs, and household financial decision-making, ultimately offering a holistic perspective on the subject.

1. Household's Decision Making

Household decision making refers to the process of making choices and taking actions that affect the overall well-being of a household. These decisions can be related to various aspects of household life, such as financial, social, educational, and health-related matters. Effective household decision making requires careful consideration of options and potential outcomes, as well as communication and collaboration among household members. Decisions may be made by an individual household member or by a group of household members working together to reach a consensus.

1.1 Reasons why households need to save their monetary assets

Households need to have some savings on the side for several different reasons, including their retirement, hard days, large future planned purchases, i.e., property or their children's future or current education, the need to have heritage for their children and many other reasons. After his research, Professor Francisco Gomes (London Business School and CEPR) lighted the relative importance of the different saving causes which change with age, and which makes it cherished to analyze the individuals' 'lifecycle portfolio choice' to determine the greatest assets in order to be put in their savings (Campanale et al. 2015).

1.1.1 Financial Decision-making

Financial decision making refers to the process of making choices about how to manage and use financial resources. It involves evaluating different options, assessing their potential risks and benefits, and selecting the most appropriate course of action based on one's financial goals and priorities. Financial decision making can encompass a wide range of activities, including budgeting, saving, investing, borrowing, and planning for retirement or other long-term goals.

The Economics of the households was not a precise matter until Gary Becker, the founding father of the subject, aided in the development of the New Household Economics theory (NHE) and the A Treatise on the Family, written in 1981, (Becker, 1993). Becker stated that social welfare programs play a significant impact on the allocation of resources within families, as social security taxes lean towards reducing the number of resources children give to their aged

parents. With the publication of this book, it is concluded that families move to the head of the research agenda in different types of social sciences. Malthus and Adam Smith studied the family in part by analyzing the relationship between the size of the family and income of living. By the beginning of the 20th century, many economists have tried to focus on the business and different monetary issues in the economy more than that of the behavior of the household. The theory in economics regarding households can aid to better understand the effect of the public and private sector in the different markets and the environment in general. The Journal of Economic Behavior & Organization (Financial decision-making in the household: Exploring the importance of survey respondent, health, cognitive ability, and personality) found that men and women in the household often have disagreements on who is responsible for the financial decision making of the household, and that the person's education, employment and salaries determine who is responsible for the financial decisions. It was also noted that increased employment and wages are completely related with a person's decision-making responsibility in both parts and within-couple board models. It was also noted that several results are profound to whether male or female issues were used of who is the decision-maker, signifying that studies with information from only one person in the household need to take into consideration that their results may be somewhat dependent upon the gender of the respondent.

(Deng et.al, 2021) states that household financial decision-making is practiced into the typical financial intermediate model, leading to an impact on the households' profile choice, the conduct of financial intermediaries, and the economy. The results relating to numbers and figures resulted that the combination of household financial decision aids to alleviate the aggregate economy through specific channels. People should be aware that negative events can happen at any time during life, and financial plans should be part of each household. A negative impact and surprise difficulty of capital quality lowers the total assets of financial intermediaries and makes it harder on their lending to individuals, leading to low social investment and outputs. The most important details in this text are that people should be aware that negative events can happen at any time during life, and that financial plans should be part of each household's financial plan.

The economy is stabilized by the way people react and assess their financials, as each reasonable person always thinks about what could happen in the future and how they will react

upon any surprise in the future effecting their lives, such as a sickness or matters which we have recently faced, i.e., the COVID-19 Virus, effecting millions of people in their financial management of their assets and the ways that began to pay their liabilities. As a reviewer of the mentioned topic in this statement, it is well noted that people need to plan in a wide way for negative issues which could occur and should have a part saving of their financials to manage any negative surprise.

1.1.2 Household Financial Decision Making

Household financial decision making refers to the process by which individuals and families make choices about how to manage their financial resources. It involves a range of activities, such as earning, saving, investing, spending, and planning for long-term financial goals.

Household financial decision making is influenced by a variety of factors, including income, expenses, debt, savings, life stage, and personal values and goals. For example, a household with a limited income may need to prioritize basic expenses such as housing and food, while a household with a higher income may have more flexibility to invest or save for the future.

Some common financial decisions that households make are like the ones mentioned above in financial decision making.

There are several key factors that can influence financial decision-making within households, such as:

- **Income.** The level of household income can significantly impact financial decision-making. Families with higher incomes may have more options for saving and investing, while those with lower incomes may struggle to meet basic needs.
- **Values.** Personal and cultural values can impact how households' approach financial decision-making. For example, some households may prioritize saving for future goals over immediate consumption, while others may prioritize immediate consumption.
- **Financial knowledge.** Understanding of financial concepts and products can play a significant role in financial decision-making. Households with higher levels of financial literacy may be better equipped to make informed financial decisions.

- **Family dynamics.** The roles and relationships within the household can also influence financial decision-making. For example, households with a single breadwinner may approach financial decisions differently than households with multiple income earners.

1.2 Economic Backgrounds Regarding Family Decision Measures and different ideas of researchers on this matter

Previous economic models state that the households react like a single unit with the same favorites of combining resources (the utility model). Which states that: “The critique has been made that heterogeneity in individual preferences was disregarded in this model and was not assumed to influence family financial decision making” (Mader & Schneebaum, 2013). To answer this, it is idly increased when more traction in explaining family decision making is done as mentioned that “In the cooperative bargaining framework, each partner has different preferences, but individuals with more power in households are likely to make financial decisions” (Bertocchi et al., 2014).

Thus, “Spouses with more bargaining power (more resources) can influence household decisions in favor of his or her preferences” (Yilmazer & Lyons, 2010). Several studies found supporting evidence for the bargaining model in spousal financial decision making in savings, spending, investing, and insurance (Addoum, 2014; Babiarz et al., 2012; Lührmann & Maurer, 2007; Mader & Schneebaum, 2013; Oreffice, 2014; Yilmazer & Lyons, 2010).

Moreover, “Women’s influence may increase as their resources, such as education and labor participation outside of the household, increase” (Friedberg & Webb, 2006). Although, Stevenson et.al argued that “a large gender income gap exists, women have gained in education and labor market experiences” (Stevenson et.al, 2015). In a study made in the United States the results came up to be that, “women are the sole or primary breadwinners of 40% of all households with children younger than the age of 18 years, and married mothers are increasingly better educated than their husbands” (Pew Research Center, 2013).

Based on the above, it is worth to mention that the roles of women in society and particularly in decision making is changing since several years. Women thought of financial matters differently than men, however due to the life changes and lifestyle circumstances, it is obvious

to them and to society in general that changes are directly affecting the way people start to think and analyze their situations. The roles and responsibilities of all members of the household have significantly shifted from previous years, especially during the twentieth century and continuing forward. Women are holding great powerful positions in society, other are working on reaching that point, while others still believe they are not to be part of those positions, however there is a big chance this criterion of thinking will change as life is still changing and responsibilities are also changing.

1.2.2 Women Empowerment

The expansion in women's ability to make strategic life choices in a context where ability was previously denied to them. The feminism perspective argues that systematic gender differences affect financial decision making and responsibilities. Research has found that women tend to take financial decisions for daily financial spending and expenditures, while husbands look more in the future and plan financially for the future years. Lyons, Neelakantan, Fava, & Scherpf in 2007 mentioned that men are more knowledgeable in financial resources and planning than their spouse, and that the man in the household is the person more involved in the household financial decisions in the United States of America (Lyons et.al, 2017). Other research stated that whereas women grow more in their income, household financial decision making is directly affected, and house savings is increased when they are part of the revenue collector for a household. Men concentrate more in the decisions of financial aspects which request more detailed financial knowledge and know-how, while women are more likely to be related to small payments and short-term planning and spending. These findings suggest that men and women may have and need different experiences and expertise in financial decisions, but that matters are changing, and women are now on the way to manage finances and funds closely to ways men are doing it.

1.2.3 Family Arrangements and Family Financial Decisions

Monetary items, more specifically money and cash, is one of the most important management tasks and issues for married couples and the management of financial systems in a household. It is to be noted also, it is one of the major sources of conflicts between couples. "When the family allocates scarce resources such as time, money, and energy to achieve important family

goals, balancing needs and resources are necessary” (Rettig, 1993). Furthermore, differences and similarities in beliefs, values, goals, financial management roles, and financial management styles affect the financial decision-making process” (Rettig, 1993).

1.2.4 Children and Family Financial Decisions

Children have a significant influence on the financial decisions of the family and household. This includes the way the children think, the resources available for the children, the way they see other children live their lives, and the way they manage their purchases. As the number of children rises, the expenditures of the household rise. Furthermore, males who had gone through a divorce were shown to increase their holdings of hazardous assets, whereas women who had gone through a divorce opted for safer choices. In addition, married couples are more likely to acquire stocks if they have only female children, whereas single women are more likely to do so if they only have male offspring. Studies show that having children, and sometimes even the children’s’ gender, widely affect personal preferences and preferences which form financial household decisions. Household decision makings and available ways to manage those decisions state that as the children become older, (ages 16 and above) can be decision makers also for the household, along to their parents (Kim et.al ,2017) . Children may state what flavors they/she prefers, request certain types of games or toys which are more or less expensive than others, while other children may state that there is no need for a family vacation this year after seeing the way their/her parents are financially struggling on expenditures during certain months.

1.2.5 Household Financial Plans

To mitigate any risks for future negative financial situations, the household members (usually parents) need to have a well effective and efficient financial plan in that regard. There are different steps to be taken by those members to fully occupy and fulfil a well-established plan. A plan most involves specifying the financial goals including the spending, financing, and investing plans needed to reach the goal.

- Ways to plan for financial situations in the household
- Budgeting and taxes.
- Managing liquidity, or ready access to cash.
- Financing large purchases.
- Managing your risk.
- Investing your money.
- Planning for retirement and the transfer of your wealth.
- Communication and recordkeeping.

1.3 *Budgeting and taxes*

A budget is a tool used to plan a household's spending and saving to meet needs and wants. It involves establishing the households' net worth, establishing the income, identifying expenses, and considering the impact of taxes. Questions such as whether there is money in the bank, whether the household owes people money, and whether the spouses have jobs should be answered to determine the financial position of the household. Estimations of monthly expenditures aid in the budget process, and other payables due for the month, such as taxes, should also be considered. As the income of the individual increases, the taxes on that amount also increase.

1.3.1 *Managing liquidity*

The term "liquidity" is used to describe the availability of funds to satisfy short-term goals and requirements and can be easily transferred into cash at a very minimum time. The way a household manages its money, and the management of its credit decisions are involved and would impact the liquidity management of the household. The management of money aids to determine the amount of money needed to be kept liquid to avoid any possible shortfalls of cash, while the management of credit is more likely involved in having decisions met regarding the receiving of credit and using that credit in an effective manner. To assess the household financial capabilities, liquidity should be managed in a well manner, allowing a budget of the estimated finances of the household as a total.

1.3.2 Financing large purchases

Buying a house or buying a car might take years of payments, also affecting the coming months or maybe the coming years budgets and household financial decision making. In order for this process to take less time and in order to have a saving on these purchases, an amount to be paid at the time of purchase lowers future purchase payments or loan payments, as also the interest on those payments lowers.

Long term financing needs a good calculation and a high level of detailed assurance; any miscalculation will strongly impact household expenditures and decisions. The payment schedule, which requires to make timely payments, needs to be followed by the payer, as any default in that would face the household in a trouble and maybe extra default rate fees.

1.3.3 Managing risk

Risk is an issue that one might not consider upon the financial plans of the household. People might not think about each risk that the household might face, and for that, the household should take caution and a deep analysis of those risks is needed. Plans for managing risks is an asset a person should manage.

These risks might include health risks, insurances (car, fire, health) and need to be fully evaluated upon their planning of the household finances. A person should note that there is a greater chance of the household to suffer a financial loss, then the risk would be higher. Not having insurance for example on cars, would enable the household to suffer a large payment if the car is stolen, and for that insurance and other risks should be evaluated and highly considered in future financial plans.

1.3.4 Investing your money

Some household have extra money that should not be kept in the closet and should be part of making more on the side money. Investments are to be researched and money should be put in a portfolio to earn more money. Investments in stocks, bonds, mutual funds, or real estate are some of the common investments a household should think about. It is said that high risks reflect high returns (in sometimes this statement is not true), meaning that where larger amounts are spent as investments or where the level is riskier, there is a higher return on those investments.

Consultants are usually hired by households to manage investments, and a household should do good research on those for the benefit of the household.

1.3.5 Planning for retirement and the transfer of your wealth

Retirement planning includes the determination of ways to save money for retirement and how to invest that money in a well manner for the benefit of the household. It is also said that those who plan for retirement often have an earlier age of retirement that of course if they plan correctly and implement that plan as needed. The government also aids in this matter, and aid retired people in ways such as social security or other retirement plans. People who pay their taxes as required, would eventually benefit with good future social security payments in their future.

1.3.6 Communication and recordkeeping

Informing your spouse about the family's financial plans is a worthy issue to be done. This would leave the spouse know what to expect in the future and would also help the household manage its financials in a good manner, giving support to the other spouse member. Having numbers written on paper, record kept, is highly required as to not lose track and assure that any differences are noted once done. Filing for taxes and calculating the households' net worth are promptly efficient if figures are shown on paper, recordkeeping.

1.4 Influence of government institutions on financial decision making of the household

1.4.1 Government Institutions

Governmental institutions are organizations established by the government to manage and administer various aspects of public life. These institutions are responsible for implementing policies, programs, and regulations that are intended to promote the public interest and improve the well-being of citizens.

The policies that government have at local, state, and federal levels influence individuals and household who live within the governments' jurisdictions. Legislation on social services, education, childcare, housing, nutrition, consumer rights, product safety, and the environment in general all affect a well-established economic environment in addition to the physical and

mental health of individuals and the households. Governments, local, state, or federal, make and manage the rules and regulations where citizens all must live.

Governmental regulations include certain regulations to protect the safety and health of children, nursing homes, health care providers, food, and medicine. Having these supported and well managed by governments raises the good path and good well-being of individuals in the country, assuring that health situations are established in a good manner and not having any surprise negative health situations for those people in the country. Some countries, however, do not have these topics well managed, allowing over unplanned expenditures and erupted health situations for people in the country. Government institutions, i.e., Ministry of Health, which is governed correctly, will need to ensure that its people in the country are covered by advantageous health situations, and their plans directly influences the people and households in the country (Mosley, 2004).

Governmental services also play a major role affecting households. The public welfare, such as health programs, help and support to those in need, disaster relief, fire/police/military protection, streets, and education, when supported by governments in an effective manner, would lower costs on households, as households and families would worry less about payments after a catastrophe occurs such as a fire or educational benefits and public schools. A raise or decline in the public services such as closing schools, hospitals, day-care centers. and residential homes for the elderly; transportation; and street cleaning create all have a larger impact and influence on families.

The Investopedia team in 2022 (updated version) stated in their “What Impact Does Economics Have on Government Policy” review updated aspects regarding the interference of governments on the economy, directly affecting and influencing household plans for financial capabilities and financial practices, as stated below:

- “Economic conditions often inform the policy changes that governments elect to enact.
- In the U.S., government policy has always had a large amount of influence on economic growth and the creation of new business entities.
- For those in political power, having a track record of economic growth is often an important consideration (especially if they are in a position of seeking re-election).

- To ensure strong economic growth, there are two main ways that the federal government may respond to economic activity: fiscal policy and monetary policy.
- In the U.S., the Federal Reserve System directs the country's monetary policy”.

1.4.2 Fiscal Policy

The fiscal policy is when governments use spending and taxation to influence and effect the economy of a country. This technique was used in the last global economic crisis to support available financial systems, have a raise in the countries growths, and lower the impact of the crisis. The Central Banks indirectly begin to have a large target on the activities of the market and the economy through individuals, by modifying their interest rates, the requirements of the bank reserve, and the purchase and sale of any government securities and foreign exchanges. Governments begin to have an influence and impact on the economy by having certain changes on the levels and kinds of taxes, the degree and arrangement of their spending, and the way and amount of their lending to people in general. Households are directly affected by the mentioned, as any change in the currency rates directly affects each person in the country (Horton, 2012).

Households are directly affected, as for example any change in the currency rates directly affects each person in the country, as having the local currency weak compared to other country currencies means that prices would be higher for products bought from those countries, i.e., the sales prices of new cell phones would raise, as the supplier purchases these phones in foreign currencies and sells them in a local currency, allowing the price to raise on both the supplier and indirectly to the purchaser (customer).

1.4.3 Recent example of a Monetary Policy

“In response to the COVID-19 pandemic, the Federal Reserve quickly reduced the federal funds rate to 0%.2 by setting main interest rates lower than before, the Federal Reserve attempted to support economic activity, maximize employment, and meet price stability goals” (Congressional Research Service, 2020).

Governments plan for their fiscal policies in scenarios related to both the short- and long-term periods, each depending on special reasons and circumstances. In the short term, governments tend to focus on macroeconomic stabilization, i.e., to have a growth in spending or lowering taxes to motivate a poor economy, or to reduce the spending or to raise the taxes against in a high inflation or to aid in lowering any external weakness. In the longer term, the focus might be to raise the stable growth or to have a reduction in the poverty of the individuals and the economy, as this is done in a way affecting the supply to have an improvement in the infrastructure in the country and education process. The decision to have a reduction in the poverty may directly have an influence on a low-income country to incline their spending towards health care systems, while in a more growing and advanced economy, pension changes may target future long-term costs more relevant to an elderly population.

1.4.4 Recent example of a Fiscal Policy

Bureau of Economic Analysis in 2021 analyzed the fiscal policy and concluded that “In response to the COVID-19 pandemic, the Federal government awarded economic impact payments (i.e. stimulus checks) to qualifying Americans. The government directly sent eligible individuals’ money to promote economic activity and encourage household spending”

1.4.5 Other General Governmental Policies Influencing Financial Decision Making for Households

The following are a few topics which would affect the household decision making regarding financial situations. It is all connected, as when the below are available and managed in a correct manner and supplied to the households and citizens of that government, then automatically, costs would be lower on households and households would be efficient in their decision making for financial matters.

- *Family Economics:*
Income maintenance, fair credit reporting/billing, truth in lending parental leave
- *Food and Nutrition*
Feeding programs, dietary guidelines, nutrition labeling, food inspection regulations
- *Family Life*

Childcare, domestic violence, child support, family planning, family leave

- *Others*
Tax laws, farm subsidies, savings and loan bailout, international conditions, natural resource surplus/scarcity
- *Health and Human Services*
Care of elderly, health care, retirement support, handicapped services, public health
- *Environmental Protection*
Water, air quality, waste management, pesticides
- *Textiles and Housing*
Flammability standards, labeling codes, construction standards, trade/tariffs
- *Safety*
Seat belts, air bags, product labeling, drug testing

Naming a few other matters, certain aspects such as the relationship of the household's government with other country governments, taxes, inflation, country inputs and outputs and other matters influence the way the household can manage its financial decision making. Taxation has a high effect regarding the decisions which families make, and there are different policies for taxes in countries around the world. Rawls (1971) states that the fundamental institutions of government and of the legal order are required to be neutral as to rival moral ideals and conceptions of the good life. Objectivity in taxation has two allegations for taxation policy, as the first stated that the government should be neutral as to the organization of the family, and for that, families with equal resources and equal requirements should be treated equally in all respects, including taxation. No specific family type, i.e., two income earner couples, need to have stable expenses than other types of families. The most important details in this text are that a progressive tax system should be equal and neutral in regard to marital status, and that two individuals need to be taxed on the same way as a married couple. This is because different basis will either have an incentive or a disincentive for people to get married. An example of this is taken from a study, where a married couple with two earners, each earning £10,000 per year, will pay £1,000 less tax than a single earner married couple, in which the earner's income is £20,000 per year. If income splitting were allowed, the single earner couple would pay £1,000 less per year when married, creating an incentive to marry. It is important to note that marriage has special structures, and that both spouses (husband and the wife) have

always been treated as one unit due to the supposed natural and social bonds (Gärling et.al, 2009).

However, due to the changes in the tax laws, it is no longer said that men and women are one (regarding tax calculations). Governments do supply families with special concerns and treatments upon the calculation of taxes and any possible returns, each country having somewhat some different criteria. The government has an inherent interest in protecting the well-being of its citizens and may enact legislation to preserve the quality of life for its citizens and promote economic well-being and equity across different socioeconomic classes (Yue et.al, 2020). Governments need to use well-established economic resources to indorse changes as they believe are relevant, such as changes to tax policies and frameworks, modifications to the federal funds rates, variations in the supply of money in the market or changes to the government spending. Governments have had changed their perspectives in the management of financial situations in their countries throughout the years, as in the 1970s, the two main goals of the Federal Government have been to attain maximum employment in the U.S. and to have a sustainable inflation rate. All businesses and suppliers sell their final products and services to households in a direct or indirect way.

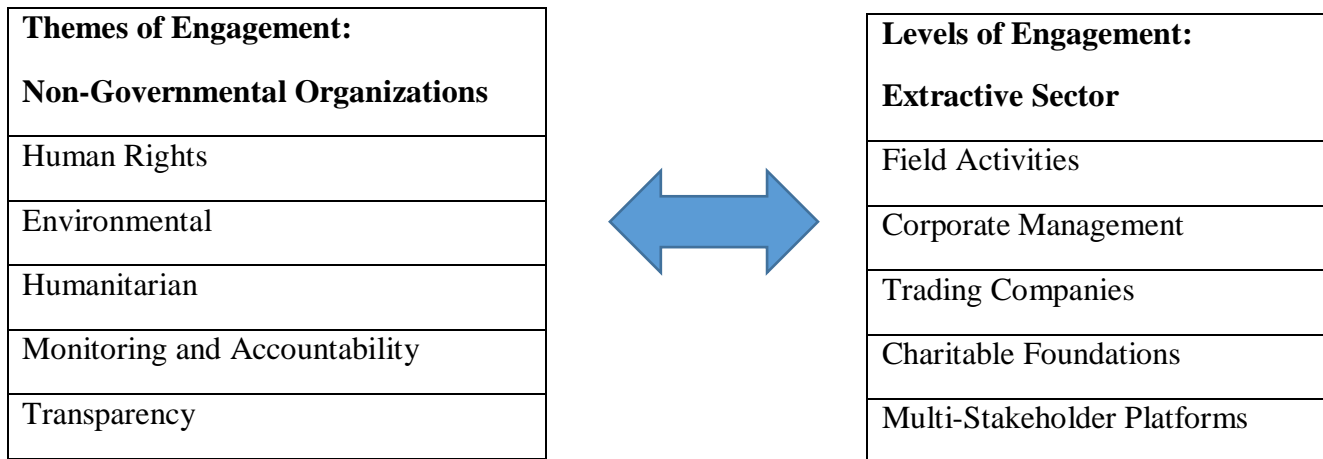
1.5 Influence of non-governmental institutions on financial decision making of the household

Non-governmental institutions, also known as non-governmental organizations (NGOs), are organizations that are independent of any government and operate on a non-profit basis. NGOs are typically formed by individuals or groups of individuals who share a common interest or goal and are dedicated to promoting a particular cause or issue. NGOs can take various forms, including charities, advocacy groups, research institutes, and community-based organizations. They can operate at local, national, or international levels, and their activities can include a wide range of areas such as human rights, environmental protection, education, health, and economic development.

Hence, StromQuist mentioned that “NGOs perform three primary functions: (i) providing direct services such as providing shelter and aid, caring for unfortunate welfare; (ii) providing educational services such as initiating educational awareness and encouraging critical analysis

on the social environment; (iii) defending public policy such as advocating for corruption prevention or no smoking policy” (Stromquist,1998).

Figure.1
NGOs theme of engagement and the level of engagement in them.



The figure above illustrates that a few or many connections could be connected between different types of NGOs, as shown in the Themes of Engagement, with possible engagement and services as shown in the Levels of Engagement. In the previous two decades of the twentieth century, NGOs started to have a major role in the politics of most countries, however these institutions had originally focused on the social welfare. It is noted that NGOs work and types of NGOs in the world are emerging all around. Between the years 1987 and 1997, several studies on NGOs were done, with a focus on government, democratization, the formation of civil society, and on NGOs in the global system.

NGOs are an essential part of civil society and are distinct by their voluntary, non-partisan, non-profit, and non-criminal acts. According to Salamon and Anheier, seven distinct characteristics were used to categorize and differentiate NGOs: (1) formal (officially registered and governed), (2) private (having a separate organization from the government), (3) non-profit distributing (different from the objectives of establishing a business organization),(4) self-governing (privately managed), (5) voluntary (worked voluntarily), (6) non-religious (not motivated by preaching), and (7) non-political (not involved in promoting candidates in elections). NGOs tend to work on the sustainability of the developments in the communities and households,

enhancing and fixing the financial capabilities of small businesses and other institutions, and having an effective networking and teamwork between stakeholders. Different NGO stakeholders need to aid in strengthening the efficacy and effectiveness of all NGOs for the delivering of community development services, and to encourage the economic growth, development, and stability in the region (Carlos, 2023).

1.5.1 Types of NGOs effecting the financial decisions of households

As stated earlier, there are different types of NGOs functioning and working in the world, many of them directly have a great effect on the decision making of many households. In this study, there would be a focus on a few to be mentioned NGO sectors which play a role in the decision making of households. The following are a few types of NGOs which play a role in the mentioned topic:

- Micro-Credit (finance) NGO Sectors
- Education NGO Sectors
- Health NGO Sectors

1.5.2 Micro-Credit (Finance) NGO Sectors

Microcredit or Microfinance Institutions (MFIs) are financial service providers to those in need of loans however with smaller amounts than amounts given by banks to people. They work in a way where types of guarantees easier for borrowers to supply than they can to banks. These loans can be personal loans or capital loans to begin or expand small businesses in which the borrowers have. The idea of the MFIs was formalized by Professor Mohammed Yunus in the 1970s; he is an economist and Nobel Prize recipient. MFIs are a popular mean and way in which people can receive finances in an easy way as most people do not have regular incomes and others do not have bank accounts (Mader, 2015).

MFIs are a type of investment which directs greater economic activity to borrowers or beneficiaries. They can also be used to purchase major and in need items such as cooking stoves, refrigerators, and/or urgent needs (Mader, 2015). In developed countries, MFIs have risen entrepreneurship as people invest in income generation businesses and projects. The result of

receiving loans from MFIs can lead to an increase in the income of the borrower, enabling them to not be under poverty or to a better financial situation.

1.5.3 What are the influences of MFIs to households?

The increase in well education which also raises the social status of the household because there are some people which take personal loans to pay for educational services for themselves or their children, leading an indirect increase in the competency of people, and will aide in people to find relevant jobs they might be seeking(Mader, 2015).

- People receiving loans for making their businesses better can eventually have better income and will make his household finances controllable and would enhance and make better their economic activities.
- Other might request loans to not rent for their businesses anymore and have their own environment to carry out his/her business activities and would also control and allow a stable control over the household financial capabilities.
- Taking loans from MFIs would also aid in covering basic required expenditures such as transportation fees or certain health expenditures (doing a health operation), which would allow the borrower to continue in his/her life in a better way after covering these basic expenditures.

MFIs positively aids in having a great impact on people and households, (especially those living in low-income countries or in countries with unstable financial situations). Having this easily available way of financing aided in the level of status, educational services and general financing arrangement and expenditures of households.

MFIs however compared to banks, request a higher interest rate due to the request of lower warranties from borrowers, having borrowers pay a larger amount of fees. It is worth to keep in mind that without these MFIs, borrowers' household situation would be somewhat hard and might lead to poverty (Mader, 2015).

1.5.4 Education NGO Sectors

NGOs work to aid individuals, children, and non-children, but their aid for children is more than non-children. This research will focus on children's aid supported by NGO sectors, such as the UNRWA. These NGOs focus on programs and ways to make the material taught, curriculums, better, stronger and updated. Some NGOs began their work in countries where race was an issue, such as Bagamoyo in 1895. The Aga Khan Development Network (AKDN) and its Chairman, His Highness the Aga Khan, have been instrumental in helping develop schools and curricula for the East Coast of Africa. By the 1960s, there were 65 Aga Khan Schools in East Africa. These NGOs allowed students to improve their skills and aided them in enhancing their capabilities and financial situations after they were part of the workforce. Without the support of these NGOs, these students could have not received any education, which would have affected their future and left them unemployed (Islam& Walkerden,2015).

1.5.5 Health NGO Sectors

In addition to the above topics related to the types of services NGO sectors support the public, one other sector in this regard is the health sector. There are many NGOs which work to enhance the health sector in certain countries. These services range from building health institutions, hospitals, supporting hospitals and clinics with certain equipment, distributing vacancies or medicine, supplying certain trainings to health staff such as doctors, to evaluating the health care services and ways to better them. These institutions, at times, work with the government to create programs which would benefit the NGOs directly and would then benefit the people or would establish certain programs for the people directly. The government has been pressured by these NGOs for more transparency in the work. There are NGOs which work on advancing the type of quality regarding health services in countries. These types of NGOs work on increasing the number of patients in hospitals in addition to the number of diagnostic tests. "Over 16,000 people per year, most of them living on less than a dollar a day, now have access to quality health care through this public-private partnership" (Aga Khan, 2007). The number of health facilities are increased with the help of these types by NGOs, as these services became more effective for people to visit. Many of these health service providers helped people in

making their better, as many of these health institutions are free of charge, such as public hospitals financially supported by NGOs.

The most important details in this text are the advantages and challenges faced by NGOs in the health sector. These NGOs focus on providing benefits to health providers by updating them on best health practices and types of medicines and cures for patients. Pathfinder is an example of an international NGO that supports the health sector and has supported three major HIV/AIDS, reproductive health, and family planning projects focusing on home-based service delivery, adolescents, and capacity-building to improve service quality and availability. However, there are challenges such as lack of funds, non-availability of the needed human resources, non-competency of the staff, government not responding to inquiries or resources by the NGOs, lack of commitment by health providers, lack of data and information available or the lack of government financial support (Aga Khan, 2007). However, when health service providers are supported with no fees or at simple charges, people begin to visit the doctors, allowing their health to become better, allowing them to work again and make relevant decisions.

1.5.6 Other NGOs aid in the final decision making of households

Recently, during the start of the COVID-19 pandemic and until date, many NGOs had worked on making people's lives better. Certain NGOs began to work on missions having a direct effect on the ways people their lives. COVID had a huge impact on people at its beginning, however, now also has an effect, however at a lower percentage. These NGOs, such as ActionAid, had worked around the world in countries such as Jordan, Lebanon and Palestine in the Middle East, where projects were done to support women and young youth by implementing humanitarian action projects, in addition to other projects related to those people who were and are affected by the Syrian refugee crisis (Islam& Walkerden,2015). Women and children were being informed about the COVID affects and ways to mitigate risks of holding the COVID virus. It is a known fact that if these people have not been informed about the full consequences of the COVID, it might occur that these people might have received the virus, allowing certain sicknesses or maybe death of a percentage of these people. ActionAid and other related NGO has indirectly helped people to be aware and be cautious, allowing them to continue in their lives in a healthy way and making the women workforce continue in their jobs and business projects, raising their income and affecting their household income.

2. Aim of Thesis, Methodology and Research Methods

Government institutions and non-government organization may take various measures that directly or indirectly affect economic agents in the national economy. To some extent, these measures also influence and guide households' financial decision making. The aim of the bachelor thesis is to delineate the impact of different institutions and organizations on households' financial decision making. Financial decisions such as investing, saving, and budgeting may have a substantial impact on an individual's and their family's quality of life. Governments and non-governmental organizations (NGOs) play critical roles in determining family financial decisions. The government has the authority to regulate financial markets, give incentives, provide education and information, and implement social welfare programs. NGOs can provide financial education, counseling, microfinance, and advocacy services. Governments and non-governmental organizations (NGOs) can collaborate to assist people make educated financial decisions and increase their financial stability. The dependent variable defining process which was defined as Household financial decision making refers to the process through which individuals or families make choices regarding their financial matters, including budgeting, spending, saving, investing, and managing debt. It encompasses decisions that impact the economic well-being of the household, such as major purchases, investment strategies, and financial planning. The variable can be categorized into levels of involvement or intensity in household financial decision making, such as low involvement, moderate involvement, and high involvement. The first independent nominal variable which is government institutions. Government institutions are formal organizations established and regulated by the government to provide various services, policies, and regulations. In this study, government institutions refer to entities that offer financial services, policies, or programs that influence or shape the financial decisions of households. This variable explores the potential impact of governmental actions and policies on household financial decision making. Possible Values of different government institutions relevant to financial matters, such as taxation agencies, financial regulatory bodies, social welfare programs, etc. the second independent nominal variable which are NGOs, Non-governmental organizations (NGOs) are private organizations that operate independently of government control. In the context of this research, NGOs refer to entities that provide financial education, resources, and support to

households for making informed financial decisions. This variable investigates the potential influence of NGO activities on household financial decision making. Possible Values, various types of NGOs involved in financial education, counseling, microfinance, community development, etc.

The thesis investigates and analyzes the multifaceted impact of government institutions and non-governmental organizations (NGOs) on household financial decision making. Recognizing the complex interplay of economic, social, and cultural factors influencing households' financial choices, the study employs a mixed-methods approach that integrates various research methodologies to gain a holistic understanding. This study combines a literature review, surveys, case studies, and interviews to understand how these institutions impact household financial decision-making. A mixed-methods approach will be used to gather data from multiple sources and analyze it using both qualitative and quantitative methods. This approach will provide a more comprehensive understanding of the impact of government institutions and NGOs on household financial decision making. Therefore, to build a solid foundation, the study begins with a thorough literature review, surveying existing research and scholarly works related to household financial decision-making, the role of government institutions, and the influence of NGOs. This review provides a comprehensive synthesis of current knowledge, identifying gaps and guiding the research direction. The survey component is a pivotal element of the study's data collection. A structured questionnaire was distributed to a diverse sample of households across various socioeconomic backgrounds. The survey seeks to gather quantitative data on multiple dimensions of household financial decision-making, including savings habits, investment preferences, financial planning strategies, and the extent of engagement with government programs and NGO interventions. By employing surveys, the study can efficiently capture a broad dataset, facilitating statistical analysis to discern patterns, correlations, and trends. Participants will be households in two different countries, State of Palestine, and the Slovak Republic. A representative sample of households will be selected using a random sampling method to ensure the sample is representative of the target population. The sample size will be determined based on statistical power analysis. Surveys will be conducted to gather data on household financial decision-making behaviors. The survey will include questions related to household income, savings, investments, debt, and financial literacy. The survey data will be analyzed using descriptive statistics to identify patterns and trends in household financial

decision-making behaviors. Informed consent will be obtained from all participants, and their anonymity and confidentiality will be maintained. All ethical considerations will be addressed in compliance with the research ethics guidelines. Limitations of the study include potential sampling bias, limited generalizability of findings, and potential biases in data collection and analysis methods. By integrating multiple research methodologies, this study seeks to produce a comprehensive and nuanced analysis of the interactions between government institutions, NGOs, and household financial decision-making. The findings will contribute valuable insights to policymakers, financial institutions, and organizations seeking to empower households in their financial planning and decision-making processes. Moreover, the mixed-methods approach ensures a comprehensive exploration of this significant subject, enhancing the study's overall impact and offering a holistic perspective on the topic.

3. Results and Discussion

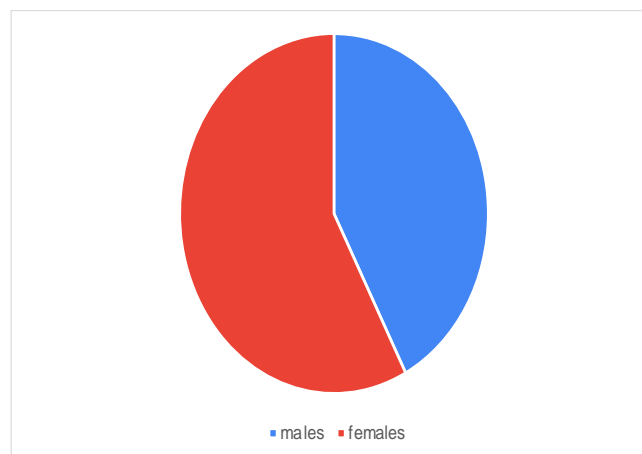
The results and discussion section presents a comprehensive analysis of the data collected through surveys, case studies, and interviews, aiming to unravel the intricate dynamics of household financial decision making under the influence of government institutions and non-governmental organizations (NGOs). This section offers a detailed examination of the survey findings, shedding light on households' financial behaviors, savings patterns, investment choices, and the extent of engagement with various financial planning strategies. The case studies provide a qualitative exploration of selected households' experiences, offering deeper insights into the factors that shape their financial decisions. Additionally, the interviews with representatives from government institutions and NGOs provide valuable perspectives on their policies and programs' effectiveness in empowering households. Through this integrated approach, the results and discussion section seek to identify patterns, correlations, and trends, enriching our understanding of how households navigate the complex economic landscape and the significance of governmental and non-governmental interventions in shaping their financial futures. Moreover, this section will critically analyze the findings in the context of existing literature, highlighting implications for policy development, financial education, and strategies to enhance household financial well-being.

Financial decision-making is a crucial aspect of households' economic well-being, and government institutions and non-governmental organizations (NGOs) can play a significant role

in shaping financial decisions at the household level. In this survey, we aimed to explore the impact of these institutions on household financial decision-making. The survey was conducted among a sample of 26 students and working participants across the countries mentioned before. The respondents were asked a range of questions about their financial decision-making processes and the role that government institutions and NGOs played in shaping their financial decisions. In this analysis, we will examine the survey results by starting with analyzing the personal and demographic factors for the sample participants, then to analyze the questioner answers to identify the extent to which government institutions and NGOs influence household financial decision-making and discuss the implications of these findings, as well as presenting the regression analysis which made the correlation between factors (x,y) clearer. The statistics calculation of the research was based on the survey. After defining the variables, the dependent variable and independent variables were divided based on the questions of the survey. The questions that were mainly directed at a response that will show the relationship between the two variables were focused on and used. The questions were divided to two parts, half related to NGOs and government institutions (questions 14,16,18-21) and the other half showed financial decision making behavior (15,17,22,23) . The first step to statistics is calculating the average of these questions and to start making precise data. Using these averages, the step afterwards was using data analysis on excel by the averages which gave us the results of regression statistics, Anova test, and the intercepts of x and y.

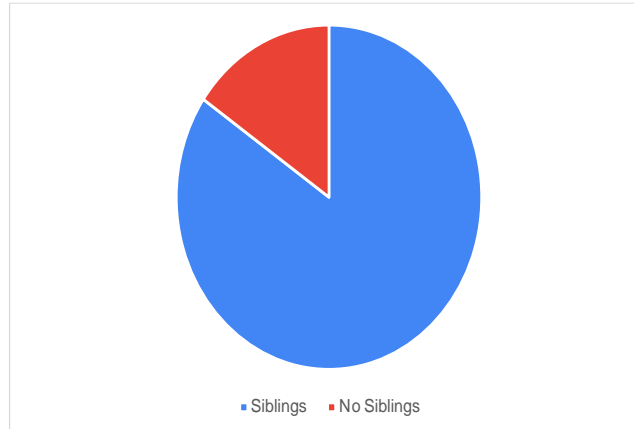
3.1The personal and demographic factors:

From the 26 distributed questioners, 42.30% of the answers were males, while 57.69% were females.



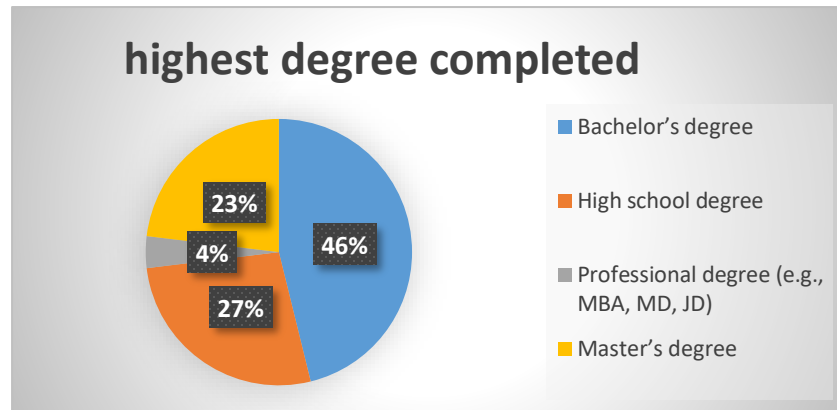
Graph.1
Gender of respondents in the survey.

Approximately, 85% of the participants have siblings, while 15% don't.



Graph.2
Participants family members number.

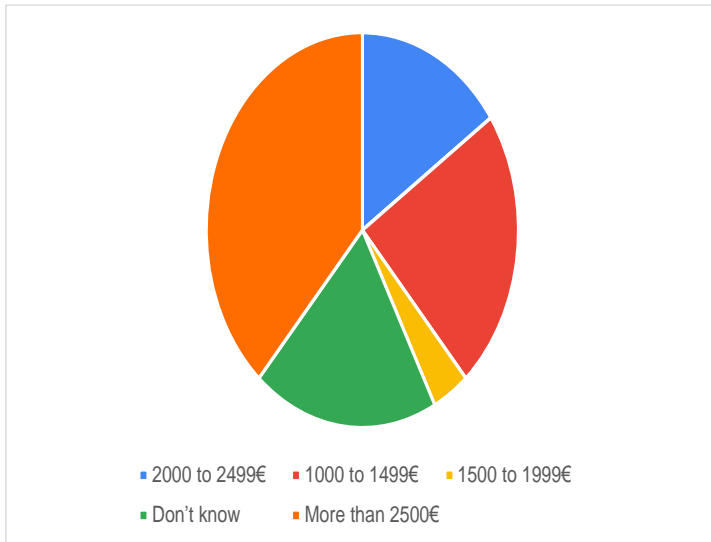
Moreover, the participants age ranged from 18 to 45+, and were distributed as 73.3% for 18-24 years old, 19.2% for 25-34 years old, .038% for 35-45 years old and .038% for 45 and above. Also, 6 participants have completed their master's degrees, 7 participants have completed their high school and 12 people accomplished their bachelor's degree as seen in the graph below.



Graph.3
Highest degree of respondents of the survey

For the average monthly gross income of the households, the participants' income is distributed as 23% 1000-1499, .038% gain 1500-1999, 15.4% get 2000-2499, 38.5% get more than 2500 and some participants don't know the exact number.

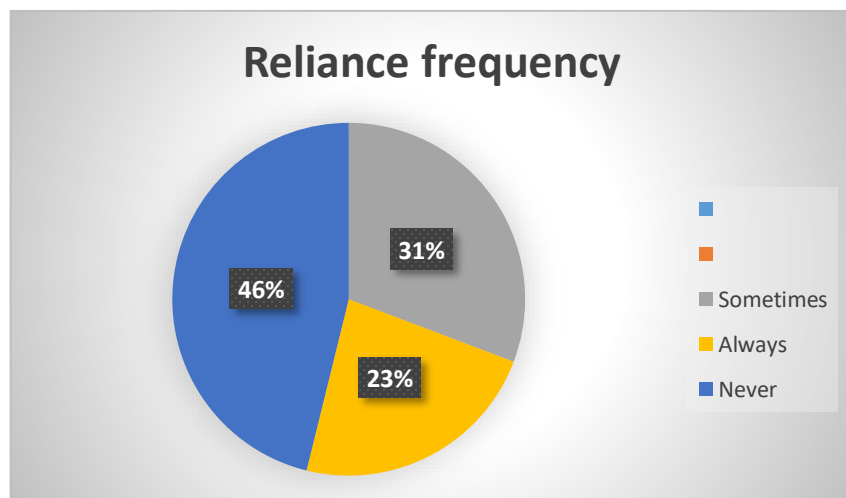
3.2 The results of the relyness on government and nongovernment institutions questions:

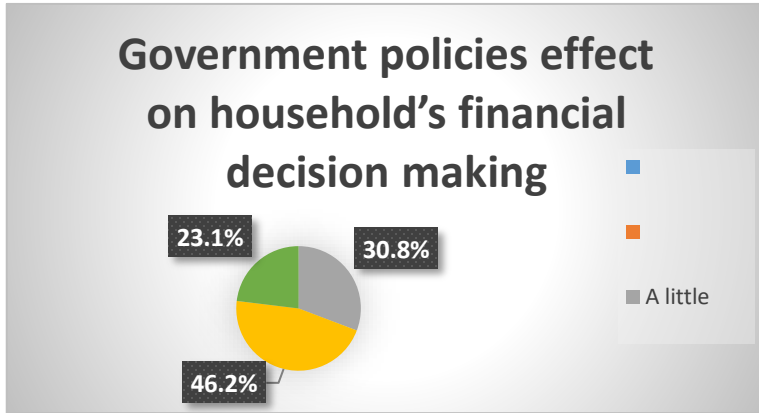


Furthermore, we observe the results of the questions related to the relationship between government, non-governmental organizations on household financial decision making. So, as seen in the graph below the percentages of the participants that rely on information provided by government institutions when making financial decisions.

Graph.5

Reliance of respondents on information from government institutions

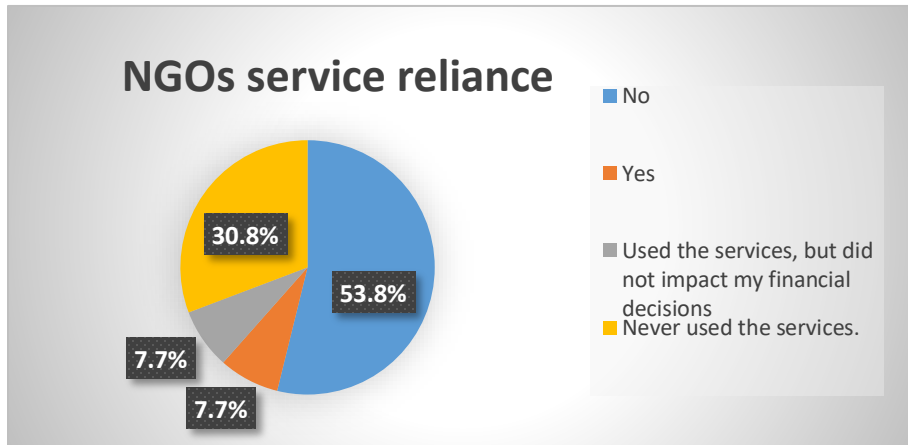




Graph.6 shows to what extent the government policies affect the household's financial decision making.

Thus, 7.7% of the participants believe that NGOs, such as consumer advocacy groups, impact their household financial decision making, 53.8% don't believe in that. However, 30.8% did not use any and 7.7% used but it didn't impact their decisions.

Graph.7 Respondents' answers to using the services of NGOs



3.3 Regression Analysis

Hence, the regression analysis was conducted to explore the relationship between financial decision-making behavior and the independent variable, consisting of government institutions and non-governmental organizations (NGOs). The dependent variable, financial decision-making behavior, encompassed households' choices regarding saving, investing, budgeting, and planning for the future. Through this regression analysis, the study quantified the impact of government institutions and NGOs on financial decision-making behavior within households.

By incorporating relevant data related to the presence and influence of these entities, the analysis provided valuable insights into how government policies, programs, and NGO interventions may have shaped households' financial choices.

The regression analysis was conducted at a significance level $\alpha = 0.05$. The significance condition for a regression set by relation, $p < \alpha$, i.e., if the probability of regression is less than the significance value, the regression will be declared as significant, else insignificant.

The F-statistic is a key metric used in ANOVA to assess the overall significance of a regression model. It measures the variation in the dependent variable that is explained by the independent variables in the model, relative to the variation that cannot be explained. In ANOVA, the null hypothesis states that all the regression coefficients (except the intercept) are equal to zero, indicating that the independent variables do not have any significant effect on the dependent variable. The alternative hypothesis suggests that at least one of the regression coefficients is not equal to zero, indicating that the model has some explanatory power.

Moreover, the ANOVA table includes information about the significance of individual coefficients for each independent variable in the model. Each coefficient represents the effect of an independent variable on the dependent variable, holding other variables constant. The p-value associated with each coefficient indicates the probability of observing the coefficient's value if the null hypothesis is true (i.e., the independent variable has no effect on the dependent variable). A small p-value (usually less than 0.05) suggests that the coefficient is statistically significant, meaning the independent variable has a significant impact on the dependent variable. Interpreting the significance of coefficients helps us understand which independent variables have a statistically significant influence on the dependent variable. It helps researchers identify the most important factors that contribute to the variation in the dependent variable and can be used to inform decision-making, policy development, or further research.

Table 1: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.792	1	0.792	4.599	0.042
Residual	4.135	24	0.172		
Total	4.927	25			

Table 2: Regression coefficients

Model	B	Std. Error	t	p-value
(Constant)	1.175	0.306	3.841	0.001
Government institutions and NGOs	0.262	0.122	2.145	0.042

The predicted regression equation is

$$Y = \beta_0 \pm \beta_1 X$$

$$\text{Financial decision-making behavior} = 1.175 + 0.262 * \text{Government institutions and NGOs.}$$

The regression model was statistically significant, $F(1, 24) = 4.59$, $p = .042$, $R^2 = 0.160$. ANOVA analysis shown in Table 1 depicts that the overall model is a significant predictor of the financial decision-making behavior, as the p-value of the model is less than the significance level, i.e., $0.042 < 0.05$.

The results of the regression analysis unveil a powerful and statistically significant relationship between the dependent variable, financial decision-making behavior, and the independent variable representing government institutions and non-governmental organizations (NGOs).

The F-statistic demonstrates a substantial impact of the entire regression model, showcasing its ability to explain the variation in household financial decision-making behavior. This remarkable finding rejects the null hypothesis, signifying that the model as a whole is robust and influential in understanding the factors that drive households' financial choices.

Delving deeper into the ANOVA table, the regression coefficients are depicted in Table 2. The regression coefficient of government institutions and NGOs is ($\beta_1 = 0.262$) can be explained as one unit rise in the government institutions and NGOs will result in 0.262 units increase in financial decision-making behavior. It is concluded that government institutions and NGOs have a significant positive effect on tax financial decision-making behavior. Further, government institutions and NGOs (predictor) only explained 16 % variation in the financial decision-making behavior, therefore, it is strongly recommended that other predictor variables should be investigated and for a detailed insight into the financial decision-making behavior. Thus, the significance of coefficients reveals compelling insights into the individual contributions of government institutions and NGOs. With p-values well below the conventional threshold of 0.05, the coefficients associated with these entities emerge as crucial determinants of household financial decision-making behavior. The positive signs of these coefficients affirm their significant positive impact, indicating that government institutions and NGOs play a pivotal role in empowering households to make informed and strategic financial choices.

These compelling results highlight the transformative influence of government policies, programs, and NGO interventions on financial decision-making within households. By quantifying the significance of individual coefficients, the analysis unveils the specific contributions of these entities, enabling us to pinpoint the most influential factors that drive households' financial behavior.

The power of these findings lies in their potential to inform policymakers, financial institutions, and organizations working towards enhancing financial inclusion and economic resilience. Armed with a comprehensive understanding of the impact of government institutions and NGOs, stakeholders can develop targeted interventions, financial literacy programs, and policies that further empower households in navigating the complexities of financial decision-making.

The regression line $y = -0.0334x + 2.2585$ indicates a basic linear regression model with one independent variable (x) and one dependent variable (y). In this instance, the intercept (2.2585) reflects the estimated value of the dependent variable (y) when the independent variable (x) is zero. In other words, when x has no influence or value, the model predicts that y will be 2.2585. To provide a coherent interpretation, it is necessary to examine the context of the variables involved. The scale and units of x and y are critical for comprehending the intercept. It is difficult to establish a clear meaning for the intercept value without such information. The slope of the regression line is shown by the coefficient of x (-0.0334). It denotes the change in the dependent variable (y) because of a one-unit increase in the independent variable (x). In this example, y is projected to drop by 0.0334 units as x rises by one unit. When the independent variable (x) is equal to zero, the intercept (2.2585) indicates the estimated value of the dependent variable (y). It implies that when x has no influence or value, the model predicts that y will equal 2.2585. Overall, the equation $y = -0.0334x + 2.2585$ allows us to anticipate the value of y based on the connection between x and y. We may compute the equivalent value of x by putting it into the equation of y. The equation assumes that x and y have a linear relationship. This implies that the connection between the variables is likely to be linear. It should be noted that the veracity of this assumption should be evaluated by looking at the facts and the context of the situation.

The results from the regression analysis shed light on the significant role of government institutions and NGOs in influencing financial decision-making behavior. They revealed the extent to which these entities contributed to households' financial choices, providing valuable context for policymakers, financial institutions, and organizations seeking to enhance financial inclusion and empower households. The findings from the regression analysis offered a nuanced understanding of how government institutions and NGOs intersected with households' financial decision-making processes. By identifying key factors and the strength of their influence, the study provided important insights to inform future strategies and policies aimed at promoting more informed, responsible, and resilient financial decision-making among households.

Overall, these results underscore the significance of fostering a supportive environment through effective governmental and non-governmental efforts, promoting households' financial well-being, and paving the way for a more economically empowered society.

Conclusion

The research was done to analyze the roles of Governmental Institutions and Non-Governmental Organizations regarding their roles and impact of their services to households in countries, with a focus on the effect of their services on the financial decision making of those households. It was noticed that governmental and non-governmental institutions play a major, if not a high, role on the lives of those households. In addition to that, the role of people has also changed since the advancement of time. Women and children for example are now playing more roles in the lives of the households, as men in the previous and years ago, were mainly the own source of income, managing all household decisions and the only feedback for all family aspects, however now things are changing and are not as was before.

Sometimes being positive while at other times being negative roles, these types of organizations work on certain plans and work frames, each with different objectives and missions. It was also noted that these organizations sometimes do not directly work with households, however their activities do impact households, i.e., a government boycotting a certain product into its country would affect prices of other similar items in that country, allowing households expenditures to raise, with no plan of early management. There are different ways in which households' income portfolio is impacted and different levels of risk on those households. Other impacts of these organizations also relate to health, mortgage debt, higher expenditures, or educational services. It is also noted that factors need to be controlled in a better way by these organizations, as surprises might arise at any point in life, and people do not remain constant over their lifecycle.

The work of governments impacts households' financial decisions in an indirect way. Raising tax rates on products and services for example means that people would have lower income after taxes are paid. This would allow the household to cut off on certain costs and focus on the purchase of items or services which are only needs. This would lead to the demand for wants (purchase of a new cell phone or a visit to a resort for the weekend) to lower, directly affecting the price rate of these extra not-needed products or services. Governmental Institutions supply of public health care services (public hospitals) is one need that all countries should ensure they have. Not having this type of service is indeed a negative matter. The most important details in this text are that people without savings may lose their lives if they do not cure themselves, and that insurance from the government is also a need for all citizens. The roles of the governments

need to interfere in the economy, as it is the government's responsibility to protect its citizens from economic hardship. Government policies, frameworks, ideas, and decisions all have a major affect and impact on the household financial decisions. Each country has its Ministry of Economy and other Ministries which are related to decisions taken by the government. The governments should analyze correctly and well regarding each decision taken, as this would affect people. If the governments need to take certain decisions, they should ensure that they have a backup plan to provide them with the loss the household would strive for.

On the other hand, NGOs have had a positive impact on the lives of people in countries, providing solutions in different sectors such as education, finance, and health services. This has raised manpower and employment opportunities for those working in the NGO or those who are Implementing Partners of the NGO in the country, meaning that income of those people is also increased. Youth have also benefitted from the work of NGOs, as they have been supplied with educational services, allowing them to continue their higher educations, find relevant work and jobs, save money, and build their own personal life. Education taught them how to manage their life and financials in a better way. MFIs have enabled beneficiaries to interact better in life and manage their financial decisions better, allowing them to feed their family, educate their children, and create or expand their economic activity. NGOs have also worked to increase the income of households, and the increase in savings through better education, health services, and breaking the poverty level among people. Medications are also being supplied by funds from NGOs, allowing expenditures to be lower on households. Through these NGOs, governments do increase their taxes from the suppliers of these services, allowing the tax revenue for the government to go higher, and not taking tax payments from those receiving the services. The research summarizes the rule that when a household knows what they would expect to pay during the month, they can manage their monthly household expenditures. To make matters better, there should be certain studies, analysis, and plans on recommended practices from NGOs and governments on ways to have certain improvements which need to be done for having a better performance of partnerships between NGOs and the governments, as this would eventually aid the public and households on their daily lives and eventually the way their financial decisions are met.

In summary, several factors and underlying reasons can be considered for the positive relationship:

- **Government and NGO Programs:** The positive impact on financial decision-making behavior may be attributed to the effectiveness of specific programs and interventions implemented by government institutions and NGOs. These programs could include financial literacy initiatives, access to credit, or support in developing household financial plans, which may lead to better financial decision-making among households.
- **Increased Financial Access:** Government institutions and NGOs may have improved households' access to financial services and resources, enabling them to make more informed and strategic decisions. Access to formal banking, microfinance services, and investment opportunities can positively influence financial behavior.
- **Targeted Interventions:** The positive impact may stem from the targeted approach of government institutions and NGOs, addressing the unique needs and challenges of different households. Tailored interventions can empower households to make better financial decisions based on their specific circumstances.
- **Economic Empowerment:** since the study focused on NGOs working towards women empowerment or alleviating poverty, the positive impact on financial decision-making could result from economic empowerment initiatives that strengthen women's roles in financial management or provide vulnerable households with income-generating opportunities.
- **Education and Awareness:** Government institutions and NGOs may have contributed to improving financial literacy and awareness among households, leading to better decision-making when it comes to managing finances and planning for the future.
- **Enabling Policy Environment:** Positive impact could also be linked to the creation of an enabling policy environment by government institutions, fostering financial inclusion and stability, and encouraging responsible financial behaviors.

It's important to note that the positive impact observed in the results of the regression analysis may vary across different households and demographic groups. Further qualitative research and deeper analysis of the specific programs and interventions can provide a more comprehensive

understanding of the underlying reasons for the observed positive impact. Additionally, considering potential limitations of the study and external factors that could have influenced the results will add credibility to the justification.

The profound conclusion of this study holds immense potential to contribute significantly to various domains. From the first side, it offers valuable insights to policymakers, enabling them to design more effective and targeted interventions that promote financial inclusion and literacy. By understanding the positive impact of government institutions and NGOs on household financial decision-making behavior, policymakers can develop programs that empower individuals and families to make sound financial choices, fostering greater economic stability and security. Moreover, financial institutions can leverage these findings to tailor their products and services to better meet the needs of diverse households. Armed with a deeper understanding of the factors that influence financial behavior, institutions can design innovative and inclusive financial solutions that resonate with different demographic segments, fostering greater customer engagement and satisfaction. Also, non-governmental organizations can capitalize on the results to strengthen their initiatives and outreach efforts. The evidence of a positive impact underscores the importance of NGOs' roles in providing financial education, microfinance, and other forms of support to vulnerable communities, potentially attracting more funding and support for their valuable missions. On the other side, researchers and academics can build upon these findings to explore related avenues, such as the long-term effects of government and NGO interventions on households' financial well-being or the specific mechanisms through which these entities influence financial decision-making.

Lastly, the societal impact of these results cannot be understated. A better understanding of how government institutions and NGOs positively shape financial decision-making behavior can contribute to building a more economically empowered and resilient society. The findings resonate beyond individual households, potentially influencing economic policies and strategies that foster inclusive growth and reduce financial disparities.

In conclusion, the robust outcomes of this thesis hold immense promise in transforming various sectors. From policymaking and financial institutions to NGOs and academia, these findings offer a wealth of opportunities to empower individuals and households, promoting financial literacy, stability, and ultimately contributing to the overall prosperity of society.

Resume

Tento výskum sa zaoberá vplyvom vládnych inštitúcií a mimovládnych organizácií na finančné rozhodnutia domácností. Pochopenie vplyvu týchto inštitúcií a organizácií na finančné rozhodnutia jednotlivcov je rozhodujúce pre podporu finančného blahobytu a inkluzívneho ekonomického rastu v čoraz zložitejšom a prepojenom finančnom svete. Cieľom tejto štúdie je identifikovať množstvo procesov, ktorými vládne inštitúcie a mimovládne organizácie ovplyvňujú finančné rozhodnutia rodiny, ako aj zhodnotiť dôsledky a dôsledky ich intervencií. Na základe dôkladného preskúmania literatúry tento výskum skúma aktuálny súbor informácií o tejto problematike, integruje hlavné výsledky a identifikuje medzery v literatúre. Metodológia štúdie využíva kvantitatívne aj kvalitatívne metodológie na skúmanie vplyvu vládnych politík, programov a zákonov, ako aj úsilia mimovládnych organizácií na finančné správanie domácností. Na zber údajov sa používajú prieskumy, rozhovory a analýza sekundárnych údajov z vhodných zdrojov. Zistenia štúdie poskytujú užitočné informácie o tom, ako vládne inštitúcie a mimovládne organizácie ovplyvňujú rodinné finančné rozhodovanie. Štúdia demonštruje význam programov finančného vzdelávania, politík sociálneho zabezpečenia a lepšieho prístupu k finančným službám pri zmene finančných rozhodnutí ľudí. Uznáva sociálno-ekonomické premenné, kultúrne normy a inštitucionálne rámce ako dôležité vplyvy na finančné rozhodovanie domácností a skúma, ako vládne inštitúcie a mimovládne organizácie interagujú s týmito aspektmi. Dôsledky tejto štúdie presahujú rámec akademických pracovníkov, pretože zistenia sú dôležité pre tvorcov politík, odborníkov z praxe a zainteresované strany, ktoré sa zaujímajú o finančné začlenenie a hospodársky rast. Tvorcovia politík môžu vyvinúť úspešnejšie politiky a iniciatívy na podporu finančnej gramotnosti, zodpovedného požíčavania si a prístupu k finančným zdrojom, ak pochopia vplyv vládnych inštitúcií a mimovládnych organizácií na finančné rozhodovanie rodiny. V neposlednom rade táto štúdia dopĺňa poznatky o danej problematike a poskytuje praktické poznatky pre zvyšovanie efektívnosti vládnych inštitúcií a mimovládnych organizácií pri ovplyvňovaní rodinného finančného rozhodovania.

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Appendix

Survey questions

1. Please specify your age

- Under 18
- 18-24
- 25-34
- 35-44
- 45+

2. What is your gender

- Male
- Female
- Rather not say

3. Do you have siblings?

- No
- Yes

4. Do you live with your parents

- yes
- no

5. What's the highest level of schooling you've finished or degree you've earned?

- Less than High School degree.
- High school degree
- Bachelor's degree
- Master's degree.
- Professional degree (e.g., MBA, MD, JD)
- Doctoral Degree

6. Could you describe the residence where you live right now.

- Own home with a mortgage or loan

- Own home free and clear (without a mortgage or loan)
 - Pay rent
 - Neither own home nor pay rent
7. How comfortable are you with managing your own money in your personal accounts?
- Comfortable
 - uncomfortable
 - Others make this decision for me
8. How would you rate the world's economic conditions today:
- Excellent
 - Good
 - fair
 - Poor
 - I don't know
9. Do you have at least one credit card?
- Yes
 - No
10. Describe your parents condition:
- Both unemployed
 - Both employed
 - Mother employed, father unemployed
 - Father employed. Mother unemployed
 - Other (specify)
11. What is the average monthly gross income of your household?
- Don't know
 - Less than 1000 €
 - 1000 to 1499 €
 - 1500 to 1999€

- 2000 to 2499€
 - More than 2500€
12. Where do you store your savings?
- At home
 - At a commercial bank
 - Friends/Family
 - Other, specify:
13. In the past year, have you done the following with cryptocurrency, such as Bitcoin or Ethereum?
- Used to buy something
 - Make a payment
 - Other (specify)
14. How often do you rely on information provided by government institutions when making financial decisions?
- Sometimes
 - Rarely
 - Never
15. Have you ever attended a financial education program sponsored by NGOs? If so did it impact your financial decision making?
- Attended, but no impact on financial decision making
 - Attended, and impacted my financial decision making
 - Never attended
16. To what extent do you think government policies affect your household's financial decision making?
- A moderate extent
 - A little
 - None
17. Have you ever made a financial decision based on government incentive or tax break?
- Yes

- No

18. Do you believe that NGOs such as consumer advocacy groups, impact your household financial decision making?

- Yes
- No
- Maybe

19. Have you ever used the services of NGOs, such as a credit counseling or financial planner, to make help make financial decisions? If so, did it impact your decision making?

- Never used the services.
- Used the services, but did not impact my financial decisions
- Used the services, and it did impact my financial decisions

20. Do you believe that governmental institutions are responsible for providing financial education to households?

- Yes
- No
- Maybe

21. Have you ever changed your financial decisions in the past year due to a government policy or regulation?

- Yes
- No
- Maybe

22. Considering what I already know about personal finance, I could still benefit from some advice and answers to everyday financial questions from a NGOs free of charge program.

- Strongly agree
- Agree

- Neutral
- Disagree
- Strongly Disagree

23. If you were having trouble paying your bills because of debt, for which of the following reasons (if any) would you not go to a professional, non-profit credit counseling service for help?

- Would Not Reach Out to Professional Non-Profit Credit Counseling Agency
- I can resolve my own problems without outside help
- Credit counseling might cost too much.
- I don't know which agency to turn to.
- I've never heard of professional non-profit credit counseling agencies