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Understanding savings behavior in Armenia: A descriptive analysis

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Abstract
Using the data of the second wave of Armenia's Financial Capability Barometer, this research analyzes the factors influencing people's savings behavior in Armenia. Based on a total sample size of n=1447, the results show significant differences in people's savings behavior based on geographical, demographic, and social characteristics. People in different Armenian regions display different savings behaviors, and those living in rural areas save more than their compatriots living in urban areas or the capital. The results also show that gender, generation, educational level, and marital status are important in people's savings decision-making. In addition, those who receive seasonal incomes from agriculture, tourism, or remittances, exhibit better savings behaviors. Employment and income levels showed no significant effect. Moreover, a simple linear regression shows that savings knowledge and savings attitude are positively related to people's savings behavior, yet savings attitude shows a stronger influence than savings knowledge. This research work provides several policy implications and provides important indications to improve people's savings behavior in Armenia.

Keywords: Saving behavior, Savings knowledge, Savings attitude, Descriptive analysis, Armenia.

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1. Introduction

Savings behavior is a crucial aspect of personal financial management and has implications for individuals, households, and the overall economy (Carroll & Weil, 1994; Sundenig & Zilberman, 2000; Lusardi & Mitchell, 2007). Firstly, it unlocks the door to investment opportunities that generate wealth and prosperity (Kraay & Lopez, 2004). This accumulated wealth consequently serves as a booster of people's financial well-being. Moreover, it grants invaluable peace of mind by forming a safety net against unexpected life events such as medical emergencies and job losses (Lusardi & Mitchell, 2007). Furthermore, savings empower people to realize future plans and dreams such as education, retirement, and even entrepreneurial ventures (Moav & Lowenstein, 2000). These benefits, as discussed above go beyond an individual's scope too. Savings are vital capital for a country's development through fostering thriving business environments (Kraay & Lopez, 2004).

The importance of savings, and more particularly people's savings behavior, had been captured by academics who consequently became quite interested in understanding it further. Several theories have emerged, through time, such as the life-cycle theory (Modigliani & Brumberg, 1954), the bounded rationality theory (Simon, 1956), and the theory of planned behavior (Ajzen, 1991), which provided academia with a clearer understanding of how people make their savings decisions. Though these research works were done several decades ago, contemporary research works showed that people's savings behavior has not changed much, nor have its related obstacles. For instance, research results showed that people's cognitive limitations still lead them to make suboptimal saving decisions by treating the available financial information very simplistically (DellaVigna & Pollak, 2003). Similarly, apart from personal factors, many researchers have correspondingly found macro-economic factors, such as low interest rates, to have inhibiting effects on people's savings behaviors and incentives (Kraay & Lopez, 2004; Blanchard, 2016).

Despite its undeniable importance, the global picture of savings is not that bright with several key factors contributing to this reality. First and foremost, limited disposable income, whether due to low wages or high-income inequality, acts as a formidable barrier to saving, particularly in developing economies (Aguiar & Baker, 2011). Adding to this challenge is the widespread underdevelopment of financial infrastructure in many parts of the world, leading to a scarcity of secure and readily accessible saving options (DellaVigna & Pollak, 2003). Moreover, researchers highlight the critical role of financial literacy, emphasizing that a lack of understanding of financial products significantly deters individuals from saving effectively (Lusardi & Mitchell, 2007). Notably, cultural stigmas and established informal saving practices, such as community safety nets within families, were similarly found to serve as obstacles to formal saving participation (Fosu, 2018).

This article explores the savings behavior in Armenia by delving into the factors influencing people's savings decisions. To the best of my knowledge, this is scarce and there has been near to no academic discussion on this matter making this research crucial for the advancement of people's financial resilience and well-being in a growing economy such as Armenia. It's notable to note though, that the situation in Armenia is not that different from the other developing countries. According to Matevosyan (2017), people are often discouraged from long-term saving because there exist cultural norms and communal support social safety nets within families and communities that make people uninterested in saving for the future themselves. Following the paths of the previously held exploratory research works on savings, (e.g. Lusardi and Mitchell, 2007), this research checks people's geographical, demographic, and social factors. It also checks people's savings knowledge and savings attitude with savings behavior. On another note, this research delves into the complex realm of savings behavior in Armenia,

offering a multifaceted perspective. It aims to show a comprehensive picture by delving into two crucial aspects: 1) identifying the interplay of personal and societal factors that shape individual saving patterns, and 2) illuminating the potential interrelationships between the knowledge, behavior, and attitude components of financial literacy within the context of saving propensity. The focus on Armenia, a nation often overlooked by international academic inquiry, underscores the originality of this endeavor. By shedding light on these previously understudied dynamics, this research aims to contribute valuable insights to the wider discourse on savings behavior, particularly in transition economies.

2. Literature Review

Understanding people's savings behavior is crucial for their financial well-being and economic stability. Traditional economic theories, such as the life-cycle theory, have long attributed a person's savings behavior as a product of rational decision-making (Lusardi & Mitchell, 2007; Shin et al., 2019). This has been primarily posited by Modigliani and Brumberg (1954) who assumed people save during times of high earnings (in other words while they are young) considering their future financial needs. These models often assume perfect information symmetry, unwavering willpower, and an optimization mindset guiding individuals towards maximizing consumption and savings throughout their life cycle (Benartzi & Thaler, 2007; Benabou & Tirole, 2010; Shin et al., 2019). However, the validity of such assumptions regarding consistent rationality across life stages has been increasingly challenged in the last couple of decades (Shin et al., 2019).

Modern theorists suggest that individuals often have a limited cognitive ability to cope with future uncertainties (Elliehausen, 2019). That's where the concept of "bounded rationality" is depicted. Modern theorists also add the concept of information asymmetry in their discussions. This, as Daniel Kahneman argues, often leads to reliance on heuristics and mental accounting in financial decision-making, including savings behavior (Kahneman & Tversky, 1979; Anderson et al., 2017; Elliehausen, 2019; Shin et al., 2019). A lot of groundbreaking theories have risen over time such as the prospect theory, which demonstrates sensitivity to losses and present bias, and hyperbolic discounting, which explains preferences for immediate rewards over later benefits (Laibson, 1997; Moav & Loewenstein, 2000). Such cognitive shortcuts serve as coping mechanisms in the face of an uncertain future, enabling individuals to make quick and timely decisions (Benartzi & Thaler, 2007).

From the many different theories, this research draws upon the Knowledge-Attitude-Behavior (KAB) framework rooted in The Theory of Planned Behavior (Ajzen, 1991). This framework explores the link between knowledge, attitude, and behavior in financial decision-making. This framework also posits that an individual's attitude towards a given behavior, such as saving, is influenced by their subjective norms such as perceived societal expectations, and behavioral control such as perceived ability to perform the behavior. The Theory of Planned Behavior has been used in numerous research works aiming to check the relationships between the aforementioned factors. One of the worthwhile mentions could be the approach the Organization for Economic Cooperation and Development (OECD) has used to define and measure people's financial literacy. It's also worth mentioning that most of the works delving around savings have resulted in finding a positive correlation between people's savings knowledge and savings attitude with their savings behavior (Wang & Wen, 2012; Lustig & Sunden, 2014; Peiris, 2021).

Throughout time, scholars have consequently employed various frameworks to analyze savings behavior. The sociodemographic factors have been one of the most recurrent to be discussed in this scope, especially age, income, educational level, and household composition. For example,

younger individuals with lower incomes and larger families were found to have the least tendency to save (Lustig & Sunden, 2014). Similarly, psychological factors, such as risk aversion, time preferences, and self-control have been often used to explain people's different financial behaviors, notably their savings behavior. For example, individuals with lower risk tolerance and higher self-control were found to have a higher tendency to save (Cesarini et al., 2013). Other frequently discussed factors usually lie within the scope of finances such as debt levels, access to financial products, and financial literacy. For example, Lustig & Sunden (2014) found that those with higher financial literacy usually exhibit higher savings, whereas being indebted constrains a person's saving capacity.

The literature expands the available frameworks by exploring additional factors influencing savings behavior. Macro-level considerations include governmental policies primarily affecting retirement savings plans and tax incentives (Venti & Wise, 2004). Psychological factors, such as financial anxiety, are found to have a negative impact on savings behavior even if a person possesses positive knowledge and attitude (Sabri et al., 2020). Similarly, self-efficacy i.e. an individual's belief in his/her ability to save has been found to have a moderating role in the influence of savings knowledge and savings attitude on savings behavior (Wang et al., 2021). Cultural traits also play a role in determining people's savings behaviors. Collectivist cultures, where intergenerational support is prioritized, often exhibit higher savings despite potentially low individual income (Choi et al., 2016). Also, promoting social norms around saving through public awareness campaigns, according to research conducted by Scholz et al. (2005), might influence an individual's attitudes and behaviors.

That being said, the literature also talks about some beyond-traditional economic motivations, such as future aspirations and a desire for personal growth that drive people's savings behavior (Li et al., 2019). In addition, peer pressure can shape savings decisions, highlighting the probability of creating community-based interventions and peer support groups to alleviate people's savings behaviors (Soule et al., 2015).

Building upon the existing discussion in academia, some studies have explored the savings behavior in Armenia. These works have revealed several patterns aligned with the broader economic principles yet have some uniqueness of their own too. For instance, in their World Bank policy research working paper, Coulibaly & Diaby (2013) looked at the determinants of savings in Armenia both from the macro and micro aspects. They've found that in the long term, a 10% increase in GDP per capita would increase the savings rate by 3.7%. Through this, they've concluded that the macroeconomic environment is a key enabler of saving in Armenia. They also found a positive relation between people's savings rate and the time deposit rates which led them to argue about the important role the financial sector could play to stimulate people's propensity to save.

It's also important to note here that academia distinguishes between the different types of people's savings behavior. In general, it is divided into three: contractual, discretionary, and residual savings. Contractual savings encompass pre-determined commitments to regular payments, such as pension contributions, life insurance premiums, and debt repayments. While these may not initially be perceived as "saving" in the true sense, they ultimately contribute to wealth accumulation (Benartzi & Thaler, 2007). Interestingly, individuals often view contractual savings through the lens of fulfilling existing obligations, considering debt repayments as balancing past consumption and life insurance premiums as fees for future security (Elliehausen, 2019). This perspective highlights the influence of cognitive framing and mental accounting on savings behavior (Kahneman & Tversky, 1979). However, recent policy reforms promoting tax-advantaged retirement, education, and medical savings plans have

enhanced the perceived benefits and attractiveness of contractual saving mechanisms (Elliehausen, 2019).

Discretionary savings, in contrast, represent conscious decisions to allocate a portion of income towards specific goals (Elliehausen, 2019). These savings often serve precautionary purposes, providing a financial buffer for unforeseen circumstances or emergencies (e.g., medical bills, car repairs). As a result, individuals usually seek high liquidity for their discretionary savings, preferring readily accessible accounts or instruments. This aligns with the concept of bounded rationality, where individuals prioritize readily available resources to navigate uncertainties (Simon, 1956).

Finally, residual savings refer to the leftover income after essential expenses and discretionary allocations have been accounted for (Elliehausen, 2019). These unplanned surpluses typically accumulate in checking or savings accounts without specific goals in mind (Elliehausen, 2019). Understanding the factors influencing the conversion of residual savings into intentional saving strategies remains an important area of research (Benartzi & Thaler, 2004).

In the coming part, I have focused on the KAB framework to explain people's savings behavior through which I regress savings knowledge and savings attitude with savings behavior. I similarly check people's geographic, demographic, and social traits' influences on their savings behavior.

3. Method

This paper investigates the drivers of savings behavior in Armenia, focusing on its relationship with geographic, demographic, social, intellectual, and attitudinal factors. Employing data from the 2019 Armenian Financial Capability Barometer (FCB) national survey, this work utilizes robust statistical and econometric techniques to disentangle the complex relationships influencing savings decisions. These are the independent samples t-tests, analysis of variance (ANOVA), and simple linear regression. I used IBM SPSS v.29 to run the aforementioned tests. By shedding light on these determinants, the findings of this research inform policy interventions designed to promote financial inclusion and long-term economic prosperity in Armenia.

The operationalization and measurement of key constructs within the study (savings knowledge, savings behavior, and savings attitude) are as follows. To assess respondents' understanding of fundamental savings concepts, six individual questions were employed, corresponding to inflation (Q8), risk and return (Q35), simple interest (Q57), compound interest calculation (Q58), compound interest theory (Q59), and diversification (Q46). Each question was carefully selected to gauge the comprehension of the respective concept i.e. savings knowledge. A summary of the results is shown in Table (1).

Table 1. Savings Knowledge Answers

Question	Wrong	Correct
Inflation	28.1%	71.9%
Risk and Return	42.2%	57.8%
Simple Interest	33.0%	67.0%
Compound Interest Calculation	73.4%	26.6%
Compound Interest Theory	44.3%	55.7%
Diversification	73.5%	26.5%

The exploratory factor analysis showed that all six questions formed one component and the internal consistency of the knowledge scale was assessed using Cronbach's alpha, yielding an acceptable coefficient of 0.630. This indicates that the chosen items collectively measure a

unified construct of savings knowledge. To form a single factor representing savings knowledge, the answers to the six knowledge questions were recoded into a binary model (correct answer = 1, incorrect answer = 0). The scores from all six questions were then summed, resulting in a knowledge scale with a range from 0 (no correct answers) to 6 (all answers correct). Savings behavior was assessed through a single, direct question (Q49) asking respondents about their typical savings practices. A 4-point Likert-type scale was used, ranging from 0 (spend as you may, without regard for future needs) to 3 (first save some money, then spend the rest for needs). This concise approach ensured clarity and maximized response rates, while still capturing the essential variation in savings behavior. To measure respondents' general attitude towards saving, a single question (Q41) was employed, again utilizing a 4-point Likert scale. This question captured the essence of the savings attitude, ranging from 0 (no sense in saving at all) to 3 (It is important to save money, even if the potential benefits are outweighed by the costs). The use of a single, direct question aimed to minimize the number of questions used while still effectively capturing the core concept of savings attitude. Single items directly target the essential aspect of the construct, reducing the potential for misinterpretation or ambiguity.

This section describes the data and sample used in the present study, focusing on geographic, demographic, and social characteristics. The initial sample consisted of 1536 respondents, but after removing those with incomplete answers and those who refused to answer specific questions, the final sample size was 1447. Respondents were geographically dispersed across the 11 administrative regions of Armenia ("Marz"). Based on their locality, they were divided into three categories: urban: 26.6%, rural: 36.3%, and Yerevan (capital city): 37.1%. Yerevan was considered a separate category due to its unique characteristics as a metropolitan area with a significantly different population size, level of development, and economic activity compared to other Armenian cities.

The sample's demographic characteristics show that 29.9% are male and 70.1% are female, with a generational distribution of 5.3% Generation Z, 29.4% Millennials, 21.3% Generation X, 36.0% Baby Boomers, and 8.1% Silent Generation. Relatedly, 63.7% of respondents are married, 15.6% have never married, 15.6% are widowers, and 5.0% are divorced. The demographics also show that the majority (71.2%) have a level of education of secondary school at the highest, 27.9% have completed undergraduate studies, and 0.9% have a graduate degree. In addition, 10.0% of respondents claimed to have received some kind of financial education in their lifetimes.

The sample's social characteristics show that 47.3% are employed, 4.9% are unemployed, and 47.8% are out of the labor force. Detailed information on monthly income distribution is provided in Table (2), but it shows that most respondents (86.6%) earn less than 200,000 AMD per month (equivalent to around 420 USD per month). 31.2% of respondents reported having a seasonal income, primarily from agriculture (73.2%), remittance (19.1%), tourism (2.4%), and other sources (5.3%). Further information on the socio-demographic distribution of the sample is provided in Appendix A.

Table 2. Sample Distribution by Income Level

Income Level	Number of Respondents	Percentage	Cumulative Percentage
Does not have personal income	20	1.4%	1.4%
Less than 45,000 AMD	452	31.2%	32.6%
Between 45,001 AMD and 100,000 AMD	517	35.7%	68.3%
Between 100,001 AMD and 200,000 AMD	264	18.2%	86.6%
Between 200,001 AMD and 350,000 AMD	52	3.6%	90.2%
More than 350,000 AMD	142	9.8%	100%

4. Results & Discussion

The analysis reveals significant geographic disparities in savings behavior across Armenian regions. Using a one-way ANOVA test, this research identifies a statistically significant effect of the region at the 0.1% level (F = 3.190). The post-hoc analysis using LSD test further categorized regions into three distinct groups: latent regions with the lowest savings scores, indifferent regions with no significant difference compared to other regions, and advanced regions with the highest savings behavior scores, significantly different from latent regions. Table (3) provides detailed statistics for each region.

Table 3. Savings Behavior Score by Region

Region	Score	S.D.	Type	Positive significant difference with
Aragatsotn	2.1429	0.8397	Advanced	Gegharkunik, Shirak, Yerevan
Ararat	1.9444	0.8791	Indifferent	-
Armavir	2.1032	0.7572	Advanced	Gegharkunik, Shirak, Yerevan
Gegharkunik	1.7431	1.0489	Latent	-
Lorri	2.0935	0.8527	Advanced	Gegharkunik, Yerevan
Kotayk	1.9417	0.7810	Indifferent	-
Shirak	1.8317	0.8133	Latent	-
Syunik	1.8767	0.8652	Indifferent	-
Vayots Dzor	2.2273	0.6853	Advanced	Gegharkunik, Shirak, Yerevan
Tavush	1.9206	0.7684	Indifferent	-
Yerevan	1.8063	0.8829	Latent	-
Total	1.9032	0.8676		

Furthermore, the analysis explored the influence of locality (urban, rural, Yerevan) on saving behavior. The one-way ANOVA test revealed a significant effect at the 0.1% level (F = 9.709). Post-hoc comparisons using the LSD test demonstrated that residents of rural areas exhibited the highest average savings behavior score, urban residents scored lower but higher than Yerevan residents (details are shown in Table (4)). However, no significant difference was found between urban and Yerevan residents in terms of savings behavior.

Table 4. Savings Behavior Score by Locality

Locality	Yerevan	Urban	Rural
Score	1.8062	1.8623	2.0324

As this research received the result of rural residents having the highest score in savings behavior, the influence of a village's proximity to the nearest city was also checked. FCB's data categorizes villages into three, short distance (0-5km), average distance (6-15km), and long distance (16km and more). Running a one-way ANOVA shows that there's no statistically significant difference between the savings behavior of rural residents based on proximity with a p-value of 0.299 and an F score of 1.211. These findings indicate that regional context plays a crucial role in shaping savings behavior in Armenia. These findings also suggest that rural residence is associated with a higher propensity to save in Armenia. While urban and Yerevan residents exhibit lower savings behavior compared to rural areas, their scores do not differ significantly from each other.

The analysis of socio-demographic factors revealed several significant differences in savings behavior across various groups. To examine gender differences, an independent-sample t-test

was conducted. The results indicated a significant effect ($t = 2.260$, $p < 0.05$), with females displaying a higher average savings behavior score compared to males (Table (5)).

Table 5. Savings Behavior Score by Gender

Gender	Male	Female
Score	1.8250	1.9370

One-way ANOVA was employed to investigate generational variations. The analysis revealed a statistically significant effect at the 0.1% level ($F = 8.402$) and a negative trend across generations. Generation Z individuals displayed the highest average score, followed by Generation X, Millennials, Baby Boomers, and the Silent Generation (Table (6)).

Table 6. Savings Behavior Score by Generation

Generation	Generation Z	Millennials	Generation X	Baby Boomers	Silent Generation
Score	2.1052	2.002	2.016	1.768	1.718

Post-hoc analysis using the LSD test further categorized generations into two distinct groups: high savings behavior (Generation Z, Millennials, and Generation X) and low savings behavior (Baby Boomers and the Silent Generation). This finding suggests a potential shift in savings behavior across generations, with younger generations exhibiting a greater propensity to save. These results are also in line with the results of Lusardi and Mitchell (2007) who similarly found people's saving behavior to be in line with the life-cycle theory.

Similar trends were observed for educational attainment. One-way ANOVA indicated a significant effect at the 0.1% level ($F = 10.569$) and a positive association with savings behavior. Individuals with higher educational attainment demonstrated higher average scores: high school graduates, undergraduate degree holders, and graduate or postgraduate degree holders (Table (7)).

Table 7. Savings Behavior Score by Educational Level

Educational Level	Up to High School	Undergraduate Degree	Graduate or Post-Graduate Degree
Score	1.8550	1.998	2.7690

However, an independent-sample t-test revealed no significant difference in savings behavior between those who received financial education and those who did not ($t = -1.012$). This suggests that while education level positively influences savings, financial education alone may not significantly impact behavior.

Marital status also displayed a significant association with savings behavior. One-way ANOVA revealed a significant effect at the 5% level ($F = 1.957$). Married individuals exhibited the highest average score, followed by those who never married, widowers, and divorced.

Table 8. Savings Behavior Score by Marital Status

Marital Status	Never Married	Married	Divorced	Widowers
Score	1.8720	1.936	1.7260	1.7480

However, the post-hoc analysis indicated that the differences were only significant between married individuals and widowers/divorced individuals. This result suggests a potential relationship between marital stability and savings behavior.

Employment status and income level were not found to have significant associations with savings behavior ($p > 0.05$ for both one-way ANOVAs). However, a significant effect at the 0.1% level ($F = 36.006$) was observed for seasonal income. Individuals with seasonal income displayed a higher average savings score (2.104) compared to those without such income (1.812). This suggests that income fluctuation associated with seasonal work might incentivize individuals to save more. This might be due to the need to manage one's money more efficiently without having a constant stream of income.

Building upon the analysis of savings behavior, this study sought to delve deeper into the motivations behind individual saving practices. While FCB categorizes saving reasons differently (e.g. Q51 asks about saving for a specific purpose, and Q52 asks about this specific purpose e.g. unexpected expenses, future expenses, making investments, etc.), the specific research objectives required another approach to grouping savings behavior. Guided by the existing literature review and focused on the core research questions, three distinct categories were established. First, those with no savings which encompasses individuals who do not engage in any form of formal or informal saving, allocate their income entirely to current needs and consumption. The results indicate that 34.1% (493 individuals) fall within this category. Second, those who engage in residual savings, that is the individuals who accumulate savings due to incidental factors, such as unspent income at the end of a pay period or unexpected tax refunds. These individuals do not actively plan or budget for saving but experience involuntary accumulation due to circumstances. The study found that 37.1% (537 individuals) disclosed their engagement in residual savings behavior. Third, those who engage in discretionary savings that is the individuals who actively allocate a portion of their income towards designated savings goals, demonstrating deliberate and planned saving behavior. This segment represents 28.8% (417 individuals) of the sample. By differentiating saving behavior based on motivation and intentionality, this categorization provides a more nuanced understanding of the savings landscape and facilitates further analysis of the factors influencing each group's financial choices.

This work has also employed a simple linear regression analysis to investigate the association between savings behavior, savings knowledge, and savings attitude in Armenia. Savings behavior was determined as the dependent variable, while savings knowledge and savings attitude served as the independent variables. The below equation shows the formula of the proposed regression line,

$$\text{Savings Behavior} = \beta\_0 + \beta\_1 \text{ Savings Knowledge} + \beta\_2 \text{ Savings Attitude}$$

The intercept term β_0 represented the baseline level of savings behavior for individuals with no savings knowledge and a completely negative attitude. Coefficients β_1 and β_2 depicted the respective regression coefficients for savings knowledge and savings attitude.

The regression analysis revealed statistically significant associations ($p < 0.001$) between both independent variables and savings behavior. The t-statistics of savings knowledge and savings attitude provided strong evidence of these positive relationships. Additionally, the model explained 11.4% of the variance in savings behavior, highlighting the combined influence of savings knowledge and attitude.

$$\text{Savings Behavior} = 1.039 + 0.062 \text{ Savings Knowledge} + 0.304 \text{ Savings Attitude}$$

Table 9. Regression Analysis Summary

	Coefficient	t-value	p-value
Constant	1.039	15.066	<0.001
Knowledge	0.062	4.809	<0.001
Attitude	0.304	12.679	<0.001
R Square= 0.114			

Further analysis of the regression line indicated that individuals with no savings knowledge and a wholly negative attitude towards saving tend to prioritize immediate needs, leaving almost no surplus for accumulation. This emphasizes the crucial role of both knowledge and attitude in fostering positive savings behavior and enhancing financial management skills within the Armenian population.

5. Conclusions

This study aims to understand the saving behavior of the Armenian population using the data of a nationwide survey conducted in 2019. The results show that geographical location has a significant impact on people's savings decisions, with three different categories of regions rising and rural areas tending to save more than their counterparts. Socio-demographic factors are also significant influencers on people's savings behaviors. A Generation Z, female, married, master's degree holder, and having a seasonal income Armenian citizen is the person to have most probably the best saving behavior in the country. This situation, as mentioned before, is empowered if the citizen lives in a rural area.

Apart from the descriptive factors, this work also finds that people's savings behavior in Armenia is influenced by people's knowledge about savings and attitude towards savings. Nonetheless, the regression results showed that attitude is a stronger predictor.

This work is of vital importance because it sheds light on the savings behavior in Armenia which is a topic rarely discussed in academia. However, there are limitations binding this research's holist city. First and foremost, this research has used data from a survey conducted in 2019, and it had to carefully choose which questions to use and which not to. This is quite challenging noting the inability to modify the survey according to the needs of the research. Another limitation is the temporal limitations of the data as the FCB is run every 5 years, and so far, there are only 2 waves. Having more data would allow research works to find a clearer trend in people's financial behaviors. In addition, the nature of data gathering is a survey, the data entry process might be biased, and inaccuracies, like most surveys, could have happened.

To have a deeper understanding, it would be good for future research works to conduct behavioral experiments. The usage of experimental methods has become widely used in understanding people's behaviors as they allow to assessment of the effectiveness of different nudges and interventions aimed at boosting savings rates. It could also be interesting to check the role of formal saving instruments, primarily banks and pension plans, to identify the barriers to access and utilization. Concurrently, understanding the informal saving practices in Armenia could result in interesting outcomes too.

As for the policy recommendations, a suggestion would be for the concerned authorities to focus on the attitudinal factors to increase the savings behavior in Armenia. This might not hold true for other financial behaviors such as consumption and credit, but as the regression showed, attitude's impact on behavior is nearly six-fold that of knowledge. In addition, as there are regional and locality differences, as well as socio-demographic differences, it would be recommended for policymakers to segmentize each group and enact the necessary policies for each. This could be challenging on the macro scale, but, this could be one of the most effective

ways to empower people's savings. One of the solutions could be the large-scale leveraging of technology, primarily financial technology, to reach all those who don't engage in savings. Along with this, addressing digital literacy is surely vital to avoid people's digital illiteracy hindering their saving opportunities.

Appendix

Grouping of social factors from the FCB survey to the data of this research
Education
Up to secondary: without education, elementary, basic, secondary, preliminary vocational, secondary vocational, student
Undergraduate: bachelor's degree
Graduate: master degree

Employment status
Employed: employed (registered), employed (not registered), self-employed including in agriculture, waiting for the working season
Unemployed: seeking for job, unemployed
Out of labor force: student, pensioner, keeps the household

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Note

All views, suggestions, and implications are of the author's only and they do not represent the views of the affiliated organizations.

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