



Impact of Financial Literacy on Investment Behaviour among Indian Youth

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Abstract- Financial literacy is a very important concept in today's times. Financial literacy means that any individual should be able to take smart decisions about where to invest his money and how to invest it so that he can secure his future. Financial literacy means that individuals should have knowledge of budgeting, saving, interest rate and risk in these terms. If people are not financially literate, then they will not be able to invest their money properly nor will they be able to plan for their secure future. Financial literacy helps individuals in building a diversified portfolio. This research paper aims to analyse and measure the influence of financial attitude, financial behaviour and financial knowledge on investment decisions. The type of research used is quantitative descriptive research method. Types and data sources used are primary data that is data collected and processed by the researcher herself. The population in this research is respondents from Delhi NCR and the sampling technique used is Non-Probability Convenience Sampling Technique. Data was collected by using Structured Questionnaire from 160 individuals become sample in this research. Cochran's formula was used to determine the sample size. The Questionnaire consists of three sections namely, Demographic information, financial literacy and Investment behaviour. Data analysis techniques used in this research are multiple regression test, F test, t test and coefficient of determination with the help of SPSS software program. The anticipated results of this research indicate the financial literacy, financial behaviour and financial attitude have collectively significant effect on investment decisions..

Keyword: Financial literacy involves knowledge of budgeting, saving, interest rates, and risk, enabling individuals to make informed investment decisions and secure their future. This study uses a quantitative descriptive method with primary data from 160 respondents in Delhi NCR, applying convenience sampling and analysis through regression, F-test, t-test, and SPSS. The findings suggest that financial knowledge, behaviour, and attitude significantly influence investment decisions.

I. Introduction

Financial literacy is important nowadays. It is about knowing things, such as budgeting and saving money. Financial literacy also means understanding how to manage money and make investments. Investors must understand the risks and returns associated with their investment. Financial literacy is about knowing these things and using this knowledge in everyday life. Financial literacy is crucial for making investment decisions. You must be aware of activities such as budgeting and investing to make the right choices. Financial literacy can help achieve this. Literacy is important these days.

The thing is, a lot of people are investing their money now. We have many options when investing. For example, financial literacy is crucial when investing in funds, stocks, bonds, crypto-currencies, gold and real estate. Investing in the future is important. To ensure that we invest our money wisely, we need to have good financial knowledge about financial literacy. Financial literacy helps us make decisions about our money. Young people today do not really know where to put their money and how to make it grow. They want to make money, so they pick things that will give them money quickly. This is not an ideal situation because it can hurt them in the future.



They usually do not earn much money from these quick investments either. Good monetary skills are important. When people know a lot about money, they prefer long-term investment. Investing for a time is better because it is safer, and they get more money from long-term investments. Many people do not know much about money, so they ask their relatives, family members, and friends, or read newspapers to make decisions about what to do with their money. They also talk to advisors, look at social media, or use apps like Groww, Zerodha, Angel One, and others. However, these sources are not reliable. Financial literacy among youth is gradually declining. They prefer to spend their money rather than saving it. This has become an important topic of discussion because youth play a crucial role in a country's development. Therefore, people need to know a lot about money and how it works. They must understand things to make good decisions regarding their money. Financial knowledge is important for people.

Young people need to know how they can invest their money and how to get more out of it. They should also learn about the services that banks and other financial institutions offer to help people invest in. When people understand money and investing, they can make choices about what to do with their money. They can invest in a way that earns them more money. Knowledge about money also helps people spread their investments. This means that they can invest their money in places such as stocks or savings accounts. When people have many options, they can invest in things that help reduce the chance of losing money and increase the chance of making more money. Young people should understand investing and money to make the most of their investments, such as youth investments.

People investment decisions are affected by things like whether they're a man or a woman how old they are, what kind of education they have and what job they do. Usually, men are more likely to invest money. They are more interested in investments and shares. People under 18 years old do not invest as much as people between 18 and 25 years old. Young people are part of the population because investment and money matters are interesting to them. They would like to know more about these things. Investment behaviour is influenced by factors such as gender, age, and the type of job people do.

Risk tolerance is important when making investment decisions. It is about how you can handle the risks. This means that it is about how okay you are with the idea of possibly losing money. Risk tolerance affects how you use your money. It helps you decide how much money to invest and where to put it. You should also consider how you want to keep your money invested. Some people have a high Risk tolerance. These people like to invest in high-risk things like stocks, mutual funds, and shares, which offer high chances of return. Risk tolerance is key to determining the type of investment that is right for you. People with lower risk tolerance prefer to invest in less risky things that might be a little scary, but they also pay lower returns. Investors who do not like to take risks usually prefer investment options, such as bonds and fixed deposits. These investment options are safer than others. They provide lower returns. Some people attempt to reduce risk by spreading their money across investments. This means that they invest money in many different things instead of putting all their money in one thing. People can do this when they know a lot about money and investment. Investors



with risk tolerance prefer this because it helps them. Investment options such as bonds and fixed deposits are good for investors who want to play it safe.

The main objective of this study is to examine the impact of financial literacy on investment decisions among Indian youth. This study aims to analyse whether good financial literacy helps in making better investment decisions and to understand the impact of financial literacy on financial savings behaviour and financial planning among the youth.

Objective of the Study

- To Examine the Influence of Financial literacy on Investment decision of individuals.
- To analyse investment decision behaviour.
- To understand the importance of financial education.
- To evaluate how financial knowledge impact risk- taking in investment.
- To evaluate how financial literacy helps to diversify the investments portfolio of individuals.

Ii. Review Of Literature

Financial literacy plays a very important role in investment decisions, especially among the youth. Age has a significant effect on financial literacy and investment decisions. (Dr. Munish Sharma, Anitika Damseth, Ishita Shyam, 2024). OECD data shows the impact of financial literacy, financial knowledge, financial behavior, and financial attitude on investment decisions. Family income has a positive impact on all of these, while education has a negative impact on financial literacy, financial knowledge, financial behavior, and financial attitude (Sobhesh Kumar Agarwalla, Samir K. Barua, Joshy Jacob, Jayanth R. Varma, 2014). Some research does not collect data but draws conclusions based solely on concepts. Young people are more financially literate and have higher levels of financial literacy (Soumya Raghunath, Dr. Padmavathi S M, 2025). However, some researchers, using OECD data, conclude that gender has a negative influence on financial literacy, financial behavior, and financial knowledge (Sobhesh Kumar Agarwalla, Samir K. Barua, Joshy Jacob, Jayanth R. Varma, 2013).

Financial literacy plays a very important role in investment portfolios. People with higher financial literacy are able to create more diversified investment portfolios, investing their money in multiple investment options instead of just one. Media and peer influence significantly affect investor sentiment. (Priyanshi Relwani, 2025). Among all available investment options, mutual funds are the most favored investment tool (Megha D Shetty, 2025), but this research only covers respondents aged 18-30 years. Some research focuses primarily on female respondents and shows that financial literacy has a significant impact on financial behavior.

(Mahima Ninan, Anu Kurian, 2021). (Rifqi Kurnia Nugraha, Arlia Putri Eksanti, Yustus Odema Haloho, 2022). This research evaluates the impact of financial literacy on investment decisions using a sample of students from Mercu Buana University, Jakarta. Some research concludes that while financial behavior and income have a



positive impact on investment, financial literacy itself does not, although the combination of financial literacy, financial behavior, and income has a positive effect on investment decisions (Baiq Fitri Arianti, 2018). This is because they use a very selective sample, such as in this study where the sample only included students from odd semesters. Employees in the IT sector are more aware of bank deposits and government securities. Equity and mutual funds carry high risk but also offer good returns, while bank deposits and government securities have lower risk and consequently lower returns (Mahabub Basha S, M. Kethan, T. Jaggaiah, Mohammed Khizerulla, 2022). Teachers' financial literacy also plays a very important role; teachers' financial literacy has a positive impact on their financial behavior (Sri Zulaihatia, Santi Susanti, Umi Widyastutia, 2020). Some studies rely solely on theoretical frameworks, such as the idea that more financial knowledge contributes to greater financial well-being, better financial behavior, and more informed decision-making among young adults (Joyce Serido). Parental financial behavior also has a positive impact on saving and investment behavior (Godfred Matthew Yaw Owusu, Richard Ansong, Theodora Aba Abekah Koomson, Annice Amoasa Addo-Yobo).

Research Gap

Notwithstanding with many studies, gaps will still exist. First, there is limited Empirical Evidence as study is conceptual and descriptive. Second, more research is needed to examine the effectiveness of financial literacy programs, workshops or courses helps to enhance the financial education. Ignore the impact of digital financial literacy. Finally, the research is needed on different demographic settings like, gender, age, mainly education and occupational structure. More research is needed to examine the effect o financial literacy in diverse population.

Research Questions

Based on the research gap through the review of literature, an attempt has been made to answer the following research questions:

- Does Financial literacy Significantly influence the investment decision of Indian youth?
- How Age and Gender associated with the investment decision among Indian youth?
- How Financial programs, courses help in financial education?
- How demographic factors collectively affect the investment decision among Indian youth?

III. Methodology

Research Design

Our study is empirical in nature, as it attempts to analyze the impact of financial literacy on investment decision making among Indian youth. The Research design is Quantitative and descriptive research. To collect the primary data, a Structured Questionnaire is prepared.



Research population

In this study, the target population is limited to youth residing in Delhi NCR, based on different demographic factors such as age, gender, education and occupational structure.

Sample Size and Sampling Techniques

The study employs a Non-Probability Convenience Sampling Technique, in which respondents were selected based on the convenience of researcher, based on the accessibility and willingness to participate. To determine the size of sample is done through a Statistical approach by using the Cochran's formula for a finite population. Based on the calculation of Cochran's formula, the sample obtained is 154 rounded to 160 individuals from Delhi NCR, who are capable of making financial and investment decision.

Data Collection

The data is gathered by Questionnaire based survey in the form of Google Form, which circulated through email, WhatsApp. The Questionnaire consists of three sections namely, Demographic information, financial literacy Questions and Investment behaviour questions. Journal articles, websites such as RBI, SEBI, related research papers were used to gather the secondary information.

Tools for Data Analysis

Data collected will be analysed using the descriptive statistics like frequency distribution, Mean, Percentage, Standard deviation and Variances etc. Hypothesis have been tested by using the Multiple Linear Regression, F-test, t-test.

Dependent Variable – Investment decision (ID)

Independent Variable- Financial literacy (FL)

Control Variables - Age and Gender

Regression Model:

$$ID = b_0 + b_1(FL) + b_2(\text{Age}) + b_3(\text{Gender}) + e_0$$

$$ID = b_0 + b_1(\text{FA}) + b_2(\text{FK}) + b_3(\text{FB}) + b_4(\text{Age}) + b_5(\text{Gender}) + e_0$$

Hypothesis of Study

Keeping in view the objectives of the study, following hypothesis has been framed for testing:

- H1: There is influence of Age on Investment behaviour among Indian youth.
- H2: There is influence of Gender on investment behaviour.
- H3: There is an influence of financial knowledge on investment behaviour.
- H4: There is an impact of financial attitude on investment behaviour among Indian youth.
- H5: There is an impact of financial behaviour on investment behaviour among Indian youth.
- H6: There is a collective impact of Financial literacy (financial knowledge, financial attitude and financial behaviour) on investment decisions among Indian youth.



IV. Data Analysis And Interpretation

This section is the analytical and interpretative writing of data collected from 160 Indian youth respondents in the Delhi NCR. This was to determine their degree of financial literacy, how financial literacy impact on the investment behaviour and their level of financial awareness are closely related. Descriptive statistics, graphical interpretation, regression analysis and their correlation have all been used to analyse the data.

Demographics of the Respondents

The design is critical to comprehend the demographic features of the respondents. Age, Gender, Educational level, Occupational level are demographic features. The sample used was of individuals aged below 18 to 30 years.

Table 1: Demographics of the Respondents

Variable	Category	Frequency	Percentage
Age	Below 18	14	8.75%
	18-22	69	43.13%
	23-26	55	34.38%
	27-30	22	13.75%
Gender	Male	112	70.00%
	Female	48	30.00%
Education level	High secondary	18	11.25%
	Undergraduate	83	51.88%
	Postgraduate	43	26.88%
	Above postgraduate	16	10.00%
Occupation	Student	59	36.88%
	Salaried	61	38.13%
	Self employed	40	25.00%

Interpretation:

Table-1 shows the profile of respondents as per demographic factors. It is clear from the table that the sample taken in this study predominantly young with 43.13 per cent of the respondents aged 18-22 years, 34.38 per cent aged 23-26 years , 13.75 per cent aged 27-30 years and rests aged below 18 years , with the large share of males (70 per



cent) and a strong educational background (51.88 per cent graduate, 26.88 per cent post-graduate , 11.25 per cent up to 10+2 and rests are above post graduate with occupation of 38.13 per cent salaried respondents , 36.88 per cent are students and rests are self employed . A big fraction of the respondents were undergraduate (83) with an age range of 18-22 years (69) are of males (112) and the occupational structure show most people are either in academic programs or salaried person.

Financial literacy among Youth

The respondents were assessed on their knowledge of financial concepts in budgeting, risk bearing, inflation, savings, portfolio diversification that comprised objective type questions. This shows how financial behaviour, financial attitude and financial knowledge impact individuals.

➤ Impact of financial behaviour among Indian youth

Table 2 : Assessment of financial behaviour

Variable	Category	Frequency	Percentage
Do you currently invest your money in any financial product? (FB1)	Yes	81	50.63%
	No	79	49.38%
Where do you invest most frequently? (FB2)	Mutual Funds	32	14.74%
	Fixed Deposits	55	25.35%
	Shares/ Stock market	41	18.89%
	Gold	50	23.04%
	Real Estate	28	12.90%
	Crypto currencies	11	5.07%
What sources do you use to learn about investment? (FB3)	Internet/Social Media	45	18.75%
	Mobile apps	68	28.33%
	Friends/Family	70	29.17%
	Financial Advisors	39	16.25%
	Newspapers/TV	18	7.50%

Interpretation:

Table-2 shows how financial behaviour impacts on individuals. The majority of respondents have invests their money in any financial product with 50.63 per cent. Now a days fixed deposits and Gold became the favourite investment route with 25.35 per cent and 23.04 per cent respectively, 18.89 per cent invests in shares/ stock market,



14.74 per cent invests in mutual funds, 12.90 per cent invest in real estate and rests invest in Crypto currencies. Majority of respondents rely on family/friends and mobile apps for source for their investment with 29.17 per cent and 28.33 per cent respectively, with 18.75 per cent rely on the internet, 16.25 per cent rely on the financial advisors and rest depends on the newspaper/ TV for source of their investment options. Use the diversified portfolio helps the Investor to invest their money in different options to enhance their return. People can do this when they know a lot about money and investment. Investors with risk tolerance prefer this because it helps them. Investment options such as gold and fixed deposits are good for investors who want to play it safe. A big fraction of the respondents invest in the financial product (81) with mostly invest in fixed deposits (55) and mostly depends on the family / friends for their investment options (70).

➤ Impact of financial Attitude among Indian youth

Table 3: Assessment of Financial Attitude

Variable	Category	Frequency	Percentage
“Financial literacy improves my confidence in making investment decisions.” (FA1)	Strongly Agree	37	23.13%
	Agree	56	35.00%
	Neutral	43	26.88%
	Disagree	19	11.88%
	Strongly Disagree	5	3.13%
“Lack of financial knowledge prevents me from investing effectively.” (FA2)	Strongly Agree	37	23.13%
	Agree	46	28.75%
	Neutral	45	28.13%
	Disagree	25	15.63%
	Strongly Disagree	7	4.38%
What motivates you to invest? (FA3)	Future Security	61	26.18%
	Higher Returns	58	24.89%
	Tax Benefits	49	21.03%
	Peer Influence	22	9.44%
	Family Guidance	43	18.45%



Risk tolerance level (FA4)	High	42	26.25%
	Low	24	15.00%
	Moderate	94	58.75%

Interpretation:

Table-3 shows how financial attitude impact on the individuals. 58.13 per cent (35.00% Agree + 23.13% strongly agree) respondents believe that financial literacy improves their confidence in making investment decisions (FA1). If they have good financial literacy then they are able to invest their money in right place to get good return. While 26.88 per cent are neutral. Remaining 15.01 per cent (11.88% disagree +3.13% strongly disagree) disagree for this statement that financial literacy improves confidence in making investment decisions. A majority of respondents believes financial literacy significantly boost their investment confidence. This leads a positive relation between financial knowledge and self- confidence in investment decision.

51.88 per cent (23.13% strongly agree + 28.75% agree) respondents agrees that lack of financial knowledge prevents the investor from investing effectively (FA2). While 28.13 per cent are neutral and remaining 20 per cent (15.63 per cent disagree + 4.38 per cent strongly disagree) respondents did not believe that lack of financial knowledge prevents them from investing. This shows that more than half of the respondents believe that insufficient financial knowledge act as a barrier for the effective investing. This shows the importance of financial knowledge for improving investment decision.

This table shows that future security is the primary motivation for investment with 26.18 per cent followed by higher returns became second strongest motivator for investing with 24.89 per cent. Tax benefits motivates the 21 per cent for better investing while family guidance motivates the 18.45 per cent respondents and peer influence has the least impact of motivation for investors with only 9.44 per cent.

Majority of respondents have moderate risk tolerance level with 58.75 per cent, while 26.25 per cent respondents have high risk tolerance level and 15 per cent respondents have low risk tolerance level. A smaller group is highly risk-seeking, while few are risk-averse. Financial literacy plays a crucial role in building. Investment decisions are primarily motivated by future security and returns, not peer pressure. Most of the respondents exhibit a moderate risk tolerance level.

➤ **Impact of financial knowledge among Indian youth**

Table 4: Assessment of Financial knowledge

Variable	Category	Frequency	Percentage
Do you have basic knowledge about financial concepts ? (FK1)	Yes	103	64.38%



	No	43	26.88%
	Somewhat	14	8.75%
understanding of personal finance (FK2)	0-3 (Low financial literacy)	18	11.25%
	0-4 (Moderate financial literacy)	99	61.88%
	0-8 (High financial literacy)	43	26.88%
Have you ever attended any financial literacy program/workshop or course? (FK3)	Yes	102	63.75%
	No	58	36.25%

Interpretation:

Table -4 shows that the respondents were asked whether they possess basic knowledge about financial concepts. Majority of respondents with 64.38 per cent answered “yes”, confirming that they have basic financial knowledge, While 26.88 per cent. Answered “No” and 8.75 per cent reported having somewhat knowledge.

This table shows the majority of respondent (61.88 per cent) having moderate financial literacy on basis of understanding of personal finance, While 26.88 per cent respondents having high financial literacy and only 11.25 per cent having the low financial literacy. This indicates that most respondent have a reasonable understanding of personal finance.

The study also examined that 63.75 per cent respondents have attended the financial literacy program/ workshop or financial courses, while 36.25 per cent have not participated in any such programmes. This shows hoe financial literacy workshop or program helps investor understanding the personal finance and financial concepts.

➤ **Impact of overall financial literacy among Indian youth**

This shows how much the respondents have collective impact of financial literacy (Average of financial knowledge, financial attitude and financial behaviour) To assess the overall financial literacy level of respondents, a composite score was calculated and categorized into three levels: low, moderate, and high financial literacy.

Table 5: Assessment of financial literacy

Score range	Interpretation	respondents	Percentage
0.83 - 1.4	Low financial literacy	21	12.50%



1.4 - 1.97	Moderate financial literacy	83	51.88%
1.98 - 2.55	High financial literacy	56	35%

Interpretation:

Table -5 shows respondents fall under different score range for analysing their overall financial literacy level. This score range is categorized by Mean Score Range Method. Majority of respondents (51.88 per cent) falls within the moderate financial literacy. Additionally, 35 per cent respondents having high financial literacy, this shows a good proportion of financially literate individuals within sample. But still 12.50 per cent of respondents are falls within low financial literacy which examined that a proportion of individuals still lack the financial knowledge. This shows overall financial literacy among Indian youth is satisfactory (more than half population) but there still a scope of enhancing the financial education in the low financial literacy group. Financial literacy improves investment confidence and improving the literacy levels which further enhance the investment behaviour as well.

Investment behaviour among youth

Investment behaviour among youth refers to attitude, preferences, decision making pattern and risk taking tendencies of young individuals while investing their money. This shows us why people invest and what motivates them. How they diversify their portfolios, minimize their risk, and generate better earnings.

Table 6: Assessment of investment behaviour

Variable	Category	Frequency	Percentage
Do you currently invest your money in any financial product? (IB1)	Yes	81	50.63%
	No	79	49.38%
Where do you invest most frequently? (IB2)	Mutual Funds	32	14.74%
	Fixed Deposits	55	25.35%
	Shares/ Stock market	41	18.89%



	Gold	50	23.04%
	Real Estate	28	12.90%
	Crypto currencies	11	5.07%
What sources do you use to learn about investment? (IB3)	Internet/Social Media	45	18.75%
	Mobile apps	68	28.33%
	Friends/Family	70	29.17%
	Financial Advisors	39	16.25%
	Newspapers/TV	18	7.50%
Risk tolerance level (IB4)	High	42	26.25%
	Low	24	15.00%
	Moderate	94	58.75%

Interpretation:

Table -6 shows that majority of respondent with 50.63 per cent invest their money in any financial product. This suggest that individuals have investment awareness bur still there is scope of improvement as 49.38 per cent respondents did not invest their money in any financial product. Fixed deposits (with 25.35 per cent) are the most preferred investment options for the investors followed closely by Gold (23.04 per cent). Investment in shares/ stock market (18.89 per cent) shows people are aware of modern investment option. Mutual funds (14.74 per cent) and real estate (12.90 per cent) also show the moderate participation. But the crypto currencies show the least participation with only 5.07 per cent. Overall, data shows that youth uses the different investment options for making the diversify portfolio and getting good return. Family/friends (29.17 per cent) and mobile apps (28.33 per cent) are the primary source of motivation for investor. Risk Averse individuals chooses the most reliable investment options. Internet / social media (18.75 per cent) also play a significant role. Reliance on financial advisor is comparatively lower as individuals prefer informal or self-directed learning methods over professional consultation. Newspapers/TV (7.5 per cent) has the least influence which suggests there is shift towards digital platforms for investment over these traditional options. Majority of respondent (58.75 per cent) having the moderate risk tolerance level and 26.25 per cent respondents have high risk tolerance level which



means they are more focus on long term gains rather than short term safety. While 15 per cent respondents have low risk tolerance and invest in short term security to receive a quick return and mostly invest in much safer option like fixed deposits.

Table 7: Impact of Investment behaviour among Indian youth

Score Range	Interpretation	Respondents	Percentage
0.3 - 0.64	Low Investment behaviour	49	30.63%
0.64 - 0.99	Moderate Investment behaviour	78	48.75%
0.99 - 1.32	High Investment behaviour	33	20.63%

Interpretation:

To assess the overall investment behaviour impact among Indian youth, the Average investment behaviour score was calculated by using Mean Score Range Method and categorized into 3 levels: High investment behaviour, moderate investment behaviour and low investment behaviour.

Table-7 shows that majority of respondents have moderate investment behaviour with 48.75 per cent. Additionally, 20.63 per cent of respondents have high investment behaviour which suggests that more than half of the respondents have good knowledge of investment behaviour. It reflects their active participation in the investment, diversified investment choices and assess their risk taking behaviour but still 30.63 per cent of respondents have low investment behaviour which shows that there is still a significant proportion of respondents have lacking the financial awareness. There is a potential scope for improving the financial literacy and encourage more active investment participation among youth. This shows enhanced awareness, digital accessibility and professional guidance could positive influence the investment behaviour level.

Descriptive Statistics Analysis

To determine the impact of financial literacy on investment behaviour among Indian youth we considered financial literacy (FL) as an independent variable which having majorly three components financial behaviour (FB), financial knowledge (FK) and financial attitude (FA). Investment behaviour (IB) represent as a dependent variable. Age and Gender are the control variables for our study.

Table 8: Descriptive Statistics Result

Variable	N	Mean	Median	Minimum	Maximum	Std. Dev.	C.V	Skewness	5% perc.	95 %
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										perc
FK	160	3.0375	3	0.66667	4.6667	0.87034	0.28653	-0.58483	1.3333	4.3333
FA	160	2.122	2.1	1.3	3.05	0.36166	0.16962	-0.13169	1.55	2.8
FB	160	0.34375	0.41111	0.066667	0.88889	0.21567	0.62741	0.35636	0.066667	0.75556
FL	160	1.8378	1.8907	0.83704	2.5574	0.34354	0.18693	-0.55131	1.1778	2.3626
IB	160	0.78594	0.84167	0.3	1.3167	0.22791	0.28999	-0.1992	0.34167	1.1154
Age	160	2.5313	2	1	4	0.8387	0.33134	0.15784	1	4
Gender	160	0.3	0	0	1	0.4597	1.5323	0.87287	0	1

Interpretation:

Table -8 shows that number of respondents (N) as many as 160 individuals.

Financial Knowledge (FK) has mean- 3.03 and median- 3 having the range of 0.67-4.67 and moderately negative skewed (Skewness- -0.58) which indicates more responses concentrated in upper end of the scale and having the SD- 0.87 with moderate variability with (CV- 0.28). Financial Attitude (FA) has the mean score-2.1 and median- 1.3 having the range of 1.3- 3.05 and symmetric distribution with skewness value is very close to zero. (skewness- -0.13) which indicates responses are fairly balanced and normally distributed with low variation among respondents. Financial behaviour (FB) has the mean score – 0.34 and median- 0.41 having the range of 0.67-0.89 and slightly positive skewed (skewness- 0.35) and having the SD-0.21 with high variability (CV- 0.62) which shows high level of dispersion. Financial literacy (FL) has mean value- 1.83 and median value-1.89 with moderately negatively skewed (skewness- -0.55) and having the SD- 0.34 with low variability (CV- 0.18) showing the less dispersion. FI scores are fairly consistent and more concentrated at higher values. Investment behaviour (IB) has mean score- 0.78 and median – 0.84 having the range of 0.3-1.32 with approximately normal distribution (skewness- -0.199) and SD- 0.23 with moderate variability (CV- 0.29), it shows the symmetric distribution. Age and gender are control variables where age has mean-2.53 and median-2 with positive skewed, nearly symmetric (skewness- 0.15) and SD-0.84 and moderate variability (CV-0.33). It shows sample is evenly distributed across all age categories. Gender has mean score – 0.3 and median- 0 with positively skewed (skewness- 0.87) showing uneven gender distribution



and SD- 0.45 and having lower variability (CV-1.53). It shows gender distribution is uneven with majorly respondents are of males.

Classical Assumption Test

➤ **Multicollinearity Test**

Table 9: Muticollinearity Test Result

(Model 1)	
Variable	VIF
Financial behaviour	1.095
Financial Knowledge	1.172
Financial attitude	1.01
Age	1.07
Gender	1.047

Interpretation:

Table -9 shows the results of Variance Inflation Factor (VIF) which check the multicollinearity among the independent variables. All values of variance inflation factor are close to 1 and far below the threshold value of 10. 1.095 on the variable financial behaviour, 1.172 on the variable financial knowledge, 1.01 on the variable financial attitude, 1.07 on the variable age and 1.047 on the variable gender. This can be interpreted that there is no multicollinearity among the independent variables in the model. This shows that independent variables are not highly correlated with each other and the regression model is reliable.

➤ **Heteroskedasticity Test**

Table 10: Heteroskedasticity test Result

(Model 1)				
Variable	coefficient	Std. error	t-ratio	p-value
Constant	-0.00876181	0.081288	-0.1078	0.9143
FB	-0.014093	0.086467	-0.163	0.8708
FK	0.0212273	0.01847	1.149	0.2524
FA	-0.00376167	0.059309	-0.06342	0.9495
Age	0.0127845	0.020923	0.611	0.5422
Gender	0.0128455	0.035302	0.3639	0.7165
Unadjusted R-squared	0.091456			
TR ²	14.633032		p-value	0.745618

Interpretation:

Table-10 shows the results of White's Test for heteroskedasticity in the regression model. The test produce the TR² value of 14.633 with a p- value of 0.74561, which is greater than 0.05. Thus we fail to reject the null hypothesis at 5% significance level. This can conclude that there is no heteroskedasticity in the regression model and assumption of constant error variance is satisfied.



➤ **Autocorrelation Test**

Table 11: Autocorrelation Test Results

Model 1	R-squared	Adjusted R-squared	SER	Durbin-Watson	P-value
	0.671338	0.660667	0.132764	2.108342	1.78e-35

Interpretation:

Table 11 shows Durbin - Watson test for autocorrelation. This can conclude that value of Durbin- Watson value is 2.10, which is close to 2, which indicates that no autocorrelation among the residuals with a p- value of 1.78e-35 which is highly significant at 5% significance value. The SER value 0.1328. The lower the SER value, suggest that model fits the data well. This can be concluded that regression model is statistically significant and there is no autocorrelation present in the model and good model fit.

Hypothesis test

➤ **Multiple Linear Regression Test**

Table 12: Multiple Linear Regression Test

(Model 1) Variable	Coefficient	Std. Error	t-ratio	p-value
constant	-0.0199196	0.0780251	-0.2553	0.7988
Age	0.0276714	0.0129842	2.131	0.0347
Gender	-0.0568307	0.0234362	-2.425	0.0165
FK	0.0310868	0.0130978	2.373	0.0189
FA	0.196142	0.0292588	6.704	3.62e-010
FB	0.698837	0.0510907	13.68	2.20e-028

Interpretation:

Table- 9 shows that the result of multiple linear regression equation that is formed is:
 $IB = -0.0199 + 0.0277(\text{Age}) - 0.0568(\text{Gender}) + 0.0311(\text{FK}) + 0.1961(\text{FA}) + 0.6988(\text{FB}) + e$

Where, IB (Investment behaviour) is dependent variable and FK (financial knowledge), FA (financial attitude) and FB (financial behaviour) are the independent variables and Age and Gender are the control variables.

Intercept is -0.0199 which shows the expected value of dependent variable (Investment behaviour) when all the independent variables are equal to zero. Since, it is statistically insignificant, it does not have any meaningful practical interpretation.



Age coefficient is 0.0277 which shows a one- unit increase in age leads to an increase the IB by 0.277 units, holding all the other variables are constant. Age has positive impact on dependent variable (IB).

Gender coefficient is -0.0568 which shows a one- unit change in gender leads to decrease the IB by 0.0568 units, holding all the other variables are constant. Females have lower predicated value of IB as compared to males. When gender changes from 0 (male) to 1 (female), the predicated value of IB decreases by 0.0568 units.

Financial knowledge coefficient is 0.0311 which shows a one- unit increase in financial knowledge leads to an increase the IB by 0.0311 units, keeping all other variables are constant. FK has positive impact on IB.

Financial attitude coefficient is 0.1961 which shows a one-unit increase in financial attitude leads to an increase the IB by 0.1961units, keeping all the variables are constant. FA has positive impact on IB.

Financial behaviour coefficient is 0.6988 which shows a one- unit increase in financial behaviour leads to an increase the IB by 0.6988 units, holding all the variables are constant. FB has positive impact on IB. This is the strongest predictor in the model Thus the Regression results shows that age, FK, FA, FB has positive impact on investment behaviour, while gender has negative impact on investment behaviour. Among all these independent variable, financial behaviour (FB) has strongest impact of Investment behaviour (IB)

➤ **Coefficient of Determination Test**

Table 13: Coefficient of Determination Test Result

Model	R-squared	Adjusted R-squared	S.E. of regression	Sum squared residual
1	0.671338	0.660667	0.132764	2.714435

Interpretation:

Table 10 shows value of R- Squared is 0.6713, which means 67.13 % of the variation in the dependent variable (IB) is explained by the independent variables include in the model (age, gender, FK, FA and FB) . It shows that model has good explanatory power. The adjusted R-Squared is 0.66 which means 66% of the variation in IB is still explained. Adjusted r-squared is very close to R- squared which means model does not contain unnecessary variables. Standard error of regression shows the distance between actual IB values and their predicted IB values. S.E. of regression is 0.132 which shows actual IB values are 1.32% deviate from predicted IB values. The sum of squared residual is 2.714. The smaller the level of sum of squared residual will make the regression model more accurate in predicting the dependent variable.

➤ **T-test**



From the result of analysis contained in table-9 of multiple linear regression analysis, to determine the distribution of t is sought at alpha (α) = 5. With a 2-sided test the 0.025 significance of the results obtained for the t- table is 1.984. We test at the 5% = 0.05 significance level.

From the table-9 calculation results obtained the first hypothesis, shows the result of the calculation of Age (X1) has t-count > t-table is 2.131 > 1.984 with a significance value of 0.0347 < 0.05. This can be interpreted that age has positive and statistically significant impact on Investment behaviour at 5% significance level. Then H0(1) is rejected. Hence H1 is accepted.

The second hypothesis, shows the result of the calculation of Gender (X2) has t-count > t-table is |-2.425| > 1.984 with a significance value of 0.0165 < 0.05. This can be interpreted that gender has negative and statistically significant impact on Investment behaviour at 5% significance level. Then H0(2) is rejected. Hence H2 is accepted.

The third hypothesis, shows the result of calculation of financial knowledge (X3) has t-count > t-table is 2.373 > 1.984 with a significance level of 0.0189 < 0.05. This can be interpreted that financial knowledge has positive and statistically significant impact on investment behaviour at 5% significance level. Then H0(3) is rejected. Hence H3 is accepted.

The fourth hypothesis, shows the result of the calculation of financial attitude (X4) has t-count > t-table is 6.704 > 1.984 with a significance value of 3.62e-010 < 0.05. This can be interpreted that financial attitude has positive and statistically significant impact on Investment behaviour at 5% significance level. Then H0(4) is rejected. Hence H4 is accepted.

The fifth hypothesis, shows the result of the calculation of financial behaviour (X5) has t-count > t-table is 13.68 > 1.984 with a significance value of 2.20e-028 < 0.05. This can be interpreted that financial behaviour has strong positive and highly statistically significant impact on Investment behaviour at 5% significance level. Then H0(5) is rejected. Hence H5 is accepted.

➤ **Overall impact of financial literacy**

F-test used to determine whether the combined mean are statistically significant or not. Financial literacy (FL) is the average of financial behaviour (FB), financial attitude (FA) and financial knowledge (FK). To determine the combined effect of all these three components, we measure the effect of financial literacy on investment behaviour.

Table 14: Impact of financial literacy on investment behaviour

Variable	Coefficient	Std. Error	t-ratio	p-value
constant	0.0867996	0.0808328	1.074	0.2845
FL	0.380419	0.0432389	8.798	2.28e - 015



R-squared	0.328819	Adjusted R-squared	0.324571	
F(1,158)	77.40606	P-value(F)	2.28e -15	

Interpretation:

Table- 11 shows that the result of multiple linear regression equation that is formed is:
 $IB = 0.0868 + 0.3804(FL) + e$

Financial literacy coefficient is 0.3804 which shows a one- unit increase in financial literacy leads to an increase the Investment behaviour by 0.3804 units, keeping all the other variables are constant. FL has a positive impact on IB.

The Sixth hypothesis, shows the result of the calculation of overall financial literacy has t- count > t-table is $8.798 > 1.984$ with a significance values of $2.28e - 015 < 0.05$. This can be interpreted that overall financial literacy (FL) has positive and highly statistically significant impact on investment behaviour at 5% significance level. Then $H_0(6)$ is rejected. Hence H_6 is accepted.

R – Squared is 0.328819. This means that 32.8 % of the variation in investment behaviour is explained by financial literacy. It shows the model has good explanatory power.

➤ **F- test**

Table -11 shows that F-value is 77.40606 with the significance value is 2.28e-15 as the F- value is too high and $2.28e-15 < 0.05$. This can be interpreted as overall model has highly significant impact on the investment behaviour. This means that the multiple regression model can be used to measure the level of investment behaviour or simultaneously have a positive and highly significant impact on investment decision.

➤ **Correlation coefficient**

This shows the estimated spearman’s rank correlation coefficients between dependent variable (Investment behaviour) and independent variables (age, gender, financial knowledge, financial attitude and financial behaviour).

Table 15: Correlation coefficients

	Age	Gender	FK	FA	FB	FL	IB
IB	0.2455	-0.2156	0.3628	0.3327	0.7183	0.5734	1

Interpretation:

Investment Behaviour is positively correlated with Age ($r = 0.2455$), indicating a weak relationship. This means if age increases, investment behaviour slightly improves. Investment behaviour have negative correlated with Gender ($r = -0.2156$), indicating a weak relationship. This means change in gender leads to slightly decrease the investment behaviour.



Investment behaviour have moderate positive correlation with financial knowledge ($r = 0.3628$). Higher financial knowledge is associated with better investment behaviour. Investment behaviour is positively correlated with financial attitude ($r = 0.3327$), indicating a moderate relationship. Higher financial attitude leads to individual with better investment behaviour.

Investment behaviour positively correlation with financial behaviour ($r = 0.7183$), indicating a strong relationship. If financial behaviour improves leads to strongly improve investment behaviour. It has highest correlation with investment behaviour. Investment behaviour has moderate to strong positive correlation with financial literacy ($r = 0.5734$). This implies that higher financial literacy leads to improves investment behaviour.

V. Conclusion

Based on the results of multiple linear regression test results, shows that value of constant and coefficient of variables that have positive value has direct relation with investment behaviour, those coefficient of variables show negative value have inverse relation with investment decision. Based on T- test results, indicating the age, gender, financial knowledge, financial attitude and financial behaviour have significant effect on investment decision. Overall financial literacy has highly significant impact on investment behaviour. Based on F-test results, Overall all variables together have a significant effect on investment decision.

In conclusion, financial literacy plays a significant role for shaping the investment behaviour among Indian youth. The study highlights that individuals having strong financial literacy are able to make informed investment decision, make diversify investment portfolio and prefer long term investment rather than short term investments. However, the findings also suggest that large section of Indian youth majorly females still lack the financial literacy which limits their investment decision. Factors such as financial education, access to financial literacy, digital financial platforms and awareness programs can significantly improve investment behaviour. Therefore, improving the financial literacy will not only enhance personal financial well-being but also contribute to greater financial inclusion and economic growth in India.

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