IMPACT OF FINANCIAL LITERACY ON INVESTMENT BEHAVIOR OF YOUNG INVESTORS IN INDIA: AN EMPIRICAL STUDY

ABSTRACT

Financial literacy and knowledge lead to perceived financial understanding. These contribute to the decision-making for savings and investments. Such literacy is a function of awareness, experience, and skills. Financial literacy forms a positive financial attitude towards the achievement of financial goals and freedom. The level of financial literacy of an individual makes them more rational in making their financial decisions. Having good financial knowledge and understanding would help in the management of their finances and further planning of their money in a better way. This study is descriptive in nature. In this study, a structured questionnaire was used to measure the financial literacy of the young investors ranging between the ages of 18 to 35. The sample size of the study is 390. The data were collected with the help of a structured questionnaire. With the help of "Exploratory Factor Analysis" and "Multiple Regression Analysis," it was found that there is a significant impact of Financial Literacy (Financial Behavior, Financial Attitude, Financial Knowledge-Basic, and Financial Knowledge-Advanced) on the investment behavior of young investors in India.

Keywords: Financial literacy, financial attitude, financial knowledge, investment behavior, young investors.

INTRODUCTION

Knowledge, as well as experience, makes an impact on the decisions of an individual through perceived skills, knowledge, and capabilities. Financial attitude is associated with how people treat, manage, and make use of financial resources that are available to them. People who have financial responsibility need to be effective in the usage of their finances, making their budget, savings of money, investments, etc. (Dwiastanti, 2015). As a part of financial discipline, the concept of behavioral finance examines the association between human behavior and the financial system and behavioral dimensions of the company, where the human and financial system exist and are acknowledged. The landscape of finance is complicated and competitive. Furthermore,

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finance-related financial literacy is more important and essential as it not only affects the finance-related decisions of people at a basic level but also the wider level of financial well-being along with the socio-economic development of the nation. Financial literacy is associated with the decisions related to investments and their determinants, which impact the attitude of individual investors that are influential to other factors as well. All such factors are grouped into demographic factors, economic factors, psychological, and social factors (Janor et al., 2016). Financial knowledge or literacy is the understanding of financial terms. It is an efficient skill that is needed by people to make proper and effective financial decisions with reference to their financial investments. Financial literacy should be considered a primary right and a universal requirement instead of a privilege for customers that have special accessibility to financial literacy or advice. It is a fundamental literacy like the ability to write and read to attain complete potential, individual as well as society needs to come together (Lusardi, 2019). At the present time, the finance-related process has become more complex, including investment funds, a wide range of banking products, insurance, pension reforms, and many more. All such things put full pressure on people to have financial knowledge and understanding along with financial educational courses.Being equipped with financial literacy and knowledge has become important for people in the present time as the financial market has become complicated in comparison to two decades ago. Immediate measures need to be taken by policymakers because people who are financially illiterate might cause issues in terms of managing their money, debts, and investments, which can have negative consequences for society as a whole (Kimiyaghalam & Safari, 2015). It has been found that people save money habitually and donate money to charity. All of these conditions have an influence on people's financial literacy. Financial awareness, knowledge, and experience are important for making financial decisions, developing a positive financial attitude, and achieving financial goals. The outcomes should attract the interest of policy-makers who are involved in determining how to shape financial knowledge and literacy (Dewi et al. 2020). Financial literacy significantly reduces economic risks. In the present day, people are trying to improve their understanding and knowledge of finance along with different financial products. Financial literacy and people's competencies are becoming essential due to the dynamic, rapidly developing, and globally connected financial market and its requirements. Individuals' financial needs have become more complex and extensive. These needs can only be handled with proper education in finance and various other aspects of finance, taxes, etc., in order to improve their knowledge of financial products, projects, services, concepts, etc., so that they can make appropriate, ethical, and safe financial decisions. The globalized economy has provided many opportunities to purchase economic goods and services anytime and anywhere. People living in less sophisticated financial markets are not insulated from more sophisticated options. Consistent assessments of financial literacy are vital in determining whether financial literacy contributes to improved financial attitudes, which ultimately improves overall well-being. Establishing the link between financial understanding and attitudes can be challenging due to issues related to definition and measurement. Nowadays, people have a wide range of investment choices, and the decision of how much money to invest depends on the individual. It also depends on different financial products available in Indian and international financial markets (Mehra & Indapurkar, 2020). Financial knowledge or literacy involves having a basic understanding of economic and financial concepts, as well as the ability to use that knowledge to make financial and investment decisions and effectively manage financial resources throughout one's lifetime.

The financial literacy helps people to make good choices of financial products as well as decisions for steady returns and the maximization of financial welfare. The major factor behind financial knowledge among young investors is financial literacy, maturity, family background, and cognitive capabilities. The relative importance of all such elements would vary from investor to investor (Singh & Kumar, 2015). Present and future financial choices of young investors would probably be very challenging compared to their parents because of the complexity of the financial products and market, usage of digital technology, new and complicated financial market, and its rules and regulations. There are many examples where well-trained people in the financial field have become victims of investment scams and financial frauds. However, not many people disagree that good knowledge and understanding of finance would give the ability to have complete and basic financial literacy (Hayei & Khalid, 2019). The investment-related decisions of investors get influenced by their level of financial literacy. A significant role is played by financial literacy with reference to the financial framework of the nation. Financial literacy has become more remarkable with the growing and developing banking and financial system of the economy (Yadav & Raman, 2019). Financial knowledge and literacy are acknowledged worldwide and are considered an essential element for stability and development in finance. Good activity in financial planning, control, and management shows healthy economic behavior. Personal management of financial management is highly associated with the capability and understanding of financial literacy concepts. Hence, almost every aspect of financial literacy gets impacted, including planning and spending of money that includes the economic behavior of an individual (Muizzuddin et al. 2017). The globalized economy has given many opportunities to purchase economic goods and services at any time and any place. People who live in less sophisticated financial market nations are not insulated from sophisticated varieties. Consistent estimations of financial literacy are vital if financial literacy helps in improving financial attitude, which would ultimately improve their well-being as well. The proof of the association between financial understanding and attitude is varied because of the issues related to the definition and measurement (Nicolini, Cude & Chatterjee, 2013). The importance of such financial instruments is deceptive in the economic development of the nation by channelizing the savings of an individual. From the viewpoint of the young generation, the level of awareness related to financial investments is

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found to be lacking. This work deals with the attitude and behavior of the young generation towards investment-related opportunities in the market (Azhar, Juliza, Azilah, & Syafiq, 2017). The importance of financial knowledge lies in the sense that it assists people in having a basic understanding of financial terms and thus applies the knowledge to making the best decisions related to their personal finances. Well-informed financial investment decisions ensure good returns in the coming future. It has been observed in various studies that people who have a low level of financial knowledge face difficulties in taking finance-related decisions and making plans for themselves and their families like savings, borrowings, investments, valuing their money, interest rates, etc. All these things are important to choose the best financial investment option. Over time, the financial market has changed drastically and has become more organized and complicated. A lot of complicated and sophisticated financial products are available in the market for which there needs to be a good understanding as well as financial literacy for good decisions and to avoid obstacles in the future of the common man of society. It is observed that the behavior of the young generation gets influenced by two non-economic elements, which are financial knowledge and literacy and the financial behavior of their parents with regards to savings and investments (Owusu, Ansong, Koomson, & Addo-Yobo, 2022).

Using long-term investment for the development of the economy and the economic development of an individual is not a new idea. It has acquired a lot of attention from people in the past few decades. After the selection of the security, the investor starts making an estimate of the amount of money available to them, which they can spend on purchasing the security. Finally, an investor starts analyzing the price of the security and makes their decision about the security that they should choose (Anitha & Bhargavi, 2014). Financial education makes a positive and significant impact on investment-related decisions of young savers. Moreover, when the study focused on dimensions of financial literacy, one of the most substantial dimensions was financial skills. One of the least significant dimensions of investment decisions is knowledge about financial products among young investors. Hence, it is concluded by researchers that financial skills are considered a major determinant of financial education for enhancing and improving investment decisions among young investors. The second most influential dimension is knowledge of financial investment options. There is a need for investors to develop the habit of investing to reduce the influence of the economy on them. The outcome of the work has significant managerial implications that can be utilized by investment companies for the restructuring of their present policies, practices, as well as the innovation of new products and new methods of service delivery (Dayana & Rodrigues, 2021). An individual wants their money to be invested in a secure option that would give good returns with low risk. The chosen investment option is dependent upon the risk-taking ability of an investor. The investment attitude of a young investor is linked to the activities of investment that an investor makes, such as searching, analyzing, evaluating, acquiring, and reviewing the investment options that are available in the market. The investment behavior of an investor shows how they allocate and distribute their surplus income in different investment avenues that are available in the market (Ansari & Moid, 2013). Financial literacy helps in the arrangement of ensuring long-term investment to avoid any kind of financial pitfalls in the future. Financial understanding plays an important role in the management of expenses, making it possible to control them in a planned way. Good financial management helps enhance the ability of individuals to plan their finances wisely in every phase of life. The study's outcome reveals every aspect of finance, including skills in financial management, budget planning, savings, and control. Thus, more efforts need to be applied to expand financial education levels and attitudes among young savers. The study also reveals the importance of creating awareness among people about the importance of having financial education and investment opportunities for a better and safer future.

LITERATURE REVIEW

Financial education is stated in the context of awareness and mindfulness, and the investment decision-making of investors. It is expressed as the action of investors as well as the way they expect, understand, examine, and evaluate the phases or transactions for decision-making. It also includes the risk of investment, the process, and the model of investment decision-making. However, creating awareness among people about the importance of financial literacy will upgrade investment decisions among investors. The majority of investors are aware of the different investment options available in the market, and investors are not investing in any single investment avenue. It is found that many investors invest around 10% of their annual income in the investment options available in the market. One of the most important factors that impact the investment decision is the returns on investment. The investment attitude of young investors also gets impacted by their personal factors like knowledge and understanding of the financial market, pattern of savings, pattern of consumption, influence of friends and family, and the surplus amount of money that can be invested (Dewan, Gayatri, & Dewan, 2019).

Young investors are more interested in making an investment plan with their surplus money, and most of them invest in bank deposits and gold as well. Young investors opt for these investment options because they are not prepared to take high risks in the market and prefer safer options that have less risk but provide good returns. The study found that most young investors do not have enough knowledge and understanding of finance and its concepts. Good financial literacy is required for all of this. Poor financial literacy is the reason behind a structured portfolio. The portfolio must include avenues that have a low level of risk and maximum profits and returns in various sectors (Gadde & Gupta, 2020).

The study found that, compared to women, men are more risk-averse. Investors who are educated are ready to take risks. The age of investors does not have a significant impact on risk tolerance, and investors with low income levels have a lower level of risk tolerance compared to investors with high income levels. Public employees do not have much ability to bear

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risk. It is the responsibility of the government to motivate people to make investments by adopting policies that provide incentives when they make any investment (Rahmawati et al., 2015).

People who are curious, love to learn new things, and are knowledgeable are always ready to take risks. Investment firms need to pay more attention to the fact that gender does not make a difference in investors' risk tolerance at present. Male and female investors have almost the same risk tolerance ability. Thus, when looking for prospective investors, companies must focus on those who like to explore new things and have emotional stability along with a low level of agreeableness (Mathur & Nathani, 2019).

There is an urgent need for women to become more literate regarding financial terms and concepts. Finance companies and policymakers need to educate people, especially women, and help them improve their level of financial knowledge for a bright future. Educating women would help them structure their finances and invest their surplus money in safe investment options, earning good returns for a secure future. The female section of the society needs to be educated as they are the one who can make a significant contribution to the nation's growth. There has been an improvement in women's literacy levels in our nation, but it is still not up to global standards. Therefore, it is essential to target a large number of women to join financial literacy programs and gain good knowledge about financial concepts, products, and policies (Rani & Goyal, 2021).Risk-taking ability of young investors is related to factors such as age, gender, income, occupation, and education. It has been observed that young investors are generally risk-oriented and tend to choose investment options like mutual funds, bank deposits, fixed deposits, gold, etc. They are neither risk-seekers nor risk-averse because of some of the investment options, which are characterized as high-risk options. Investors choose their investment avenues as per their risk-taking ability. There is a gender gap in financial literacy within the context of their parental characteristics. Variables like level of education of a mother and father is found to be correlating with the level of education of their children and their level of financial education. The study suggests that the education level of parents, particularly mothers, can have a positive impact on the financial education of their children, bridging the existing gender gap (Chambers, Asarta, & Farley-Ripple, 2019).

Financial education programs have different scopes and approaches. In India, there is an urgent need to improve financial literacy, especially among the large number of illiterate individuals. Access to finance for the poor and uneducated depends on their level of financial literacy. To reduce poverty in the country, it is important to enhance financial literacy among these individuals so they can access financial services and products. To understand types and importance of investment options available in market, some small camps and activities should be conducted in schools, colleges, and local areas to increase knowledge and understanding of investments. It is necessary to analyze the impact of these programs and gather feedback from the people (Anshika & Singla, 2017).

Financial literacy is also a crucial factor in determining the level of financial inclusion. It refers to the ability of individuals to understand finance, make informed financial decisions, and utilize it for their own benefit and that of their households. Financial inclusion in recent development is known to be important element and considered essential for rural development who are not only facing deficiencies in resources as well as social and economic aspects. Financial literacy and education can help backward people understand finance through which they would do management of their finances effectively, and adopt investment options to earn good returns in the future. It is the responsibility of the government and other communities to educate people about the benefits of investments (Kandari, Bahuguna, & Salgotra, 2021).

Increasing complications in the financial market have upstretched the essentiality of financial education and understanding among people, particularly in developing countries like India. Knowledge of finance can lead to economic and social involvement of people, increase the level of competition along with market efficiencies in the financial service sector, which would ultimately reduce regulators' interference. The majority of the Indian population is still financially disqualified. Financial education is an essential tool for the promotion of financial inclusion and for the achievement of financial stability. For that, there must be some effective approach to a national strategy with the inclusion of spreading awareness among people with regards to financial knowledge, financial products, and services that are available in the financial market. Experts must educate present users of financial products, helping them to make correct choices of investment options and, at the same time, ensuring the protection of customers from any kind of fraud in the financial market (Thakur, 2018).

Talking about India, the same situation is found here as well. The majority of people do not have enough financial knowledge. They even do not know how to invest their money and which investment option is beneficial for them. Researchers found that age, gender, education, and family background are some of the main factors that influence the financial education of an individual as well as their financial behavior. It also impacts their ability to understand finance and use those concepts in making investment-related decisions. Therefore, it is concluded that financial literacy is very important to take correct investment decisions (Laxmi & Maheshwary, 2018).

Perception of risk has a considerably negative influence on short-term investment goals (meaning people who perceive high financial risk have a lesser intention for short-term investment), no considerable influence on long-term investment goals, and does not work as a mediator between financial education and investment goals. Financial education has a considerable positive influence on long-term investment goals. Risk perception has no considerable influence on the goal of long-term investment, which does not work as a mediator between financial education and investment goals (Sadiq & Khan, 2018).

The factor of investment decisions requires special attention, which needs to be understood by investors. It is the responsibility of investors to chase risks in financial decisions. A higher level of investment experience and financial education would lead to more risk-bearing capacity, and then investors choose more risky investment avenues to match it up with their risk-bearing capacity.

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Sensible investors learn from their experience and should learn to deal with risky situations (Awais et. al., 2016). The decision to invest is crucial and is impacted by many different factors like the income level of the investor, knowledge of finance, financial soundness, and many other demographic and social factors.

For the promotion of financial inclusion, financial literacy and education are vital factors, which ultimately lead to financial stability. People who are financially excluded would be benefited by financial literacy by making them understand advantages and ways to join the financial system formally. It would also benefit people who are financially included by assisting them in making informed choices related to financial products and services that are available in the market. Households that are financially strong have high levels of consumption and are willing to make major acquisitions.

Research Gap and Need for the Study

Most of the studies that have been reviewed for this research indicate the importance of financial literacy in overall investment behavior. However, there is a lack of studies that empirically test this relationship. Similarly, the empirical studies are either on financial literacy or on other aspects of investment behavior, but not both investment behaviour. The studies in extant literature fail to establish the relationship between financial literacy and investment behavior. The previous studies have taken a general group of respondents across all is groups rather than studying specifically about the young investors.

Conceptual Framework of Study

Impact of Financial Literacy on Investment Behavior has been depicted in Figure 1.

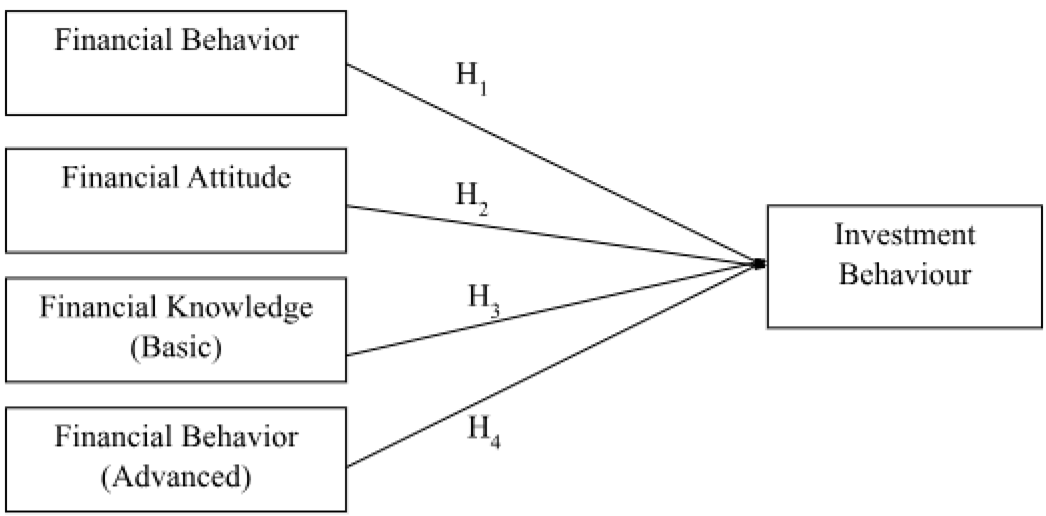

Fig. 1: Conceptual Framework of Study

Objectives

- To determine the factors of financial literacy that affect the investment decision.
- To measure the impact of various financial literacy dimensions on the investment decision.

Hypotheses

Financial behavior positively influences investment behavior.

H2: Communication of financial attitude positively influences investment behavior.

H3: Basic financial knowledge positively influences investment behavior.

H4: Advanced financial knowledge positively influences investment behavior.

Methodology

Research Design: This study has a descriptive research design. Such a design is useful when the variables are well-defined, and research demands a well-structured and well-defined format. This research establishes the relationship between variables and compares the variables with the help of empirical evidence (Cooper & Schindler, 2003; Chawla & Sondhi, 2011). The data has been collected with the help of a close-ended structured questionnaire. The responses have been captured on a five-point Likert Scale.

Instrument Design: Significant inputs for developing the statements and constructs were obtained from contemporary studies by Chhatwani (2021), Bajaj & Kaur (2022), and Muktadir-Al-Mukit (2022). This also helped in establishing the content validity of the questionnaire.

Sample Size: The minimum recommended sample size is 10 times the number of variables (Hair et al., 2010). In this study, there are 22 variables under the "Exploratory Factor Analysis." Therefore, a sample size of 220 was sufficient, although a much larger sample size was taken (390 respondents) to obtain more robust results.

Sampling Method: Judgement sampling method has been used to select the sampling unit. Only those respondents have been selected which belongs to the age range of 18 to 35.

Statistical Techniques: "Exploratory Factor Analysis (EFA)" and "Multiple Regression Analysis"

FINDINGS

Table 1 shows general details of the respondents, showing that 63.8% of males and 36.2% of females contribute to a total of 390 respondents. Among them, 20.3% are aged 18-24, 54.6% fall in the age category of 25-29, and the remaining 25.1% are aged 30-35. Of the respondents, 15.6% have intermediate or below education, 19.0% have university or higher education, 42.3% are graduates, and the remaining 23.1% have technical or professional degrees. Additionally, 11.8% of the respondents are students, 15.9% are housewives, 34.6% are salaried, 26.4% are professionals, and the remaining 11.3% are in business or self-employed. Furthermore, 22.3% of the respondents have a monthly income below Rs. 50,000, 48.7% earn between Rs. 50,000-1,00,000 every month, and the remaining 29.0% earn above Rs. 1,00,000 monthly.

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Level of Financial Literacy among Young Investors

To determine the various levels of financial literacy among young investors, "Exploratory Factor Analysis" was applied. The value of KMO is 0.912, which means that the sample size for Factor Analysis is adequate, and the "Bartlett's Test of Sphericity" is also significant. Table 2 shows that 22 variables form 4 factors. The factors explained the variance of 23.369%, 18.815%, 15.710%, and 15.276% respectively, and the total variance explained is 73.170% as per Table 3.

Table 1: General Details

Variables	Respondents	Percentage
Gender		
Male	249	63.8
Female	141	36.2
Total	390	100
Age (years)		
18-24 Years	79	20.3
25-29 Years	213	54.6
30-35 Years	98	25.1
Total	390	100
Educational Level		
Intermediate and below	61	15.6
University or Higher	74	19.0
Graduate	165	42.3
Technical or Professional Degree	90	23.1
Total	390	100
Occupation		
Students	46	11.8
Housewife	62	15.9
Salaried	135	34.6
Professional	103	26.4
Business or Self Employed	44	11.3
Total	390	100
Monthly Income		
Below Rs. 50,000	87	22.3
Rs. 50,000-1.00000	190	48.7
Above 1,00000	113	29.0
Total	390	100

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.912
Bartlett's Test of Sphericity	Approx. Chi-Square	7237.731
	df	231
	Sig.	.000

Table 3: Total Variance Explained

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.546	43.392	43.392	5.141	23.369	23.369
2	2.828	12.855	56.247	4.139	18.815	42.184
3	2.032	9.236	65.483	3.456	15.710	57.894
4	1.691	7.687	73.170	3.361	15.276	73.170
5	.791	3.596	76.766			
6	.666	3.027	79.793			
7	.622	2.828	82.621			
8	.489	2.225	84.846			
9	.455	2.068	86.914			
10	.441	2.005	88.918			
11	.362	1.645	90.564			
12	.311	1.416	91.979			
13	.278	1.266	93.245			
14	.244	1.110	94.355			
15	.220	.998	95.353			
16	.201	.916	96.269			
17	.197	.894	97.162			
18	.156	.709	97.872			
19	.139	.632	98.504			
20	.125	.567	99.071			
21	.112	.511	99.582			
22	.092	.418	100.000			

Development of Factors

Table 4 presents the factors and corresponding statements with factor loading and reliability values. The first factor is named Financial Behavior, which includes variables such as avoiding extra charges by paying credit card bills on time, habitually preparing expense and revenue spreadsheets, saving money, regularly

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checking credit card invoices, analyzing financial status, reviewing investment portfolios before making big purchases, and changing investment portfolios as needed. The second factor is named Financial Attitude, with associated variables including having good control over expenses, establishing financial targets for the future, staying within budget, being a regular investor to attain targets in long term and I always following a monthly expense plan. The third factor is Financial Knowledge (Basic), which includes variables such as comparing investment options, before investing, I am aware of market's financial products, I know that high return investments involve high risks, reducing investment risks by purchasing a wide range of options, and knowing how to manage debts. The last factor is Financial Knowledge (Advanced), with associated variables including knowledge about inflation rates, awareness of changes in interest rates, considering price/performance ratio before purchasing products or services, following predictions of stock market earnings, and understanding how to invest in mutual funds. The reliability values for the four constructs are as follows: Financial Behavior (.943), Financial Attitude (.935), Financial Knowledge (Basic) (.878), and Financial Knowledge (Advanced) (.862).

Table 4: Factors and Variables

S. No.	Statements	Factor Loading	Factor Reliability
	Financial Behavior		.943
1.	I avoid extra charges by paying my credit card bills on time	.851	
2.	I am in habit of preparing expense and revenue spread sheet	.849	
3.	I am in the habit of saving my money	.845	
4.	I regularly check the invoice of my credit cards	.794	
5.	I always analyze my financial status, before going for any big purchase	.794	
6.	I always keep on reviewing my investment portfolio	.774	
7.	I keep on changing my investment portfolio as per my requirement	.549	
	Financial Attitude		.935
8.	I have a good control on my expenses	.903	
9.	I establish my financial targets for time ahead	.867	
10.	I always try to stay within my budget	.865	
11.	I am a regular investor to attain targets in long term	.864	
12.	I always follow a monthly expense plan	.791	
	Financial Knowledge (Basic)		.878
13.	I always compare the investment options before investing	.844	
14.	I am aware of market's financial products	.827	
15.	I know that high return investment has high risks	.793	

16.	**I reduce my investment risks by purchasing wide range of options**	**.710**	
17.	**I know how to manage my debts**	**.658**	
	Financial Knowledge (Advanced)		**.862**
18.	**I know about inflation rates**	**.804**	
19.	**I am aware of changes in interest rates**	**.788**	
20	**Before buying any product or service, I look for its price/performance ratio**	**.774**	
21.	**I follow the predictions stock market stock earnings**	**.717**	
22.	**I know how to invest in mutual funds**	**.701**	

The reliability for 4 constructs that includes a total of 22 numbers of items is 0.933 (Table 5).

Table 5: Reliability Statistics

Cronbach's Alpha	N of Items
.933	22

The model explained 13% of the variance with R Square value 0.135 (Table 6).

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	.368[a]	.135	.126	.66056
a. Predictors: (Constant), Financial Behavior, Financial Attitude, Financial Knowledge (Basic), Financial Behavior (Advanced)				

The significance value is less than 0.05 (0.000), which reflects that one of more of the IDVs significantly influences the DV. (Table 7).

Table 7: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	**Regression**	**26.323**	**4**	**6.581**	**15.082**	**.000[b]**
	Residual	**167.992**	**385**	**.436**		
	Total	**194.315**	**389**			
DV: Investment Behavior						
b. Predictors: (Constant), Financial Behavior, Financial Attitude, Financial Knowledge (Basic), Financial Behavior (Advanced)						

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Table 8: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.695	.033		110.463	.000
Financial Behavior	.167	.033	.237	4.991	.000
Financial Attitude	.087	.033	.123	2.592	.010
Financial Knowledge (Basic)	.074	.033	.105	2.206	.028
Financial Knowledge (Advanced)	.164	.033	.231	4.882	.000
DV: Impact of Financial Literacy on Investment Behavior					

Table 8 above shows that all the factors namely Financial Behavior, Financial Attitude, Financial Knowledge (Basic), Financial Behavior (Advanced) has significant impact on "Investment Behavior".

Theoretical and Managerial Implications

This study finds that Financial Behavior and Financial Knowledge (Advanced) are the two most important factors that affect the investment behavior of the youth. These are followed by Financial Attitude and Basic Financial Knowledge. This study presents many significant inputs for academic theory building. The study tests the constructs pertaining to financial literacy, which may work as the cornerstones of future studies. This study has built important links between investment behavior and financial literacy. It establishes a firm foundation for the research with a large number of variables, qualitative and quantitative in nature. This study sheds light on how financial service marketers can adopt a two-fold approach – spreading knowledge about financial products and then selling the financial products. It has been noticed from the study that higher financial literacy leads to better investment behavior. The findings of this study may also be utilized for drafting financial products as well as financial literacy literature.

CONCLUSION

An individual is said to be financially literate if he or she can read, interpret, analyze, and communicate about personal financial status that affects their material well-being, calculate, develop autonomous decisions, and have the capability to take actions on the results of their financial processes in order to achieve success in the multifaceted financial world. Financial literacy also includes "the ability to discern financial choices, discuss money and financial issues without discomfort, plan for the future, and respond competently to life events that affect everyday financial decisions, including events in the general economy". In comparison to the older generation, the young people of today's time are more creative and technologysavvy when it comes to the financial sector. At the same time, it is a big concern whether the young people are aware enough of their financial status and future investments. Studies have examined the awareness among young adults belonging to the age group of eighteen to twenty-eight years towards investments, focusing on factors such as financial literacy, personal interest, and awareness of investment. It is found that awareness of investment is significantly influenced by financial literacy and personal interest. The study was conducted to determine the impact of financial literacy on the investment behavior of young investors in India and concludes that there is a significant impact of financial literacy on the investment behavior of young investors.

Scope for Future Research

Future studies may focus on how financial literacy leads to changes in the risk perception of youth. Another important aspect to investigate is how financial literacy leads to exploration of new investment avenues, such as the stock market, mutual funds, the commodity market, investment in foreign stock exchanges, and cryptocurrency. Similarly, it would be interesting to investigate how risk perception moderates the relationship between financial literacy and the selection of investment avenues. Investors are also consumers. Lifestyle is a very important aspect that affects most consumers' preferences. Future studies may be carried out on how youth with the same financial democracy and geographical background, but with different social class and lifestyle, differ in the selection of financial investment avenues, financial literacy, and risk perception.

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