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Impact of Financial Literacy on Investment Decisions: An Empirical Evidence Form District Peshawar

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Abstract

The current research aims to assess the impact of financial literacy on investment decisions in stock market. The research approach of deductive research and quantitative research design was used. The data has been gathered from university students studying in different universities and degree awarding institutes of Peshawar. The students were approached through convenience sampling and sample of 200 students was selected. The online questionnaires were sent to the students. Out of 200 respondents 182 responses were collected for data analysis. The data gathered was statistically treated. Descriptive statistics, regression, and correlation analysis were conducted on the gathered data. The results revealed that financial literacy including, financial skills, usage of financial products, knowledge of investment and money management had significant effect on the investment decisions of the students. It implies that the more the above factors the higher or better would be the investment decisions of the student investors. The research suggested that government and financial markets, banks and stock exchange and educational institutions should join hands together to develop a comprehensive strategy and policy framework for a viable investment plan. It includes training of the students, awareness of the investors, modifications and adaptions in the curriculum, government policies for investors' protections. Knowledge of the investment projects or stocks, information about such endeavours, and whether or not they are practicable should form the basis for the training. In addition to that, it offered investors guidance and tactics that they would find useful while they are trading stocks on the stock market. This can be particularly beneficial for investors who are new to the stock market.

Key words: financial literacy, investment decisions, PSX, Pakistan

Introduction

In the recent years, financial education has received increased attention from academic institutions, financial institutions, and governments (Raut, 2020). The capacity to keep track of one's own money is more vital than ever in the modern world. Long-term investments for things like retirement and college savings are essential. Short-term savings and borrowing decisions include those for travel, school, emergencies, housing, transportation, and other needs. Their individual health and life insurance policies are also their responsibility (Chen & Volpe, 1998). The ability to manage one's own finances effectively is a fundamental life skill. Some examples of this include keeping track of income and expenses and being able to make use of standard techniques of making and receiving monetary transactions. In addition to knowing how to manage large sums of money, financial literacy also involves knowing how to handle smaller amounts of money in daily scenarios including saving the extra money, taking credits from banks or financial institutions etc. (Carpena et al., 2019). Knowing the ins and outs of the financial world means having a firm grasp of the fundamental beliefs that underpin sound financial management and the creation of wealth and safety. People need information about borrowing and investment options. Understanding brochures and yearly statements, calculating complicated interest, and waiting to spend cash are all part of this savvy. Further, investors need to understand that with great returns come big risks; that market prices may go down as well as up; and that variety is a fundamental economic concept. Because of this need, a whole new set of expertise about items and their functions, benefits, and drawbacks, is required. The ability to put one's knowledge and understanding to use to make sound financial choices is the second part of financial literacy (Kamakia et al., 2017).

Research Gap

Lusardi (2019) argues that students need to know how to manage their money today more than before. The reason for this is because the recent events in the financial market have highlighted the value of individuals being financially educated, or aware of their options and picky when making financial decisions. In addition, knowing the basics of money management may help customers be ready for lean times by encouraging risk-reducing behaviours like saving, asset management, and insurance purchases. Traditional definitions of financial literacy have linked an individual's economic and financial understanding to their savings, retirement, and investment choices. Economists agree on one thing: vibrant marketplaces and fierce competition thrive when customers are well informed. Simply said, in today's interconnected world, financial literacy is a must for success in business, the economy, and the nation as a whole. This research defines financial literacy as the familiarity with and competence in the application of fundamental economic and financial ideas and skills for the purpose of effective resource management. There has been research from a variety of locations (Kumari, 2020; Moreno-Garcia et al., 2022; Utami & Sitanggang, 2021) that provide light on this question. Nonetheless, it is crucial to evaluate the impact of financial literacy on the investment choices of business graduates in Pakistan, given the country's current socioeconomic climate. Therefore, the purpose of this study is to determine whether and how financial literacy affects the investment choices made by students in Peshawar.

Problem Statement

Financial Literacy is a significant factor which helps the investors in taking viable and sound decisions. Lack of financial skills may lead to irrational decisions which are based on biases. Moreover, in the absence of these skills the investors may face losses which resultantly negatively effect the economic progress of the country. Hence, it is utmost desired to assess what effects the financial literacy have on the investment decisions of investors. The aim of the study is to investigate the impact of financial literacy on the investment decisions of the graduates of business institutes and universities of district Peshawar.

Research Questions

1. Does Knowledge about investment affect investment decisions?
2. Does Money Management affect investment decisions?
3. Does Financial Skills affect investment decisions?
4. Does Usage of Financial Products affect investment decisions?

Research Objectives

1. To assess the effect of Knowledge about investment on investment decisions
2. To analyse the effect of Money Management on investment decisions
3. To investigate the effect of financial skills on investment decisions
4. To evaluate the effect of Usage of financial products on investment decisions

Literature Review

Financial Literacy

Every day, people make several choices that affect their savings, investments, and access to credit. The international trade sector is growing more precarious and perilous every day. The rising cost of living is one of its key implications (Lusardi & Mitchell, 2011) that necessitates individuals' ability to make sound financial choices. Recent Australian study (Gallery et al, 2011) has employed objective evaluations of both basic and advanced financial knowledge and understanding to highlight the relevance of financial literacy in the context of investment decision making with respect to retirement funds. Researchers utilised factor analysis to break down participants' financial literacy into three distinct areas: knowledge of fundamental concepts like compound interest; actual saving and investment behaviour; and unrealistic savings and investment goals. They make investment judgements based on the same emotional and irrational motives as inexperienced investors, despite their advanced level of financial knowledge.

Other macro business factors also play an important role since changes in interest rates, inflation rates, and government policies do affect priorities. For instance, during the times of high inflation, operations might aim at reducing costs and may decide to postpone large investments because they hold cash to finance them to avoid inflating the costs through eroding purchasing power of money, individuals on their part, may prefer to invest conservatively so as to maintain the value of their money (Mankiw, 2021). Stakeholders as well as legislators have demanded and established more attention to ESG factors significantly affecting financial decisions. Companies willing to invest in financial management utilizing ESG criteria increase firm legitimacy and avoid risks potentially caused by environmental and social problems (Freeman et al., 2020).

Financial Decisions

It refers to money choices that applied to individual and organizational success regarding that is touch on short-term solvency and long-term development. In order to function efficiently and effectively, achieve its objectives, protect itself from risks and embrace opportunities, an organization has to invest resources appropriately. For instance, capital expenditure on technology and people represents critical drivers of innovation that protect competitive advantage (Brigham and Ehrhardt, 2021). Likewise, people have personal choices with regard to their savings, their stock investments and credit difficulties that are molded by factors like the income, market forces, and their desire.

There is evidence from the behavioral economics literature that factors such as self- control, heuristics, overconfidence and loss aversion influences the financial decisions, but in most cases generating inefficient results (Thaler, 2016). Hence, while personal and corporate planning and an ability to use financial levers necessary to deal in the optimality with these issues remain important for organizations and individuals. Moreover, other macro business factors also play an important role since changes in interest rates, inflation rates, and government policies do affect priorities. For instance, during the times of high inflation, operations might aim at reducing costs and may decide to postpone large investments because they hold cash to finance them to avoid inflating the costs through eroding purchasing power of money, individuals on their part, may prefer to invest conservatively so as to maintain the value of their money (Mankiw, 2021).

Stakeholders as well as legislators have demanded and established more attention to ESG factors significantly affecting financial decisions. Companies willing to invest in financial management utilizing ESG criteria increase firm legitimacy and avoid risks potentially caused by environmental and social problems (Freeman et al., 2020). ESG integration serves as evidence of increasingly systematized demands on making specific financial decisions based on commonly valuable principles for the sustainable outcomes.

Knowledge of Market Efficiency and Investment Strategy

Doran et al. (2010) discover no correlation between the academics' claimed knowledge of market efficiency and the crucial ideal investment strategy and their actual, observed actions. According to the authors, even if the professors have a deep understanding of finance, they are nevertheless subject to the same behavioural factors that affect the decisions of inexperienced investors. According to research by Hilgert, Hogarth, and Beverly (2003), many academics in the field of finance do not invest in the stock market. Several studies show that financial literacy has a negligible, at most, effect on the quality of investing choices. There have been significant changes in the environment for personal and family wealth management in Australia during the last several decades.

The compound nature of the choices people must make now to ensure their financial security in retirement is one of the most noticeable shifts. Members of a retirement fund have a wide range of alternatives at their disposal, both in terms of the retirement fund itself and the investment opportunities it offers. Despite having these alternatives presented to them, the vast majority of fund members don't take use of them, instead opting to either join the default fund recommended by their employers or accept the default investment options nominated by the fund trustees (Clare, 2006).

According to the research on personal and pension finance, being financially literate is one of the most crucial requirements for being able to make informed decisions about one's financial future. The Financial Literacy Foundation (FLF), 2007 and the OECD, 2005 both found that a significant portion of the population lacked basic financial knowledge. This is a problem on a global scale. investing difficulties, such as being aware of the advantages of diversification, and superannuation investment issues, such as analysing the benefits and drawbacks of a variety of investment vehicles (Gallery et al., 2011).

These are only some of the topics covered in this article. In the context of retirement investment decision-making, the study carried out by Gallery et al. (2011) improves upon previous attempts to put an emphasis on exact measures of financial literacy relevant to decision-making. According to Garman and 1997's research, higher levels of financial literacy are connected with higher levels of discretionary income as well as more "spend, save, and invest" capacities. According to the results of Muller and Weber (2010), having a strong understanding of personal finance is positively related with investing in funds with low fees. According to the findings of the poll, even experienced investors like actively managed funds more than cheaper ETFs (exchange traded funds) or alternative index fund investments. When it comes to making significant financial choices, even professionals in the financial industry, such as academics, may sometimes disregard their own recommendations. To use just one specific example, Doran, Peterson, and Wright (2010) make the startling discovery that educators have a large amount of information about the effectiveness of markets.

Knowledge of Investment

Whether or if financial education programmes can increase financial literacy, is a crucial topic. There have been several studies, but the findings are inconsistent and depend on various variables, such as the courses evaluated and the expertise of the instructors. In a meta-analysis of 188 research, Bell et al (2009) revealed that financial education had a substantial but very tiny influence on subsequent economic behaviors—just 0.1%. As an example of a thorough piece of research that demonstrated substantial effects of a study programme on financial literacy, Lusardi and Mitchell (2014) mention a study by Walstad, Rebeck, and MacDonald (2010). However, they acknowledged the need for much more study. According to Hastings et al (2013), there is contradictory data about the efficacy of financial education programmes on financial literacy, much alone their cost-effectiveness. They proposed measures such as simpler disclosure of product costs, conditions, or attributes, strong regulation, and incentives to take action in order to counteract discovered behavioural biases.

Investment Knowledge and Financial Investment Decision

Members of a superannuation fund need a certain amount of financial literacy to assess and monitor the performance of alternative investment alternatives and make educated investment decisions that benefit the fund as a whole. Fund members should consider the investment strategy, investment portfolio, estimated investment risks, and projected returns of each alternative to choose the one that best suits their risk-return preferences (Brown, Gallery, & Gallery, 2002). Members of a fund would be well to familiarise themselves with the different cost structures, including entrance, exit, management, and investing fees, and how they could affect net returns. Decision-making in a variety of financial contexts is strongly correlated with financial literacy. Increased stock market participation, private retirement savings, portfolio diversification, and wealth holdings are all associated with higher levels of financial literacy (Cole & Shahtry, 2009; Fisch & Seligman, 2022; Van Rooij et al., 2011).

Lusardi and Mitchell's (2006, 2008) module for the US Health and Retirement Study (HRS) provides more evidence of pervasive financial illiteracy in the country. Reports have surfaced showing poor levels of financial sophistication in a number of countries. To back up the conclusions of the OECD's 2005 study on financial literacy (Christelis et al., 2010), the Survey of Health, Ageing, and Retirement in Europe reveals that respondents also score low on financial numeracy and literacy measures.

Van Rooij et al. (2011) created two separate courses to assess financial literacy and explore its relationship to stock market participation. Most individuals have a solid grasp of basic economic concepts like compound interest, inflation, and the time value of money, according to the study's authors. Both the Ordinary Least Squares regression and the Generalized Method of Moments regression showed a positive and statistically significant correlation between literacy and trading in the stock market. People with poor levels of financial literacy made far fewer stock investments, the researchers found.

Management of Cash and Investment Decision

Danes and Hira (1987) administered a questionnaire on credit cards, insurance, personal loans, record keeping, and general money management to 323 students at Iowa State University. They discovered that the participants knew very little about financial planning in general, credit cards, or insurance. They also discovered that although men are better knowledgeable about insurance and personal loans, women excel in the area of general financial management. Researchers showed that married students had a deeper understanding of personal finance. Young people, including students at all educational levels, have been the focus of several research on the topic of financial literacy. Some of the studies relied just on demographic information, while others analysed participants' backgrounds, interests, and personalities. While Van Rooij et al. (2011) find a positive correlation between education and financial literacy, they also note that many people with college degrees still lack more sophisticated financial literacy. Therefore, those with a higher level of education may not always possess the necessary information and abilities when it comes to making investing judgements. Researchers Ibrahim, Harun, and Isa (2009) found that demographic factors such as students' socioeconomic status, financial attitudes and knowledge, and the economic status of their families had a major impact on their financial literacy.

Higher degrees of personal financial responsibility are something college students in the United States are taking on, according to research by Peng, Bartholomae, Fox, and Cravener (2007). These pupils have more difficulties obtaining enough funding for suitable education. Paying bills, using credit cards, working, saving, budgeting monthly costs, and managing debt are all areas where college students are likely to have more difficulty. Consequently, the significance of financial literacy among such kids is paramount. Jariah, Husniyah, Laily, and Britt (2004) investigated the ways in which college students handled their money.

More than 90% of the 1500 students polled expressed an interest in learning about specific aspects of financial education. Students ranked the need for counselling services highest, followed by an understanding of savings and investment, budgeting, earning more money, and managing their finances. Researchers found that although male students were more inclined to attempt to hide their shopping habits from their families, female students were more likely to shop for pleasure and purchase inexpensive items. Also, in order to gauge students' familiarity with money management, Shaari, Hasan, Mohamed, and Sabri (2013) polled 384 undergraduates from several Malaysian institutions.

Despite negative associations between age and gender and financial literacy, they did find that spending patterns and academic year had a significant positive influence. Students with a strong grasp of personal finance are less likely to rack up substantial credit card debt, according to the research. Lusardi, Mitchell, and Curto (2010) investigated the level of financial literacy amongst the young. They demonstrated that financial literacy is inadequate, with only about a third of young individuals having a fundamental understanding of financial concepts like interest rates, inflation, and risk diversification. There is a robust correlation between financial literacy and socioeconomic status and the degree to which families are financially secure.

According to Mahdzan and Tabiani (2013), a higher level of financial literacy and competence leads to improved financial decision-making, which in turn facilitates more effective preparation for and management of major life events like college, a home purchase, and retirement. College students may benefit the most from this. Research shows that those with lower levels of financial literacy are more likely to seek advice from less formal sources like friends and family, while those with higher levels of financial literacy are more likely to seek advice from more formal sources like financial advisors (Calcagno & Monticone, 2015).

Financial Skills and Investment Decision

To put one's financial literacy knowledge into practise requires financial skills. There is strong empirical evidence linking financial literacy to improved economic well-being. Those that are financially savvy are more likely to succeed in the long run (Atkinson & Messy, 2011). But other scholars (like Mahdzan and Tabiani 2013) have maintained that anybody with a good grasp of finances can make wise investments. According to Chen and Volpe (1998), everyone interested in making the most of their money should learn how to assess the relative merits of various complicated financial products. According to Saha (2016), one is deemed financially literate if they are able to make sound investment choices based on their acquired knowledge. Further, one cannot be deemed financially knowledgeable if he or she cannot evaluate the many financial possibilities that are open to them (Roy & Jane, 2018). Because of this, people who have acquired financial literacy are better equipped to manage their own finances and reduce their vulnerability to financial fraud.

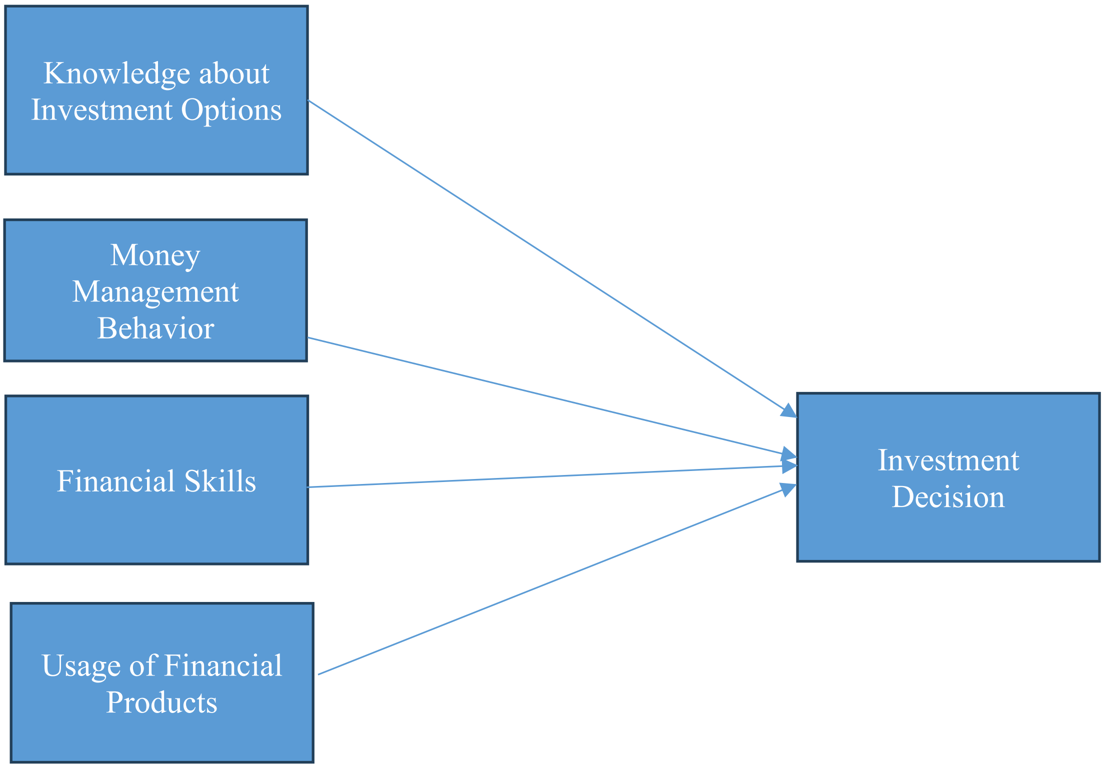
Therefore, it is important for an individual to have both the information and the abilities necessary to make sound financial choices (Singh & Kumar, 2017). In light of this, it is possible that improving financial literacy skills is very vital for financial and investing choices. Additionally, Roy and Jane (2018) stated that when individuals gain expertise in handling money, they will inevitably grow more financially knowledgeable and competent. Despite their financial literacy, today's youth struggle to establish and maintain a budget, navigate credit and investment options, or reap the benefits of the banking system (Lusardi & Mitchelli, 2007; Peou, 2017).

Theory of Planned Behaviour

The theory of planned behavior (Ajzen, 1991) serves as the theoretical basis for this study. The concept of planned behavior might shed light on the invetsor's motivations. The idea of planned behavior suggests that company owners' financial literacy directly correlates to their capacity to exert self-control while making decisions. Literacy directly affects how individuals behave. Regardless, one's degree of knowledge, both specific and overall, affects their investing proclivity.

In current research the students behaviours of investment in the stock market is influenced by financial literacy. The students having comprehensive and technical know-how of finance would be in a position to choose the better financial choice. The below

Theoretical Framework



Hypotheses

H1. Knowledge about investment has a significant effect on investment decisions

H2. Money Management has a significant effect on investment decisions

H3. Financial skills have a significant effect on investment decisions

H4. Usage of financial products has a significant effect on investment decisions

Methodology

Population of the Study

The population of the study was comprised of all the graduates of business schools or departments of the universities and degree awarding institutes of the district Peshawar. The unit of analysis will be the business graduate/student.

Sample

Researchers use probability and non-probability sampling techniques to select respondents while taking the nature of the research question into account (Creswell, 2012). However, researchers also use a third sampling technique known as mixed-method sampling (using both probability and non-probability sampling in a single study) when conducting mixed-method research (Teddlie and Yu, 2007). The following is an explanation of these various sampling methods:

Sampling with a Probability

The sample of the study was selected on the basis of population. The sample size of the study was 200 graduates of business schools. It is pertinent to mention that as per Hair e al (2012) 200 sample size is considered to be a viable sample size for statistical treatment such as regression analysis.

Techniques and Procedures

The data gathered through primary sources (questionnaires) was analyzed through using descriptive statistics and regression analysis. The questionnaire for financial literacy was adopted form Van rooj et al (2007) and questionnaire for investment decisions are adopted form Hunjra et al (2016). Primary data was collected through questionnaires from the graduates of business institutes, universities and degree awarding institutes. It was than analysed using SPSS for regression and correlation analysis.

Analysis of the Data

In this chapter, SPSS is used for the data analysis. In this study, an online questionnaire was used to gather information, and then imported the information into an SPSS data table. SPSS was utilised for data analysis in this study to look at the research goal and test the hypotheses. Due to the nature of the online survey, full replies were required from participants; therefore, no information is missing. There was a total of 200 questionnaires sent out, with only 182 returned. Below is a breakdown of how the data analysis process works.

Results and Discussion

Demographic Information

Table 4.1. Qualifications

	No. of Respondents	%age	Cumulative Percent
Finance	75	41.2	41.2
Marketing	68	37.4	78.6
HRM	39	21.4	100.0
Total	182	100.0	

The responses collected form 182 students. Out of 182 students 75% were of finance specialization, 68% were form Marketing while 39% were from HRM specialization.

Table 4.2 Gender

	No. of Respondents	%age	Cumulative Percent
Male	108	59.3	59.3
Female	74	40.6	100.0
Total	82	100.0	

The students were comprised of 59.3% male and 40.6% female.

Table 4.3 Age

	No. of Respondents	%age	Cumulative Percent
18-21	108	59.3	59.3
22-25	74	40.6	100.0
Total	182	100.0	

Table 3 contains the information of the age of the students. The distribution of ages shows that over six in ten respondents (59.3%) are between the ages of 18 and 21, and nearly as many again (40.6%) are between the ages of 22 and 25.

Table 4.4. Reliability Analysis

S.No	Variable	No. of Items	Reliability Cronbach's Alpha
1	Knowledge of investment	5	0.783
2	Money Management	4	0.842

3	Financial skills	5	0.795
4	Usage of financial products	6	0.886
5	Investment decisions	4	0.893

Table 4.4: Correlation Analysis

		Knowledge of investment	**Money Management**	**Financial skills**	**Usage of financial products**	**Investment decisions**
Knowledge of investment	Pearson Correlation	1				
Money Management	Pearson Correlation	.654**	1			
Financial skills	Pearson Correlation	.579**	.874**	1		
Usage of financial products	Pearson Correlation	.354**	.284**	.384**	1	
Investment decisions	Pearson Correlation	.584**	.753**	.843**	.323**	1

**. Correlation is significant at the 0.01 level (2-tailed).

The table above displays the results of a test of correlation between the various research variables. Knowledge of investment has positive and significant relationship with Money Management (r=0.654), Financial skills (r=0.579), Usage of financial products (r=.354) and Investment decisions (r=0.584). Money Management has positive and significant relationship with Knowledge of investment (r=0.654), Financial skills (r=.874), Financial skills (r=.284) and Investment decisions (r=0.753). Also, Financial skills has positive and significant relationship with Knowledge of investment (r=0.579), Money Management (r=.654), Usage of financial products (r=0.384), and Investment decisions (r=.843). Usage of financial products also has significant relationship with Knowledge of investment (r=0.354), Money Management (r=0.284), financial skills (r=0.384), and investment decisions (r=0.323).

Similarly, the last variable investment decisions also have significant relationship with Knowledge of investment (r=0.584), Money management (r=0.753), Financial skills (r=0.843), and usage of financial products (r=0.323).

Multiple Regression Analysis

Model 1

The value of R for the multiple regression model is 0.821, which is 82.1 %, as shown in Table 4.5.1 below, which offers a summary of the regression model. According to the summary of the framework, the elements including r Knowledge of investment, Money Management, Financial skills, and Usage of financial products account for 66.3 % of the variance (R2). The value of Adjusted R square is 0.65, which indicates that predicting variables including knowledge investment, money management, financial abilities, and use of financial goods account for 65% of the variance in the investment choice. Since 0.00 is less than 0.05, the significance criterion of the interval, it suggests that the framework is significant.

Table: 4.5.1: Mode Summary

Model	R	R-Sq	Adj. R- Sq	S.E of the Estimate
1	.821a	.663	.652	.35873

Table: 4.5.2: Model Summary of Regression

Model No. 1

Model	**R**	**R-Sq**	**Adj. R-Sq**	**S.E of the Estimate**
1	.773	.551	.523	.39272

Note. p<0.001

Predictors: (Constant) Knowledge of investment, Money Management, Financial skills, and Usage of financial products.

Dependent Variable: Investment decisions

Table 4.5.2. of the analysis of variance reports that the variance in the response variable is due to differences in the regression equation's degree of freedom (df), mean square (F), and p-value (sig.). According to the analysis of variance table, the statistical model has a much lower mean value than.05. If you look at the "investment decision" ANOVA table, you'll see that the corresponding F statistic is 15.32/0.143=107.139. The distribution is F (4, 259), and the chance of seeing any given value is 107.139, 0.05. There is strong evidence demonstrating the significance

of the whole model.

Table: 4.5.3 ANOVA table of Regression

ANOVAa

Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	58.976	4	15.321	107.139	.000b
	Residual	32.127	253	.143		
	Total	91.03	257			

a. Dependent Variable: Investment decisions

b. Predictors: (Constant), Knowledge of investment, Money Management, Financial skills, and Usage of financial products

Hypotheses Testing

If the p-value in the coefficient table is below 0.05, the statistically significant range, then we may conclude that the model's null hypothesis is accepted. Exogenous and endogenous variables are significantly associated if and only if the t-statistic is larger than or equal to 1.96 (Byrne, 2001).

Table 4.5.1: Coefficient of Regression

	Unstandardized Coefficients		**Standardized Coefficients**	**t**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	.238	.218		1.058	.296
Knowledge of investment	.342	.061	.453	6.640	.000
Money Management	.284	.083	.344	4.397	.000
Financial skills	.288	.064	.353	4.884	.000
Usage of financial products	.091	.047	.091	2.268	.043

Note: Dependent Variable: Investment Decisions

P-values like (=0.453, t-value= 6.640, and p 0.05) indicate that investing knowledge has a large and favourable impact on investment choices. As a result, we agree with the first hypothesis (H1). Furthermore, the p-values like (=0.284, t-value= 4.397, and p 0.05) demonstrate that Money Management has a robust and beneficial impact on investment choice. So it follows that H2 is the correct hypothesis to accept. Additionally, statistical evidence such as (=0.288, t-value=4.884, and p 0.05) indicates that financial expertise significantly affects investment choice. Consequently, we agree with H3. Use of financial goods significantly affects the choice to invest (path value = 0.091, t-value = 2.268, p 0.05). Therefore, we accept H4 as a valid hypothesis.

Table: 4.5.2 Hypothesis Summary

Hypothesis	Statement	Decision
H1	Knowledge of investment has positive and significant impact on investment decision.	Accepted
H2	Money Management has positive and significant impact on investment decision.	Accepted
H3	Financial skills has positive and significant impact on investment decision.	Accepted
H4	Usage of financial products has positive and significant impact on investment decision.	Accepted

Conclusion and Recommendations

This current chapter is all about the conclusion of the research, the connected suggestions as tactics brought forth for the benefit of the industry and policymaking, and the overall recommendations. Besides that, there are management implications, constraints, and potential future approaches included in the chapter. According to Wilson (2014), the term "deductive approach" refers to the method that focuses mostly on the testing of hypotheses after constructing them based on a certain theory that is supported by existing literature. A strategy like this one makes use of reasoning that progresses from the particular and specific to the overall and universal. Through the process of hypothesis testing, it was possible to determine whether or not a causal link existed between the variables under study (both independent and dependent). Subsequently, it was able to anticipate the same results on the whole population as this method in favor of generalizing the findings (Gulati, 2009).

Conclusion

The goal of this study is to learn how financial literacy affects people's decision-making when it comes to saving and investing. The studies set out to evaluate how people's financial literacy, the efficacy of their personal budgeting practices, their familiarity with various investment vehicles, and the impact of using financial products all play a role in their investment choices. Investment knowledge significantly affects investment decisions; money management skills significantly affect investment decisions; financial skills significantly affect investment decisions;

financial product usage significantly affects investment decisions; and financial product usage significantly affects investment decisions. The findings showed that financial literacy, which encompasses investment knowledge as well as financial skills, money management, and the use of financial products, has a considerable impact on investment choices.

Recommendations

The following is a list of the proposals that have been put up with the purpose of enhancing and advancing the industry. In addition, it fulfills the function of a purpose for the development of policy guidelines aimed at the enhancement of investment organizations, stock exchanges, and investors.

Training Provided for the Investors

The provision of education and training opportunities for investors is of the utmost significance for both the government and the financial markets. Knowledge of the investment projects or stocks, information about such endeavours, and whether or not they are practicable should form the basis for the training. In addition to that, it offered investors guidance and tactics that they would find useful while they are trading stocks on the stock market. This can be particularly beneficial for investors who are new to the stock market.

Government Policies for Investors' Protection

In order to protect investors against unpredictability and unsettling events, the government has to establish rules that centre on investor interests. As a consequence of this, the confidence of the investors is most likely going to improve. Before a person is exposed to the activities that are involved with investing, it is necessary to point out that the psychological worry that investors feel should be reduced as much as possible or eliminated entirely. This is only possible if the law protects their investment in their business.

Investors' Awareness Programs

There should be programmes to raise investors' awareness, which would assist investors become more knowledgeable about current investing trends in both domestic and international markets. Investors would benefit from increased awareness since it would help them educate themselves on financial skills, the application of financial information and investment possibilities, money management, and other related topics.

Financial Literacy

It is imperative that the government, together with the nation's stock exchanges and banks, get behind a comprehensive financial education initiative for investors. In this respect, educational institutions should also be brought on board, and a collaborative plan should be devised about the kinds of skills that should be taught and how they should be taught. The incorporation of educational institutions into the strategic plan would serve to bridge the interaction between academics and industry, which in turn would assist in the inculcation of financial literacy at the level closest to the ground level, namely at the college and university level.

Managerial Implications

The research study has managerial implications which help the management in reshaping their future course of action as well. The outcome of the research helps the corporations and individual to take sound decisions while investing in the stock market. Moreover, it has implication on HR practices as it would help the management to develop training programs for the investors and educate them on the modalities of the stock market.

Limitations and Future Directions

The currently being conducted study, much like previous research studies, has a number of restrictions, all of which may be circumvented by researchers in the future. The current study only employed a limited number of participants, which makes it difficult to generalise the results. As a result, any future studies should use a greater number of participants to ensure that the results are representative of the whole community. The second issue is that the data is cross-sectional, which makes it susceptible to the usual technique bias mistake. As a result, it is recommended to make use of either longitudinal data or information that is more specific. Thirdly, investment decisions are affected not only by financial literacy but also by certain other variables such as entrepreneurial intention, locus of control, or behavioural biases. As a result, future research studies might also take the aforementioned factors into account while investigating the relationships, and in this regard, mediating or moderating effect might also be tested.

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