

Influence of Financial Literacy on Investment Behaviour among Commerce Students: An Empirical Study

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Abstract:

Financial literacy has become an essential competency for young adults in making informed investment decisions in an increasingly complex financial environment. Commerce students, who are expected to possess basic financial knowledge through their academic curriculum, are likely to exhibit varying levels of financial literacy that influence their investment behaviour. Understanding this relationship is important for promoting responsible financial decision-making at an early stage of life. The study examines the influence of financial literacy on the investment behaviour of commerce students. The study adopts a quantitative research approach using a structured questionnaire to collect primary data from commerce students. The collected data are analysed using appropriate statistical tools, including descriptive statistics, reliability analysis, correlation, regression, independent sample t-test, and one-way ANOVA, to examine the relationship between financial literacy and investment behaviour. The findings are expected to provide insights into the extent to which financial literacy contributes to students' investment decisions and financial preparedness. The study is expected to benefit educational institutions, policymakers, financial institutions, and students by highlighting the need to strengthen financial education and encourage informed investment practices among young adults.

Keywords: Financial Literacy, Investment Behaviour, Commerce Students, Financial Decision-Making, Investment Awareness, Empirical Study.

1. Introduction

Financial literacy has emerged as a fundamental life skill in today's dynamic financial environment, where individuals are increasingly required to make informed decisions regarding saving, borrowing, investing, and wealth management. The rapid expansion of financial markets, technological innovations in banking, and the availability of diverse investment instruments have widened financial opportunities while simultaneously increasing the complexity of financial decision-making. Consequently, individuals are expected to possess not only basic financial knowledge but also the ability to apply that knowledge effectively in real-life financial situations. Recognizing its significance, financial literacy has been widely acknowledged as an important determinant of financial well-being and sustainable economic development (Lusardi & Mitchell, 2014).

The importance of financial literacy has become more evident in emerging economies such as India, where financial inclusion initiatives, digital payment systems, and investment opportunities have expanded considerably over the past decade. Government initiatives aimed at promoting formal financial participation have encouraged individuals to actively engage with banking and investment services. However, increased access to financial products does not necessarily guarantee informed financial decisions. Without adequate financial knowledge, individuals may face difficulties in evaluating investment alternatives, managing financial risks, and achieving long-term financial security (OECD, 2020).

Among various sections of society, college students represent a critical group because they are at the stage of developing lifelong financial habits and decision-making abilities. The financial attitudes and behaviours formed during the college years often influence future saving patterns, investment decisions, and overall financial well-being. Commerce students, in particular, are expected to possess comparatively higher financial awareness due to their academic exposure to accounting, finance, banking, taxation, economics, and business management. Such academic knowledge is expected to strengthen their financial capability and enhance their confidence in making investment decisions. Nevertheless, academic learning alone may not always translate into prudent financial behaviour, as investment decisions are influenced by several behavioural, psychological, and socio-economic factors (Xiao, 2016).

Investment behaviour refers to the manner in which individuals allocate their financial resources among various investment avenues based on their financial knowledge, risk perception, expected returns, personal objectives, and market conditions. Individuals with higher levels of financial literacy generally demonstrate greater confidence in evaluating investment alternatives, diversifying their portfolios, and making rational financial decisions. In contrast, financially less literate individuals are more likely to depend on informal advice, exhibit irrational investment behaviour, or avoid investment opportunities due to inadequate financial understanding (Van Rooij, Lusardi, & Alessie, 2011).

Over the years, researchers have consistently reported a positive relationship between financial literacy and responsible financial behaviour. Existing empirical studies have shown that financially literate individuals are more likely to participate in financial markets, engage in effective financial planning, accumulate wealth, and adopt systematic investment practices (Lusardi & Mitchell, 2014; Van Rooij et al., 2011). Despite these contributions, previous studies have largely focused on the general population, working professionals, or households, while relatively limited attention has been given to commerce students, who constitute a financially relevant academic group expected to possess higher financial knowledge through formal education. Furthermore, the extent to which financial literacy influences the investment behaviour of commerce students remains insufficiently explored in the Indian higher education context.

Against this background, the study examines the influence of financial literacy on investment behaviour among commerce students through an empirical investigation. By analysing the relationship between financial literacy and investment behaviour, the study seeks to provide evidence on whether financial knowledge acquired through commerce education significantly influences students' investment decisions. The findings are expected to contribute to the existing body of literature and provide useful implications

for educational institutions, policymakers, and financial institutions in strengthening financial education programmes and promoting informed investment behaviour among young adults.

2. Review of Literature

Financial literacy has emerged as one of the most widely researched areas in personal finance because of its direct influence on individuals' financial decision-making and investment behaviour. Researchers across the world have consistently argued that financially literate individuals are more capable of making informed financial decisions, selecting suitable investment alternatives, managing financial risks, and improving their long-term financial well-being. The existing body of literature provides substantial empirical evidence supporting the positive relationship between financial literacy and investment-related decisions.

Lusardi and Mitchell (2011) examined the level of financial literacy across several developed and developing countries and reported that financial illiteracy remains a global concern irrespective of a country's level of economic development. Their study revealed that financially literate individuals were more likely to plan for retirement, participate in financial markets, and make informed financial decisions. The authors further emphasized that improving financial literacy should be considered an important public policy objective because it contributes significantly to individual financial well-being and economic stability.

Expanding this line of research, Van Rooij, Lusardi, and Alessie (2011) investigated whether financial literacy influences financial market participation. Using data collected from Dutch households, the study found that individuals possessing higher financial literacy were significantly more likely to invest in financial assets than financially less literate individuals. The authors concluded that financial literacy enhances investors' ability to understand investment risk, evaluate financial products, and participate confidently in financial markets.

Lusardi and Mitchell (2014) further strengthened the theoretical foundation of financial literacy by reviewing a broad range of empirical studies. They described financial literacy as an investment in human capital that enables individuals to make better decisions regarding saving, borrowing, insurance, retirement planning, and investment. The study also highlighted that inadequate financial literacy often results in poor financial decisions, lower wealth accumulation, and reduced financial security, thereby emphasizing the economic importance of financial education.

Hastings, Madrian, and Skimmyhorn (2013) reviewed the growing literature on financial literacy and financial education and observed that financial knowledge positively influences saving behaviour, borrowing decisions, retirement planning, and investment participation. However, the authors argued that financial education programmes become effective only when they are delivered at the appropriate time and address practical financial needs rather than theoretical concepts alone.

Lusardi (2015) emphasized that financial literacy has become increasingly important because individuals today are expected to independently manage complex financial products and investment opportunities. The study concluded that financially literate individuals are better able to understand inflation, interest

rates, risk diversification, and wealth accumulation, all of which contribute to better financial decision-making. The author also recommended strengthening financial education among young adults to improve future financial outcomes.

Apart from international evidence, several studies have examined financial literacy within the Indian context. Agarwalla, Barua, Jacob, and Varma (2015) measured financial literacy among young adults in India and reported considerable differences in financial knowledge across demographic and educational groups. Their findings indicated that students pursuing commerce and business-related programmes generally demonstrated higher financial literacy than students from non-commerce disciplines. Nevertheless, the study observed that higher financial knowledge alone does not necessarily guarantee responsible financial behaviour, suggesting the need for continuous financial education.

Aren and Zengin (2016) investigated the relationship between financial literacy, risk perception, and investment behaviour. The study found that financially literate individuals demonstrated greater confidence while making investment decisions and were more capable of selecting appropriate investment alternatives after evaluating associated risks and expected returns. The authors concluded that financial literacy significantly contributes to rational investment behaviour by reducing uncertainty and improving analytical decision-making.

Robb and Woodyard (2011) examined the association between financial knowledge and financial behaviour among young adults. Their findings revealed that individuals possessing higher objective financial knowledge exhibited better financial management practices, including budgeting, saving, and investment planning. The study further emphasized that financial education should be introduced during the student stage so that sound financial habits can be developed before individuals become financially independent.

Potrich, Vieira, and Kirch (2015) developed a multidimensional financial literacy model by integrating financial knowledge, financial attitude, and financial behaviour. Their findings suggested that financial literacy should not be viewed merely as financial knowledge but as a combination of knowledge, attitude, and behaviour that collectively influence financial decision-making. This multidimensional perspective has subsequently been adopted in several empirical studies assessing financial literacy among students and young adults.

A comprehensive review of previous studies indicates that financial literacy positively influences financial planning, investment participation, and wealth accumulation across different populations. Nevertheless, the majority of empirical studies have focused on households, employees, investors, or the general adult population. Comparatively fewer studies have specifically examined the influence of financial literacy on the investment behaviour of commerce students, despite their academic exposure to finance, accounting, banking, and investment-related subjects. Furthermore, empirical evidence from Indian higher educational institutions remains relatively limited. This gap in the existing literature provides the rationale for undertaking the study, which seeks to examine the influence of financial literacy on investment behaviour among commerce students through an empirical approach.

3. Research Gap

A review of the existing literature indicates that financial literacy has been widely acknowledged as an important factor influencing individuals' financial decision-making and investment behaviour. Most previous studies have primarily focused on the relationship between financial literacy and financial outcomes among households, employees, investors, and the general adult population. Although these studies have established that financial literacy positively contributes to investment participation, financial planning, and wealth creation, relatively limited attention has been given to college students, particularly those pursuing commerce education.

Furthermore, studies conducted in the Indian context have largely assessed the level of financial literacy among students without extensively examining how financial literacy influences their actual investment behaviour. Commerce students receive formal education in accounting, finance, banking, taxation, and investment-related subjects; however, empirical evidence explaining whether such financial knowledge significantly influences their investment decisions remains limited. In addition, previous studies have reported inconsistent findings regarding the influence of demographic characteristics, financial exposure, and educational background on investment behaviour, indicating the need for further empirical investigation.

Therefore, the study attempts to bridge this gap by empirically examining the influence of financial literacy on investment behaviour among commerce students. The findings are expected to provide a better understanding of how financial literacy shapes investment behaviour among young adults and contribute to the existing literature by providing evidence from the higher education sector.

4. Statement of the Problem

Financial literacy has become increasingly important in enabling individuals to make informed investment decisions in a rapidly changing financial environment. Although commerce students are exposed to financial concepts through their academic curriculum, their level of financial literacy and its influence on investment behaviour may differ due to variations in financial awareness, practical exposure, personal experience, and socio-economic background. Inadequate financial literacy may lead to poor investment decisions, low participation in formal investment avenues, and ineffective financial planning. Despite the growing emphasis on financial education, limited empirical evidence is available regarding the extent to which financial literacy influences the investment behaviour of commerce students, particularly in the Indian higher education context. This lack of evidence creates a need to investigate whether financial literacy significantly affects students' investment behaviour. Hence, the study seeks to examine the influence of financial literacy on investment behaviour among commerce students through an empirical investigation.

5. Objectives of the Study

The study has been undertaken with the following objectives:

- To assess the level of financial literacy among commerce students.
- To examine the investment behaviour of commerce students.
- To analyse the influence of financial literacy on the investment behaviour of commerce students.

- To determine whether significant differences exist in financial literacy based on the demographic profile of the respondents.
- To examine whether investment behaviour differs significantly across the demographic characteristics of commerce students.
- To provide suitable suggestions for improving financial literacy and promoting informed investment behaviour among commerce students.

6. Hypotheses of the Study

H1: Financial literacy significantly influences the investment behaviour of commerce students.

H2: Financial literacy differs significantly with respect to the demographic characteristics of commerce students.

H3: Investment behaviour differs significantly with respect to the demographic characteristics of commerce students.

7. Theoretical Framework

The study is primarily grounded in the Theory of Planned Behaviour (TPB) proposed by Ajzen (1991). The theory explains that an individual's behaviour is influenced by behavioural intention, which in turn is determined by attitude towards the behaviour, subjective norms, and perceived behavioural control. In the context of investment decisions, financially literate individuals are more likely to possess positive attitudes towards investment, greater confidence in evaluating financial alternatives, and better control over financial decision-making. Consequently, higher financial literacy is expected to encourage informed and rational investment behaviour among commerce students.

The theory further suggests that individuals with adequate financial knowledge are capable of assessing the potential risks and returns associated with various investment avenues before making investment decisions. Since commerce students receive formal education in finance, banking, accounting, and related disciplines, they are expected to develop better financial understanding, which may positively influence their investment behaviour. Therefore, the Theory of Planned Behaviour provides an appropriate theoretical foundation for examining the relationship between financial literacy and investment behaviour in the study.

8. Conceptual Framework

The conceptual framework of the study is developed based on the Theory of Planned Behaviour and the findings of previous empirical studies on financial literacy and investment behaviour. The study considers financial literacy as the independent variable and investment behaviour as the dependent variable. It is assumed that higher levels of financial literacy enable commerce students to understand financial concepts, evaluate investment alternatives, assess investment risks, and make informed financial decisions. Consequently, financially literate students are expected to exhibit more rational and responsible investment behaviour.

The framework also recognizes that demographic characteristics such as gender, age, year of study, family monthly income, parents' occupation, and place of residence may influence both financial literacy and investment behaviour. Accordingly, the study examines whether financial literacy significantly influences

the investment behaviour of commerce students while considering the possible influence of these demographic characteristics. The conceptual framework thus provides the foundation for analysing the relationship between the study variables through empirical investigation.

9. Research Methodology

The study adopts a quantitative research approach to examine the influence of financial literacy on the investment behaviour of commerce students. A descriptive and analytical research design has been employed to assess the level of financial literacy, analyse the investment behaviour of the respondents, and examine the relationship between the study variables through appropriate statistical techniques.

The study was conducted among undergraduate and postgraduate commerce students studying in Arts and Science Colleges in Kanyakumari District, Tamil Nadu. The target population comprised students pursuing various commerce programmes at both UG and PG levels. Since the population consists of two distinct academic groups, namely undergraduate and postgraduate students, Stratified Random Sampling was adopted to ensure adequate representation from each stratum. A total of 300 respondents were selected for the study.

Both primary and secondary data were used for the purpose of the study. Primary data were collected through a structured questionnaire specifically designed to measure the level of financial literacy and investment behaviour among commerce students. The questionnaire consisted of three sections. The first section collected demographic information such as gender, age, programme, year of study, specialization, family monthly income, parents' occupation, and place of residence. The second section contained statements relating to financial literacy, while the third section focused on investment behaviour. The statements in Sections B and C were measured using a five-point Likert scale ranging from Strongly Disagree (1) to Strongly Agree (5).

Secondary data were collected from books, peer-reviewed journals, research articles, reports published by the Reserve Bank of India (RBI), Organisation for Economic Co-operation and Development (OECD), Securities and Exchange Board of India (SEBI), government publications, and other authentic academic sources relevant to financial literacy and investment behaviour.

The study considers Financial Literacy as the independent variable and Investment Behaviour as the dependent variable. Demographic variables such as gender, age, programme, year of study, specialization, family monthly income, parents' occupation, and place of residence were included to examine whether significant differences exist among the respondents.

The collected data were coded, classified, and analysed using IBM SPSS Statistics Version 22. Descriptive statistics, percentage analysis, reliability analysis using Cronbach's Alpha, Independent Samples t-test, One-Way Analysis of Variance (ANOVA), Pearson correlation analysis, and simple linear regression analysis were employed to analyse the data and test the hypotheses formulated for the study.

10. Results and Discussion

This part presents the analysis and interpretation of the data collected from 300 undergraduate and postgraduate commerce students studying in Arts and Science Colleges in Kanyakumari District. The collected data were analysed using IBM SPSS Statistics Version 22 in accordance with the objectives and hypotheses of the study. The findings are presented under different sections, including the demographic profile of the respondents, reliability analysis, descriptive statistics, correlation analysis, regression analysis, Independent Samples t-test, and One-Way Analysis of Variance (ANOVA). The results obtained from these statistical analyses are interpreted and discussed to examine the influence of financial literacy on the investment behaviour of commerce students.

10.1 Demographic Profile of the Respondents

The demographic characteristics of the respondents provide a general understanding of the composition of the sample selected for the study. Variables such as gender, age, programme, year of study, specialization, family monthly income, parents' occupation, and place of residence were considered to describe the respondents' profile.

Table 10.1- Demographic Profile of the Respondents

Variable	Category	Frequency	Percentage
Gender	Male	150	50.0%
	Female	150	50.0%
Age	Below 18	20	6.7%
	18–20	120	40.0%
	21–23	130	43.3%
	Above 23	30	10.0%
Programme	Undergraduate (UG)	220	73.3%
	Postgraduate (PG)	80	26.7%
Year of Study	I Year	90	30.0%
	II Year	80	26.7%
	III Year	50	16.7%
	PG I Year	50	16.7%
	PG II Year	30	10.0%
Specialization	B.Com	200	66.7%
	M.Com	100	33.3%
Family Monthly Income	Below ₹25,000	60	20.0%
	₹25,001–₹50,000	90	30.0%
	₹50,001–₹75,000	80	26.7%
	Above ₹75,000	70	23.3%
Parents' Occupation	Government Employee	70	23.3%
	Private Employee	120	40.0%
	Business	60	20.0%
	Agriculture	40	13.3%
	Others	10	3.4%

Place of Residence	Rural	110	36.7%
	Urban	190	63.3%

Table 10.1 presents the demographic profile of the respondents selected for the study. Among the total of 300 respondents, male and female students each constituted 50.0 per cent of the sample, indicating equal gender representation. With respect to age, the majority of the respondents (43.3%) belonged to the 21–23 years age group, followed by 40.0 per cent in the 18–20 years category. Respondents aged above 23 years accounted for 10.0 per cent, while only 6.7 per cent were below 18 years of age.

Most respondents are Undergraduates (73.3%), while Postgraduates account for 26.7%. This shows that the study is more representative of UG students, though PG perspectives are also included. The distribution across years is fairly even, with I Year (30%) and II Year (26.7%) forming the largest groups. This suggests that many respondents are in the early stages of their academic programs, which may influence their financial literacy levels.

A clear majority are B.Com students (66.7%), while M.Com students make up 33.3%. This reflects the dominance of undergraduate commerce education in the sample. Respondents are spread across income categories, with the largest group in the ₹25,001–₹50,000 range (30%). About 23.3% belong to families earning above ₹75,000, indicating a mix of middle- and higher-income backgrounds. The largest group has parents working as Private Employees (40%), followed by Government Employees (23.3%) and Business (20%). This shows a diverse socio-economic background among respondents. A majority of respondents are from Urban areas (63.3%), while 36.7% are from Rural areas. This urban dominance may influence exposure to financial information and investment opportunities.

10.2 Reliability Analysis

Reliability analysis was performed to assess the internal consistency of the items used to measure the construct of financial literacy. Cronbach's Alpha coefficient was employed to determine the reliability of the measurement scale. A Cronbach's Alpha value of 0.70 or above is generally considered acceptable for establishing the reliability of a research instrument.

Table 10.2- Reliability Analysis of Financial Literacy Scale

Construct	Cronbach's Alpha	Interpretation
Financial Literacy	0.87	High reliability

Table 10.2 presents the results of the reliability analysis for the Financial Literacy scale. The construct consists of twelve items (FL1–FL12) and recorded a Cronbach's Alpha value of 0.87, indicating a high level of internal consistency. The obtained value exceeds the recommended threshold of 0.70, confirming that the items included in the scale are reliable and consistently measure the financial literacy construct. Therefore, the instrument is considered suitable for further statistical analyses.

10.3 Descriptive Statistics of Financial Literacy Dimensions

Descriptive statistics were computed to examine the level of financial literacy among the respondents. The mean and standard deviation were calculated for each dimension of financial literacy, namely Financial

Knowledge, Financial Awareness, Financial Skills, and Financial Decision-Making. The results are presented in Table 10.3.

Table 10.3- Descriptive Statistics of Financial Literacy Dimensions

Dimension	Items (Codes)	Mean	SD
Financial Knowledge	FL1–FL3	3.95	0.72
Financial Awareness	FL4–FL6	3.88	0.75
Financial Skills	FL7–FL9	3.80	0.70
Financial Decision-Making	FL10–FL12	4.02	0.68

Table 10.3 presents the descriptive statistics of the four dimensions of financial literacy. Among the dimensions, Financial Decision-Making recorded the highest mean score (Mean = 4.02; SD = 0.68), indicating that the respondents demonstrated a comparatively stronger ability to make informed financial decisions. This was followed by Financial Knowledge (Mean = 3.95; SD = 0.72), suggesting that the respondents possessed a good understanding of fundamental financial concepts.

Financial Awareness obtained a mean score of 3.88 with a standard deviation of 0.75, reflecting a satisfactory level of awareness regarding financial planning and investment-related information. Financial Skills recorded the lowest mean score (Mean = 3.80; SD = 0.70), although the value still indicates a favourable level of financial competence among the respondents.

Overall, the findings reveal that the respondents possess a relatively high level of financial literacy across all four dimensions. The standard deviation values, ranging from 0.68 to 0.75, indicate moderate variation in the responses, suggesting a reasonable level of consistency in the respondents' perceptions.

10.4 Reliability Analysis of Investment Behaviour Scale

The reliability of the Investment Behaviour scale was assessed using Cronbach's Alpha coefficient to determine the internal consistency of the twelve measurement items (IB1–IB12). The results of the reliability analysis are presented in Table 10.4.

Table 10.4- Reliability Analysis of Investment Behaviour Scale

Construct	Cronbach's Alpha	Interpretation
Investment Behaviour (IB1–IB12)	0.89	High reliability

Table 10.4 presents the reliability analysis of the Investment Behaviour scale. The construct comprises twelve items (IB1–IB12) and recorded a Cronbach's Alpha value of 0.89, indicating a high level of internal consistency among the measurement items. Since the obtained value exceeds the recommended threshold of 0.70, the scale is considered highly reliable for measuring the investment behaviour of commerce students. Therefore, the instrument is suitable for further statistical analyses.

10.5 Descriptive Statistics of Investment Behaviour Dimensions

Descriptive statistics were computed to assess the investment behaviour of the respondents across four dimensions, namely Investment Planning, Risk Assessment, Information Seeking, and Investment Decision Behaviour. The mean and standard deviation for each dimension are presented in Table 10.5.

Table 10.5- Descriptive Statistics of Investment Behaviour Dimensions

Dimension	Items (Codes)	Mean	SD
Investment Planning	IB1–IB3	3.90	0.74
Risk Assessment	IB4–IB6	3.85	0.71
Information Seeking	IB7–IB9	3.92	0.69
Investment Decision Behaviour	IB10–IB12	4.05	0.66

Table 10.5 presents the descriptive statistics of the investment behaviour dimensions among the respondents. Among the four dimensions, Investment Decision Behaviour recorded the highest mean score (Mean = 4.05; SD = 0.66), indicating that the respondents generally demonstrate positive and well-informed investment decision practices. This was followed by Information Seeking (Mean = 3.92; SD = 0.69), suggesting that the respondents actively seek relevant financial information before making investment decisions.

Investment Planning obtained a mean score of 3.90 with a standard deviation of 0.74, reflecting a favourable tendency among respondents to plan their investments systematically. Risk Assessment recorded a mean score of 3.85 and a standard deviation of 0.71, indicating that respondents generally consider investment risks before making financial decisions.

Overall, the findings indicate that the respondents exhibit a relatively high level of positive investment behaviour across all four dimensions. The standard deviation values ranging from 0.66 to 0.74 suggest moderate variability in responses, indicating a reasonable degree of consistency in the investment behaviour of the respondents.

10.6 Pearson Correlation Analysis

Pearson correlation analysis was performed to examine the relationship between financial literacy and investment behaviour among commerce students. The results are presented in Table 10.6.

Table 10.6- Relationship between Financial Literacy and Investment Behaviour

Variables	Correlation (r)	Sig. (p-value)	Interpretation
Financial Literacy ↔ Investment Behaviour	0.68	<0.001	Strong positive correlation

Table 10.6 reveals the relationship between financial literacy and investment behaviour among commerce students. The Pearson correlation coefficient was 0.68, indicating a strong positive relationship between the two variables. The significance value ($p < 0.001$) is less than the 0.05 level of significance, confirming that the relationship is statistically significant. The findings imply that students with higher levels of financial literacy tend to exhibit better investment behaviour. Therefore, the hypothesis stating that there

is a significant relationship between financial literacy and investment behaviour among commerce students is accepted.

10.7 Simple Linear Regression Analysis

Simple linear regression analysis was conducted to determine the influence of financial literacy on investment behaviour. The results of the regression analysis are presented in Tables 10.7(a) and 10.7(b).

Table 10.7(a) Model Summary

Model Summary	R	R ²	Adjusted R ²	Sig. (p-value)
Regression	0.68	0.46	0.45	<0.001

Table 10.7(b) Regression Coefficients

Coefficients	β	t-value	Sig. (p-value)
Constant	1.12	4.25	<0.001
Financial Literacy	0.72	12.85	<0.001

Table 10.7(a) indicates that the regression model is statistically significant ($p < 0.001$). The coefficient of determination ($R^2 = 0.46$) shows that 46 per cent of the variation in investment behaviour is explained by financial literacy, while the remaining variation may be attributed to other factors not included in the study.

Table 10.7(b) shows that financial literacy has a positive and statistically significant influence on investment behaviour ($\beta = 0.72$, $t = 12.85$, $p < 0.001$). This indicates that an increase in the level of financial literacy is associated with an improvement in the investment behaviour of commerce students. Hence, the hypothesis stating that financial literacy significantly influences investment behaviour is accepted.

10.8 Independent Samples t-Test

An Independent Samples t-test was conducted to examine whether investment behaviour differs significantly between urban and rural commerce students. The results are presented in Table 10.8.

Table 10.8- Difference in Investment Behaviour Based on Place of Residence

Group	Mean Investment Behaviour	t-value	Sig. (p-value)
Urban (n=190)	4.02	2.45	0.015
Rural (n=110)	3.85		

Table 10.8 shows that the mean investment behaviour score of urban students (Mean = 4.02) is higher than that of rural students (Mean = 3.85). The calculated t-value of 2.45 with a significance value of 0.015 is less than the 0.05 level of significance, indicating a statistically significant difference in investment behaviour based on place of residence. Therefore, the hypothesis stating that there is a significant difference in investment behaviour between urban and rural commerce students is accepted.

10.9 One-Way Analysis of Variance (ANOVA)

One-Way Analysis of Variance (ANOVA) was employed to examine whether significant differences exist in financial literacy across different years of study and in investment behaviour across different family income groups. The results are presented in Table 10.9.

Table 10.9- One-Way ANOVA Results

Factor	F-value	Sig. (p-value)	Interpretation
Year of Study (FL)	3.92	0.004	Significant difference
Family Income (IB)	4.25	0.006	Significant difference

Table 10.9 indicates that financial literacy differs significantly across the different years of study ($F = 3.92$, $p = 0.004$). This finding suggests that students' level of financial literacy varies according to their academic progression.

Similarly, investment behaviour differs significantly across family monthly income groups ($F = 4.25$, $p = 0.006$), indicating that respondents from different income categories demonstrate varying levels of investment behaviour.

Since the significance values for both analyses are less than the 0.05 level, the respective hypotheses are accepted, confirming that year of study significantly influences financial literacy, while family monthly income significantly influences investment behaviour.

11. Major Findings

The findings of the study indicate that the respondents possess a relatively high level of financial literacy and demonstrate favourable investment behaviour. The reliability analysis confirmed that the research instrument was highly reliable, with Cronbach's Alpha values of 0.87 for the Financial Literacy scale and 0.89 for the Investment Behaviour scale. Among the dimensions of financial literacy, Financial Decision-Making recorded the highest mean score, followed by Financial Knowledge, whereas Financial Skills recorded the comparatively lowest mean score. Similarly, among the dimensions of investment behaviour, Investment Decision Behaviour achieved the highest mean score, indicating that the respondents generally exhibit positive investment practices and informed financial decision-making.

The inferential statistical analysis further revealed a strong positive and statistically significant relationship between financial literacy and investment behaviour. The Pearson correlation analysis confirmed that higher levels of financial literacy are associated with better investment behaviour among commerce students. The regression analysis also established that financial literacy significantly influences investment behaviour and explains a substantial proportion of its variation. Furthermore, the Independent Samples t-test indicated a significant difference in investment behaviour between urban and rural students, while the One-Way ANOVA results revealed significant differences in financial literacy across different years of study and in investment behaviour across different family monthly income groups. These findings collectively demonstrate that financial literacy plays a crucial role in shaping the investment behaviour of commerce students.

12. Suggestions

Based on the findings of the study, it is suggested that higher educational institutions should strengthen financial literacy education by integrating practical financial management and investment-related topics into the commerce curriculum. Colleges may organize financial awareness programmes, workshops, seminars, guest lectures, and investor education initiatives in collaboration with banks, financial institutions, mutual fund companies, and regulatory agencies. Such initiatives would enhance students' financial knowledge, analytical ability, and confidence in making informed investment decisions. Institutions should also encourage experiential learning through investment clubs, virtual trading platforms, case studies, and financial market simulations to improve students' practical financial skills.

The study also recommends that special attention be given to students from rural backgrounds through targeted financial literacy programmes aimed at reducing the gap in investment awareness. Educational institutions, parents, policymakers, and financial regulators should work together to cultivate positive saving and investment habits among young individuals from an early stage. In addition, digital financial literacy programmes should be promoted to improve students' understanding of online banking, digital payments, and technology-enabled investment platforms. Strengthening financial literacy through coordinated efforts will contribute to responsible financial behaviour, informed investment decisions, and long-term financial well-being among commerce students.

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