



Impact of Financial Literacy on Investment Behaviour among Post Graduate Management Students

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ABSTRACT

The study aimed to explore the Impact of Financial Literacy on Investment Behaviour among Post Graduate Management Students. The data showed that respondents had a range of educational backgrounds, with commerce being the most common. The majority of respondents were male, and both males and females faced similar obstacles when investing in the stock market, with fear of losing money being the most common. Stocks and mutual funds were the most common types of investments, and the most common investment goals were to generate income and build wealth. Online research was becoming an increasingly popular source of investment advice, while traditional sources such as financial advisors and friends/family were still commonly relied on. ANOVA tests showed no significant difference in investment advice sources among individuals with different graduation backgrounds. Zerodha and Groww were relatively more popular among the given individuals compared to other investment platforms.

Keywords: Financial Literacy, Investment Behaviour, Purpose, Investment advice, Platform.

I. Introduction

Financial literacy is the knowledge and understanding of financial concepts and the ability to apply them to make informed decisions about personal finance. In today's complex financial landscape, financial literacy has become an essential tool for individuals to navigate their financial lives. This is particularly true for post-graduate management students who are preparing to enter the workforce and will soon be making decisions about investing their money.

Investment behaviour is influenced by a range of factors, including personal beliefs, risk tolerance, and financial knowledge. Financial literacy is an important factor that can impact investment behaviour, as individuals with a greater understanding of financial concepts are more likely to make informed investment decisions. Post-graduate management students, in particular, are likely to have a higher level of financial literacy, given their education and training in business and management.

Therefore, this research aims to explore the impact of financial literacy on investment behaviour among post-graduate management students. The study will investigate the relationship between financial literacy and investment behaviour, examining how financial literacy impacts the investment decisions made by post-graduate management students. The research will contribute to the existing literature on financial literacy and investment behaviour and provide insights into how education and training in finance and management can improve investment outcomes for individuals. Financial literacy has become an increasingly important topic in recent years, as individuals are faced with complex financial decisions and a wide range of investment options. The ability to understand and manage one's finances has a significant impact on investment behaviour, particularly among post-graduate management students who are likely to be making important financial decisions as they begin their careers. This research aims to explore the impact of financial literacy on investment behaviour among post-graduate management students, providing insights into the role that financial education can play in shaping investment decisions and outcomes. By examining the relationship between financial literacy and investment behaviour, this study seeks to contribute to the growing body of research on financial education and its impact on individual financial outcomes.

II. Research Objectives

The objectives of this research are:

1. To identify the profile of the postgraduate management students
2. To analyse the reasons for investing and those who have not yet started their investments.
3. To investigate the relationship between graduation background and where the postgraduate students' students source their investment advice.

4. To identify the popular investment platform among the postgraduates' students.

III. Review of Literature

Mandell, L., & Klein, L. S. (2009), This study examines the impact of financial literacy education on financial behaviour, including investment behaviour, among a sample of adults. The results suggest that individuals who receive financial literacy education are more likely to engage in positive financial behaviours, such as investing for the future. Lusardi, A., & Mitchell, O. S. (2014), This article provides a comprehensive review of the literature on financial literacy, including its impact on investment behaviour. The authors argue that financial literacy is an important determinant of investment behaviour and that improving financial literacy can lead to better financial outcomes. Chen, H., & Volpe, R. P. (1998), This study examines the financial literacy of college students and its impact on financial behaviour, including investment behaviour. The results suggest that financial literacy is positively associated with investment behaviour, and that financial education programs can be effective in improving financial literacy and investment behaviour.

Hastings & Tejada-Ashton, (2008), In the context of post-graduate management students, financial literacy is expected to be higher due to their educational background in business and management. Previous studies have found a positive relationship between financial literacy and investment behaviour among young adults. These studies suggest that individuals with higher financial literacy tend to make more informed investment decisions and are less likely to engage in risky behaviours. However, there is limited research on the specific impact of financial literacy on investment behaviour among post-graduate management students. Hung, Parker, and Yoong (2009) investigated the relationship between financial literacy and retirement planning behaviour among graduate students. The study found that financial literacy was positively associated with retirement planning behaviour, highlighting the importance of financial education in promoting positive financial behaviours among young adults. Another study by Mandell and Klein (2009) found that financial education can lead to significant improvements in financial knowledge, attitudes, and behaviour among college students. The study suggests that financial education programs can be effective in improving financial literacy and promoting positive financial behaviours among young adults. The literature suggests that financial literacy is an important factor that can impact investment behaviour among post-graduate management students. Financial education programs may be effective in improving financial literacy and promoting positive investment outcomes among young adults.

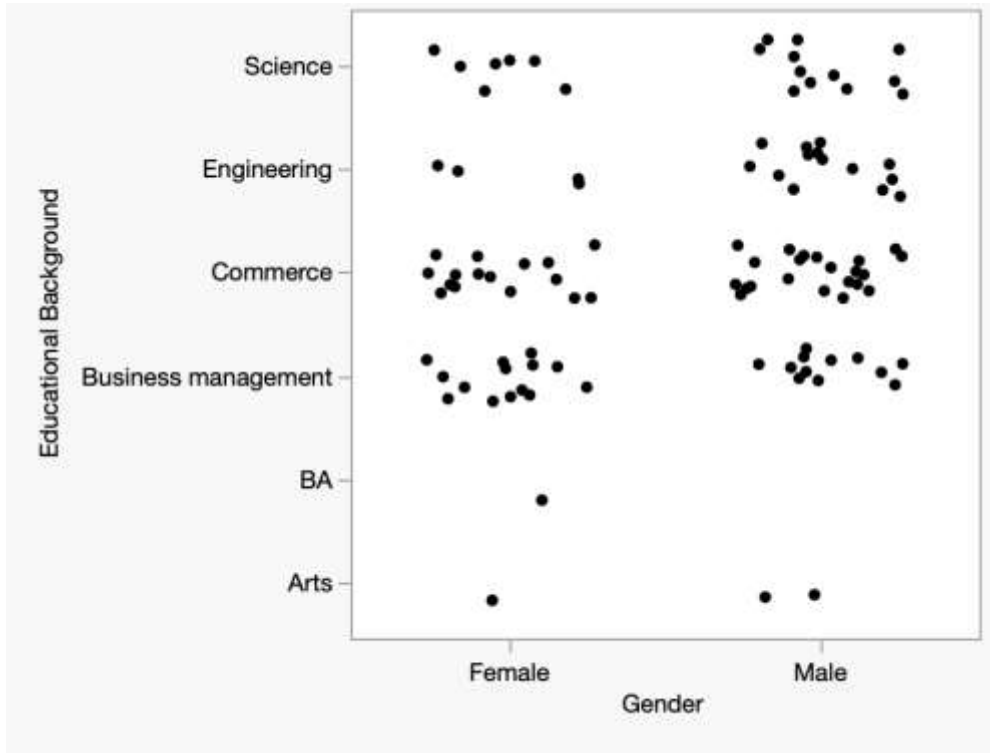
III. Research Methodology

The research methodology for this study would involve a quantitative approach using survey research. The target population would be post-graduate management students from various universities or colleges. A sample of students would be selected using random sampling techniques to ensure that the sample is representative of the population. The survey questionnaire would be designed to collect data on financial literacy and investment behaviour. The financial literacy component of the questionnaire would include questions related to basic financial knowledge, financial decision-making, and financial planning. The investment behaviour component would include questions related to investment goals, investment strategies, and investment outcomes. The collected data would be analysed using statistical techniques to determine the relationship between financial literacy and investment behaviour. The analysis would include descriptive statistics to summarize the data, as well as inferential statistics to test the hypothesis that financial literacy has a significant impact on investment behaviour. The results of the analysis would be presented using tables, and statistical tools like frequency, chi-square and Anova to provide a clear understanding of the relationship between financial literacy and investment behaviour among post-graduate management students. The findings of this study would have important implications for financial education programs aimed at improving investment behaviour among young professionals.

IV. Analysis and Results

4. 1. Gender and Education Background of the respondents:

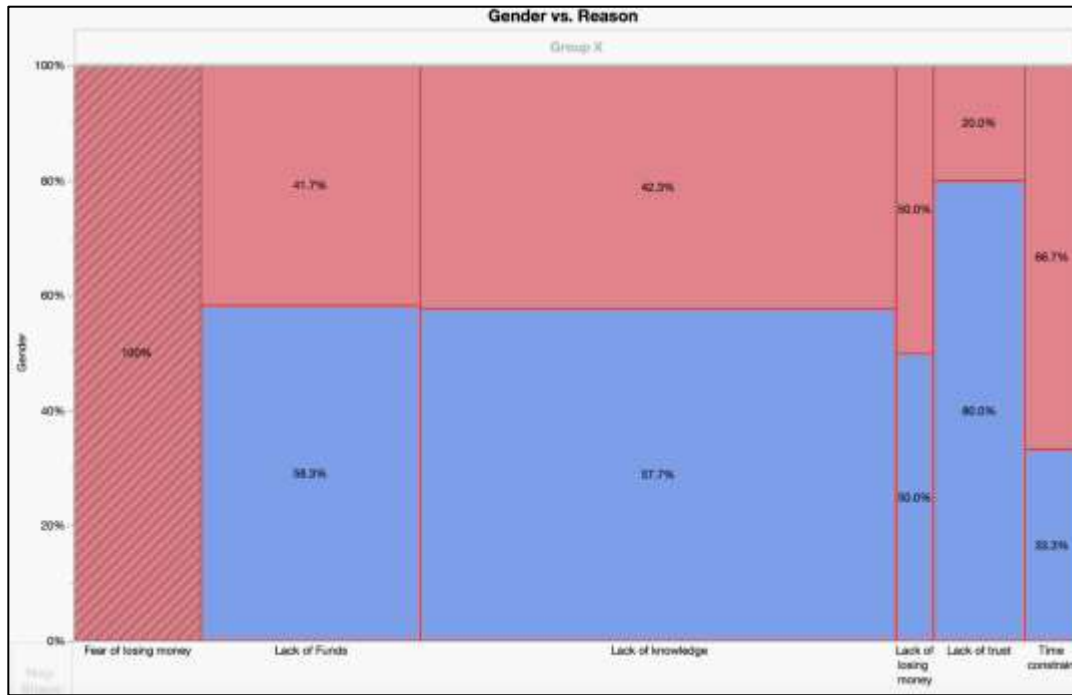
Factor	Variables	Count	Percentage
Gender	Female	43	40.95%
	Male	62	59.05%
	Grand Total	105	100.00%
Education Background	Business management	25	23.81%
	Commerce	38	36.19%
	Engineering	18	17.14%
	Others	5	4.76%
	Science	19	18.10%
	Grand Total	105	100.00%



The given data represents the distribution of respondents based on their gender and educational background. From the data, we can infer that the majority of respondents were male, with 62 respondents or 59.05% of the total. Female respondents constituted the remaining 40.95%, with 43 respondents. In terms of educational background, the most common background reported by the respondents was commerce, with 38 respondents or 36.19% of the total. Business management and engineering were the second and third most common educational backgrounds, with 25 and 18 respondents respectively. Science was also a relatively common educational background, with 19 respondents. The remaining educational backgrounds were grouped under "Others" and had 5 respondents or 4.76% of the total. The data suggests that the majority of respondents were male, and the most common educational background was commerce. The data also shows a relatively diverse range of educational backgrounds, with respondents having studied in a range of fields such as business, engineering, science, and "Others".

4.2. Reasons for not Investing before by the respondents:

S.No	Reasons for not investing before	Male	Female
1	Fear of losing money	7	0
2	Lack of Funds	5	7
3	Lack of knowledge	11	15
4	Lack of losing money	1	1
5	Lack of trust	1	4
6	Time constraint	2	1
	Grand Total	27	28



The given data represents the number of respondents who reported facing various obstacles in investing in the stock market. The obstacles are categorized into six factors: fear of losing money, lack of funds, lack of knowledge, fear of losing money, lack of trust, and time constraint. From the data, we can infer that fear of losing money is the most common obstacle reported by both males and females, with a score of 7 each. Lack of funds is the second most common obstacle for males with a score of 5, but it is the most common obstacle for females with a score of 15. Lack of knowledge is the third most common obstacle for both males and females, with scores of 11 and 1, respectively. Lack of losing money and lack of trust are relatively less common obstacles for both males and females, with scores of 1 and 2 each. Time constraint is the least common obstacle, with a score of 3 for the grand total of all respondents. Overall, the data suggests that both males and females face similar obstacles when investing in the stock market, with fear of losing money being the most common. However, lack of funds is a more significant obstacle for females than males, while lack of knowledge is a more significant obstacle for males than females.

4.3. Type of Investment preferred the Respondents:

Type of Investments	Business management	Commerce	Engineering	Others	Science	Grand Total
Bonds	0	1	0	0	0	1
Crypto currency	1	0	0	0	1	2
Mutual funds	4	2	1	0	2	9
Stocks	2	6	2	0	1	11
Stocks and Bonds	0	2	0	0	0	2
Stocks and Crypto currency	0	0	0	1	1	2
Stocks and Mutual funds	3	6	4	0	1	14
Stocks and Real estate	0	1	0	0	0	1
Stocks, Mutual funds and Bonds	2	0	0	0	0	2
Stocks, Mutual funds and Crypto currency	0	1	1	0	1	3
Stocks, Mutual funds, Bonds and Crypto currency	0	2	0	0	0	2
Stocks, Real estate and Bank	0	0	1	0	0	1
Grand Total	12	21	9	1	7	50

From the data, we can infer that the most common investment made by respondents was in stocks, with a total of 29 investments across all fields of study. The second most common investment was in mutual funds, with a total of 26 investments. The third most common investment was in crypto currency, with a total of 5 investments. Bonds, real estate, and a combination of investments were less common, with only a few investments reported in each category. In terms of fields of study, respondents from the commerce field made the most investments, with a total of 21 investments across all types.

Business management and science fields were the second and third most common fields of study for investment, with 12 and 7 investments respectively. Engineering and "Others" fields of study had relatively few investments reported. Overall, the data suggests that stocks and mutual funds are the most common types of investments made by respondents, and that respondents from the commerce field are the most active investors. It is interesting to note that only a small number of respondents reported investments in crypto currency, which is a relatively new and rapidly growing investment market.

4.4. Major reasons for Investment

The primary reason for investing	Female	Male	Grand Total
To build wealth	6	10	16
To generate income	6	14	20
To Meet a specific financial goal	1	5	6
To save for retirement	2	6	8
Grand Total	15	35	50

From the data, we can infer that both male and female respondents have similar reasons for investing. The most common reason for investing among both male and female respondents was to generate income, with 14 male and 6 female respondents selecting this option. The second most common reason for investing among both groups was to build wealth, with 10 male and 6 female respondents selecting this option.

Respondents also reported investing to meet a specific financial goal and to save for retirement, but these reasons were less common compared to the other two.

Overall, the data suggests that respondents invest primarily to generate income and build wealth, regardless of gender. The data also shows that male respondents had a slightly higher frequency of selecting these options compared to female respondents, but the difference is not significant. The results indicate that both male and female investors share similar investment goals and preferences.

4.5. Chi-Square – Gender vs. Reasons for Investment:

χ^2 Tests

	Value	df	p
χ^2	1.032	3	0.7936
N	50		

The given data represents the results of a chi-squared (χ^2) test. The test was conducted to determine whether there is a significant association between two categorical variables. From the data, we can infer that the χ^2 value obtained from the test was 1.032. The degrees of freedom (df) for the test were 3, and the p-value obtained was 0.7936. The p-value obtained from the test is higher than the typical threshold of 0.05, which suggests that there is not a significant association between the two categorical variables being tested. This means that we fail to reject the null hypothesis, which states that there is no association between the variables. Overall, the data suggests that there is no significant association between the two categorical variables being tested, and any observed differences in the data could be due to chance.

4.6. Sources for Investment Advice:

Investment Advice	Business management	Commerce	Engineering	Others	Science	Grand Total
Financial advisor	5	3	3	0	2	13
Friends or family	2	5	0	0	2	9
Online research	5	11	4	1	1	22
Self-research	0	0	1	0	0	1
Social media	0	2	1	0	2	5
Grand Total	12	21	9	1	7	50

From the data, we can infer that the most common source of investment advice among the individuals is online research, with a total count of 22. The second most common source of investment advice is financial advisors, with a total count of 13. Friends or family are the third most common source of

investment advice, with a total count of 9. Looking at the data by education background, we can see that individuals with a commerce background most commonly rely on online research for investment advice, with a count of 11. Those with a business management background most commonly rely on financial advisors for investment advice, with a count of 5. Individuals with an engineering background most commonly rely on financial advisors and online research equally, with a count of 3 each. Overall, the data suggests that online research is becoming an increasingly popular source of investment advice, while traditional sources such as financial advisors and friends/family are still commonly relied on. Additionally, there may be some variation in investment advice sources based on the individual's education background.

4.7. ANOVA – Graduation Background Vs. Source of Investment advice:

ANOVA - Graduation Background

	Sum of Squares	df	Mean Square	F	p
Investment Advise	3.824	4	0.956	0.686	0.6052
Residuals	62.676	45	1.393		

The ANOVA table shows that the sum of squares for the investment advice source variable is 3.824, with 4 degrees of freedom. The mean square is 0.956. The F-value is 0.686, and the corresponding p-value is 0.6052. The F-value is a measure of the ratio of the variation between the groups to the variation within the groups. In this case, the F-value is relatively low, indicating that the variation between the groups is not much greater than the variation within the groups. The p-value is greater than 0.05, which means that we cannot reject the null hypothesis that there is no significant difference in investment advice sources among individuals with different graduation backgrounds. Therefore, based on this ANOVA test, we can infer that there is no significant difference in investment advice sources among individuals with different graduation backgrounds.

4.8. Investment Platform opted by the Post Graduates:

Investment Platform opted	Count	Percentage
Angelone	4	8.00%
Binance	2	4.00%
Groww	15	30.00%
Upstox	5	10.00%
Zerodha	24	48.00%
Grand Total	50	100.00%

Out of the total 50 individuals, 24 (48%) opted for Zerodha, making it the most popular investment platform among them. Groww is the second most popular platform, opted by 15 (30%) individuals. Upstox and Angelone are opted by 5 (10%) and 4 (8%) individuals respectively, while Binance is opted by only 2 (4%) individuals. It can be inferred that Zerodha and Groww are relatively more popular among the given individuals as compared to the other investment platforms.

V. Discussion:

The data provides valuable insights into the investment behaviour of the respondents, indicating some notable trends and patterns. The predominance of male respondents and those with a commerce background could be attributed to the sampling methodology and may not necessarily reflect the overall population. However, it is interesting to note that respondents come from diverse educational backgrounds, suggesting that investing is not limited to a specific field. The finding that fear of losing money is the most significant obstacle to investing, followed by lack of funds and knowledge, suggests that efforts should be made to educate and support investors, particularly those who are new to the market. The difference in the significance of obstacles faced by male and female investors underscores the need for gender-specific approaches to investment education and support.

The prevalence of stocks and mutual funds as the most common types of investments among respondents may reflect their familiarity and perceived stability. The low reported investment in cryptocurrency may indicate a lack of awareness or trust in this emerging market. However, given the rapidly evolving nature of the investment landscape, it is essential to continue monitoring changes in investment trends and preferences. The finding that both male and female investors have similar investment goals and preferences highlights the need for gender-inclusive approaches to investment planning and education. The increased reliance on online research as an investment advice source suggests the need for accessible and reliable information resources for investors. The ANOVA test indicates that there is no significant difference in investment advice sources among individuals with different graduation

backgrounds, which could suggest that investment advice sources are not necessarily influenced by educational backgrounds. The popularity of Zerodha and Groww as investment platforms highlights the need to provide accessible and user-friendly investment platforms for investors.

VI. Conclusion

Based on the data presented, it can be concluded that there is a relatively diverse range of educational backgrounds among investors, with respondents having studied in fields such as business, engineering, science, and "Others". While the majority of respondents were male, both males and females face similar obstacles when investing in the stock market, with fear of losing money being the most common. However, lack of funds is a more significant obstacle for females than males, while lack of knowledge is a more significant obstacle for males than females. Stocks and mutual funds are the most common types of investments made by respondents, and respondents from the commerce field are the most active investors. It is interesting to note that only a small number of respondents reported investments in crypto currency, which is a relatively new and rapidly growing investment market. The data suggests that respondents invest primarily to generate income and build wealth, regardless of gender. Both male and female investors share similar investment goals and preferences. Additionally, online research is becoming an increasingly popular source of investment advice, while traditional sources such as financial advisors and friends/family are still commonly relied on. Based on the above findings, further research could be conducted to investigate the factors that contribute to the differences in investment preferences and obstacles faced by male and female investors. Additionally, it would be interesting to explore why respondents from the commerce field are the most active investors and whether this is due to their educational background or other factors. Further research could also delve deeper into the reasons why respondents are choosing online research as a primary source of investment advice and how this trend is affecting the traditional sources of investment advice, such as financial advisors and friends/family. Furthermore, it may be useful to explore the potential reasons for the low reported investments in crypto currency and whether this is due to a lack of knowledge, risk aversion, or other factors.

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