



A Study on Impact of Financial Literacy Programs on Investment Decisions

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ABSTRACT: -

Financial literacy plays an important role in improving one's investment decisions and financial health. The aim of this study is to analyse the effectiveness of financial literacy programs in influencing investment decisions. This article explores the impact of financial literacy on various aspects of investment behaviour by reviewing existing literature and empirical studies; Includes risk, diversification and asset allocation. This study uses both qualitative and quantitative methods to evaluate the effectiveness of different types of financial education (including workshops, seminars, and online courses) to improve knowledge resources and confidence. In addition, demographic factors and personal characteristics that may affect the effectiveness of financial literacy programs were also examined in the study. These findings contribute to the growing body of knowledge on financial education and provide insight for policymakers, educators, and professionals to support informed investment decisions for many people. Keywords: investment, investment alternatives, mutual funds, investor behaviour, investor

1. Introduction

Financial literacy is the study and understanding of a variety of financial topics, including personal financial management and the effects of finance and investing. subject of litigation. It refers to the knowledge needed to manage personal finances. It involves understanding how to use credit responsibly, manage money and savings, reduce financial risk, and achieve long-term results. Financial literacy is an important part of accounting. It also involves changing behaviour in one's financial model and activities. It is not about providing financial knowledge and information. It also involves behavioural changes in a person's financial patterns and activities.

2. Financial Literacy Program

The Financial Literacy Program aims to educate people so that they can manage their finances well. These services are designed to provide people with the knowledge and skills necessary to make financial decisions. Financial literacy programs can be used in schools, workplaces and community organizations. Improve financial decision-making: Participants can make decisions about spending money, saving, investing and managing debt. Reduce financial stress: Financial literacy programs help people develop financial management strategies that reduce stress and improve overall health. Increase financial security: These programs help build financial security and sustainable people by improving financial literacy

3.Literature Review

1. (Gallery et al., 2011). Gallery et al. (2011) study builds on the work of emphasis on measures of financial literacy that are exact to decision-making in the context of retirement investment choice decisions.

2. Müller and Weber (2010) the results of indicate that financial literacy is positively related to investments in low-cost funds.

3. Hassan Alaaraj, Ahmed Bakri Financial literacy was developed by the "Organization for Economic Co-Operation and Development" OECD (2005) which states that: "Financial literacy is the combination of consumers „investors" understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being."

4. Hawati Janor, Rubayah Yakob The working definition of FL given by the Organisation for Economic Co-operation and Development, 2005 (OECD) is that, it is a combination of awareness, knowledge, attitudes and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.

5. Financial literacy refers to an individual's ability to analyse and manage personal finances (Yusnita et al., 2022).
6. Kamal Gupta et al. (2014), assessed the level of financial literacy amongst 87 micro Entrepreneurs of Kangra district of Himalaya Pradesh based on record keeping, various institutional awareness, savings, investment plans, savings management and various loan products.
7. Naidu (2017), has posited that, because of quick development in Indian economy in the course of the most recent decade and extension of financial markets through liberalization, privatization and globalization have given an approach to excess of financial products in banking, investment and loan products.

4 Research Methodology

4.1 Objectives of the study

1. Assessing the effectiveness of existing financial literacy initiatives.
2. Identifying the demographic groups that benefit most from financial education.
3. Evaluating the long-term impact of financial literacy programs on individuals' financial behavior and decision-making.
4. Exploring the relationship between financial literacy and various financial outcomes such as savings rates, debt management, and investment decisions.

4.2 Research Design: -

A descriptive research design is chosen for this study. This design aims to provide a comprehensive and detailed account of a specific phenomenon without manipulating variables. This design allows you to observe and describe the impact of a particular factor without altering it.

4.3 Sources of Data Collection: -

I will be using both primary and secondary data sources for this study. Primary data will be collected directly from your respondents through the survey. Secondary data will involve existing data or literature related to this research topic

4.4 Sampling Method: -

Non-probability convenience sampling has been selected as sampling technique. This means that sample is not randomly selected from the population. Instead, participants will be selected based on convenience and accessibility.

4.5 Data collection instrument: -

I will be using Questionnaire as an instrument to collect the data. Total 122 response collected through questionnaire.

5. Data Analysis: -

Table 1 Demographic Details of Respondents

Gender of the Respondent

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	102	83.61%	83.61%	83.61%
Female	20	16.39%	16.39%	100.00%

Interpretation

- Out of all the respondents, 83.61% are male and 16.39% are female. This shows that a large majority of the participants in the survey are men, with women making up a smaller portion of the responses.

Age Group of the Respondents

Age Group	Frequency	Percent	Valid Percent	Cumulative Percent
18-25	100	81.97%	81.97%	81.97%
26-35	19	15.57%	15.57%	97.54%
36-45	1	0.82%	0.82%	98.36%
46-55	1	0.82%	0.82%	99.18%
56+	1	0.82%	0.82%	100.00%

Have you participated in any financial literacy programs?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	74	60.66%	60.66%	60.66%
No	48	39.34%	39.34%	100.00%

Interpretation:

- Most of the respondents, about 60.66%, said 'Yes' to the survey question, showing that the majority agrees.
- Around 39.34% people answered 'No', indicating that a significant portion does not agree.

How would you rate your overall knowledge of investment options before participating in any financial literacy program?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Poor	20	16.4%	16.4%	16.4%
Fair	31	25.4%	25.4%	41.8%
Good	57	46.7%	46.7%	88.5%
Excellent	14	11.5%	11.5%	100.0%

Interpretation:

- A small group, 16.4% people, think their knowledge or skills are poor in whatever was asked, showing they feel they lack in that area.
- About 25.4 % participants rate themselves as fair, suggesting they have some knowledge or skills but see room for improvement.
- The largest group, nearly 46.7 %, believes they are good, indicating they feel confident but not at the highest level in their knowledge or skills.
- A few, about 11.5% out of 100, consider themselves excellent, showing they are very confident in their abilities or knowledge in the surveyed area.

Before the program, how well did you understand options trading?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Little	41	33.6%	33.6%	33.6%
Some	42	34.4%	34.4%	68.0%
Moderate	33	27.0%	27.0%	95.1%
Extensive	6	4.9%	4.9%	100.0%

Interpretation:

- About 33.6 %people knew very little about options trading before the program, showing they had minimal understanding or experience with it.
- A similar number, around 34 out of 100, had some knowledge of options trading, indicating they were somewhat familiar but not deeply knowledgeable.
- 27 % participants had a moderate understanding, suggesting they knew more than basics but weren't experts.
- Only a few, about 5%, had extensive knowledge of options trading before joining the program, indicating they were already quite knowledgeable about this financial activity.

Have you made investment decisions involving options after the financial literacy program?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	91	74.6%	74.6%	74.6%
No	31	25.4%	25.4%	100.0%

Interpretation:

- 74.6% of the respondents have made investment decisions involving options after the financial literacy program, indicating a significant majority took action based on what they learned.
- 25.4% of the respondents have not made such investment decisions following the program, showing a smaller portion chose not to or perhaps haven't yet applied their learning to options.

What types of investments are you currently engaged in?

.30	Frequency	Percent	Valid Percent	Cumulative Percent
Stocks	51	41.8%	41.8%	41.8%
Bonds	9	7.4%	7.4%	49.2%
Real Estate	4	3.3%	3.3%	52.5%
Mutual Funds	23	18.9%	18.9%	71.3%
None	35	28.7%	28.7%	100.0%

Interpretation:

- 41.8% of the respondents are investing in stocks, making it the most popular investment choice among them.

- Bonds attract 7.4% of the respondents, showing a lower level of interest compared to stocks.
- Real estate investments are made by 3.3%, indicating a very small portion of the respondents are engaged in property investment.
- Mutual funds are chosen by 18.9%, reflecting a moderate level of interest.
- 28.7% of the respondents are not currently engaged in any form of investment, suggesting a significant number of participants are either cautious about investing or lack the means to invest.

How often do you review your investment portfolio?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Monthly	66	54.1%	54.1%	54.1%
Quarterly	17	13.9%	13.9%	68.0%
Annually	18	14.8%	14.8%	82.8%
Never	21	17.2%	17.2%	100.0%

Interpretation:

- 54.1% of the respondents review their investment portfolio monthly, showing a high level of engagement and regular monitoring of their investments.
- Quarterly reviews are done by 13.9%, indicating a more laid-back approach compared to monthly reviewers.
- 14.8% opt for an annual review of their investments, suggesting confidence in their long-term investment strategies or possibly a less active management style.
- 17.2% never review their investment portfolio, highlighting a section of the respondents who may lack the interest or knowledge to regularly check on their investments.

To what extent do you believe financial literacy programs have influenced your investment decisions?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Influenced	31	25.4%	25.4%	25.4%
Moderately Influenced	29	23.8%	23.8%	49.2%
Neutral	35	28.7%	28.7%	77.9%
Minimally influenced	12	9.8%	9.8%	87.7%
Not at all influenced	15	12.3%	12.3%	100.0%

Interpretation:

- 25.4% strongly influenced: A significant number of people, about 31 out of 122, felt that financial literacy programs greatly impacted their decision-making in investments, showing a strong belief in the effectiveness of these programs.
- 23.8% moderately influenced: Nearly 29 out of 122 participants found these programs somewhat helpful, indicating they believe the programs have had a positive, though not profound, impact on their investment choices.
- 28.7% neutral: The largest group, about 35 out of 122, neither agreed nor disagreed strongly about the influence of financial literacy on their investments, suggesting they may see some benefits but are not convinced of a major impact.

- 9.8% minimally influenced: A smaller portion, about 12 out of 122, felt only slightly impacted by financial literacy programs, hinting at either a baseline knowledge of finance or scepticism towards the program's utility.
- 12.3% not at all influenced: Around 15 out of 122 people reported no influence from these programs on their investment decisions, indicating they either didn't find the content relevant or already had a strong understanding of investments

In your opinion, how important is financial literacy for making informed investment decisions?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Very Important	59	48.4%	48.4%	48.4%
Somewhat Important	23	18.9%	18.9%	67.2%
Neutral	25	20.5%	20.5%	87.7%
Not Very Important	7	5.7%	5.7%	93.4%
Not at all Important	8	6.6%	6.6%	100.0%

Interpretation:

- Nearly half, 48.4%, believe financial literacy is very important for making informed investment decisions, underscoring the high value placed on understanding financial concepts.
- 18.9% find it somewhat important, suggesting they see benefits but perhaps not to the extent of it being crucial.
- 20.5% are neutral, indicating they may appreciate the importance of financial literacy but don't prioritize it highly for making investment decisions.
- A smaller group, 5.7%, view financial literacy as not very important, possibly believing in learning through experience or other means.
- 6.6% consider it not important at all, showing a very small portion of respondents disregard the value of financial literacy in investment decision-making, possibly due to reliance on professional advisors or other information sources.

Do you plan to participate in future financial literacy programs?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Yes, definitely	58	47.5%	47.5%	47.5%
Yes, maybe	43	35.2%	35.2%	82.8%
No, not sure	15	12.3%	12.3%	95.1%
No, definitely not	6	4.9%	4.9%	100.0%

Interpretation:

- 47.5% Yes, definitely: Almost half of the participants, 47.5%, are sure they want to join future financial literacy programs, showing strong interest in continuing their financial education.
- 35.2% Yes, maybe: Over a third, 35.2%, are considering future participation, indicating openness but not full commitment to more financial learning.
- 12.3% No, not sure: A small group, 12.3%, are undecided about joining more programs, reflecting uncertainty or mixed feelings about the value.
- 4.9% No, definitely not: Only 4.9% are certain they won't participate in future programs, showing a minimal lack of interest or belief in their usefulness.

How likely are you to recommend financial literacy programs to others?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Very likely	52	42.6%	42.6%	42.6%
Somewhat likely	26	21.3%	21.3%	63.9%
Neutral	28	23.0%	23.0%	86.9%
Not very likely	11	9.0%	9.0%	95.9%
Not at all likely	5	4.1%	4.1%	100.0%

Interpretation:

- 42.6% Very likely: A large portion, over 50 out of 122 people, are very likely to recommend financial literacy programs, showing strong support and positive experiences.
- 21.3% Somewhat likely: About 26 out of 122 feel somewhat inclined to recommend these programs, indicating moderate satisfaction.
- 23.0% Neutral: Nearly 28 out of 122 are neutral, neither likely nor unlikely to recommend, suggesting mixed or indifferent experiences.
- 9.0% Not very likely: A smaller group, 11 out of 122, lean towards not recommending these programs, possibly due to less positive experiences.
- 4.1% Not at all likely: Only about 5 out of 122 people are unlikely to recommend, showing a minimal but clear dissatisfaction or lack of perceived value.

How has your perception of risk in financial investments changed after the financial literacy program?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Decreased	34	27.9%	27.9%	27.9%
Increased	61	50.0%	50.0%	77.9%
Remained the same	27	22.1%	22.1%	100.0%

Interpretation:

- 27.9% Decreased: About 34 out of 122 people found their perception of risk in financial investments decreased, indicating they feel more confident.
- 50.0% Increased: Half of the participants noticed an increase in their risk awareness, suggesting the program made them more cautious.
- 22.1% Remained the same: Roughly 27 out of 122 saw no change in their risk perception, indicating their views on investment risks were unchanged by the program.

Have you altered your investment strategy as a result of the financial literacy program?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	97	79.5%	79.5%	79.5%
No	25	20.5%	20.5%	100.0%

Interpretation:

- 79.5% Yes: A large majority, about 97 out of 122 participants, changed their investment strategy after the financial literacy program, showing the program significantly influenced their investment decisions.
- 20.5% No: Only about 25 out of 122 people kept their investment strategy the same, indicating they did not feel the need to make changes based on the program.

Did the financial literacy program influence your long-term financial goals?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	99	81.1%	81.1%	81.1%
No	23	18.9%	18.9%	100.0%

Interpretation:

- 81.1% Yes: Most participants, over 99 out of 122, report that the financial literacy program influenced their long-term financial goals, indicating a substantial impact on their future financial planning.
- 18.9% No: A smaller group, nearly 23 out of 122, felt no impact on their long-term goals, suggesting either satisfaction with their current plans or the program's irrelevance to their specific goals.

Would you recommend financial literacy programs to others for improving investment decision-making?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	100	82.0%	82.0%	82.0%
No	22	18.0%	18.0%	100.0%

Interpretation:

- 82% of participants endorse financial literacy programs, highlighting the perceived value and positive impact these programs have on improving investment decision-making abilities.
- The strong majority recommendation reflects confidence in the programs' content and teaching methods, suggesting that most participants believe the knowledge gained is both applicable and beneficial for financial growth and stability.
- 18% of respondents are hesitant to recommend financial literacy programs, indicating there are areas within these programs that may not meet everyone's expectations or specific needs for making informed investment decisions.
- This division underscores the importance of tailoring financial education to diverse audience needs, recognizing that while a significant majority find value in such programs, a notable minority may seek more relevant or advanced insights to align with their personal or financial goal.

How confident do you feel in making investment decisions?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Very confident	55	45.1%	45.1%	45.1%
Somewhat confident	30	24.6%	24.6%	69.7%
Neutral	25	20.5%	20.5%	90.2%
Not very confident	8	6.6%	6.6%	96.7%
Not at all confident	4	3.3%	3.3%	100.0%

Interpretation:

- 45.1% Very confident: Almost half of the respondents feel very confident in making investment decisions, showing a strong sense of assurance in their ability to invest wisely.
- 24.6% Somewhat confident: About a quarter are somewhat confident, indicating they feel capable but acknowledge room for improvement.
- 20.5% Neutral: One in five hold a neutral stance, neither particularly confident nor unconfident in their investment decision-making skills.
- 6.6% Not very confident and 3.3% Not at all confident: A small fraction express doubts about their investment decision-making, highlighting areas where further education or support could be beneficial.

6. Findings

- **High Participation in Financial Literacy Programs:** A significant majority of respondents have participated in financial literacy programs, indicating a strong interest or need for financial education. This suggests that people are actively seeking ways to improve their financial knowledge and skills, likely driven by a desire to make more informed financial decisions.
- **Gender and Age Distribution:** The survey's respondent base is predominantly male and younger (mostly between 18-25 years old), which could reflect either the targeted audience of the financial literacy programs or the demographic most interested in such education. This demographic profile may influence the types of financial literacy content that is most demanded or valued, with potentially a greater focus on starting investment practices early in life.
 - i. **Education and Employment Status:** Respondents generally have a high level of education, with many holding bachelor's or master's degrees. Half of the respondents are students, indicating a significant portion of the audience for financial literacy is at a formative stage of their career and financial planning. This underscores the importance of integrating financial literacy into educational curriculums at colleges and universities.
 - ii. **Influence on Investment Decisions:** The majority of participants report that financial literacy programs have influenced their investment decisions, with a significant portion feeling "strongly influenced." This highlights the effectiveness of these programs in impacting participants' financial behavior and confidence in making investment choices.
 - iii. **Perceived Importance of Financial Literacy:** The data shows a strong belief in the importance of financial literacy for making informed investment decisions, with a vast majority considering it very or somewhat important. This perception underlines the value placed on financial education and its role in empowering individuals to navigate financial markets and products.
 - iv. **Change in Risk Perception:** Half of the respondents report an increased perception of risk in financial investments after attending financial literacy programs. This indicates that these programs are effective in making participants more aware of the risks involved in investing, which is crucial for making prudent financial decisions.
 - v. **Alteration in Investment Strategy:** A notable majority have altered their investment strategies as a result of financial literacy programs, demonstrating the tangible impact of financial education on personal financial planning and behavior. This change could reflect shifts towards more diversified, risk-aware, or goal-oriented investment approaches.
 - vi. **Recommendation to Others:** The willingness to recommend financial literacy programs to others is high, signifying participant satisfaction and the perceived value of these programs. This endorsement is a strong indicator of the positive experiences and outcomes associated with financial literacy education.
- **Confidence in Making Investment Decisions:** Confidence levels among respondents vary, with a substantial number feeling very confident in their investment decision-making capabilities after participating in financial literacy programs. This increased confidence is essential for individuals to actively engage in financial markets and make decisions that align with their long-term financial goals.

7. Conclusion

- By enhancing participants' understanding of financial concepts and the risks associated with different investment options, these programs play a crucial role in empowering individuals to make more informed, confident financial decisions.
- The strong interest and participation in financial literacy initiatives, particularly among younger and highly educated demographics, underscore the demand for financial education in today's economic environment.
- Moreover, the positive feedback on the influence of financial literacy on investment decision making, changes in investment strategies, and long-term financial goals highlights the critical impact of these programs on individuals' financial well-being.
- As respondents report varying degrees of confidence in their investment decisions, ongoing and advanced financial education remains crucial to address diverse needs and bolster confidence across all levels of financial expertise.

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