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## Financial Literacy and Behavioral Biases: A Study of Gen Z Investment Behavior

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### ABSTRACT :

This paper investigates the relationship between financial literacy and behavioral biases and investment behaviour in Gen Z investors. An online survey questionnaire was used to gather data. 32 valid responses were analysed using chi-square, one-way ANOVA and linear regression calculations in Microsoft Excel. Financial literacy was found to have a statistically significant positive correlation to investment behaviour ( $R = 0.325$ ) and behavioral biases were found to be more strongly correlated ( $R = 0.487$ ).

Financial literacy had a significant effect on biases, but counter to expectations, more financially literate respondents had more biases. 53% of the variance in investment behaviour was explained by their financial literacy and biases, but when both variables are entered into the model only biases are significant.

Of the potential personal factors, only current income was significantly related to investment behaviour; age, gender, current activity and investing experience were not. Due to the small sample size this study should be considered an initial exploration rather than a conclusive study, and its indication that financial education should include learning about behavioral biases.

**Key words:** Financial literacy; Behavioral biases; Gen Z investors; Investment behavior; Herding; Overconfidence

### Introduction

Investment has become a vital factor in financial planning of individual persons as it helps them to grow rich and also in solving their financial problems in future. The population known as Generation Z (Gen Z) has been left key in the study of the investment. Gen Z have been confirmed to be the individuals born in 1997-2012, they are known to be the digital generation. They have gained access to financial information as a result of technology. As explained by Rosdiana, et al (2026) the major area of subject matter include digital technology, behavior bias and financial literacy. The proliferation of digital investing platforms has also made financial markets more accessible to youth. The Gen Z investor has information, can scrutinize investment options and can transact on the digital platform. Information is often not synonymous with well informed investment choices. Digital platforms can make the young investor exposed to lots of financial information and financial trends. Rosdiana et al. (2026) found that research on East Generation Z investors has been closely associated with financial literacy, digital engagement, financial information and behavioral issues. This calls for identification of factors driving Gen Z investments. Investment decisions are not always about financial intelligence and rationality. The study of behavioral finance offers reasons that investors may make decisions from psychological and emotional influences called behavioural biases. Behavior finance, as noted by Bagchi et al. (2024), is almost absent from most of the finance theory and assumes rational investors, while behavioral finance recognizes that investors can be influenced psychologically and this influence affects their decisions about investing. The review of the paper by Bagchi et al. (2024), lists the following biases that impact investment decision-making: overconfidence, conservatism, loss aversion, regret aversion, anchoring, mental accounting, herding, and confirmation bias. The influence of financial literacy and behavioral biases should be studied. Financial literacy helps investors for risk acknowledgment and information evaluation, however even the former may not be enough to shield investors from psychological impact. It is because as Bagchi et al. (2024) says, financial literacy, financial planning and technology might have an effect on or serve as moderators of the behavioral bias. Which means that just only studying financial literacy does not give a enough answer for the current question. By studying the 2 variables, the research might clarify which factors affect the investment behavior of the Gen Z investors. The review of the current literature informs the level of research on the two variables. As per Rosdiana et al. (2026), few of the most discussed themes while exploring younger investors are financial literacy and behavioral bias. Similarly, Bagchi et al. (2024) discuss about the importance of the psychological aspect in exploration of investment behavior. But both the aspects should be explored together to examine the relation between the issues in context to Gen Z investors. This is due to the fact that the present study, "Financial Literacy and Behavioral Biases: A Study of Gen Z Investors" is aim at studying the relationship between financial literacy, behavioral biases and the investment behavior of Gen Z investors. The present research is examine the influence

of financial literacy on the investment decision of Gen Z investors, to assess the behavioral biases that influence the investment decision of Gen Z investors, to study the relationship between financial literacy and behavioral biases, and also to establish the conjoint influence of financial literacy and behavioral biases on the investment decision of Gen Z investors.

### Research Gap

Despite there being previous literature on financial literacy and behavioral bias with respect to investments, there has been very little investigation into the same within the context of Gen Z investors in India. The existing literature has often focused on either financial literacy or behavioral biases individually while few investigations have looked at the combined impact of the two variables on investment behavior. It is against such a backdrop that this study attempts to investigate the impact of financial literacy and behavioral biases on the investment behavior of Gen Z investors.

### Statement of the Problem

Generation Z investors have now started investing in the stock market, but the investment behaviour of Generation Z investors can be affected by financial literacy and behavioural bias, both. However, it is essential to determine the combined effect of financial literacy and behavioural bias on the investment behaviour of Generation Z investors. The purpose of this study is to explore this phenomenon.

### Research Questions

What is the financial literacy rate amongst Gen Z investors?

What are the behavioral biases that have been identified amongst Gen Z investors?

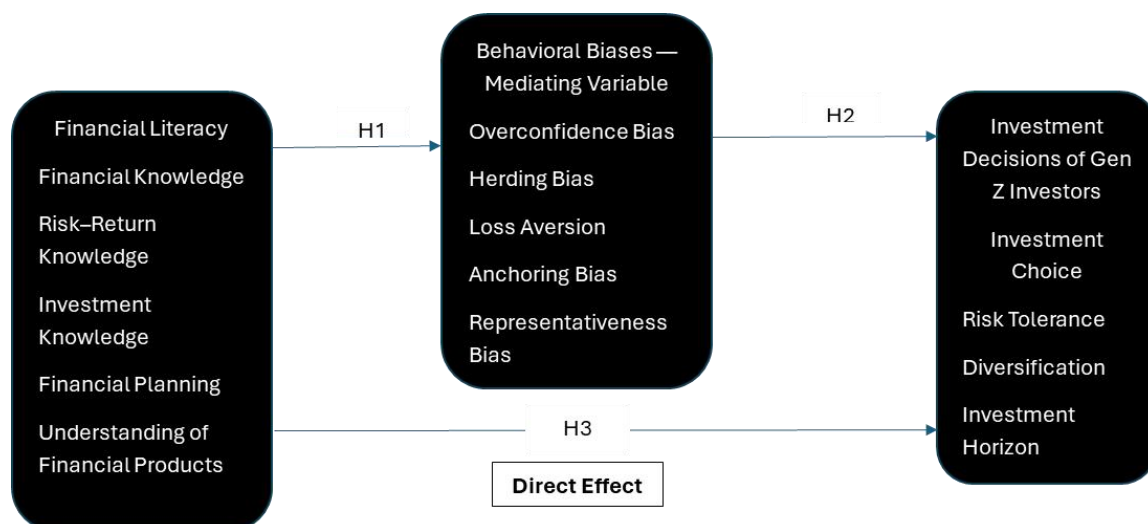
How does financial literacy affect the investing behavior of Gen Z investors?

How do behavioral biases affect the investing behavior of Gen Z investors?

Is there a correlation between financial literacy and behavioral biases of Gen Z investors?

How do financial literacy and behavioral biases affect the investing behavior of Gen Z investors?

### Conceptual Framework



### Research objectives

1. To understand the connection between financial literacy and the investment behavior of Gen Z investors.
2. To identify the important biases that affect the investment behavior of Gen Z investors.
3. To study the effect of financial literacy on the investment biases of Gen Z investors.
4. To evaluate the joint effect of financial literacy and behavioral biases on investment behavior among Gen Z investors.
5. To examine the role of age, gender, income, education level, and investment experience in determining the investment behavior of Gen Z investors.

### Research Hypothesis

**Objective: To understand the connection between financial literacy and investment behavior.**

- **H<sub>0</sub>:** Financial literacy has **no significant relationship** with investment behavior.
- **H<sub>1</sub>:** Financial literacy has a **significant relationship** with investment behavior.

**Objective: To identify the important biases that affect investment behavior.**

- **H<sub>0</sub>:** Behavioral biases have **no significant effect** on investment behavior.
- **H<sub>1</sub>:** Behavioral biases have a **significant effect** on investment behavior.

**Objective: To study the effect of financial literacy on behavioral biases.**

- **H<sub>0</sub>:** Financial literacy has **no significant effect** on behavioral biases.
- **H<sub>1</sub>:** Financial literacy has a **significant effect** on behavioral biases.

**Objective: To evaluate their joint effect on investment behavior.**

- **H<sub>0</sub>:** Financial literacy and behavioral biases have **no significant joint effect** on investment behavior.
- **H<sub>1</sub>:** Financial literacy and behavioral biases have a **significant joint effect** on investment behavior.

**Objective: To examine whether these factors affect investment behavior.**

- **H<sub>0</sub>:** Age, gender, income, education level, and investment experience have **no significant effect** on investment behavior.
- **H<sub>1</sub>:** Age, gender, income, education level, and investment experience have a **significant effect** on investment behavior.

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## Review of literature

The effect of financial knowledge on the financial decisions of young people has been the focus of many recent studies. Khan et al. (2024) surveyed 233 respondents of which the majority were university students in Oman and concluded that financial literacy was the biggest predictor of the compulsive buying behavior compared to materialism and debt taking behavior. Zainordin et al. (2025) examined the influence of financial literacy on investment behavior in the stock market for Gen Z in Klang Valley, which incorporated financial self-efficacy and financial literacy into the model, and Moreira et al. (2025) examined the relationship between investment knowledge, technology and investment interest of Gen Z, with financial self-efficacy and financial literacy as moderating variables. Singh Dhindsa et al. (2026) conducted a study comparing the financial literacy and use of technology of Generation Z and millennial investors.

Other research is directed to behavioral biases. Bagchi et al., (n.d.) reviewed the behavioral biases exhibited in financial investments, and Sangani (2025) reviewed the behavioral biases in the investment decisions of Gen Y and Gen Z. Vaswani and Sirohi (2026) examined the influence of social media and the demographic factors in the creation of over-confidence in financial knowledge among Gen Z and Millennials in India. Therefore, the fear of missing out (FOMO) effect on Gen Z investment behavior, and the perception of investment risk and return by Gen Z influence investment interest, as studied by Jelita et al. (n.d.) and Gara (2025), respectively, were chosen.

The general investment preference of young people is also examined. Pašušienė et al. (2024) explored the investment patterns and attitudes of Generation Z towards greenness, Teo et al. (2026) studied socially responsible investment among Gen Y and Gen Z in Malaysia, and Paul et al. (2025) studied the spending, saving and investment behaviour of Generation Z and millennials. Isibor and Osagie (2026) examined investment habits of young consumers, Sudaryo et al. (2025) examined the generational financial decision in urban areas in Indonesia, and Rosdiana et al. (2026) analyzed the investment of millennials and Generation Z.

From the research cited above, it can be inferred that the financial literacy, behavioural bias, social media, FOMO, investment risk and psychological factors have had a significant influence on the investment behaviour of Generation Z investors. Financial literacy can improve investment and savings decisions, and the emotional lure of social media and FOMO could lead to impulsive actions, so it's essentially important for decision-making, overcoming biases such as overconfidence, and herding. The interaction between financial literacy with behavioral biases and investment behavior of Generation Z investors require further studies.

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## Research Methodology

**Research design.** The study was of a quantitative and descriptive type of research. Primary data has been collected from self-administered online questionnaire, and the secondary data mentioned in the references is in support of the primary data. The study tests the relationships between 3 sets of variables in the conceptual model: financial literacy as an independent variable, behavioural biases as a mediating variable, and investment behaviour as a dependent variable.

### Sampling and data collection

The questionnaire was completed online by members of Generation Z (18-29 years) in September 2026. The respondents were selected through convenience sampling, which implied those easily accessible and agreeable to reply. This means that the results do not necessarily reflect the views of all Gen Z investors.

103 entries were found in the downloaded response file. These were later found to be only 34 different from one another, the others being exact reproductions of previous answers (the same answer, and, in most cases, the same submission time) and were deleted. Of the 34 different responses, one response was left blank and one response answered only 5 of the 20 statements, and this is why these two were not included. The number of respondents for the ultimate sample for analysis is, therefore, 32. In cases where the respondent failed to write one of the five statements, the mean of the remaining four statements was calculated.

## Instrument Development

The constructs in the conceptual framework are used to structure the questionnaire, which include: financial literacy as the independent variable, behavioral biases as the mediating variable, and investment behavior as the dependent variable. It has two parts. Part A consists of five questions with regards the respondent, such as his or her age, gender, monthly income, current activity (such as student or working) and length of time the respondent has been invested. Part B consists of 20 statements, (five for each group outlined in Table 1). All of the statements were rated on a scale of 1 to 5, with 1 being the lowest level of agreement and 5 being the highest. The score for each group is the average of its five statements.

**Table 1: Variables and statements in the questionnaire**

| Group                              | Statements | What the statements ask about                                                                                                                         | Used as                         |
|------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| Financial literacy (FL)            | 5          | How financial knowledge, knowing investment options and understanding risk help the respondent choose investments and feel confident                  | Independent variable            |
| Effect of knowledge on biases (DE) | 5          | Whether financial knowledge helps the respondent avoid following others, overconfidence, fear of loss, reliance on past prices and subjective judging | Second measure for Hypothesis 3 |
| Behavioral biases (BB)             | 5          | Herding, overconfidence, loss aversion, anchoring on past prices and the pull of recent performance                                                   | Mediating variable              |
| Investment behavior (IB)           | 5          | How knowledge and biases together affect decisions, decisions despite market trends, response to risk and careful thinking                            | Dependent variable              |

Statements are listed in the data analysis workbook (sheet “Descriptives”, section 3). All were rated 1 to 5.

## Statistical Tools

All analysis was done in Microsoft Excel. The following tools were used and the level of significance was set at 5% with the result being considered significant if p is less than 0.05. Percentages and averages are used to describe the sample. Cronbach's alpha is a test to determine if the statements in a set measure the same thing (0.70 or higher is acceptable). The Chi-square test is used to determine if there is a relationship between two categories, such as age group and level of investment behavior. Each score was divided into Low or High for this test at the median score within the sample. One-way ANOVA tests whether there is a difference in the mean score for investment behavior between groups (e.g., males and females). Linear regression will test the level of explanation of one variable (financial literacy level) by another (investment behavior). In order to maintain the size of groups, the age was broadly categorized as 18-20, 21-23 and 24-29 and no income, up to ₹40,000 and above ₹40,000, current activity as student and non-student, and investing experience as non-investor and investor.

## Data Analysis and Results

**Profile of respondents.** Table 2 shows the profile of the 32 respondents. 53.1% were female and 46.9% were male. More than half (53.1%) were aged 18–20, and 59.4% had no income. 71.0% were undergraduate students, and 71.9% had not yet started investing. So, the answers come mostly from young students who are still learning about investing.

**Table 2: Profile of respondents**

| Variable         | Category              | Number | Percent |
|------------------|-----------------------|--------|---------|
| Age              | 18–20                 | 17     | 53.1%   |
|                  | 21–23                 | 8      | 25.0%   |
|                  | 24–26                 | 4      | 12.5%   |
|                  | 27–29                 | 3      | 9.4%    |
| Gender           | Female                | 17     | 53.1%   |
|                  | Male                  | 15     | 46.9%   |
| Monthly income   | No income             | 19     | 59.4%   |
|                  | Below ₹20,000         | 3      | 9.4%    |
|                  | ₹20,001–₹40,000       | 5      | 15.6%   |
|                  | ₹40,001–₹60,000       | 1      | 3.1%    |
|                  | Above ₹60,000         | 4      | 12.5%   |
| Current activity | Undergraduate Student | 22     | 71.0%   |
|                  | Postgraduate Student  | 1      | 3.2%    |
|                  | Working Full-Time     | 6      | 19.4%   |

| Variable             | Category                          | Number | Percent |
|----------------------|-----------------------------------|--------|---------|
|                      | Self-Employed / Entrepreneur      | 1      | 3.2%    |
|                      | Not Currently Studying or Working | 1      | 3.2%    |
| Investing experience | Not yet investing                 | 23     | 71.9%   |
|                      | Less than 1 year                  | 2      | 6.2%    |
|                      | 1–3 years                         | 1      | 3.1%    |
|                      | 3–5 years                         | 1      | 3.1%    |
|                      | More than 5 years                 | 5      | 15.6%   |

Note:  $n = 32$ . One respondent did not state current activity, so percentages for that question are out of 31.

Reliability and average scores. Table 3 presents average scores. All four averages are below the middle of the scale (3). The average financial literacy is 1.94, behavioral biases 2.33 and investment behavior 2.20. This answers the first research question; the financial literacy score of the respondents is low. Financial literacy shows good reliability with alpha value of 0.85 and behavioral biases show acceptable reliability with alpha value of 0.75. The alpha for investment behavior is lower (0.64) and so results for this variable should be interpreted with caution.

**Table 3: Average scores and reliability**

| Variable                        | n  | Mean | SD   | Alpha | Level |
|---------------------------------|----|------|------|-------|-------|
| Financial Literacy (FL)         | 32 | 1.94 | 0.85 | 0.85  | Low   |
| Perceived Debiasing Effect (DE) | 32 | 2.02 | 0.84 | 0.87  | Low   |
| Behavioral Biases (BB)          | 32 | 2.33 | 0.72 | 0.75  | Low   |
| Investment Behavior (IB)        | 32 | 2.20 | 0.59 | 0.64  | Low   |

Note: scores range from 1 to 5. SD = standard deviation. Level compares the mean with the middle of the scale (3).

For the second research question, the bias statements were compared one by one. Herding has the highest average (2.66), followed by overconfidence (2.42), recent performance (2.32), loss aversion (2.28) and anchoring on past prices (2.06). The gaps between them are small, so herding (following others when choosing an investment) is the most noticeable bias, but the other biases are present as well.

**Chi-square test.** Table 4 shows the chi-square tests. Gender, current activity, and investing experience are not related to the level of investment behavior. Two results are significant: age group and investment behavior ( $\chi^2 = 6.45$ ,  $p = 0.040$ ) and the level of behavioral biases and investment behavior ( $\chi^2 = 4.10$ ,  $p = 0.043$ ). The age result should be treated with care, because 3 out of 6 cells in that table had very small counts. Financial literacy level was not related to investment behavior level ( $p = 1.000$ ) or to bias level ( $p = 0.154$ ) in this simple High/Low form. The regression results below use the full scores and are more detailed.

**Table 4: Chi-square tests of association**

| Test | Variables                                                           | Chi-square | df | p-value | Significant |
|------|---------------------------------------------------------------------|------------|----|---------|-------------|
| C1   | Gender $\times$ Investment behavior level                           | 1.01       | 1  | 0.314   | No          |
| C2   | Age group $\times$ Investment behavior level                        | 6.45       | 2  | 0.040   | Yes         |
| C3   | Income group $\times$ Investment behavior level                     | 4.87       | 2  | 0.088   | No          |
| C4   | Activity (student / non-student) $\times$ Investment behavior level | 0.01       | 1  | 0.935   | No          |
| C5   | Investing experience $\times$ Investment behavior level             | 0.26       | 1  | 0.612   | No          |
| C6   | Financial Literacy level $\times$ Investment behavior level         | 0.00       | 1  | 1.000   | No          |
| C7   | Financial Literacy level $\times$ Behavioral Bias level             | 2.03       | 1  | 0.154   | No          |
| C8   | Behavioral Bias level $\times$ Investment behavior level            | 4.10       | 1  | 0.043   | Yes         |

Note: Low and High levels were made by splitting each score at the middle value of the sample. Significant means  $p$  is below 0.05.

1-way ANOVA. Table 5 shows the mean investment behavior score between groups. Only significant difference by income ( $F=5.10$ ,  $p=0.013$ ). The highest scores were recorded for respondents with income above ₹40,000 (2.88) and the low scores were for those with no income (2.05) and up to ₹40,000 (2.12). This finding needs to be verified with a larger sample since there are only 5 respondents in the highest income group. Age, gender, current activity and investing experience do not play much role.

**Table 5: One-way ANOVA – investment behavior by personal factor**

| Factor       | Average investment behavior score by group                                | F    | df    | p-value | Significant |
|--------------|---------------------------------------------------------------------------|------|-------|---------|-------------|
| Gender       | Female 2.20 (n=17); Male 2.20 (n=15)                                      | 0.00 | 1, 30 | 1.000   | No          |
| Age group    | 18–20 2.02 (n=17); 21–23 2.45 (n=8); 24–29 2.34 (n=7)                     | 1.80 | 2, 29 | 0.184   | No          |
| Income group | No income 2.05 (n=19); Up to ₹40,000 2.12 (n=8); Above ₹40,000 2.88 (n=5) | 5.10 | 2, 29 | 0.013   | Yes         |
| Activity     | Student 2.16 (n=23); Non-student 2.33 (n=8)                               | 0.47 | 1, 29 | 0.500   | No          |
| Experience   | Non-investor 2.11 (n=23); Investor 2.42 (n=9)                             | 1.85 | 1, 30 | 0.184   | No          |

Note: df = degrees of freedom (between groups, within groups). Scores range from 1 to 5.

Regression analysis. Table 6 shows the results of the regression. The presentation uses two models to show different consequences or results from the same predictor variable.

Knowledge of finance and investment. It was revealed that financial literacy significantly affects investment behavior, with ( $B = 0.395$ ,  $p < 0.001$ ). Investment behavior has a variation of 32.5% ( $R^2 = 0.325$ ). In simple terms, respondents above average financial literacy scores also scored above average investment behaviour.

Behavioral biases and investment behavior. The impact of behavioral opinion on investment behaviour is also significant and positive ( $B = 0.567$ ,  $p < 0.001$ ) and is capable of explaining 48.7% variation ( $R^2 = 0.487$ ).

Understanding Money and Making Choices. The degree of financial literacy has the effect on behavioral biases ( $B = 0.489$ ,  $p < 0.001$ ,  $R^2 = 0.329$ ). The positive sign implies that respondents with higher literacy scores have indicated more bias, not less. Moreover, respondents with higher literacy strongly agreed that their financial knowledge helps them avoid biases ( $B = 0.781$ ,  $p < 0.001$ ,  $R^2 = 0.614$ ). They think knowledge protects them, yet they also say they are biased.

The connection between money skills and mental errors. When used together to explain investor behavior, the model was significant ( $F = 16.37$ ,  $p < 0.001$ ) and explained 53.0% of the variance ( $R^2 = 0.530$ ). The effects of behavioural biases are still significant within this model ( $B = 0.449$ ;  $p = 0.001$ ) although financial literacy isn't ( $B = 0.175$ ;  $p = 0.114$ ). This is consistent with the conceptual framework in which behavioral biases carry part of the effect of financial literacy on investment behaviour. A mediation test confirms an indirect effect via biases of 0.220 (Sobel  $z = 2.61$ ,  $p = 0.009$ ).

**Table 6: Linear regression results**

| Model               | Predictor | B     | Std. error | t    | p-value | R <sup>2</sup> |
|---------------------|-----------|-------|------------|------|---------|----------------|
| H1: IB on FL        | FL        | 0.395 | 0.104      | 3.80 | < 0.001 | 0.325          |
| H2: IB on BB        | BB        | 0.567 | 0.106      | 5.34 | < 0.001 | 0.487          |
| H3: BB on FL        | FL        | 0.489 | 0.127      | 3.83 | < 0.001 | 0.329          |
| H4: IB on FL and BB | FL        | 0.175 | 0.108      | 1.63 | 0.114   | 0.530          |
|                     | BB        | 0.449 | 0.126      | 3.56 | 0.001   |                |

Note: IB = investment behavior, FL = financial literacy, BB = behavioral biases.  $n = 32$ .

**Summary of hypotheses.** Table 7 sums up the decision for each hypothesis at the 5% level.

**Table 7: Summary of hypothesis tests**

| No. | Variables tested                                    | Test                | Result                      | Decision                    |
|-----|-----------------------------------------------------|---------------------|-----------------------------|-----------------------------|
| H1  | Financial literacy and investment behavior          | Linear regression   | $R^2 = 0.325$ , $p < 0.001$ | H <sub>0</sub> rejected     |
| H2  | Behavioral biases and investment behavior           | Linear regression   | $R^2 = 0.487$ , $p < 0.001$ | H <sub>0</sub> rejected     |
| H3  | Financial literacy and behavioral biases            | Linear regression   | $R^2 = 0.329$ , $p < 0.001$ | H <sub>0</sub> rejected     |
| H4  | Financial literacy and behavioral biases together   | Multiple regression | $R^2 = 0.530$ , $p < 0.001$ | H <sub>0</sub> rejected     |
| H5  | Income                                              | One-way ANOVA       | $F = 5.10$ , $p = 0.013$    | H <sub>0</sub> rejected     |
| H5  | Age, gender, current activity, investing experience | One-way ANOVA       | All $p$ above 0.05          | H <sub>0</sub> not rejected |

Note: Education level in Hypothesis 5 is represented by current activity (student or non-student), as the questionnaire records activity and not education level. The chi-square test did link age group with the level of investment behavior ( $p = 0.040$ ), but the ANOVA found no difference by age and the chi-square table had very small counts, so age is not treated as significant.

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## Findings

1. Financial literacy is low in this sample. The mean score is 1.94 out of 5, and 71.9% of respondents have not started investing.
  2. Herding is the most visible bias. Following others when choosing an investment has the highest average (2.66) among five biases.
  3. Financial literacy is related to investment behavior. It explains 32.5% of the variance in investment behavior (Hypothesis 1 supported).
  4. Behavioral biases are the stronger influence. It explains 48.7% of the variance in investment behavior (Hypothesis 2 supported).
  5. Financial literacy is related to behavioral biases, but in the positive direction: higher literacy scores came with higher bias scores (Hypothesis 3 supported).
  6. Together, the two variables explain 53% of investment behavior, but only behavioral biases stay significant once both are used (Hypothesis 4 supported).
  7. Only income makes a significant difference to investment behavior. Age, gender, current activity and investing experience do not (Hypothesis 5 partly supported).
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## Discussion

The results confirm that financial knowledge and behavioral tendencies are correlated with the behavior of Gen Z investors. This is consistent with the literature, which states that both financial education and psychological aspects play a role in investment decisions. Most important, behavioral biases are more likely to predict than financial literacy, and beyond that, financial literacy is not significant when behavioral biases are considered. This indicates that one path of the link between financial knowledge and investment behavior is via biases.

One result goes against what is normally expected. Higher financial literacy scores were also associated with higher bias scores. This may be because the statements reflect the degree of influence that knowledge and bias have on the decisions made by respondents, and the more involved people are in investing the more likely they are to agree with the statements. Another is, of course, that those who know more may just be more conscious of their own biases. This could not be fully explained as this data represents self-reported opinions.

The most obvious bias was herd-ing, which aligns with the notion that young investors pay attention to friends and online social groups. The same applies to the income result, as the number of individuals in the highest income group is small, and a few tests were performed with a relatively small sample.

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## Suggestions

1. Financial education of young people should include an awareness of common behavioral biases, such as herding, overconfidence, and loss aversion, in addition to investment products and risk–return concepts.
  2. Colleges and training programs can reach students before they start investing, since most respondents had not yet begun.
  3. Investment platforms and advisers can encourage young investors to stop and think before buying the same things as everyone else.
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## Limitations and Scope for Further Research

This study has several limitations. The sample size was small (32 respondents), and the respondents were recruited using convenience sampling; therefore, the conclusions are only applicable to the target population. A significant number of respondents (71.9%) were not investing at the moment, and many answers reflect only one's perception and not actual investing experience. In the given study, some of the categories have very few respondents (e.g., the highest income group), and the results should not be generalized. Questionnaire items measured respondents' cognitive rather than behavioral aspects of investing, and the reliability of the group of items measuring investment behavior is moderate ( $\alpha = 0.64$ ). The data were collected in a single time point, and thus, the study examined only associations between some investment-related variables, and no causal claims can be made. The data file that was downloaded as a results file contained many repeated respondents, and thus, some of the responses were removed. Further research should include a more comprehensive investigation of the target population and examine the effect of specific financial biases on investment behavior. If possible, future research should have a larger sample size, include an assessment of the respondents' actual financial knowledge, and examine each financial bias individually.

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## Conclusion

The research assessed the relationship between financial literacy, behavioral biases, and investment behaviors of Gen-Z investors. The analysis revealed that both financial literacy and behavioral biases predicted the variance in the investment behaviors of the respondents with an explanatory capacity of 53%. Notably, behavioral biases had a higher predictive capacity compared to financial literacy and completely mediated the effect of the latter. Herding bias was the most common among the investigated ones, and only the income level among the personal attributes was a significant predictor. Since the current study is based on a convenience sample, its conclusions are considered preliminary and do not have sufficient statistical power. Nonetheless, the results still provide a basis for considering the need for increasing young investors' awareness of behavioral biases alongside financial literacy

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