

Financial Literacy and Investment Behaviour among Small Retail Entrepreneurs in Emerging Indian Markets

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Abstract - This research scrutinizes how financial literacy shapes the investment behaviour of small retail entrepreneurs in emerging Indian markets. Drawing on survey data from 150 shopkeepers and retail business owners, the study uses a descriptive–correlational design and structural equation model applied to assess the connection among financial literacy and investment behaviour. The measurement instrument validate satisfactory internal consistency (Cronbach's alpha = 0.710). The outcomes shows a positive and significant association among financial literacy and investment behaviour ($\beta = 0.626$), with financial literacy explaining 39.2% of the variance in investment behaviour. Entrepreneurs who were better able to compare financial and credit options, maintain business records, and use digital payment systems were more likely to diversify their investments and consider multiple investment opportunities. However, financial literacy showed only weak relationships with annual savings, monthly income, and business experience, indicating that broader financial outcomes are influenced by additional socioeconomic and institutional factors. The study highlights the importance of context-sensitive financial education that combines financial knowledge with practical skills, digital capability, and access to appropriate financial services. These findings offer useful practical applications for official policymaker, financial institutions, and entrepreneurship-support programmes seeking to strengthen responsible investment practices among India's small retail entrepreneurs.

Key Words: Retail entrepreneur, Financial Literacy, Investment Behaviour, Financial Awareness, Investment Preferences,

1. INTRODUCTION

1.1 Background of the Study

Financial literacy is a vital aspect of people seeking to maximize their wealth, because it empowers them to make informed selections about their finances. Financial Literacy helps the investor to assess the options, handle risk and pick the right investment path. (Lusardi & Mitchell, 2014), Moreover, investors' financial literacy is crucial for determining effective marketing strategies for professionals and marketers. Financial awareness is a key determinant of investment preferences.

1.1.2 Indian study financial literacy and Investment Behaviour.

The financial landscape in India has changed dramatically in recent years, thanks to new economic reforms and technological developments. In recent years, due to changes in economic reforms and technological advancements, the financial landscape has significantly transformed in India. Banking expansion, digital payment systems, and investments platforms have opened up opportunities for individuals and small businesses to be part of the formal financial markets. But in this fast-changing financial environment, people also need a much stronger grasp of money matters to make sense of their options and take sound, confident decisions about their finances.

To be effective, financial literacy strategies must have a financial literacy profile that assesses an individual's financial literacy skills, and identifies intervention priorities. The Organization for Economic Co-operation and Development (OCED) state that the financial literacy like Mixtures of consciousness, information, abilities, attitudes, and behaviours essential to take sound

decisions about financial matters and through triumph individual financial well-being

According to (Criddle, 2006) Financial literacy is not just about knowing what options are available to you when you have financial objectives; it's also about assessing them.

The importance of financial education for economic stability and financial growth has been internationally acknowledged, with the Sophisticated Values on Strategies of Nation for Financial Education. However, financial literacy and financial education are two diverse conceptions, and the interchange of them may lead to confusion because financial education is a part of financial literacy. As (Huston, 2010) Financial literacy is composed of 2 main magnitudes—considerate (information and education about personal financial matters) and application (the ability to apply financial knowledge in financial activity management).

Despite the increasing body of research on financial knowledge over the years and its increasing visibility globally, there is no agreement on the exact meaning of financial knowledge as different scholars offer different definitions and descriptions of the concept. (Hung et al., 2009), Many of the texts emphasize the not clearly defined concept of financial literacy, especially when it comes about differentiation among financial literacy and other concepts that are related to it, like financial knowledge or financial education. (Robb et al., 2012) This difference should be stressed, as Literacy level in financial terminology is defined as an ability to acquire or recall financial information and make suitable decisions founded on that fact whereas financial education is primarily concerned with the acquisition or the recall of financial information.

Financial education focuses on knowledge, and financial literacy spreads this to financial behaviors and attitudes in the making of choices. Supporting this perspective (McCormack et al., 2009) and (Huston, 2010) state that literacy level in Finance initiatives outside just learning facts—it involves the practical application of knowledge and the development of sound financial habits.

Financial knowledge works best when seen as a kind of social capital: something people slowly build through day-to-day learning and real-life experience, which in turn shapes how effectively they handle income, expenses, and savings over the years. (Delavande et al., 2008), between the some elements of Literacy level of Finance, financial behavior is considered the most critical (OECD, 2013). As noted by (Atkinson & Messy, 2012) Financial well-being depends heavily on sensible money habits—budgeting with care, planning spending in

advance, and steadily working toward economic independence whereas risky patterns, like leaning too much on credit, can quickly weaken it. Studies show that people's financial attitudes are formed by both economic and non-economic views, and these attitudes then guide how they view and handle financial choices. In this way, attitudes sit at the heart of the larger process of personal financial decision-making. (Ajzen, 1991)

In Gujarat's context, research shows that behaviour related to Investment is partial by both financial literacy and individual investor characteristics. For instance, a study of government employees in Gujarat found that demographic profiles (age, gender, years of experience) significantly shaped their investment behaviour, risk tolerance and choice of investment avenues. (Pragnesh S. Chaudhary & Dr. Ramesh H. Davada, 2024).

In Gujarat therefore, the stimulus of Literacy level in Finance on investment performance is of special interest. On one hand, growing access to digital payments and formal financial products are creating opportunities for improved financial management; In contrast, variable levels of financial knowledge, attitude and behaviour pose challenges for optimal investment practices. Existing research consistently shows that people with higher financial literacy incline to take varied, better-informed, and proactive investment choices. For example, a study in South Gujarat found that higher financial literacy was linked to diversified and assured investment decisions, whereas limited awareness remained a major obstacle, especially in rural and semi-urban areas. (Yash Chetan Doshi & Dr. Aabha S Singhvi, 2024)

1.2 Research Problem and Research Gap

Even with the rapid expansion of financial services and the Indian government's strong push for financial inclusion, many small retail entrepreneurs still show low levels of financial literacy. A large number of shopkeepers and small business owners do not have sufficient knowledge of budgeting, saving, credit management, or modern investment options. Consequently, their financial choices are often based on gut feeling or informal advice rather than careful, informed analysis.

This limited understanding of financial concepts can result in weak cash-flow management, heavy dependence on informal credit, underuse of digital payment systems, and missed investment opportunities. Such gaps not only reduce the profitability and long-term sustainability of individual businesses but also slow down the wider goal of inclusive economic growth in emerging Indian markets.

1.3 Scope of the Study.

This research focuses on assessing the level of financial literacy and its effect on the investment behaviour of small retail entrepreneurs in emerging Indian markets. The research is limited to small shopkeepers and retail business owners operating in local markets, including grocery stores, garment shops, electronics outlets, and other general retail outlets. The study first examines respondents' basic understanding of key financial concepts such as budgeting, saving, credit management, record-keeping, and investment planning and how these shape their financial and investment decisions. It also explores how demographic factors like age, education, income, and business experience influence both financial literacy and investment behaviour.

1.4 Significance of the Study

Understanding the financial literacy and investment behaviour of small retail entrepreneurs has important implications for financial institutions, policymakers, and educational agencies. The findings of this study can help in:

1. Designing tailored financial products and services that better match the needs of small retailers.
2. Guiding policymakers in developing targeted awareness programmes and policy interventions.
3. Preparing small retail entrepreneurs through the knowledge and skills required to cope their finance more efficiently.
4. Enriching the existing literature on financial behaviour in informal and semi-formal business sectors.

2. LITERATURE REVIEW

In recent years, financial literacy and investment behaviour have gained considerable attention in academic research, especially in the context of small entrepreneurs, traders, and retail shopkeepers. This section reviews existing studies on financial literacy, saving and investment behaviour, and highlights the distinctive role played by small business owners in developing economies.

2.1 Small Business Entrepreneur/Retail segment

(Agarwal et al., 2025) examines the effect of financial literacy on investment decisions, with behavioural biases considered as potential mediating and moderating factors. Data were collected from 482 respondents by purposive sampling and a structured questionnaire, followed by reliability and validity testing. Pearson's correlation and mediation analysis conducted in Python showed a significant association among financial literacy and rational investment decisions.

(Saranya & Ramyasri, 2025) This study examines how stock market awareness and financial knowledge

influence investment decisions among 500 retail investors. The findings show differences in financial awareness across demographic groups and indicate that financially literate investors tend to make more informed decisions related to risk management and portfolio diversification. Technology and real-time analytics also support more efficient investment decisions, although gaps remain in understanding complex areas such as derivatives and risk-adjusted returns. The study highlights the value of targeted financial education and digit

(Yadav et al., 2025) This study investigates financial literacy and the influence of behavioural, cognitive, and emotional biases on investment outcomes between retail investors in Dehradun, India. Based on primary survey data and factor analysis, it examines how gender, age, education, and income are associated with investor behaviour. The findings provide insights into regional investment patterns and highlight the importance of targeted financial education and policy support.

(Adil et al., 2022) This study examines behavioural biases and financial literacy in investment decisions among Delhi-NCR investors. Risk aversion and herding negatively affect investment decisions, while overconfidence has a positive effect among male investors. Financial literacy moderates these effects, highlighting the importance of investor education.

(Iram et al., 2023) This study examines how heuristic behavioural factors influence investment decisions among women entrepreneurs in Punjab, Pakistan, focusing on the mediating role of financial literacy. Data were collected from formally registered women entrepreneurs using proportionate stratified sampling, and SmartPLS were used to test the structural relationships. The findings show that overconfidence and availability heuristics positive effect investment decisions, while financial literacy intermediates these relationships by supporting more effective decision-making.

(Anshika et al., 2021) This study inspects the causes of financial literacy between Micro and Small Enterprise (MSE) owners in Punjab, India. Using data from 309 respondents across three districts and an ordered logit model, the findings show that age and education are positively associated with different dimensions of financial literacy, while service-sector MSEs report higher literacy than manufacturing firms. Enterprise profitability, measured by gross profit ratio, emerges as an important determinant, with higher profitability associated with higher financial literacy. The study highlights the necessity for economic literacy and

supportive government initiatives to strengthen MSE owners' financial decision-making and business performance.

(Bellofatto et al., 2018) the research studies the connection among self-assessed financial literacy and trading behaviour among retail investors in the EU. Measured through reported financial knowledge and experience with MiFID suitability tests, financial literacy is associated with more active trading, a weaker disposition effect, selective stock concentration, and better diversification through investment funds. These behaviours are linked to higher gross and net returns and stronger risk-adjusted performance. The results focus the role of financial literacy in determining retail investment behaviour and have relevant implications for financial policy.

(Wong et al., 2018) Research on small and medium enterprise (SME) finance has usually focused on the changing accessibility and preferences of financing options as firms evolve through various stages of growth. Conventional approaches, such as the financial growth life-cycle model suggest that as SMEs mature, they progress from relying on internal funds and informal sources to formal external financing. While this model provides useful insights into patterns of financing over time, it does not fully explain how and why small owners of Business make financial decisions that determine their firm's financial structures

(Rathogwa & Msimango-Galawe, 2023) Previous studies suggest that entrepreneurs' growth aspirations substantially affect admittance to finance among small and medium enterprises. Entrepreneurs with strong ambitions to expand are generally more inclined to seek external funding to support business growth. However, growth aspirations do not always translate into action. Entrepreneurs may face barriers such as perceived risk, limited confidence, or complex financing processes. Recent evidence suggests that while growth aspirations encourage the search for external finance, they may not directly result in funding intentions or applications, as factors such as perceived desirability and feasibility can shape this relationship. Understanding these barriers can help policymakers and financial providers develop more effective support for growth-oriented entrepreneurs.

(Khandelwal et al., 2024) Research suggests that financial literacy supports both everyday financial management and long-term business planning by improving budgeting, cash-flow monitoring, and risk assessment. Entrepreneurs with stronger financial knowledge can manage resources more effectively, control costs, and make better-informed decisions.

Examining this relationship among food-service entrepreneurs can therefore provide useful insights into how financial competence supports business efficiency, profitability, and resilience in a competitive market.

2.2 Financial Literacy

(Jagdale et al., 2024) A study of among college teachers in public and private institutions in Dharmapuri District shows that safety is a key priority in investment decisions. Limited financial literacy and awareness of grievance-redressal mechanisms were associated with a cautious investment approach. As a result, most teachers preferred traditional and relatively low-risk options such as precious metals, property, fixed or recurring deposits, and insurance.

(Pandey & Kathavarayan, 2017) In this study College faculty members in Pondicherry region have been studied for their saving and Investment patterns, focusing on preferences for Options of Investment such as stocks, debentures, mutual funds, bank deposits, and life insurance. Primary data were collected from 113 respondents, and the conclusions indicate that population profile such as age, gender, education, marital status, and income-significantly impacting investment choices. Correlation analysis indicated a strong relationship among investment awareness and educational background. Furthermore, Chi-square tests confirmed a significant association between investment priorities and variables such as age, gender, monthly income, marital status, and education, as well as the level of satisfaction with their investments.

(VIRANI, 2014) This study adopts a microeconomic approach to observe the saving and investment patterns of school teachers in Rajkot city, concentrating on both government and private school educators. The conclusions disclose that utmost respondents favour saving in bank deposits, valuing the security these deal against future uncertainties.

(Anju & Anuradha, 2017) This study examines the savings and investment behaviour of information technology professionals in Bengaluru, given their growing economic importance and investment potential. Data were collected from 439 respondents using a structured questionnaire.

(Manek, 2017) study examines the investment behaviour of professionals in Rajkot City, focusing on the balance between return expectations and investment safety. The findings show that mutual funds were the most preferred option, mainly because of their potential for higher returns and liquidity. More conservative investors, however, preferred fixed deposits, reflecting a stronger focus on capital preservation.

(Chatterjee & Chang, 2025) Existing research highlights the role of financial knowledge and perceived financial capability in the use of Alternative Financial Services (AFS). Using provider-location data, state-level payday lending policies, and the 2018–2021 FINRA National Financial Capability Study, one study found that higher objective financial knowledge and perceived money-management ability were associated with lower AFS use and frequency. However, AFS use remained higher among Black and lower-income consumers after accounting for access and financial capability.

(Bellofatto et al., 2018) Higher self-assessed financial knowledge is correlated with greater market participation and risk-taking among retail investors. However, subjective financial literacy may also increase overconfidence, which can contribute to poorer investment outcomes. These outcomes focus the significance of financial education that strengthens both financial knowledge and accurate self-assessment.

(Krische, 2019) This study examines how financial literacy influences investors' ability to recognise and evaluate incentive-based conflicts of interest. Using a large sample of more than 1,000 participants and replicating two financial accounting experiments, the findings show that financially literate investors are more aware of others' incentives and incorporate this information into their judgements. The study extends earlier research by examining detailed accounting disclosures and demonstrating that findings from graduate-student samples can also apply to a broader investor population.

2.3 Investment Behaviour

(Mouna & Anis, 2017) This study examines the elements of financial literacy and its relationship with investment behaviour among Tunisian households. Using a structured questionnaire covering demographic characteristics, financial behaviour, and financial literacy, the findings show that individuals with low financial literacy are less expected to take part in the stock market. Financial literacy is also positively associated with age, education, and annual income, highlighting the role of socio-economic characteristics in shaping financial capability.

(Langat & Rop, 2019) This study observes the liaison concerning financial literacy and stock market participation among 231 secondary school teachers in Kenya. Using stratified random sampling and SPSS analysis, the findings show a positive connection among financial literacy and involvement in the stock market. The study recommends greater awareness campaigns and financial education programmes to strengthen financial

literacy and encourage informed investment participation.

(Leon & Pringganingrum, 2018) This study examined the impact of financial literacy, risk, attitude, and saving on disposition bias among investors on the Indonesian Stock Exchange. A total of 321 participants took part, and data were analysed using logistic regression. The outcomes displayed that financial knowledge related to mutual funds significantly affected disposition bias, while market knowledge, risk attitude, and saving motives showed no significant effect. The findings recommend that financial literacy can help investors avoid biased behaviour, and that financial service provider should also remain mindful of such biases among their clients.

(Gangwar & Singh, 2018) The Research scrutinized the elements of Literacy in finance and its inspiration on the Behaviour of Investors of 309 adults in India. Facts were analyzed using Ordinary Least Squares (OLS) regression and t-tests. The outcomes revealed that overall financial literacy among adult investors was relatively low, with variations across socio-demographic and economic characteristics. However, Literacy in Finance stood found to have no significant impact on Behaviour about the Investment.

In a separate study (Kalsum et al., 2018) investigated 395 small enterprise owners in Southeast Sulawesi to assess the impact of Literacy in finance and investment practice on admittance to finance and Choice about investment. Using Partial Least Squares (PLS) analysis, the Research creates a confident and vital connection between financial literacy, investment experience, and access to finance. Additionally, admittance to finance was shown to have a significantly positive bearing on investment decision-making.

(Kalsum et al., 2018) this research was conducted to analyze the outlay patterns of 314 financial literacy investor in Nepal. The data was examined using mean, ANOVA, and logistic regression techniques. The findings revealed that financial literacy among investors was significantly inclined by aspects such as age, income, and education. Investment patterns, preferences, objectives, and investment term differ especially based on the level of Literacy in finance. Investors in the age group of 20–30 years proved the highest levels of financial literacy.

3. RESRARCH METHODOLOGY

The present study uses a descriptive and analytical research design to scrutinize the association among financial literacy and investment behaviour between small retail entrepreneurs in emerging Indian markets. A systematic approach was followed to collect, analyse, and

interpret data on respondents' financial awareness, attitudes, and investment practices.

3.1. Research Design

The research implements a descriptive and analytical research design to inspect the association amongst financial literacy and investment behaviour amongst small retail entrepreneurs in emerging Indian markets. The descriptive analysis captures the prevailing levels of financial literacy and investment practices, while the correlational analysis assesses the direction and strength of their relationship.

3.2. Objectives of the Study

1. To evaluate financial literacy among small retail entrepreneurs in emerging Indian markets.
2. To study the investment preferences and behaviour of small retail entrepreneurs.
3. To analyse the relationship among financial literacy and investment behaviour.
4. To inspect the influence of demographic and socio-economic factors on financial literacy and investment behaviour.

3.3. Hypotheses

1. H0₁: Financial literacy is not significantly associated with the investment behaviour of small retail entrepreneurs.
2. H0₂: Socio-demographic factors containing age, education, and income, does not significantly influence the financial literacy of small retail entrepreneurs.

3.4. Sampling Design

Population: The study population comprises small retail entrepreneurs operating in emerging Indian markets, including owners and managers of businesses such as grocery stores, apparel shops, electronics outlets, and other small-scale retail enterprises.

Sample Size: A sample of 150 small retail entrepreneurs will be collected to confirm reliable representation.

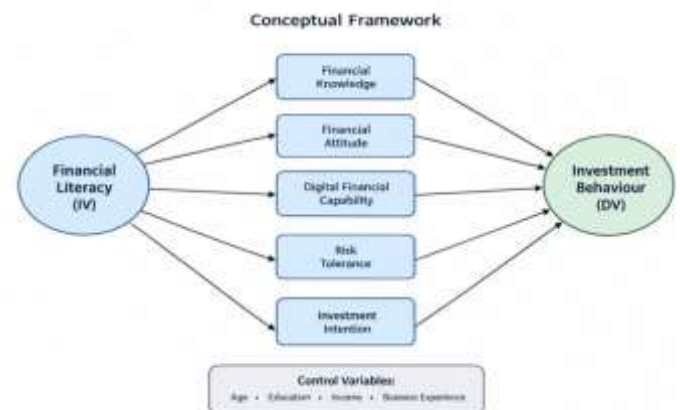
Sampling Technique: A stratified random sampling technique will be employed by grouping small retail entrepreneurs into strata based on business sector, followed by independent random sampling within each stratum.

Model Specification: To scrutinize the association among financial literacy and investment behaviour among small retail entrepreneurs a specific model is here.

1. **Investment Behaviour (Dependent Variable):** Measures entrepreneurs' investment practices, including investment frequency, diversification, risk-taking, and use of financial advice.
2. **Financial Literacy (Independent Variable):** Captures entrepreneurs' financial knowledge,

understanding, and skills relevant to making informed financial decisions.

Image -1 Model



4. DATA ANALYSIS & RESULTS DISCUSSION

4.1 Descriptive statistics

Table 1 Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on N of Standardized Items	of Items
.708	.710	20

The questionnaire verified adequate internal consistency, with a Cronbach's alpha of 0.710 across 20 items. This indicates that the items show a satisfactory level of interrelatedness and consistently measure the underlying dimensions of financial literacy and investment behaviour.

Table 2: Descriptive Statistics of Socio-Demographic Variables

Variable	M	SD
Age (years)	3.09	0.92
Gender	1.25	0.43
Education	2.34	0.90
Monthly Income	2.52	0.87
Marital Status	1.37	0.48
Annual Savings	2.12	0.64
Years of Business Experience	2.33	0.91

Note. N=150M = Mean; SD = Standard Deviation

Table 2 Indicate the descriptive statistics for the respondents' socio-demographic characteristics. The sample comprised 150 retail entrepreneurs. The mean scores ranged from 1.25 (SD = 0.43) for gender to 3.09 (SD = 0.92) for age. Education (M = 2.34, SD = 0.90), monthly income (M = 2.52, SD = 0.87), annual savings (M = 2.12, SD = 0.64), and business experience (M = 2.33, SD = 0.91) indicate moderate variation among respondents. Overall, the standard deviation values indicate a moderate level of variation across the socio-

demographic characteristics of the sample, with no substantial concentration in any single category.

4.2 Structural Equation modeling (SEM) and Path analysis.

Table 3: SEM and Path Analysis of Financial Literacy and Investment Behavior

Indicators	Financial Literacy	Investment Behavior
Government financial scheme awareness	0.321	-
Loan and credit comparison	0.685	-
Financial record maintenance	0.545	-
Digital payment usage	0.513	-
Understanding financial concepts	-0.131	-
Importance of investment	-	0.522
Necessity of investment	-	0.564
Investment diversification	-	0.632
Investment in different opportunities	-	0.628
Financial advisor consultation	-	0.191

Table-4 Path coefficient

	Path coefficients
Financial Literacy	0.626
Investment Behaviour	

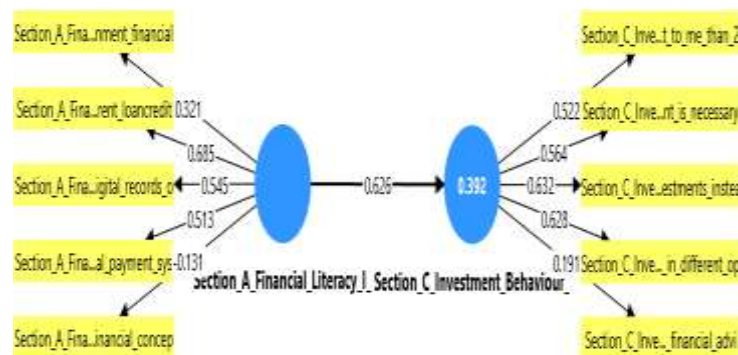
Table-5 R-Square

	R-square	R-square adjusted
Section C Investment Behaviour	0.392	0.388

Table-6 structural equation modeling and Path Analysis

	Section A Financial Literacy	Section C Investment Behaviour
Financial Literacy		0.645
Investment Behaviour		

Image-2 Structure equation Modeling



The outcomes specify a significant positive connection among financial literacy and investment behaviour, with a path coefficient of $\beta = 0.626$. This suggests that respondents with higher financial literacy incline to demonstrate more informed and diversified investment decisions. The R^2 value of 0.392 specifies that financial literacy expounds around 39.2% of the variance in investment behaviour, representing moderate explanatory power and suggesting that other factors may also contribute to investment decisions.

The measurement results show that several financial literacy indicators had moderate loadings, including loan and credit comparison (0.685), record-keeping (0.545), and digital payment usage (0.513). In contrast, government scheme awareness (0.321) and understanding of financial concepts (-0.131) showed weak loadings, indicating areas for scale refinement. For investment behaviour, diversification (0.632) and investment across different opportunities (0.628) showed comparatively stronger loadings, whereas financial advisor consultation (0.191) showed a weak loading and may require further assessment. The effect size ($f^2 = 0.645$) further confirms a strong positive association among financial literacy and investment behaviour.

Overall, the outcomes indicate that improving individuals' financial literacy particularly their ability to compare financial options, maintain records, and use digital financial tools can lead to better investment decisions. Strengthening financial education initiatives may therefore be a key strategy for fostering more responsible and diversified investment behaviour.

Image-3 Structure equation modeling



Table 11 Anova analysis

Source	Sum of squares	df	Mean square	F	p
Between groups	0.928	4	0.232	2.008	.096
Within groups	16.752	145	0.116		
Total	17.680	149			

A one-way ANOVA was conducted to examine whether financial literacy differs across the age groups of retail entrepreneurs. The analysis revealed no statistically significant difference in financial literacy across age groups, $F(4, 145) = 2.008$, $p = 0.096$. Since the p-value surpasses the 0.05 threshold, there is insufficient evidence to conclude that age significantly influences financial literacy. The null hypothesis is therefore retained, indicating no evidence of a difference in financial literacy across the age categories included in the study — though this should not be read as proof that literacy levels are truly equivalent across groups.

Table 12 Hypothesis testing

Hypothesis	B	R ²	Decision	Conclusion
H01: Financial literacy → Investment Behaviour	0.626	0.392	Rejected	Financial literacy significantly improves investment behaviour among retail entrepreneurs
Hypothesis	Sum of square	F Value	Decision	Conclusion
H02: Socio-demographic factors → Financial Literacy	17.680	2.008	Accepted	Socio-demographic factors do not have a statistically significant effect on financial literacy.

5. FINDINGS

The findings reveal that the Instrument used to collect the information in this research is trustworthy, with an acceptable Cronbach's Alpha of 0.710, and that financial literacy has a robust and optimistic stimulus on Behaviour related to Investment. Structural Equation

Modeling shows that financial literacy significantly forecasts investment behaviour ($\beta = 0.626$), explaining about 39% of its variance, representing that those with higher level of literacy in finance. Tend to mark further familiar and mixed investment decisions. Key indicators of financial literacy include the capacity to compare financial options, maintain records, and Use digital payment systems, while awareness of government schemes and understanding of basic concepts showed weak representation. Investment behaviour was strongly reflected through diversification and investing in multiple opportunities, whereas reliance on financial advisers was weak. Financial literacy also showed weak but positive relationships with annual savings, monthly income, and years of business experience, with low explanatory power, suggesting that these outcomes are influenced by several other factors. Although multicollinearity was not a concern, weak model fit suggests the need to refine measurement items and include additional predictors. Overall, financial literacy supports informed and diversified investment behaviour, but alone may not sufficiently explain broader economic outcomes such as income, savings, and business experience.

6 CONCLUSIONS

The outcomes specify that financial literacy is positively associated with investment behaviour, particularly diversification and informed decision-making. However, its relationship with broader economic outcomes such as income, savings, and business experience is relatively weak, suggesting that other factors also contribute to financial success. The results also highlight the need to refine measurement items and strengthen model specification. Overall, financial literacy initiatives, supported by education, access to financial services, and a favorable business environment, can help promote better financial and investment outcomes.

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