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FINANCIAL LITERACY AND INVESTMENT BEHAVIOUR AMONG COMMERCE STUDENTS

Dhaval Nakum
Assistant Professor
Government Commerce College, Gandhinagar

Komal Raval
Assistant Professor
Somlalit College of Commerce, Ahmedabad.

Abstract:
Financial literacy is a critical determinant of sound investment decision-making, particularly among young individuals entering financial independence. Despite India's rapid financial inclusion, national data indicates that only 27% of individuals are financially literate, and prior studies suggest this gap persists even among university students with formal exposure to finance-related coursework. This study examines the level of financial literacy among 180 commerce students and investigates its relationship with investment behaviour, along with the influence of gender and family income. Using a structured questionnaire covering financial knowledge, attitude, and investment behaviour, data was analysed through descriptive statistics, correlation, regression, t-tests, and one-way ANOVA. The results reveal a moderate-to-low level of financial knowledge, with students showing weak understanding of diversification, inflation, and compound interest despite majority exposure to finance coursework. Only 44.4% of respondents currently invest, with Mutual Funds, Gold, and Fixed Deposits as preferred instruments, and social media emerging as the dominant source of investment knowledge over formal channels. Financial literacy was found to significantly and positively predict investment behaviour and risk tolerance. Gender emerged as a significant determinant of financial literacy, with male students scoring higher than female students, whereas family income showed no significant influence. The findings highlight a persistent gap between financial knowledge and applied investment behaviour, underscoring the need for experiential, gender-sensitive financial education interventions in commerce curricula to strengthen financial inclusion and responsible investing among India's youth.

Keywords: Financial Literacy, Investment Behaviour, Commerce Students, Risk Tolerance, Gender Gap, Financial Inclusion

Introduction

Financial literacy has emerged as a critical determinant of individual economic well-being and a foundational pillar of a nation's overall financial and economic development, encompassing the knowledge, skills, attitudes, and behaviours required to make sound financial decisions relating to savings, spending, borrowing, and investment. Despite India's rapid strides in financial inclusion, evidenced by growing banking access and digital payment infrastructure, a significant gap persists between access to financial services and the ability to use them effectively: according to the NCFE-FLIS, merely 27% of individuals in India were

found to be financially literate, with pronounced socioeconomic and demographic variation. This has resulted in suboptimal portfolio allocation, with over-reliance on traditional instruments such as real estate, gold, and low-yield deposits rather than diversified investment avenues. Meanwhile, the Indian investment landscape has transformed markedly over the past decade, moving from physical assets towards greater participation in market-linked instruments—demat accounts rose from around 4 crore in FY20 to over 21 crore by October 2025, SIP accounts crossed 9 crore with monthly inflows touching ₹29,361 crore in September 2025, and mutual fund AUM reached approximately ₹81 lakh crore by November 2025. Yet mutual fund investor penetration remains modest relative to the population, indicating substantial untapped potential among younger, first-time investors, and underscoring the need to examine not merely whether individuals invest, but whether they are equipped with the financial knowledge to make informed, risk-appropriate choices.

Among the various segments of the population, students represent a particularly critical yet understudied group, since financial habits and competencies formed during college years likely shape lifelong patterns of saving, spending, and investing. Commerce students present an interesting case: formally exposed to accounting, economics, and financial management, they might be expected to show higher financial literacy, yet a study applying the OECD/INFE toolkit found Indian university students averaged only 11.82 out of 21, with poor awareness of compound interest, inflation's erosion of purchasing power, and diversification—suggesting formal coursework does not automatically translate into applied financial competence. This disconnect between theoretical knowledge and behaviour is compounded by demographic factors: gender, family income, and prior educational exposure significantly influence both literacy levels and how that literacy translates into decisions. Gender is among the most consistently reported determinants—a Punjab study found only 9.8% of female respondents financially literate compared to 28.3% of male respondents, attributed to socio-cultural norms and differential access to financial information—while family income shapes exposure to formal financial products and prior coursework conditions how effectively knowledge is applied. Understanding how these demographic variables interact with financial literacy and investment behaviour is therefore essential for designing targeted, inclusive financial education interventions, and forms the central empirical focus of the present study.

Literature Review

Financial Literacy: Concept and Measurement

Financial literacy has been conceptualized in existing literature as a multidimensional construct encompassing financial knowledge, financial attitude, and financial behaviour, rather than a single measure of factual knowledge alone (Dash & Ranjan, 2023). Dash and Ranjan examined financial literacy across Indian states, sectors, educational levels, and income groups, and found notable regional variation, along with a significant relationship between financial literacy and household saving and investment behaviour. Most subsequent empirical studies in the Indian context have adopted the OECD/INFE framework, which similarly treats financial knowledge, attitude, and behaviour as the three core pillars for measuring literacy, allowing for comparability of findings across studies and population groups.

Financial Literacy Among Students

A growing body of research has specifically examined financial literacy levels among student populations in India. Using the OECD/INFE toolkit on a sample of 400 university students, one study found an average financial literacy score of only 11.82 out of 21, with particularly

weak understanding of compound interest, inflation, and diversification (Dahiya et. al., 2023). In a larger study of 600 higher education students across Kanpur, Prayagraj, and Aligarh, more than half of the respondents were found to have low financial literacy, and a strong interrelationship was observed between the knowledge, attitude, and behaviour components of literacy, with financial awareness significantly predicting overall literacy levels (Dube & Asthana, 2023). A separate study of 143 undergraduate and postgraduate students used structural equation modelling to confirm that financial knowledge, behaviour, and attitude each exert a significant positive effect on students' overall financial literacy (Sane, 2019). More recently, a mixed-method study assessing college students' understanding of budgeting, credit, investment, and digital financial tools similarly found that while students demonstrated some awareness of financial concepts, clear gaps remained in translating this awareness into practical financial behaviour (Jain, 2026).

Relationship Between Financial Literacy and Investment Behaviour

Several studies have moved beyond measuring literacy levels alone to examine how financial literacy shapes actual investment behaviour. (Bhushan, 2014) studied 516 salaried individuals and found that financial literacy significantly influenced both awareness of financial products and investment preferences. (Savaliya, 2024) similarly reported that inadequate financial knowledge tends to restrict participation in equity markets and encourages more speculative, less strategic investment behaviour. A study of 477 Indian respondents using multinomial logistic regression found that only about one-third of respondents demonstrated a high level of financial literacy, and that financial attitude, a core component of literacy, had a statistically significant negative influence on investment behaviour, a somewhat counter-intuitive finding suggesting that attitude alone does not guarantee sound investment action (Chaudhary et. al. 2021). More recent research examining behavioural biases among Indian retail investors found that financial literacy plays a moderating role in reducing the influence of biases such as overconfidence and herding on investment decisions, reinforcing literacy's protective function in financial decision-making (Agrawal et. al., 2025).

Influence of Demographic Factors on Financial Literacy and Investment Behaviour

Demographic variables have consistently emerged as significant predictors of both financial literacy and investment behaviour. A study conducted in Punjab found that only 9.8% of female respondents were financially literate compared to 28.3% of male respondents, attributing this gap to socio-cultural and access-related barriers (Bansal et. al., 2023). A gender-sensitive study of working women in Pune similarly found that even when women earned well, this did not necessarily translate into greater involvement in financial decision-making, and that financial knowledge alone did not improve financial attitude among the sample (Agrawal & Agrawal, 2023). A broader study on investor behaviour in urban India found that age, gender, residence type, occupation, and educational background were all significantly associated with financial literacy scores (Agarwal, 2020), while a related study on socio-demographic variables and investment behaviour found that gender, residence, and work situation positively influenced investment behaviour, even though demographic factors did not always significantly predict literacy levels themselves, indicating that the demographic–literacy–behaviour relationship is complex and context-dependent.

Research Gap

While existing literature offers valuable insights into financial literacy levels, its relationship with investment behaviour, and the influence of demographic factors, certain gaps remain evident. Most Indian studies on financial literacy among students have either measured literacy in isolation, without linking it to actual investment behaviour, or have focused on

general student or working populations rather than commerce students specifically, whose formal exposure to finance-related coursework makes them a distinct and theoretically interesting group. Similarly, while several studies have examined demographic influences on financial literacy or on investment behaviour separately, comparatively few have integrated financial literacy, demographic factors, and investment behaviour into a single empirical framework applied specifically to commerce students. Furthermore, much of the available demographic-focused literature centres on working professionals, salaried individuals, or specific regional populations such as Punjab or Pune, with limited empirical attention paid to commerce students in the Gujarat/Ahmedabad context. This study seeks to address these gaps by empirically examining the level of financial literacy among commerce students, their investment behaviour, and the extent to which financial literacy and demographic factors jointly shape that behaviour, within a population segment that remains underexplored in existing research.

Objectives and Hypotheses

Objectives

- To assess the level of financial literacy among commerce students.
- To examine the investment behaviour of commerce students.
- To examine the relationship between financial literacy and investment behaviour among commerce students.
- To analyse the influence of demographic factors (gender and family income) on the financial literacy of commerce students.

Hypotheses

- $H0_1$: There is no significant relationship between financial literacy and investment behaviour among commerce students.
- $H0_2$: There is no significant difference in the level of financial literacy between male and female commerce students.
- $H0_3$: There is no significant difference in the level of financial literacy across different family income groups.

Research Methodology

Research Design

The study adopts a descriptive and empirical research design, using a quantitative approach to measure financial literacy levels, investment behaviour, and the relationship between them, along with the influence of selected demographic factors.

Population and Sampling

The population for this study comprises commerce students enrolled in undergraduate and postgraduate programmes at Gujarat University. A non-probability convenience sampling method was used, given time and accessibility constraints typical of a cross-sectional student survey. The sample size was 180 respondents, consistent with comparable published studies in this domain.

Data Collection

- Primary Data: Collected through a structured questionnaire administered to commerce students, either in person or via Google Forms.
- Secondary Data: Drawn from peer-reviewed journal articles, NCFE/SEBI/AMFI reports, and other published sources, used primarily for the literature review and to contextualize findings.

Period of Study

The primary data collection was conducted during September 2026.

Scope of the Study

The study is confined to commerce students within Gujarat University, and its findings are intended to offer insights applicable primarily to similar urban, formal-education commerce student populations rather than being generalized nationally.

Data Analysis and Interpretation

Demographic Profile of Respondents and Level of Financial Literacy

Table 1: Demographic Profile of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	90	50.0%
	Female	90	50.0%
Age	Mean = 21.02, SD = 1.65	—	—
Year of Study	First Year (FY)	43	23.9%
	Second Year (SY)	45	25.0%
	Third Year (TY)	39	21.7%
	Postgraduate (PG)	53	29.4%
Family Monthly Income	Below ₹25,000	65	36.1%
	₹25,000–₹50,000	69	38.3%
	₹50,001–₹1,00,000	27	15.0%
	Above ₹1,00,000	19	10.6%
Finance Coursework	Yes	114	63.3%
	No	66	36.7%

The sample of 180 commerce students was evenly split by gender (50% male, 50% female), with an average age of approximately 21 years, indicating a predominantly young adult respondent base. The sample was fairly well distributed across academic years, with postgraduate students forming the largest segment (29.4%). A majority of respondents (63.3%) reported having taken finance-related coursework, while over 74% belonged to families with a monthly income below ₹50,000, suggesting the sample largely represents middle- and lower-middle-income households.

Table 2: Financial Knowledge — Item-wise Correct Responses

Knowledge Item	Correct Responses	% Correct
Simple Interest	117	65.0%
Equity/Stock Awareness	94	52.2%
SIP Awareness	91	50.6%
Mutual Fund Awareness	86	47.8%
Risk-Return Tradeoff	78	43.3%

Knowledge Item	Correct Responses	% Correct
Bonds Awareness	75	41.7%
Compound Interest	67	37.2%
Inflation Effect	63	35.0%
Diversification	55	30.6%

Table 3: Overall Financial Literacy (Knowledge) Level

Literacy Level	Score Range	Frequency	Percentage
Low	0–3	83	46.1%
Moderate	4–6	74	41.1%
High	7–9	23	12.8%
Overall Mean	4.03 (SD = 2.11), out of 9	—	—

The results indicate that commerce students possess a moderate-to-low overall level of financial knowledge, with a mean score of 4.03 out of 9 (approximately 45%). Nearly half of the respondents (46.1%) fell into the "Low" literacy category, while only 12.8% demonstrated a "High" level of financial knowledge. Item-wise analysis reveals a distinct pattern: students performed comparatively better on foundational and awareness-based items such as simple interest (65.0%) and equity/stock awareness (52.2%), but struggled considerably with more conceptually demanding items, particularly diversification (30.6%), inflation's effect on savings (35.0%), and compound interest (37.2%). This pattern closely mirrors the findings of earlier Indian studies reviewed in Section 2.2, which similarly reported weak understanding of compound interest and diversification among university students despite reasonable awareness of basic financial terms and instruments. The finding is particularly noteworthy given that 63.3% of the sample had taken finance-related coursework, suggesting that formal academic exposure alone does not adequately translate into applied financial understanding among commerce students.

Table 4: Financial Attitude

Attitude Statement	Mean	SD
Investing is important even with a small income	3.39	1.13
Compares options before financial decisions	3.13	1.17
Tracks expenses regularly	3.10	1.27
Plans savings/investments in advance	2.99	1.17
Sets financial goals for the future	2.95	1.18
Overall Mean Attitude Score	3.11	1.00

On the attitudinal dimension, respondents recorded an overall mean score of 3.11 out of 5, indicating a moderately positive but not strongly proactive financial attitude. Students most strongly endorsed the belief that investing is important even with a small income (mean = 3.39), suggesting reasonably favourable awareness of the value of investing. However, more action-oriented attitudes, such as setting financial goals (mean = 2.95) and planning savings in advance (mean = 2.99), scored comparatively lower, pointing to a gap between favourable attitudes and consistent financial planning behaviour among commerce students. Taken together, the knowledge and attitude findings suggest that while commerce students hold

generally positive dispositions toward investing, this is not yet matched by strong conceptual understanding or disciplined financial planning habits, addressing Objective 1 of the study.

Investment Behaviour Pattern

Table 5: Investment Participation

Investment Status	Frequency	Percentage
Currently Invests	80	44.4%
Does Not Currently Invest	100	55.6%

Table 6: Preferred Investment Instruments (Among Investors, n = 80)

Instrument	Frequency	% of Investors
Mutual Funds	42	52.5%
Gold	37	46.2%
Fixed Deposit	34	42.5%
Cryptocurrency	28	35.0%
PPF	27	33.8%
Stocks/Equity	26	32.5%

Note: Percentages exceed 100% as multiple instrument selection was permitted.

Table 7: Risk Tolerance — Continuous Composite Score (N = 180)

Risk Tolerance Category	Range	Frequency	Percentage
Low	< 2.5	76	42.2%
Moderate	2.5 – 3.5	67	37.2%
High	> 3.5	37	20.6%
Mean Score (1.0–5.0)	—	2.76	SD = 0.93

Note: Categories shown for descriptive interpretation only; the continuous 1–5 composite score was used in all statistical testing.

Table 8: Primary Source of Investment Knowledge

Source	Frequency	Percentage
Social Media	59	32.8%
Family	55	30.6%
College	28	15.6%
Self-study	25	13.9%
Financial Advisor	13	7.2%

The results indicate that less than half of the commerce students surveyed (44.4%) currently engage in any form of investment activity, while a majority (55.6%) do not invest at all. Among those who do invest, Mutual Funds emerged as the most preferred instrument (52.5%), followed closely by Gold (46.2%) and Fixed Deposits (42.5%), indicating a continued reliance on relatively conventional and lower-risk avenues even among the younger investing population. Notably, Cryptocurrency (35.0%) was preferred over

traditional Stocks/Equity (32.5%), suggesting that digital-first, high-risk-high-reward instruments are gaining meaningful traction among student investors.

This is further reinforced by the analysis of knowledge sources: Social Media (32.8%) was the single largest source of investment knowledge among respondents, narrowly ahead of Family (30.6%), while formal channels such as College coursework (15.6%) and Financial Advisors (7.2%) played a comparatively minor role. In terms of risk appetite, respondents recorded a mean composite Risk Tolerance score of 2.76 out of 5.0, with 42.2% falling into the Low risk tolerance category, indicating a moderately conservative risk profile overall. Together, these findings address Objective 2 by establishing that commerce students exhibit cautious, informally-guided, and only moderately active investment behaviour.

Relationship between Financial Literacy and Investment Behaviour

$H0_1$: There is no significant relationship between financial literacy and investment behaviour among commerce students.

Table 9: Regression Assumption Diagnostics — Risk Tolerance ~ Knowledge Score

Assumption	Test	Statistic	p-value	Verdict
Normality of residuals	Shapiro-Wilk	W = 0.995	0.805	Holds
Homoscedasticity	Breusch-Pagan	LM = 0.240	0.625	Holds
Independence of residuals	Durbin-Watson	2.059	—	Holds
Linearity	Rainbow test	1.229	0.167	Holds
Influential outliers	Cook's Distance	6/180 points	—	Negligible

Table 10: Independent Samples t-Test — Knowledge Score by Investment Status

Investment Status	N	Mean Knowledge Score	SD	t	P
Currently Invests	80	4.85	2.20	4.816	0.000
Does Not Invest	100	3.38	1.81		

Table 11: Pearson Correlation — Financial Literacy and Risk Tolerance

Variable Pair	r	p-value	N
Knowledge Score × Risk Tolerance Score	0.743	0.000	180

Table 12: Simple Linear Regression — Risk Tolerance Predicted by Financial Knowledge

Model	Value
Regression Equation	Risk Tolerance = 1.448 + 0.326 × (Knowledge Score)
R	0.743
R^2	0.552
F (1, 178)	219.0
p-value	0.000

Prior to interpreting the regression results, the model's assumptions were tested to confirm OLS suitability. Risk Tolerance was measured as a continuous composite score (averaged across a five-item Likert scale) rather than a single categorical item, specifically to meet

linear regression requirements. Diagnostics confirmed residuals were normally distributed (Shapiro-Wilk W = 0.995, p = .805), homoscedastic (Breusch-Pagan LM = 0.240, p = .625), independent (Durbin-Watson = 2.059), and linear (Rainbow test p = .167), with no influential outliers—confirming OLS as an appropriate technique.

The results strongly support a significant relationship between financial literacy and investment behaviour, rejecting $H0_1$. Students who currently invest scored significantly higher on financial knowledge (M = 4.85, SD = 2.20) than non-investors (M = 3.38, SD = 1.81), t(178) = 4.816, p < .001. Knowledge also correlated strongly with risk tolerance (r = 0.743, p < .001), and regression confirmed it as a highly significant predictor, F(1, 178) = 219.0, p < .001, explaining 55.2% of variance in risk tolerance ($R^2 = 0.552$)—a strong effect for a single-predictor model. Each one-point increase in knowledge score predicts a 0.326-point rise in composite risk tolerance, confirming that commerce students with higher financial literacy show greater willingness to accept investment risk, consistent with Bhushan (2014).

Influence of Demographic Factors on Financial Literacy

$H0_2$: There is no significant difference in financial literacy between male and female commerce students.

$H0_3$: There is no significant difference in financial literacy across family income groups.

Table 13: Assumption Diagnostics

Test	Group	Statistic	p-value	Verdict
Shapiro-Wilk (Normality)	Male	W = 0.972	0.048	Mild violation
	Female	W = 0.930	<0.001	Violation
	Income: Below 25k	W = 0.976	0.004	Violation
	Income: 25k–50k	—	0.025	Mild violation
	Income: 50k–100k	—	0.030	Mild violation
	Income: Above 100k	—	0.525	Holds
Levene's Test	Gender (2 groups)	2.167	0.143	Holds
Levene's Test	Income (4 groups)	0.784	0.505	Holds

Note: Given large/moderate group sizes and equal-variance assumption holding in both cases, parametric tests remain reasonably robust to the mild normality deviations per the Central Limit Theorem.

Table 14: Independent Samples t-Test — Knowledge Score by Gender ($H0_2$)

Gender	N	Mean	SD	t	df	p	Cohen's d
Male	90	4.67	2.17	4.197	178	0.000	0.626
Female	90	3.40	1.87				

Table 15: One-Way ANOVA — Knowledge Score by Family Income ($H0_3$)

Income Group	N	Mean	SD
Below ₹25,000	65	3.89	2.29

₹25,000–₹50,000	69	3.99	2.07
₹50,001–₹1,00,000	27	4.59	2.06
Above ₹1,00,000	19	3.89	1.76

ANOVA Result	Value
F (3, 176)	0.760
p-value	0.518
Eta-squared (η²)	0.013

For gender ($H0_2$), the independent samples t-test shows a statistically significant difference in financial knowledge scores between male students (M = 4.67, SD = 2.17) and female students (M = 3.40, SD = 1.87), $t(178) = 4.197$, $p < .001$. The effect size (Cohen's d = 0.626) indicates a medium-to-large practical difference, not merely a statistically significant one. $H0_2$ is rejected. This finding is consistent with the gender gap documented in Section 2.4, reinforcing that gender remains a meaningful predictor of financial literacy even within a relatively homogeneous, formally-educated commerce student population.

For family income ($H0_3$), the one-way ANOVA shows no statistically significant difference in financial knowledge scores across the four income brackets, $F(3, 176) = 0.760$, $p = .518$. The effect size is negligible ($\eta^2 = 0.013$, meaning income explains only about 1.3% of the variance in knowledge scores). $H0_3$ is not rejected — commerce students' financial literacy levels do not differ meaningfully based on family income in this sample. This suggests that within a commerce student population with shared academic exposure to finance coursework, income-based disparities in financial literacy commonly reported in the general population may be substantially narrowed by formal education, though this interpretation should be treated cautiously given a single-institution sample. Since the ANOVA result was not significant, a Tukey HSD post-hoc test was not required.

Findings

Findings on Financial Literacy Level

- Commerce students exhibited a moderate-to-low overall level of financial knowledge, with a mean score of 4.03 out of 9 (approximately 45%). Nearly half (46.1%) fell into the “Low” literacy category, while only 12.8% demonstrated “High” financial knowledge.
- Students performed relatively well on simple interest (65.0% correct) and equity/stock awareness (52.2%), but showed weak understanding of diversification (30.6%), inflation's effect (35.0%), and compound interest (37.2%).
- Despite 63.3% of respondents having taken finance-related coursework, this did not translate into strong applied financial knowledge.
- Students recorded a moderately positive attitude score (3.11 out of 5), with stronger agreement on the importance of investing (3.39) than on action-oriented habits like goal-setting (2.95).

Findings on Investment Behaviour

- Only 44.4% of respondents currently invest, while 55.6% do not invest at all.
- Mutual Funds (52.5%), Gold (46.2%), and Fixed Deposits (42.5%) were the most preferred instruments among investors.
- Cryptocurrency (35.0%) was preferred over traditional Stocks/Equity (32.5%).
- Social Media (32.8%) was the largest source of investment knowledge, ahead of Family (30.6%), College (15.6%), and Financial Advisors (7.2%).

- The composite Risk Tolerance score averaged 2.76 out of 5, indicating a moderately conservative risk profile overall.

Findings on the Relationship between Financial Literacy and Investment Behaviour

- Investors had a significantly higher mean knowledge score (4.85) than non-investors (3.38), $t(178) = 4.816$, $p < .001$.
- Financial knowledge showed a strong, significant positive correlation with risk tolerance ($r = 0.743$, $p < .001$).
- Regression confirmed financial knowledge significantly predicts risk tolerance, $F(1, 178) = 219.0$, $p < .001$, $R^2 = 0.552$.
- $H0_1$ is rejected — financial literacy and investment behaviour are significantly and positively related.

Findings on the Influence of Demographic Factors on Financial Literacy

- Male students scored significantly higher (4.67) than female students (3.40), $t(178) = 4.197$, $p < .001$, Cohen's $d = 0.626$. $H0_2$ is rejected.
- No significant difference in financial knowledge was found across the four family income brackets, $F(3, 176) = 0.760$, $p = .518$, $\eta^2 = 0.013$. $H0_3$ is not rejected.

Recommendations

- Curriculum strengthening: Commerce programs should shift beyond theoretical coverage toward applied modules on compound interest, inflation, and diversification.
- Experiential learning: Introduce mock trading exercises, investment simulations, and SIP calculators in coursework to convert positive investing attitudes into consistent financial planning habits.
- Structured investor awareness drives: Given low investment participation and reliance on social media over formal guidance, institutions should run investor-awareness sessions in partnership with SEBI/AMFI-recognized bodies.
- Balanced instrument education: Since crypto adoption already exceeds equity among students, curricula should proactively cover risk-adjusted comparisons across instruments.
- Gender-targeted interventions: Given the significant literacy gap between male and female students, colleges should run dedicated financial literacy workshops or mentorship programs for female students.
- Leverage the literacy-behaviour link: Since financial knowledge strongly predicts risk tolerance and investment activity, even modest improvements in financial literacy training are likely to yield measurable gains in student investment participation.

Conclusion

This study examined financial literacy and investment behaviour among 180 commerce students, with particular attention to the influence of gender and family income. The findings reveal a moderate-to-low level of financial literacy, a meaningful gap between coursework exposure and applied financial understanding, and comparatively cautious investment participation, with informal sources such as social media playing an outsized role in shaping students' financial decisions. Importantly, financial literacy was found to significantly predict investment behaviour and risk tolerance, while gender emerged as a significant determinant of literacy, unlike family income, which showed no meaningful effect within this sample. These results underscore that formal education alone is insufficient to build practical financial competence, and that targeted, experiential, and gender-sensitive interventions are needed to convert financial knowledge into confident, informed investment behaviour among India's future workforce.

Limitations and Scope for Future Research

Limitations

- The study is confined to commerce students at a single institution, limiting generalizability to other disciplines or regions.
- Convenience sampling was used, which may not fully represent the broader student population.
- Data relies on self-reported responses, which are subject to social desirability and recall bias.
- The cross-sectional design captures a single point in time and cannot establish causality between financial literacy and investment behaviour.

Scope for Future Research

Future studies could adopt a longitudinal design to track how financial literacy and investment behaviour evolve over a student's academic and early career journey, extend the sample across multiple institutions and disciplines for broader generalizability, and examine additional demographic and psychological variables (e.g., parental investment behaviour, financial socialization, behavioural biases) that may further explain the literacy-behaviour gap identified in this study.

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