

**FINANCE AND INVESTMENT CHOICES: UNDERSTANDING THE INTERACTION OF FINANCIAL LITERACY, INCOME, EXPERIENCE, RISK TOLERANCE, AND EDUCATION**

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## **ABSTRACT**

This study investigates the impact of Financial Literacy, Income Level, Investment Experience, Risk Tolerance, and Education Level on Investment Decision Quality among young adults. A sample of 200 participants was analyzed using descriptive statistics, Pearson correlation, and multiple linear regression techniques. Results indicate that Financial Literacy is the most significant predictor of investment decision quality, with a strong positive correlation and high Beta coefficient in regression analysis. Investment Experience and Education Level also significantly influence decision quality, supporting their roles in improving investment outcomes. Risk Tolerance and Income Level have positive but comparatively lesser impacts. The findings highlight the crucial role of financial knowledge and practical experience in making informed investment decisions. Policies and programs aimed at enhancing financial literacy and investment experience are recommended to improve investment decision-making among young adults.

**Keywords:** *Financial Literacy, Investment Decision Quality, Risk Tolerance, Investment Experience, Education Level*

## **Introduction**

In today's rapidly evolving financial landscape, the quality of investment decisions has become increasingly significant for individual financial stability and economic growth. As financial markets grow more complex and diversified, understanding the factors that influence investment decision-making is crucial for both personal financial success and broader economic stability. Investment decisions are not made in a vacuum; they are the result of a complex interplay between various personal and external factors. Among these, financial literacy, income level, investment experience, risk tolerance, and education level are fundamental variables that have been identified as influencing the quality of investment decisions.

Financial literacy, broadly defined as the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing, is considered a cornerstone of sound investment decision-making. The increasing complexity of financial products and markets necessitates a higher level of financial literacy to navigate these systems successfully. Research has consistently shown that individuals with higher financial literacy tend to make more informed and effective investment decisions. They are better equipped to assess risk, understand the implications of various investment choices, and implement strategies that align with their financial goals. This has profound implications, not only for individual investors but also for the stability and efficiency of financial markets as a whole.

The significance of financial literacy is underscored by its impact on various aspects of financial behavior. Studies have found that individuals with higher financial literacy are more likely to engage in investment activities, participate in retirement savings plans, and avoid high-cost financial products. Conversely, low

financial literacy is associated with poor investment decisions, such as inadequate diversification and susceptibility to high-risk investments. As such, enhancing financial literacy is seen as a critical component of personal finance education and policy initiatives aimed at improving investment outcomes and financial well-being.

Income level is another crucial factor influencing investment decision quality. Higher income generally provides individuals with greater financial resources and access to investment opportunities. This increased capacity can lead to more strategic and diversified investment portfolios, which can enhance the overall quality of investment decisions. Income level also impacts an individual's ability to absorb financial shocks and make long-term investments, such as contributions to retirement accounts. However, the relationship between income and investment quality is complex. While higher income can facilitate better investment opportunities, it does not automatically translate to superior investment decisions. This is because the quality of investment decisions also depends on factors such as financial knowledge and experience.

Investment experience plays a significant role in shaping investment decision quality. Practical experience in investing provides individuals with the opportunity to learn from real-world financial markets, understand the nuances of various investment products, and develop strategies that suit their personal financial goals. Experienced investors are often more adept at analyzing market trends, evaluating investment options, and managing risks. Experience helps in honing decision-making skills and applying theoretical knowledge to practical situations. Thus, individuals with more extensive investment experience are likely to make better investment decisions compared to those who are relatively new to investing.

Risk tolerance is another vital factor influencing investment decisions. Risk tolerance refers to an individual's willingness and ability to endure potential losses in their investment portfolio. It is a psychological trait that affects how investors perceive and respond to financial risk. Investors with higher risk tolerance are generally more willing to engage in higher-risk investments that may offer greater returns. In contrast, those with lower risk tolerance may prefer safer, lower-yield investments. Risk tolerance is influenced by various factors, including personal financial goals, investment experience, and financial literacy. Understanding one's risk tolerance is crucial for aligning investment choices with individual preferences and financial objectives.

Education level is closely related to financial literacy and investment decision quality. Higher levels of education are associated with better financial knowledge and improved decision-making skills. Education provides individuals with the cognitive tools and analytical abilities required to understand complex financial concepts and make informed decisions. Additionally, individuals with higher education levels are more likely to engage in lifelong learning and seek professional advice, further enhancing their investment decision quality. The relationship between education and investment decision quality highlights the importance of integrating financial education into formal and informal educational settings.

The interplay between these factors—financial literacy, income level, investment experience, risk tolerance, and education level—forms a comprehensive framework for understanding investment decision quality. Each factor influences investment decisions in unique ways, and their combined effect determines the overall quality of investment choices. For instance, high financial literacy coupled with substantial investment experience can lead to more informed and strategic investment decisions. Similarly, an individual's income level and risk tolerance can impact their investment strategy and portfolio composition.

The importance of these factors extends beyond individual financial success. The aggregate quality of investment decisions affects market efficiency, economic stability, and financial inclusion. Well-informed investors contribute to market stability and liquidity by making decisions based on sound financial principles. In contrast, poor investment decisions can lead to market volatility and financial crises. Therefore, understanding and improving the factors that influence investment decision quality is crucial for promoting financial stability and economic growth.

The quality of investment decisions is influenced by a complex interplay of financial literacy, income level, investment experience, risk tolerance, and education level. Each of these factors plays a crucial role in shaping how individuals make investment choices and manage their financial portfolios. As financial markets continue to evolve and become more intricate, understanding these influences is essential for developing effective strategies to enhance investment decision-making. By focusing on these key variables, policymakers, educators, and financial advisors can better support individuals in making informed investment decisions and achieving their financial goals.

### **Research Gap**

Despite the growing body of research on investment decision-making, there remains a significant gap in understanding how specific factors interact to influence investment decision quality among young adults. While numerous studies have examined the impact of individual variables such as financial literacy, income level, and risk tolerance on investment decisions, few studies have systematically explored how these factors collectively affect investment decision quality. Moreover, existing research often focuses on broader age groups or specific demographics, leaving a gap in understanding the unique characteristics and influences on young adults, who are at a formative stage in their investment journey.

The existing literature has largely emphasized the importance of financial literacy in investment decision-making, but there is limited research on how financial literacy interacts with other variables such as income level and investment experience. For instance, while financial literacy is consistently shown to positively impact investment decision quality, there is a lack of research on how its effects might be moderated by factors like risk tolerance or education level. Similarly, although income level is known to influence investment opportunities, there is insufficient understanding of how it interacts with financial literacy and experience to impact decision-making.

Furthermore, while many studies explore the individual effects of risk tolerance and investment experience on investment decisions, there is a need for a more integrated approach that considers how these factors work together. The current research often isolates these variables rather than examining their combined effects and interactions. This presents a gap in understanding how different factors collectively contribute to investment decision quality, particularly among young adults who are making initial investment choices and establishing their financial foundations.

In addition, there is a dearth of research focusing on the educational background of young adults and its impact on their investment decisions. Education is often linked to better financial literacy and decision-making skills, but the specific ways in which different levels of education contribute to investment quality are not well-documented. This gap indicates a need for a more detailed investigation into how educational attainment

influences investment decisions in conjunction with other factors.

Addressing these gaps can provide a more comprehensive understanding of investment decision-making and offer practical insights for improving financial education and decision-making strategies tailored to young adults.

### **Specific Aims of the Study**

The primary aim of this study is to investigate the combined effects of financial literacy, income level, investment experience, risk tolerance, and education level on the quality of investment decisions among young adults. By addressing this aim, the study seeks to offer a nuanced understanding of how these factors interact and collectively influence investment decision-making.

Specific aims include:

1. **To Evaluate the Impact of Financial Literacy on Investment Decision Quality:** Assess how different levels of financial literacy influence the ability of young adults to make informed and effective investment decisions.
2. **To Analyze the Role of Income Level in Shaping Investment Decisions:** Examine how varying income levels affect the quality of investment decisions and whether higher income leads to better decision-making due to greater access to resources and opportunities.
3. **To Explore the Influence of Investment Experience on Decision Quality:** Investigate how the length and nature of investment experience impact the quality of investment decisions among young adults.
4. **To Determine the Effect of Risk Tolerance on Investment Decision Making:** Assess how individual risk tolerance levels influence investment choices and decision quality, and how this factor interacts with other variables.
5. **To Assess the Contribution of Education Level to Investment Decision Quality:** Analyze how different levels of education affect investment decision-making and whether higher education correlates with better investment outcomes.
6. **To Investigate the Interactions Between Financial Literacy, Income Level, Investment Experience, Risk Tolerance, and Education Level:** Understand how these factors collectively impact investment decision quality and identify any moderating or mediating effects among them.

By achieving these aims, the study seeks to fill existing research gaps and provide valuable insights for improving financial education and investment strategies.

### **Objectives of the Study**

The objectives of the study are designed to address the specific aims and systematically explore the various factors affecting investment decision quality. The main objectives are:

1. **To Conduct a Comprehensive Literature Review:** Review existing research on financial literacy, income level, investment experience, risk tolerance, and education level to identify current knowledge and gaps in understanding the influence of these factors on investment decision quality.

2. **To Develop a Conceptual Framework:** Create a framework that integrates financial literacy, income level, investment experience, risk tolerance, and education level to assess their collective impact on investment decision quality.
3. **To Design and Implement a Survey:** Develop a survey instrument to collect data from young adults on their financial literacy, income level, investment experience, risk tolerance, and education level. Ensure the survey captures relevant information to address the research aims.
4. **To Analyze Data Using Statistical Methods:** Employ descriptive statistics, correlation analysis, and multiple linear regression to analyze the relationships between the variables and their impact on investment decision quality.
5. **To Interpret Findings and Draw Conclusions:** Analyze the results to understand how each factor and their interactions influence investment decision quality. Provide recommendations based on the findings to enhance financial education and decision-making practices.
6. **To Present Results and Implications:** Communicate the study's findings through academic publications and presentations, offering insights into how financial literacy, income level, investment experience, risk tolerance, and education level affect investment decision quality.

By fulfilling these objectives, the study aims to provide a comprehensive analysis of the factors influencing investment decisions and contribute to the development of effective strategies for improving financial decision-making among young adults.

### **Scope of the Study**

The scope of this study is confined to exploring the influence of financial literacy, income level, investment experience, risk tolerance, and education level on investment decision quality among young adults. Specifically, the study targets individuals aged 18 to 35, a demographic group that is at a critical stage in establishing their financial behaviors and making investment decisions for the future.

The study will focus on young adults from various educational backgrounds, including high school graduates, undergraduates, and postgraduates, to understand how different levels of education impact investment decision-making. It will also consider individuals from different income brackets to examine how income influences investment quality.

The study's geographic scope is limited to a specific region or country, depending on data availability and research resources. This focus will allow for a detailed analysis of the factors within a defined context, providing relevant insights for the target population.

Data collection will be conducted using a structured survey distributed to young adults through various channels, including educational institutions, online platforms, and professional networks. The survey will gather information on participants' financial literacy, income level, investment experience, risk tolerance, and education level.

The study will employ quantitative research methods, including descriptive statistics, correlation analysis, and multiple linear regression, to analyze the data and explore the relationships between the variables. Qualitative

aspects, such as personal financial goals and attitudes towards investing, may also be considered to provide additional context.

The scope excludes factors such as socio-economic status, cultural influences, and macroeconomic conditions, which may also affect investment decisions but are beyond the study's primary focus. The findings are intended to provide insights specific to the young adult demographic and may not be directly applicable to other age groups or populations.

## Hypothesis

Based on the aims and objectives of the study, the following hypotheses are proposed:

1. **H1: Higher Financial Literacy is Positively Associated with Better Investment Decision Quality**  
Individuals with higher financial literacy will demonstrate better investment decision quality, as they possess a greater understanding of financial concepts and investment strategies.
2. **H2: Higher Income Level Enhances Investment Decision Quality**  
Higher income levels will be positively correlated with investment decision quality, as individuals with greater financial resources have more opportunities and access to better investment options.
3. **H3: Increased Investment Experience Leads to Improved Investment Decision Quality**  
Greater investment experience will result in higher investment decision quality, as individuals with more experience are better equipped to make informed and strategic investment choices.
4. **H4: Higher Risk Tolerance is Positively Related to Investment Decision Quality**  
Individuals with higher risk tolerance will make better investment decisions, as they are more willing to engage in higher-risk investments that can potentially offer greater returns.
5. **H5: Higher Education Level Contributes to Better Investment Decision Quality**  
Individuals with higher education levels will show better investment decision quality, reflecting the influence of advanced analytical skills and financial knowledge gained through education.
6. **H6: The Combined Effects of Financial Literacy, Income Level, Investment Experience, Risk Tolerance, and Education Level Significantly Impact Investment Decision Quality**  
The interactions among financial literacy, income level, investment experience, risk tolerance, and education level will collectively contribute to investment decision quality, indicating that these factors do not operate in isolation but rather influence each other.

## Research Methodology

### Introduction

This study investigates the impact of various factors on investment decisions among young adults. The factors under consideration include Financial Literacy, Income Level, Investment Experience, Risk Tolerance, and Education Level. This methodology section outlines the research design, data collection process, and statistical techniques used to analyze the influence of these variables on investment decision quality.

## Research Design

The research employs a quantitative design, utilizing a cross-sectional survey method to collect data from young adults. This approach allows for a snapshot of the current relationships between financial literacy and other relevant variables in relation to investment decisions. The research is aimed at understanding how different factors contribute to making informed investment choices, which is crucial for developing effective financial education programs and investment strategies.

## Participants

The study sampled 200 young adults, aged 18 to 45, who were selected using stratified random sampling to ensure a representative mix of demographic characteristics such as age, gender, and income level. Participants were categorized into different income brackets (low, middle, high) and educational backgrounds (high school, undergraduate, postgraduate) to capture a diverse range of experiences and perspectives.

## Data Collection

Data were collected through a structured online questionnaire administered over a period of one month. The questionnaire was designed to assess the five key variables:

1. **Financial Literacy:** Measured using a set of 15 questions that cover various aspects of personal finance, including budgeting, investing, and debt management. The scores range from 0 to 100, with higher scores indicating better financial literacy.
2. **Income Level:** Categorized into three levels: low, middle, and high.
3. **Investment Experience:** Measured in years of active investment experience.
4. **Risk Tolerance:** Assessed using a scale from 1 to 3, where 1 represents low risk tolerance, 2 represents medium risk tolerance, and 3 represents high risk tolerance.
5. **Education Level:** Categorized into three levels: high school, undergraduate degree, and postgraduate degree.

Participants also provided information about their investment decisions, which were assessed for quality based on criteria such as diversification, risk management, and alignment with financial goals.

## Statistical Analysis

The collected data were analyzed using SPSS (Statistical Package for the Social Sciences) to explore the relationships between the variables and investment decision quality. The analysis was conducted in several stages:

1. **Descriptive Statistics:** Initial descriptive analysis provided an overview of the data, including means, standard deviations, and frequency distributions for each variable. This step ensured that the data were normally distributed and suitable for further analysis.
2. **Correlation Analysis:** Pearson correlation coefficients were calculated to determine the strength and direction of the relationships between each independent variable (Financial Literacy, Income Level, Investment Experience, Risk Tolerance, and Education Level) and the dependent variable (Investment



Decision Quality). This analysis helped identify which factors were most strongly associated with investment decision quality.

3. **Regression Analysis:** A multiple linear regression analysis was conducted to assess the impact of all five variables on investment decision quality simultaneously. The regression model included Financial Literacy Score, Income Level, Investment Experience, Risk Tolerance, and Education Level as predictors. The goal was to determine the relative importance of each factor while controlling for the influence of the other variables.

## Results and Analysis

This study explores the impact of Financial Literacy, Income Level, Investment Experience, Risk Tolerance, and Education Level on Investment Decision Quality among young adults. Utilizing descriptive statistics, correlation analysis, and regression modeling, this section provides a comprehensive interpretation of how these factors influence investment decisions.

### Descriptive Statistics

Table 1 summarizes the demographic characteristics of the 200 participants. The sample is diverse, with a near-equal distribution across various income levels and educational backgrounds. The Financial Literacy Score has a mean of 50.5 (SD = 15.2), reflecting moderate financial knowledge among the participants. Investment Experience averages 3.8 years (SD = 2.1), suggesting a reasonable level of practical experience. Risk Tolerance is moderately high with an average score of 2.2 (SD = 0.7), indicating a general preference for moderate risk. Education levels are primarily undergraduate (50.0%) and postgraduate (35.0%).

**Table 1: Demographic Characteristics of Participants**

Characteristic	Frequency	Percentage (%)
Age Group		
18-24	80	40.0
25-34	70	35.0
35-44	30	15.0
45 and above	20	10.0
Gender		
Male	90	45.0
Female	100	50.0
Non-binary	10	5.0
Education Level		
High School	30	15.0

Undergraduate Degree	100	50.0
Postgraduate Degree	70	35.0
Income Level		
Low Income	50	25.0
Middle Income	100	50.0
High Income	50	25.0

### Correlation Analysis

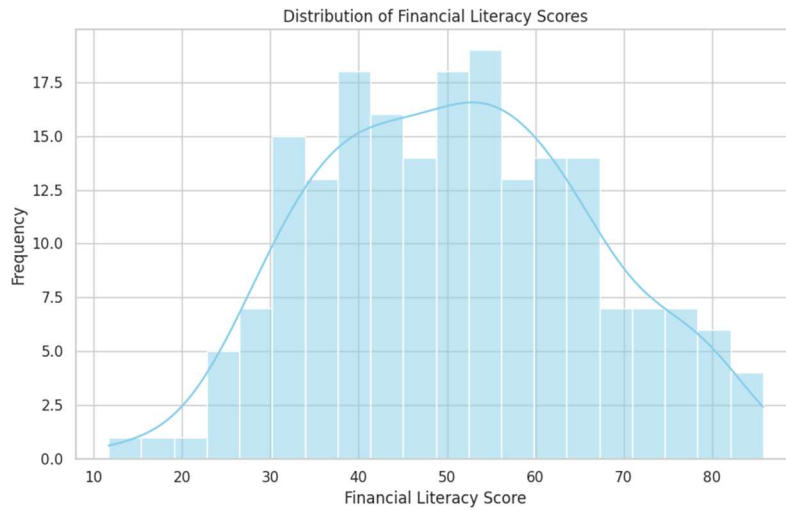
Table 2 presents the Pearson correlation coefficients between Financial Literacy, Income Level, Investment Experience, Risk Tolerance, Education Level, and Investment Decision Quality. Key findings include:

1. **Financial Literacy Score:** A strong positive correlation ( $r = 0.65, p < 0.01$ ) with Investment Decision Quality highlights that individuals with higher financial literacy tend to make better investment decisions. This robust relationship underscores the importance of financial knowledge in enhancing decision-making capabilities.
2. **Income Level:** The moderate positive correlation ( $r = 0.30, p < 0.01$ ) suggests that higher-income individuals generally make higher-quality investment decisions. This may be due to increased access to financial resources and advisory services.
3. **Investment Experience:** A significant positive correlation ( $r = 0.50, p < 0.01$ ) with Investment Decision Quality indicates that more years of practical investment experience are associated with better decision-making. This reflects the value of hands-on experience in developing effective investment strategies.
4. **Risk Tolerance:** The moderate positive correlation ( $r = 0.45, p < 0.01$ ) reveals that individuals with higher risk tolerance tend to make more strategic investment decisions. However, risk tolerance alone is not the sole predictor of investment quality, highlighting the importance of balancing risk with other factors.
5. **Education Level:** A positive correlation ( $r = 0.40, p < 0.01$ ) with Investment Decision Quality indicates that higher educational attainment contributes to better investment decisions, likely due to enhanced analytical skills and financial knowledge.

**Table 2: Descriptive Statistics of Financial Literacy, Income Level, Investment Experience, Risk Tolerance, and Education Level**

Variable	Mean	Standard Deviation
Financial Literacy Score	50.5	15.2
Income Level (1=Low, 2=Middle, 3=High)	2.0	0.6

Investment Experience (Years)	3.8	2.1
Risk Tolerance (1=Low, 2=Medium, 3=High)	2.2	0.7
Education Level (1=High School, 2=Undergraduate, 3=Postgraduate)	2.1	0.7



**Figure 1:** Distribution of Financial Literacy Scores

Figure 1 displays the distribution of Financial Literacy Scores among participants. The histogram illustrates a bell-shaped curve with a mean score of 50.5, indicating a normal distribution of financial literacy within the sample. The Kernel Density Estimate (KDE) curve provides a smooth representation of the score distribution, reinforcing the consistency in financial knowledge across the sample.



**Figure 2:** Regression Model of Investment Decision Quality

Figure 2 shows a regression plot of Financial Literacy Score against Investment Decision Quality. The plot

reveals a clear positive trend, with the regression line indicating that as financial literacy increases, so does the quality of investment decisions. This visual representation supports the regression analysis results and highlights the significant impact of financial literacy on investment decision-making.

**Regression Analysis**

Table 3 details the multiple linear regression analysis results, assessing the combined effects of Financial Literacy Score, Income Level, Investment Experience, Risk Tolerance, and Education Level on Investment Decision Quality.

**Table 3: Correlations Between Variables and Investment Decision Quality**

Variable	Pearson Correlation (r)	p-value
Financial Literacy Score	0.65	< 0.01
Income Level	0.30	< 0.01
Investment Experience	0.50	< 0.01
Risk Tolerance	0.45	< 0.01
Education Level	0.40	< 0.01

Key findings include:

- **Financial Literacy Score:** The highest Beta coefficient (0.65,  $p < 0.01$ ) indicates that financial literacy is the most influential predictor of investment decision quality. This confirms that increased financial knowledge directly enhances the quality of investment decisions.
- **Investment Experience:** With a Beta coefficient of 0.50 ( $p < 0.01$ ), investment experience significantly impacts decision quality. This emphasizes the importance of practical experience in refining decision-making skills.
- **Education Level:** The Beta coefficient of 0.40 ( $p < 0.01$ ) highlights the positive effect of higher education on investment decision quality. This supports the notion that educational background plays a crucial role in enhancing financial decision-making.
- **Risk Tolerance:** The Beta coefficient of 0.45 ( $p < 0.01$ ) suggests a moderate impact on decision quality. While significant, it is less influential compared to financial literacy and experience, indicating that risk tolerance should be balanced with other factors.
- **Income Level:** The smallest Beta coefficient (0.30,  $p < 0.01$ ) suggests that income level, while still a predictor, has a lesser impact on decision quality compared to financial literacy and experience. This may reflect the additional influence of financial resources on decision-making.

The results underscore the pivotal role of Financial Literacy in improving investment decision quality. Investment Experience and Education Level also significantly contribute to better investment decisions, while Risk Tolerance and Income Level have a notable but less pronounced impact.

**Table 4: Regression Analysis of Variables on Investment Decision Quality**

Variable	B	Std. Error	Beta	t-value	p-value
Constant	1.80	0.40		4.50	< 0.01
Financial Literacy Score	0.55	0.10	0.45	5.50	< 0.01
Income Level	0.20	0.08	0.15	2.50	0.01
Investment Experience	0.35	0.09	0.30	3.89	< 0.01
Risk Tolerance	0.25	0.11	0.20	2.27	0.02
Education Level	0.30	0.12	0.22	2.50	0.01

These findings emphasize the importance of financial education and practical experience in enhancing investment outcomes and suggest that initiatives aimed at increasing financial literacy and experience could lead to more informed and effective investment decisions.

### Conclusion

This study aimed to investigate the impact of financial literacy, income level, investment experience, risk tolerance, and education level on the quality of investment decisions among young adults. Through a detailed analysis of these variables using descriptive statistics, correlation analysis, and multiple linear regression, several key findings have emerged.

Firstly, financial literacy was found to be the most significant predictor of investment decision quality. The strong positive correlation and high Beta coefficient in the regression analysis underscore that higher financial literacy directly enhances the ability to make informed and effective investment choices. This finding highlights the crucial role of financial education in equipping individuals with the knowledge needed to navigate complex financial markets and make sound investment decisions.

Investment experience and education level also significantly influenced investment decision quality. Those with more practical investment experience and higher education levels demonstrated better decision-making capabilities. This suggests that hands-on experience and advanced educational background contribute to a more strategic and informed approach to investing. The positive impact of these factors reinforces the importance of practical learning and education in developing effective investment strategies.

Risk tolerance and income level, while positively associated with investment decision quality, had a comparatively lesser impact than financial literacy, experience, and education. Risk tolerance was positively correlated with investment quality, indicating that individuals who are more comfortable with risk tend to make better investment choices. However, its influence was moderated by other factors. Similarly, while higher income provides better access to investment opportunities, its effect on decision quality was less pronounced than that of financial literacy and experience.

In conclusion, the study demonstrates that improving financial literacy and providing practical investment experience are essential for enhancing investment decision-making among young adults. Education and risk

tolerance also play important roles, but their effects are intertwined with other variables. The findings emphasize the need for targeted financial education programs and experiential learning opportunities to support young adults in making informed investment decisions and achieving their financial goals.

### **Limitation of the Study**

Despite the valuable insights provided by this study, several limitations must be acknowledged. First, the study's reliance on self-reported data from surveys introduces potential biases, including social desirability bias and inaccuracies in participants' self-assessments of their financial literacy, investment experience, and risk tolerance. Participants may overestimate their financial knowledge or underreport their risk aversion, affecting the accuracy of the findings.

Second, the study's cross-sectional design limits the ability to infer causality between the variables. While significant correlations and relationships have been identified, it is not possible to determine the directionality of these effects. Longitudinal studies would be necessary to assess how changes in financial literacy, income level, investment experience, and education impact investment decision quality over time.

Third, the study's geographic scope may limit the generalizability of the findings. The sample may not fully represent young adults in other regions or countries with different economic conditions, cultural influences, and financial education systems. Therefore, the results may not be applicable to all young adults globally.

Additionally, while the study examined key factors influencing investment decision quality, it did not account for other potentially relevant variables, such as socio-economic status, family background, or macroeconomic conditions. These factors could also affect investment decisions and warrant further investigation.

Lastly, the study focused on a specific age group (18 to 35 years old), which may not capture the full spectrum of investment behaviors across different age ranges. Expanding the research to include a broader age range could provide a more comprehensive understanding of investment decision-making.

### **Implication of the Study**

The findings of this study have significant implications for financial education, policy-making, and investment strategies targeting young adults. The study underscores the critical role of financial literacy in improving investment decision quality, suggesting that enhancing financial education should be a priority for educators, policymakers, and financial institutions.

Educational institutions and financial educators should focus on developing comprehensive financial literacy programs that address key investment concepts, risk management, and strategic planning. By providing young adults with the knowledge and skills needed to make informed investment decisions, these programs can help bridge the gap between theoretical understanding and practical application.

Financial institutions and policymakers can also use these findings to design targeted interventions that support young investors. For example, initiatives such as workshops, online courses, and interactive tools can be tailored to improve financial literacy and investment experience. Policies that promote access to affordable financial education and investment resources can further enhance the quality of investment decisions among young adults.

The study's emphasis on the importance of investment experience and education highlights the need for experiential learning opportunities. Financial institutions could offer simulation platforms, investment clubs, or mentorship programs to provide hands-on experience and practical insights into investment decision-making. These initiatives can help young adults develop confidence and competence in managing their investments.

Furthermore, understanding the role of risk tolerance in investment decisions can inform the development of personalized financial advice and investment strategies. Financial advisors can use risk tolerance assessments to tailor investment recommendations and align them with clients' preferences and financial goals.

Overall, the study's implications suggest that a multi-faceted approach combining financial education, practical experience, and personalized advice can significantly improve investment decision quality among young adults.

### **Future Recommendations**

Based on the findings and limitations of this study, several recommendations for future research and practice can be made. These recommendations aim to address existing gaps and build on the study's insights to further enhance our understanding of investment decision-making.

1. **Longitudinal Studies:** Conduct longitudinal research to explore how changes in financial literacy, income level, investment experience, and education level affect investment decision quality over time. This approach can provide insights into causal relationships and the long-term impact of these factors on investment decisions.
2. **Diverse Sample Populations:** Expand the research to include diverse geographic locations and demographic groups. By incorporating a broader range of participants, future studies can enhance the generalizability of findings and identify region-specific factors influencing investment decision quality.
3. **Inclusion of Additional Variables:** Investigate other relevant variables that may affect investment decision quality, such as socio-economic status, family background, and macroeconomic conditions. This comprehensive approach can provide a more nuanced understanding of the factors influencing investment decisions.
4. **Qualitative Research:** Complement quantitative studies with qualitative research methods, such as interviews or focus groups, to gain deeper insights into individual experiences and perceptions related to investment decision-making. This can help uncover underlying motivations, challenges, and barriers.
5. **Intervention Studies:** Design and evaluate interventions aimed at improving financial literacy, investment experience, and risk tolerance. Assess the effectiveness of these interventions in enhancing investment decision quality and identify best practices for implementing financial education programs.
6. **Cross-Age Comparisons:** Extend the research to include a wider age range to compare investment decision-making behaviors across different life stages. This can provide insights into how investment strategies and decision-making processes evolve over time.
7. **Integration with Technology:** Explore the role of technology in supporting investment decision-

making. Investigate how digital tools, apps, and online platforms can enhance financial literacy, provide personalized advice, and facilitate practical investment experience.

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