

# **FINANCIAL LITERACY AND INVESTMENT CONFIDENCE AMONG MALE AND FEMALE IN LUDHIANA CITY**

**Amaira Vadhera**

Sat Paul Mittal School

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## **ABSTRACT**

This study examines financial literacy and investment confidence among 118 respondents in Ludhiana City. The findings show strong basic financial knowledge, with an average literacy score of 6.81/8, while 72% of respondents had investment experience. The study also highlights differences in financial literacy and confidence across gender, age and investment experience, emphasising the need for practical financial education.

## **CHAPTER I**

### **INTRODUCTION**

#### **1.1 Introduction**

Financial literacy has become an increasingly important life skill in a world where individuals are expected to make a growing number of financial decisions independently. From managing savings and household expenses to choosing investment products and planning for long-term financial goals, people regularly encounter decisions that require an understanding of basic financial concepts. Financial literacy enables individuals to understand such concepts, evaluate available alternatives and make informed financial choices.

The importance of financial literacy has increased with the expansion of financial markets and the growing availability of investment products. Traditional saving options such as fixed deposits, gold and insurance now exist alongside mutual funds, systematic investment plans (SIPs), stocks, bonds and digital investment platforms. While this wider range of choices provides individuals with greater opportunities to participate in financial markets, it also requires them to understand concepts such as inflation, compound interest, diversification, risk and return.

Financial literacy, however, is not limited to possessing financial knowledge. An individual may understand basic financial concepts but may still lack the confidence required to make investment decisions independently. Investment confidence refers to an individual's perceived ability to evaluate financial information, compare alternatives, understand associated risks and make suitable financial decisions. Therefore, examining financial knowledge together with investment confidence can provide a more meaningful understanding of financial decision-making behaviour.

Investment decisions may also vary across demographic groups. Differences in education, age, income, financial exposure, previous investment experience and access to financial information may influence both financial knowledge and confidence. Gender has also received increasing attention in financial literacy research, particularly because differences in financial participation, access to financial resources and confidence in decision-making may affect investment behaviour.

In the contemporary environment, financial information is also increasingly obtained through digital platforms. Social media, online investment applications, financial websites and

financial influencers or “finfluencers” have made investment-related information more accessible. Although these platforms can improve awareness, they may also expose individuals to incomplete, promotional or unreliable financial advice. The ability to evaluate and verify financial information has consequently become an important component of informed investment behaviour.

Understanding the relationship between financial literacy, investment confidence and actual investment participation is therefore important. Individuals who possess financial knowledge but lack confidence may hesitate to invest, whereas greater exposure to investment activity may itself contribute to financial understanding and confidence. Studying these dimensions together can provide useful insights into how people approach financial decisions and the factors that may encourage more informed participation in financial markets.

## 1.2 Global Trends in Financial Literacy and Investment Behaviour

Financial literacy has gained considerable international attention as financial systems have become increasingly complex and individuals have assumed greater responsibility for their own financial well-being. Decisions regarding savings, borrowing, insurance, retirement planning and investment increasingly require individuals to understand financial concepts and evaluate competing financial products.

At the same time, technological developments have transformed access to financial markets. Online banking, mobile investment applications and digital trading platforms have made investing more convenient and accessible to ordinary individuals. Investment opportunities that once required specialised intermediaries can now be accessed through smartphones and digital platforms, encouraging greater participation among retail investors.

The expansion of digital finance has also changed the way individuals obtain financial information. Investors increasingly encounter investment advice through social media platforms, online communities, financial content creators and digital advertisements. This has increased the availability of financial information but has also strengthened the need for individuals to distinguish reliable information from unverified recommendations.

Consequently, modern financial literacy involves more than knowledge of traditional financial concepts. Individuals must also possess the ability to assess risk, compare financial products, verify information and make decisions suited to their financial goals and circumstances. Financial confidence has therefore emerged as an important dimension of financial capability alongside financial knowledge.

## 1.3 Factors Influencing Financial Literacy and Investment Decisions

Financial literacy and investment behaviour are influenced by a combination of demographic, educational, economic, behavioural and informational factors.

**Educational factors** influence an individual's exposure to financial concepts and ability to understand financial products. Formal education may strengthen analytical skills, although general educational attainment does not necessarily guarantee practical financial knowledge.

**Age and life experience** may also influence financial decision-making. Individuals at different stages of life have different financial responsibilities, savings priorities and exposure to financial products. Experience with earning, saving, borrowing and investing may gradually contribute to greater familiarity with financial decisions.

**Investment experience** can be another important influence. Individuals who have previously invested may become more familiar with financial terminology, market risks and available

investment alternatives. Conversely, individuals with limited financial knowledge or confidence may be less willing to participate in investment activities.

**Gender-related factors** may influence investment participation and confidence through differences in financial exposure, social roles, access to financial decision-making and previous experience. Studying gender-wise patterns can therefore help identify whether differences in financial knowledge are accompanied by differences in perceived investment confidence.

**Digital and informational factors** have become increasingly significant. Financial websites, social media, investment applications and influencers provide easy access to investment-related information. However, the usefulness of such information depends upon an individual's ability to evaluate its credibility and verify claims before making financial decisions.

Together, these factors may influence not only what individuals know about finance but also how confidently they apply that knowledge when making investment choices.

#### **1.4 Financial Literacy, Investment Confidence and Investment Behaviour**

Financial literacy provides individuals with the knowledge required to understand financial concepts and evaluate investment choices. Concepts such as inflation, compound interest, diversification and the relationship between risk and return are fundamental to understanding how different investment products operate.

Knowledge alone, however, may not necessarily translate into investment action. Individuals may understand financial principles but remain uncertain about selecting investment products, assessing risks or making decisions independently. Investment confidence can therefore act as an important behavioural dimension between financial knowledge and actual financial decision-making.

Confidence may influence whether individuals compare investment alternatives, seek sufficient information, assess risk and participate in financial markets. At the same time, previous investment experience may contribute to confidence by increasing familiarity with financial products and investment processes.

The relationship between financial literacy, confidence and investment behaviour is therefore likely to be interconnected. Examining these dimensions together can help distinguish between what individuals **know**, how confident they **feel**, and how they actually **behave** when faced with investment decisions.

#### **1.5 Indian Context and Research Gap**

India has witnessed considerable changes in household financial behaviour in recent years. Increasing digitalisation of financial services, greater access to online investment platforms and growing awareness of products such as mutual funds and systematic investment plans have expanded opportunities for individuals to participate in formal financial markets.

At the same time, traditional saving and investment preferences such as fixed deposits, gold, insurance and government-backed savings instruments continue to play an important role. Individuals therefore operate within a financial environment that combines traditional saving practices with rapidly expanding market-linked and digitally accessible investment opportunities.

The increasing presence of financial information on social media has added another dimension to investment decision-making. Individuals can access financial advice and

investment recommendations more easily than before, but greater access to information does not necessarily ensure greater financial understanding. The ability to assess risks, verify information and make independent decisions remains important.

Although financial literacy has received increasing research attention, understanding financial knowledge alone may provide an incomplete picture of investment behaviour. Individuals with similar levels of financial knowledge may differ considerably in their confidence, willingness to invest and ability to make decisions independently. Similarly, demographic characteristics and previous investment experience may be associated with different patterns of financial knowledge and confidence.

There is therefore scope for exploratory research examining financial literacy together with investment confidence and investment behaviour at the local level. The present study focuses on respondents in **Ludhiana City** and seeks to examine their understanding of basic financial concepts, investment participation and confidence in making financial decisions. It also explores descriptive patterns across demographic groups and investment experience.

By examining financial knowledge alongside confidence and reported investment behaviour, the study seeks to provide a broader understanding of how individuals approach investment decisions. The findings may help identify areas where financial knowledge is relatively strong as well as areas where greater financial awareness, confidence and responsible financial decision-making can be encouraged.

## CHAPTER II

### REVIEW OF LITERATURE

Financial literacy has received increasing attention because of its role in helping individuals understand financial products, assess risks and make informed financial decisions. Existing research suggests that financial knowledge, investment experience, confidence and demographic factors may collectively influence investment behaviour. The following review discusses the major themes relevant to the present study.

#### 2.1 Financial Literacy and Investment Behaviour

Financial literacy generally refers to an individual's understanding of basic financial concepts such as inflation, interest, diversification, risk and return. Research in this area suggests that individuals with greater financial knowledge are generally better equipped to compare financial alternatives and understand the consequences of their financial decisions.

Financial literacy may also influence participation in investment activities. Individuals who understand financial products and associated risks may be more willing to explore different investment alternatives. However, financial knowledge alone does not necessarily result in investment participation, as personal confidence, previous experience and access to reliable information may also affect financial decisions.

#### 2.2 Financial Literacy and Investment Confidence

Investment confidence refers to an individual's perceived ability to understand investment choices and make financial decisions independently. Although financial literacy can provide the knowledge required for decision-making, individuals may differ in how confident they feel about applying this knowledge.

Previous research has therefore increasingly distinguished between **financial knowledge and financial confidence**. An individual may correctly understand concepts such as diversification or risk and return but may still hesitate when selecting an investment product.

Examining both dimensions provides a broader understanding of financial capability than examining knowledge alone.

### 2.3 Gender and Financial Decision-Making

Gender differences in financial literacy and investment behaviour have also been examined in financial research. Studies have reported variations in financial knowledge, confidence, risk preferences and participation in investment activities among males and females.

However, such differences may also be associated with factors such as education, income, employment, financial exposure and previous investment experience. Gender-wise findings should therefore be interpreted carefully rather than assuming that differences in financial behaviour arise from gender alone.

### 2.4 Digital Financial Information and Investment Decisions

Digital platforms have significantly changed the way individuals obtain financial information. Social media, financial websites, investment applications and financial influencers provide quick access to information about stocks, mutual funds and other investment products.

While increased access to information can improve financial awareness, it also creates the risk of individuals acting on incomplete or unreliable recommendations. The ability to verify information, compare alternatives and understand investment risks has therefore become increasingly important for responsible financial decision-making.

### 2.5 Research Gap

Existing literature demonstrates the importance of financial literacy in financial decision-making and also highlights the possible role of confidence, demographic characteristics and investment experience. However, financial knowledge and investment confidence are not always examined together, particularly within smaller city-level studies.

There is also a need to understand whether individuals who possess financial knowledge feel equally confident in applying that knowledge while making investment decisions. In addition, previous investment experience and exposure to digital financial information may contribute to differences in both knowledge and confidence.

The present study seeks to address this gap by examining **financial literacy, investment confidence and investment behaviour among respondents in Ludhiana City**. It further explores descriptive gender-wise and age-wise patterns and considers whether previous investment experience coincides with differences in financial literacy and confidence.

## CHAPTER III

### RESEARCH METHODOLOGY

#### 3.1 Research Design

The present study adopted an **exploratory and descriptive research design** to examine financial literacy, investment confidence and investment behaviour among respondents in Ludhiana City. A cross-sectional survey method was used, with data collected at a single point in time through a structured questionnaire.

The study primarily aimed to identify patterns in financial knowledge, investment participation and confidence rather than establish cause-and-effect relationships.

### 3.2 Objectives of the Study

The study was guided by the following objectives:

1. To assess the level of basic financial literacy among respondents.
2. To examine investment participation, preferences and confidence among respondents.
3. To explore descriptive differences in financial literacy and investment confidence across gender and age groups.
4. To examine the pattern between previous investment experience and financial literacy.

### 3.3 Research Questions

The study sought to answer the following questions:

1. What is the level of basic financial literacy among respondents?
2. What are the investment preferences and levels of investment confidence among respondents?
3. What gender-wise and age-wise patterns are observed in financial literacy and investment confidence?
4. How does financial literacy differ between respondents with and without previous investment experience?

### 3.4 Participants and Sampling

The study was conducted among **118 respondents from Ludhiana City** belonging to different age groups and educational backgrounds.

Participants were selected using **convenience sampling**, based on their accessibility and willingness to participate in the study. As the research was exploratory and descriptive in nature, the sample was considered suitable for obtaining preliminary insights into financial literacy and investment behaviour.

### 3.5 Research Instrument

Data were collected using a **structured questionnaire** designed to assess financial knowledge, investment experience and confidence.

The questionnaire broadly included:

- Demographic information such as age, gender and educational qualification.
- Previous investment experience and investment preferences.
- Eight objective questions assessing basic financial literacy, including inflation, compound interest, diversification, SIPs, investment risk and the relationship between risk and return.
- Statements relating to investment behaviour and confidence, measured using a **5-point Likert scale**.
- Questions relating to financial information and the influence of social media and financial influencers.

The combination of objective questions and Likert-scale statements helped assess both respondents' **financial knowledge and their perceived confidence and investment behaviour**.

### 3.6 Data Collection Procedure

The questionnaire was administered electronically, and participation was voluntary. Respondents were informed that the information collected would be used for academic research purposes.

The completed responses were compiled in a spreadsheet and subsequently organised for analysis.

### 3.7 Data Analysis

The collected data were analysed primarily using **descriptive statistical techniques**. The analysis included:

- Frequency and percentage distributions.
- Mean financial literacy scores.
- Mean scores for Likert-scale statements.
- Gender-wise and age-wise descriptive comparisons.
- Comparison of financial literacy according to previous investment experience.

Each correct response to the eight financial literacy questions contributed to the respondent's overall financial literacy score, with a maximum possible score of **8**.

As the study was exploratory and descriptive, the findings were interpreted as patterns within the sample rather than as evidence of causal relationships or population-wide differences.

### 3.8 Ethical Considerations

Participation in the study was voluntary, and the information collected was used solely for academic purposes. Respondents' confidentiality was maintained during data analysis and reporting. No personally identifiable information was used in presenting the findings.

## CHAPTER IV

## DATA ANALYSIS AND INTERPRETATION

### 4.1 Demographic Profile of Respondents

The study included **118 respondents** from Ludhiana City. The respondents belonged to four age groups: 18–25 years, 26–35 years, 36–45 years, and above 45 years.

**Table 4.1**  
**Age-wise Distribution of Respondents (N = 118)**

| Age Group      | Frequency | Percentage |
|----------------|-----------|------------|
| 18–25 years    | 29        | 24.6%      |
| 26–35 years    | 16        | 13.6%      |
| 36–45 years    | 45        | 38.1%      |
| Above 45 years | 26        | 22.0%      |

#### Interpretation:

The largest group of respondents belonged to the **36–45 years** age group (38.1%), followed by respondents aged 18–25 years (24.6%). Respondents above 45 years constituted 22.0%,

while 13.6% belonged to the 26–35 years group. Thus, the sample represents a mix of younger and middle-aged respondents, with the 36–45 age group being the most prominent.

**Table 4.2**  
**Gender-wise Distribution of Respondents**

| Gender       | Frequency  | Percentage  |
|--------------|------------|-------------|
| Female       | 100        | 84.7%       |
| Male         | 18         | 15.3%       |
| <b>Total</b> | <b>118</b> | <b>100%</b> |

**Interpretation:**

Female respondents constituted **84.7%** of the sample, while males represented 15.3%. Therefore, the findings reflect predominantly female respondents. Any gender-wise comparison should consequently be interpreted as a **descriptive comparison rather than a general conclusion about males and females as populations.**

**Table 4.3**  
**Educational Qualification of Respondents**

| Qualification       | Frequency  | Percentage  |
|---------------------|------------|-------------|
| Postgraduate        | 36         | 30.5%       |
| School              | 34         | 28.8%       |
| Professional Degree | 25         | 21.2%       |
| Undergraduate       | 23         | 19.5%       |
| <b>Total</b>        | <b>118</b> | <b>100%</b> |

**Interpretation:**

Postgraduates formed the largest educational group (30.5%), closely followed by respondents with school-level education (28.8%). Professional degree holders accounted for 21.2%, while undergraduates constituted 19.5%. The sample therefore includes respondents with varied educational backgrounds.

#### **4.2 Investment Participation**

An important aspect of the study was to determine whether respondents had experience with financial investments.

**Table 4.4**  
**Investment Participation among Respondents**

| Response     | Frequency  | Percentage  |
|--------------|------------|-------------|
| Yes          | 85         | 72.0%       |
| No           | 33         | 28.0%       |
| <b>Total</b> | <b>118</b> | <b>100%</b> |

**Interpretation:**

A substantial majority (**72.0%**) of respondents reported that they had invested in at least one financial product, while 28.0% had never invested. This indicates a relatively high level of participation in financial investment among the respondents.

#### **4.3 Investment Preferences**

Among the respondents who had invested, multiple investment products were reported.

**Table 4.5**  
**Financial Products Reported by Investors**

| Investment Product | Number of Investors* |
|--------------------|----------------------|
| Mutual Funds       | 59                   |
| Fixed Deposits     | 54                   |
| Gold               | 46                   |
| Insurance          | 40                   |
| Stocks/Shares      | 35                   |
| PPF                | 32                   |
| Cryptocurrency     | 3                    |
| Bonds              | 1                    |

\*Multiple responses were permitted; therefore, totals exceed the number of investors.

#### **Interpretation:**

**Mutual funds** were the most frequently reported investment product, followed by fixed deposits and gold. Stocks/shares and PPF were also used by a considerable number of respondents. Cryptocurrency had very limited representation. The pattern suggests a preference for a combination of **traditional relatively stable instruments and market-linked investments**.

#### **4.4 Financial Literacy Assessment**

Amaira's questionnaire included eight objective questions assessing basic financial literacy. These covered concepts such as inflation, compound interest, risk, diversification, SIPs, safe investments and the relationship between risk and return.

**Table 4.6**  
**Responses to Financial Literacy Questions**

| Financial Concept                    | Correct Responses | Percentage Correct |
|--------------------------------------|-------------------|--------------------|
| Meaning of inflation                 | 108               | 91.5%              |
| Compound interest                    | 89                | 75.4%              |
| Highest-risk investment              | 101               | 85.6%              |
| Meaning of diversification           | 104               | 88.1%              |
| Purpose of SIP                       | 102               | 86.4%              |
| Safest investment                    | 91                | 77.1%              |
| High return with almost no risk      | 102               | 86.4%              |
| Relationship between risk and return | 106               | 89.8%              |

#### **Interpretation:**

The results indicate a generally strong understanding of basic financial concepts. The highest level of correct response was observed for **inflation (91.5%)**, followed by the relationship between risk and return (89.8%) and diversification (88.1%).

The comparatively lower scores were observed for **compound interest (75.4%)** and identifying the safest investment (77.1%). This suggests that while respondents demonstrate a good understanding of fundamental financial concepts, some specific areas of financial knowledge could benefit from greater awareness.

#### **OVERALL FINANCIAL LITERACY SCORE**

Each respondent could obtain a maximum score of **8** on the objective financial literacy questions. The average score was:

### Mean = 6.81 out of 8

This represents approximately **85.1% correct responses** on average.

#### Interpretation:

The average financial literacy score indicates that respondents demonstrated a **generally strong level of basic financial knowledge**. However, knowledge alone does not necessarily imply confidence or sound investment behaviour, making it important to examine the remaining responses.

### 4.5 Investment Confidence and Financial Behaviour

Respondents were asked to rate various statements on a **5-point Likert scale**, where higher scores indicate stronger agreement.

**Table 4.7**

**Mean Scores of Investment-related Statements**

| Statement                                                                           | Mean Score |
|-------------------------------------------------------------------------------------|------------|
| I compare different investment options before investing.                            | 3.98       |
| I understand the risks associated with different investments.                       | 3.88       |
| I gather sufficient information before making an investment decision.               | 3.88       |
| I understand the basic features of different investment options.                    | 3.72       |
| I verify investment-related information shared on social media before acting on it. | 3.72       |
| I feel confident making financial decisions.                                        | 3.53       |
| I feel confident planning for my long-term financial goals.                         | 3.51       |
| I know where to find reliable financial information before investing.               | 3.45       |
| I believe I can make informed investment decisions independently.                   | 3.38       |
| Finfluencer recommendations influence my investment decisions.                      | 2.57       |

#### Interpretation:

The highest mean score (**3.98**) was recorded for comparing different investment options before investing. This indicates that respondents generally reported a tendency to evaluate alternatives before making investment decisions.

Respondents also reported relatively strong understanding of investment risks and a tendency to gather information before investing, both with mean scores of **3.88**.

However, confidence-related statements produced comparatively moderate scores. The mean score for making financial decisions was **3.53**, while confidence in independent investment decisions was **3.38**. This suggests that **financial knowledge may be stronger than the level of personal investment confidence**.

The lowest mean score (**2.57**) was recorded for the influence of financial influencers on social media. This suggests that respondents, on average, did not strongly agree that finfluencer recommendations directly influence their investment decisions.

At the same time, the relatively high score of **3.72** for verifying information shared on social media indicates a tendency towards checking information before acting on it.

#### 4.6 Gender-wise Comparison of Financial Literacy

**Table 4.8**  
**Gender-wise Mean Financial Literacy Score**

| Gender | Respondents | Mean Score / 8 |
|--------|-------------|----------------|
| Female | 100         | 6.68           |
| Male   | 18          | 7.50           |

##### **Interpretation:**

The male respondents recorded a higher average financial literacy score (**7.50/8**) compared with female respondents (**6.68/8**).

However, this difference should be interpreted cautiously because the sample contains only **18 male respondents compared with 100 female respondents**. The finding therefore represents a descriptive pattern within this sample and should not be interpreted as evidence that males generally possess greater financial literacy than females.

#### 4.7 Gender-wise Comparison of Investment Confidence

A descriptive comparison of the Likert-scale responses also revealed differences between male and female respondents.

**Table 4.9**  
**Gender-wise Mean Scores on Selected Confidence Statements**

| Statement                                  | Female | Male |
|--------------------------------------------|--------|------|
| Confidence in making financial decisions   | 3.34   | 4.56 |
| Comparing investment options               | 3.88   | 4.56 |
| Understanding investment risks             | 3.78   | 4.44 |
| Gathering sufficient information           | 3.77   | 4.50 |
| Confidence in long-term financial planning | 3.39   | 4.17 |
| Independent investment decisions           | 3.17   | 4.56 |

##### **Interpretation:**

Male respondents recorded higher mean scores across the selected investment-confidence indicators. The largest descriptive difference was observed in **confidence in making financial decisions** and **independent investment decisions**.

Female respondents nevertheless demonstrated reasonably strong scores in comparing investment options, understanding risks and gathering information before investing.

Again, because of the substantially smaller number of male respondents, these results should be viewed as **descriptive observations rather than statistically established gender differences**.

#### 4.8 Age-wise Financial Literacy Pattern

**Table 4.10**  
**Age-wise Mean Financial Literacy Score**

| Age Group | Respondents | Mean Score / 8 |
|-----------|-------------|----------------|
| 18–25     | 29          | 6.76           |
| 26–35     | 16          | 6.69           |
| 36–45     | 45          | 7.27           |
| Above 45  | 26          | 6.08           |

### Interpretation:

Respondents aged **36–45 years** recorded the highest average financial literacy score (7.27/8). The 18–25 and 26–35 groups recorded relatively similar scores of 6.76 and 6.69, respectively. Respondents above 45 years recorded the lowest average score at 6.08.

The pattern suggests that financial knowledge was strongest among middle-aged respondents in this sample. However, as the study uses descriptive analysis, the pattern should not be interpreted as a causal relationship between age and financial literacy.

### 4.9 Investment Experience and Financial Literacy

An interesting pattern emerged when financial literacy was compared with previous investment experience.

**Table 4.11**

**Financial Literacy by Investment Experience**

| Investment Experience | Respondents | Mean Literacy Score / 8 |
|-----------------------|-------------|-------------------------|
| Have invested         | 85          | 7.49                    |
| Have not invested     | 33          | 5.03                    |

### Interpretation:

Respondents who had previously invested recorded a considerably higher average financial literacy score (**7.49/8**) than those who had never invested (**5.03/8**).

This is one of the more important descriptive findings of the study. It indicates that **investment experience and financial knowledge appear to coincide within the sample**. However, the cross-sectional nature of the data does not establish whether greater financial knowledge leads to investment participation or whether investment experience contributes to greater financial knowledge.

### 4.10 Overall Interpretation of Findings

The analysis presents four major patterns.

**First**, investment participation was relatively high, with 72.0% of respondents reporting previous investment experience.

**Second**, respondents demonstrated a generally strong understanding of basic financial concepts, with an average score of **6.81 out of 8 (85.1%)**.

**Third**, financial behaviour and investment confidence were comparatively moderate to strong. Respondents showed a tendency to compare investment options, understand risks and gather information before investing. However, confidence in making independent financial decisions was somewhat lower.

**Finally**, descriptive comparisons revealed higher financial literacy and investment confidence among male respondents and higher financial literacy among the 36–45 age group. However, these comparisons need to be interpreted cautiously because of the uneven gender distribution and the descriptive nature of the study.

## CHAPTER V

### CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary of the Study

The present study examined **financial literacy, investment confidence and investment behaviour among respondents in Ludhiana City**. The study was conducted using a structured questionnaire, and responses were collected from **118 participants** belonging to different age groups and educational backgrounds.

The findings indicated a generally strong level of basic financial literacy among respondents. The average financial literacy score was **6.81 out of 8**, representing approximately **85.1% correct responses**. Respondents demonstrated particularly good understanding of inflation, diversification and the relationship between risk and return.

Investment participation was also relatively high, with **72% of respondents** reporting previous investment experience. Mutual funds emerged as the most commonly reported investment option, followed by fixed deposits and gold.

Respondents generally reported responsible investment behaviour, particularly in comparing investment options, understanding risks and gathering information before investing. However, confidence in making independent financial decisions was comparatively moderate.

An important pattern was also observed between investment experience and financial literacy. Respondents who had previously invested recorded higher financial literacy scores than those who had never invested.

#### 5.2 Conclusion

The study demonstrates that financial literacy is an important component of informed investment decision-making. Overall, respondents possessed a strong understanding of basic financial concepts and showed considerable participation in financial investments.

However, the findings also suggest that **financial knowledge does not always translate into equal levels of investment confidence**. While respondents generally understood investment risks and reported comparing alternatives before investing, confidence in making independent financial decisions was relatively lower.

Gender-wise and age-wise comparisons also revealed differences within the sample. Male respondents recorded higher average financial literacy and confidence scores, while respondents aged **36–45 years** recorded the highest average financial literacy score. These patterns should, however, be interpreted cautiously because of the uneven gender distribution and descriptive nature of the study.

One of the most notable findings was the higher financial literacy observed among respondents with previous investment experience. This suggests that **financial knowledge and practical investment exposure appear to coincide**. However, the study cannot determine whether greater financial knowledge encourages investment or whether investment experience itself improves financial understanding.

Overall, the findings highlight the importance of combining financial education with practical exposure and confidence-building so that individuals are not only financially knowledgeable but are also capable of applying that knowledge while making investment decisions.

### 5.3 Recommendations

Based on the findings of the study, the following recommendations are proposed:

#### For Individuals

- Develop a basic understanding of financial concepts such as inflation, compound interest, diversification and risk-return relationships.
- Compare different investment alternatives before making financial decisions.
- Verify investment-related information obtained through social media or financial influencers.
- Begin developing practical investment knowledge through informed and suitable financial choices.

#### For Educational Institutions

- Introduce practical financial literacy programmes for students and young adults.
- Include topics such as budgeting, saving, investment products, risk assessment and financial planning.
- Use practical activities and case studies to develop confidence in financial decision-making.

#### For Financial Institutions and Awareness Programmes

- Provide simple and accessible financial education to individuals with limited investment experience.
- Encourage responsible investment practices rather than focusing only on investment participation.
- Promote awareness regarding the risks associated with acting on unverified online financial advice.

#### For Future Researchers

- Conduct similar studies using larger and more balanced samples.
- Examine financial literacy and investment confidence across different cities and socioeconomic groups.
- Explore the relationship between financial literacy, investment experience and confidence using inferential statistical techniques.

### 5.4 Limitations of the Study

The study has certain limitations. The sample consisted of **118 respondents from Ludhiana City** and was selected using convenience sampling; therefore, the findings cannot be generalised to the wider population.

The gender distribution was considerably uneven, with a much larger proportion of female respondents than male respondents. Consequently, gender-wise differences should be considered descriptive rather than representative of males and females generally.

The study was based on self-reported responses, particularly for investment confidence and behaviour, which may be influenced by respondents' perceptions. Furthermore, the cross-sectional design captures financial knowledge and behaviour at one point in time and does not establish cause-and-effect relationships.

Despite these limitations, the study provides useful preliminary insights into the relationship between **financial literacy, investment confidence and investment experience** and highlights areas for further research and financial education.

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