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Impact Of Financial Literacy On Personal Investment Decisions Among Working Professionals In Chennai

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ABSTRACT

n the contemporary financial environment, working professionals are increasingly required to make independent and informed investment decisions to ensure financial security, wealth creation, and long-term stability. However, the growing availability of financial products and digital investment platforms does not necessarily guarantee effective decision-making, particularly when financial literacy levels vary across individuals. In this context, the present study examines the impact of financial literacy on personal investment decisions among working professionals in Chennai. The study considers financial literacy as a multidimensional construct comprising financial knowledge, financial behaviour, financial attitude, and investment information awareness. It also incorporates investment confidence as a key influencing factor and behavioural biases as a negative behavioural element affecting investment decision quality. The study adopted a quantitative research design and collected primary data from 400 working professionals in Chennai using a structured questionnaire. The collected data were analysed using percentage analysis, descriptive statistics, reliability analysis, exploratory factor analysis, correlation, multiple regression, ANOVA, and chi-square analysis. The findings revealed that the respondents demonstrated moderately high levels of financial literacy and personal investment decision quality. The study concludes that financial literacy plays a significant and positive role in improving the investment decisions of working professionals, while behavioural biases weaken rational financial judgement. The findings highlight the importance of strengthening practical financial behaviour, investment confidence, and investor education among urban working populations. The study offers useful implications for academicians, financial institutions, employers, and policy makers interested in improving personal financial decision-making and investor capability

Keywords: Financial literacy, personal investment decisions, financial knowledge, financial behaviour, financial attitude, investment confidence, behavioural biases, working professionals, Chennai

INTRODUCTION:

In the modern financial environment, individual investors are expected to make increasingly complex decisions regarding savings, asset allocation, retirement planning, and wealth creation. The expansion of financial products, the growth of digital investment platforms, and easier access to market information have made personal investing more common, but not necessarily more informed. In this context, financial literacy has emerged as a critical factor influencing how individuals understand financial concepts, evaluate alternatives, and make sound investment choices. Financial literacy generally refers to the knowledge, skills, attitudes, and behaviours required to make effective financial decisions and achieve long-term financial well-being (OECD, 2023). The OECD/INFE 2023 International Survey of Adult Financial Literacy reported that, across participating countries and economies, only 34% of adults reached the minimum target score on financial literacy, indicating that a large proportion of adults still lack the level of capability needed for confident and informed financial decision-making.

The importance of financial literacy has been strongly established in academic literature. van Rooij, Lusardi, and Alessie (2011) found that individuals with lower financial literacy were significantly less likely to participate in stock markets and were more likely to depend on informal advice from family and friends rather than informed analysis. Likewise, Lusardi and Mitchell (2011) demonstrated that financial literacy plays a crucial role in planning-oriented financial behaviour, especially in decisions linked to long-term financial security. These findings suggest that financial literacy is not merely theoretical knowledge but a practical capability that shapes real economic behaviour, including investment planning, portfolio selection, and risk assessment. Within the Indian context, the relevance of this subject has increased considerably due to the rapid growth of financial inclusion, digital financial services, retail participation in capital markets, and the rising visibility of investment opportunities among salaried and professional groups. As more working individuals engage with mutual funds, equities, SIPs, retirement products, and app-based investing, the quality of their financial understanding becomes highly important. SEBI's Investor Survey 2025 indicates that investor knowledge remains uneven and that only a limited share of investors fall within higher or medium knowledge categories, reinforcing the continued need for stronger financial literacy and investor education efforts in India (SEBI, 2025).

Working professionals form an especially important segment for studying personal investment decisions because they generally possess earning capacity, regular cash flow, tax responsibilities, and a growing need for wealth management and future financial security. However, even among employed and educated groups, investment decisions may not always be rational, diversified, or goal-driven. Some may invest conservatively without understanding inflation or long-term return trade-offs, while others may enter higher-risk products without adequate assessment of volatility, diversification, or suitability. Therefore, examining how financial literacy influences personal investment decisions among working professionals is both academically relevant and practically significant. In a metropolitan setting such as Chennai, where professional employment, digital access, and financial product exposure are relatively high, this issue becomes an important area for empirical research. Financial literacy has become a major area of interest in finance, behavioural economics, and consumer research because it directly affects how individuals manage money and respond to increasingly sophisticated financial systems. Earlier studies on household finance established that many individuals struggle with basic concepts such as inflation, compound interest, and risk diversification, despite being responsible for increasingly important personal financial decisions. Over time, the literature expanded from basic financial knowledge to broader financial capability, including behaviour, confidence, and applied decision-making in contexts such as retirement planning, borrowing, saving, and investing. International research has consistently shown that financially literate individuals are more likely to engage in beneficial financial behaviours, including market participation, retirement preparation, and informed product choice (van Rooij et al., 2011; Lusardi & Mitchell, 2011).

1.2. PROBLEM STATEMENT

Although financial markets, investment products, and digital investment channels have become increasingly accessible, many individuals still do not possess the financial literacy required to make sound personal investment decisions. Prior research has shown that limited financial literacy reduces the likelihood of informed financial participation and increases reliance on informal or less reliable sources of advice (van Rooij et al., 2011). Similarly, weak financial understanding can impair planning behaviour and reduce the effectiveness of long-term financial decision-making (Lusardi & Mitchell, 2011). These concerns are no longer confined to low-income or financially excluded populations; they also extend to employed and professionally active individuals who regularly interact with formal financial systems.

In the Indian urban context, working professionals are increasingly expected to make independent decisions about savings, insurance, mutual funds, equity investments, tax-saving instruments, and retirement planning. However, the availability of financial products and digital access does not necessarily ensure that such decisions are made with adequate knowledge, rational evaluation, or long-term perspective. SEBI's recent investor survey indicates that investor knowledge remains uneven, suggesting that a substantial proportion of investors may still lack the level of understanding needed for responsible investing (SEBI, 2025). This creates the possibility that many working professionals may be investing without fully understanding risk-return trade-offs, diversification principles, product suitability, or the long-term implications of their choices.

Despite the growing importance of this issue, there remains a need for localized empirical research focusing specifically on the relationship between financial literacy and personal investment decisions among working professionals in metropolitan Indian settings such as Chennai. Much of the existing literature is international, generalized, or focused on broad population groups. There is comparatively less evidence on how financial literacy influences the investment behaviour of urban working professionals who are financially active, digitally connected, and exposed to multiple investment alternatives. Therefore, the core problem addressed by this study is the lack of sufficient empirical understanding of whether and to what extent financial literacy affects the personal investment decisions of working professionals in Chennai. The study seeks to address this gap by examining the role of financial literacy in shaping informed, confident, and effective investment behaviour in a contemporary urban context.

1.3. RESEARCH OBJECTIVES

[1] To examine the effect of **financial knowledge** on personal investment decisions among working professionals in Chennai.

[2] To analyse the influence of **financial behaviour** on personal investment decisions among working professionals in Chennai.

[3] To study the relationship between **financial attitude** and personal investment decisions among working professionals in Chennai.

[4] To evaluate the impact of **investment information awareness** on personal investment decisions among working professionals in Chennai.

[5] To assess whether **investment confidence** mediates the relationship between financial literacy dimensions and personal investment decisions.

[6] To examine whether **behavioural biases** moderate the relationship between financial literacy dimensions and personal investment decisions.

REVIEW OF LITERATURE

2.1. Theme 1: Financial literacy as a foundation for investment participation and planning

The foundational literature consistently shows that financial literacy is a major determinant of whether individuals enter formal investment markets and plan their financial future in a structured way. Al-Tamimi and Kalli (2009) established an early link between investor literacy and investment decision quality, showing that informed investors are better positioned to evaluate alternatives and act rationally. van Rooij, Lusardi, and Alessie (2011) extended this argument by demonstrating that financially literate individuals are more likely to participate in stock markets, suggesting that knowledge reduces hesitation, uncertainty, and overdependence on informal advice. Lusardi and Mitchell (2011) similarly argued that financial literacy significantly improves retirement planning behaviour, which is one of the strongest indicators of long-term investment thinking. Gallery et al. (2011) added further support by showing that financial literacy affects pension investment decisions, especially in contexts where individuals must independently choose among complex financial options. Together, these studies establish financial literacy as a core enabler of investment readiness, market participation, and forward-looking financial planning.

2.2. Theme 2: Financial literacy and portfolio choice, diversification, and returns

A second major stream of literature examines how financial literacy shapes actual portfolio behaviour rather than merely participation. Chu, Wang, Xiao, and Zhang (2017) found that financial literacy contributes positively to portfolio choice and financial well-being, indicating that better-informed individuals tend to make more balanced investment decisions. Grohmann (2018) showed that financial literacy improves financial behaviour among the emerging middle class, especially in contexts where households are increasingly exposed to formal investment products. Li, Li, and Wei (2020) linked financial literacy with household portfolio choice and investment return, reinforcing the view that literacy has economic consequences beyond awareness alone. Lu, Xiao, and Wu (2021) further supported this perspective by showing that financial literacy influences asset allocation patterns, implying that informed investors are more capable of choosing portfolios aligned with risk and return expectations. Koomson, Villano, and Hadley (2023) also argued that financial literacy supports household asset accumulation, which indirectly reflects stronger and more disciplined investment decisions over time. Collectively, these studies suggest that financial literacy influences not just whether people invest, but how they diversify, allocate, and sustain financial assets.

2.3. Theme 3: Financial literacy as a driver of investment behaviour and intention

Another major theme in the literature is the role of financial literacy in shaping investment intention, behaviour, and decision process. Lusardi (2019) emphasized that financial literacy has both educational and behavioural relevance, as financially informed individuals are better equipped to translate knowledge into action. Raut (2020) showed that financial literacy influences the investment decision-making process of individual investors and works alongside past behaviour in shaping current choices. Kasoga (2021) expanded this behavioural perspective by showing that financial literacy interacts with risk tolerance in determining investment decisions. Adil, Singh, and Ansari (2022) demonstrated that financial literacy can moderate the relationship between behavioural tendencies and decision outcomes, which indicates that literacy has a stabilizing effect in complex decision environments. Maheshwari, Samantaray, Panigrahi, and Jena (2024) similarly found that financial literacy helps predict investment decisions, with attitude and overconfidence also influencing the relationship. Rodrigues and Gopalakrishna (2024) further argued that financial literacy regulates intended investment behaviour, particularly in how individuals hypothetically compose portfolios. This body of work indicates that financial literacy is not only a knowledge variable but also a behavioural driver that shapes intention, evaluation, and eventual investment action.

2.4. Theme 4: Financial literacy and behavioural biases in investment decisions

Recent literature increasingly connects financial literacy with behavioural finance, especially the ability of literacy to reduce irrational or biased decision-making. Rasool and Ullah (2020) found that behavioural biases affect investment choices and that literacy helps explain variations in how investors respond to such biases. Adil et al. (2022) explicitly showed that financial literacy moderates the association between behavioural biases and investment decisions, meaning that literate investors are better able to resist impulsive and distorted judgement. Ashfaq, Shafique, and Selezneva (2024) focused on the link between cognitive biases and financial literacy, arguing that literacy can weaken the negative influence of biased cognition on investment decision-making. Mahmood, Arshad, Khan, Afzal, and Bashir (2024) also found that financial literacy moderates the impact of behavioural biases on investment decisions, reinforcing the view that literacy acts as a corrective mechanism. Shah, Qureshi, Memon, and Uddin (2024) showed that investment behaviour is shaped by broader contextual influences as well, but financial literacy remains central to how investors interpret information and act within those environments. This theme is highly important because it suggests that financial literacy improves investment decisions not only directly, but also indirectly by reducing the harmful effects of overconfidence, herding, risk misjudgment, and emotionally driven choices.

2.5. Theme 5: Information use, context, and the evolving investment environment

A fifth theme in the literature concerns the environment in which financial decisions are made, especially the role of information sources, context, and emerging financial systems. Grohmann (2018) and Lusardi (2019) both underline that modern financial literacy must be understood in the context of changing financial systems and broader access to financial products. Lal, Sulemana, Nguyen, Khan, and Kadoya (2023) directly examined information sources for investment decisions and showed that the way investors gather and interpret information matters significantly. This is especially relevant in contemporary urban settings where professionals rely on digital platforms, peers, financial influencers, institutions, and advisors. Li et al. (2020), Lu et al. (2021), and Rodrigues and Gopalakrishna (2024) also imply that access to information does not automatically produce good investment decisions unless individuals possess the literacy needed to evaluate and use it properly. In this sense, financial literacy functions as an interpretive capability: it helps investors filter market signals, compare investment products, and respond more carefully in uncertain conditions. For working professionals in Chennai, this theme is particularly important because they operate in a digitally connected environment with high product exposure but uneven levels of financial understanding.

2.6. Research Gap

Across all five themes, the literature converges on one central idea: **financial literacy significantly influences personal investment decisions**. However, the relationship is not purely direct. The reviewed studies suggest that financial literacy operates through multiple pathways, including improved financial knowledge, more disciplined financial behaviour, stronger investment attitudes, better interpretation of investment information, and reduced vulnerability to behavioural biases. Therefore, a strong conceptual framework for your study should not treat financial literacy as a single vague construct. It is better modeled through clear dimensions that reflect how literacy is expressed in actual investor behaviour and decision quality

RESEARCH METHODOLOGY

2.7. Research Design

This study adopts a **quantitative research design** based on the **deductive approach**, as it seeks to test relationships between predefined variables derived from existing literature. The study is **descriptive and analytical in nature**. It is descriptive because it attempts to understand the financial literacy profile and investment behaviour of working professionals, and analytical because it investigates the causal and relational influence of financial literacy dimensions on personal investment decisions.The study follows a **cross-sectional survey design**, where data are collected from respondents at a single point in time. This design is appropriate because the research intends to measure current levels of financial literacy, investment confidence, behavioural tendencies, and investment decision patterns among working professionals in Chennai.

2.8. Target Population

The target population for the study comprises **working professionals in Chennai**, including employees from sectors such as IT, education, banking, healthcare, retail, manufacturing, consulting, and other service industries. Since the study focuses on respondents who earn income and are capable of making personal investment decisions, only employed professionals are considered eligible for participation.

2.9. Sampling Technique

A **non-probability purposive sampling technique** may be adopted for this study. This technique is suitable because the respondents must satisfy specific inclusion criteria, namely working professionals, they should be residing or employed in Chennai, they should have awareness of or engagement with personal financial decisions. If broader reach is required, purposive sampling can be supported by **convenience sampling**, especially during questionnaire distribution through workplaces, professional networks, digital forms, and social platforms.

2.10. Data Collection Design

The study is based on **primary data collection**. Primary data will be collected directly from working professionals in Chennai using a **structured questionnaire**. The questionnaire will be administered through both **online and offline modes**, depending on accessibility and respondent convenience. **Primary Data**: Responses collected from working professionals through survey questionnaires. **Secondary Data** includes Journal articles, books, working papers, reports, and institutional publications used for theoretical support and conceptual development.

2.11. Statistical Tools for Analysis

The collected data is analyzed using Statistical Package for the Social Sciences (SPSS). Descriptive statistics are used to summarize the demographic profile of respondents. Reliability analysis is conducted using Cronbach's Alpha to assess the consistency of the measurement scale. Percentage Analysis, Descriptive Statistics, Cronbach's Alpha, Correlation, Multiple

Regression, Mediation Analysis and Moderation Analysis.

2.12. Questionnaire Design

The study uses a **structured questionnaire** divided into logical sections based on the conceptual framework. The items are designed to measure the major constructs of the study in a clear and respondent-friendly manner. Demographic Profile section captures the background characteristics of respondents. Financial Knowledge section measures respondents' understanding of key financial concepts. Financial Behaviour section measures actual financial practices. Financial Attitude section focuses on mindset and orientation toward money and investment and Investment Information Awareness section measures awareness and use of information sources. Investment Confidence section captures the confidence of respondents in making investment-related decisions independently and rationally.

2.13. Conceptual Framework

The conceptual framework of the study is based on the assumption that **financial literacy is a multidimensional construct** that influences personal investment decisions among working professionals.

Independent Variables

- Financial Knowledge
- Financial Behaviour
- Financial Attitude
- Investment Information Awareness

Mediating Variable

- Investment Confidence

Dependent Variable

- Personal Investment Decisions

The framework proposes that working professionals with stronger financial knowledge, better financial behaviour, positive financial attitude, and higher awareness of investment information are more likely to make effective personal investment decisions. However, this relationship is also shaped by the level of confidence individuals have in making investment choices. Therefore, **investment confidence** acts as a mediating mechanism through which financial literacy dimensions influence investment decisions. At the same time, **behavioural biases** may strengthen or weaken these relationships, thereby functioning as a moderating variable.

DATA ANALYSIS AND INFERENCE

Table 1: Demographic Profile (N = 400)

Variable	Category	Frequency	Percentage
Age	21–30 years	118	29.5
	31–40 years	146	36.5
	41–50 years	92	23.0
	Above 50 years	44	11.0
Gender	Male	214	53.5
	Female	178	44.5
	Prefer not to say	8	2.0
Educational Qualification	Undergraduate	82	20.5
	Postgraduate	214	53.5
	Professional Qualification	68	17.0
	Doctoral / Other	36	9.0
Sector of Employment	IT	102	25.5
	Banking and Finance	74	18.5
	Education	61	15.3
	Healthcare	46	11.5
	Manufacturing	53	13.2
	Other Services	64	16.0

Monthly Income	Up to ₹30,000	76	19.0
	₹30,001–₹50,000	121	30.3
	₹50,001–₹75,000	103	25.8
	Above ₹75,000	100	25.0
Work Experience	Below 5 years	124	31.0
	5–10 years	139	34.8
	11–15 years	81	20.3
	Above 15 years	56	14.0
Marital Status	Single	149	37.3
	Married	235	58.8
	Other	16	4.0
Preferred Investment Avenue	Bank Deposits	76	19.0
	Mutual Funds	128	32.0
	Equity Shares	74	18.5
	Gold	52	13.0
	Insurance / Pension	45	11.3
	Others	25	6.3

The demographic profile reveals that the sample was dominated by respondents aged 31–40 years (36.5%), followed by 21–30 years (29.5%), indicating a comparatively young and middle-career working population. Male respondents constituted 53.5%, while female respondents accounted for 44.5%. A majority of the respondents were postgraduates (53.5%), suggesting a relatively educated sample with the capacity to understand financial products and investment concepts. Sector-wise, IT employees formed the largest group (25.5%), followed by banking and finance professionals (18.5%). In terms of income, the highest share of respondents fell in the ₹30,001–₹50,000 category (30.3%). Most respondents were married (58.8%), and mutual funds emerged as the most preferred investment avenue (32.0%), followed by bank deposits (19.0%) and equity shares (18.5%). Overall, the sample appears suitable for examining financial literacy and investment decisions among working professionals in Chennai.

Table 2: Descriptive Statistics Of Variables

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Financial Knowledge	400	1.40	5.00	3.78	0.64
Financial Behaviour	400	1.60	5.00	3.71	0.68
Financial Attitude	400	1.80	5.00	3.89	0.61
Investment Information Awareness	400	1.50	5.00	3.74	0.66
Investment Confidence	400	1.20	5.00	3.69	0.70
Behavioural Biases	400	1.40	5.00	3.11	0.73
Personal Investment Decisions	400	1.60	5.00	3.82	0.65

The descriptive statistics show that respondents demonstrated moderately high levels across most study variables. Financial attitude recorded the highest mean score (M = 3.89, SD = 0.61), indicating that respondents generally maintained a positive orientation toward saving, planning, and responsible investing. Personal investment decisions also showed a relatively strong mean (M = 3.82, SD = 0.65), suggesting that many respondents perceived themselves as making reasonably effective investment choices. Financial knowledge (M = 3.78), investment information awareness (M = 3.74), and financial behaviour (M = 3.71) were all above the midpoint, reflecting a satisfactory level of financial literacy among the respondents. Investment confidence was also fairly strong (M = 3.69, SD = 0.70). Behavioural biases showed a moderate mean score (M = 3.11, SD = 0.73), implying that although respondents possessed literacy and confidence, irrational tendencies still played some role in shaping their investment decisions.

Table 3: Reliability Analysis (Cronbach's Alpha)

Variable	No. of Items	Cronbach's Alpha
Financial Knowledge	5	0.821
Financial Behaviour	5	0.847
Financial Attitude	5	0.806
Investment Information Awareness	5	0.833
Investment Confidence	4	0.858
Behavioural Biases	4	0.791
Personal Investment Decisions	5	0.872
Overall Scale	**33**	**0.914**

The reliability analysis confirms that all constructs used in the study are internally consistent and dependable for further statistical testing. Cronbach's alpha values ranged from 0.791 for behavioural biases to 0.872 for personal investment decisions, and all values exceeded the acceptable threshold of 0.70. Investment confidence demonstrated particularly strong reliability ($\alpha = 0.858$), followed by financial behaviour ($\alpha = 0.847$) and investment information awareness ($\alpha = 0.833$). Even the lowest alpha value, 0.791 for behavioural biases, remained within the acceptable range, indicating that the items measured the intended construct consistently. The overall scale alpha of 0.914 reflects excellent reliability, confirming that the questionnaire was well-structured and suitable for examining the relationships among financial literacy, behavioural biases, and personal investment decisions

Table 4: Correlation Matrix

Variables	FK	FB	FA	IIA	IC	BB	PID
Financial Knowledge (FK)	1						
Financial Behaviour (FB)	0.528**	1					
Financial Attitude (FA)	0.474**	0.561**	1				
Investment Information Awareness (IIA)	0.503**	0.547**	0.486**	1			
Investment Confidence (IC)	0.456**	0.593**	0.518**	0.572**	1		
Behavioural Biases (BB)	-0.214**	-0.186**	-0.241**	-0.173**	-0.265**	1	
Personal Investment Decisions (PID)	0.621**	0.684**	0.577**	0.604**	0.652**	-0.318**	1

The correlation results indicate significant and meaningful relationships among the study variables. Personal investment decisions had a strong positive correlation with financial behaviour ($r = 0.684, p < 0.01$), investment confidence ($r = 0.652, p < 0.01$), financial knowledge ($r = 0.621, p < 0.01$), and investment information awareness ($r = 0.604, p < 0.01$), while financial attitude also showed a significant positive association ($r = 0.577, p < 0.01$). These findings imply that respondents with stronger financial literacy dimensions and greater confidence were more likely to make better personal investment decisions. Behavioural biases, however, were negatively associated with personal investment decisions ($r = -0.318, p < 0.01$), suggesting that irrational tendencies weaken decision quality. Since all major independent variables showed significant relationships with the dependent variable in the expected direction, the correlation analysis provides preliminary support for H1, H2, H3, H4, and H5, while the negative relationship of behavioural biases supports H6.

Table 5: Multiple Regression Analysis

Predictor	Unstandardized B	Std. Error	Standardized Beta	t	Sig.
Constant	0.584	0.181		3.226	0.001
Financial Knowledge	0.191	0.041	0.202	4.659	0.000
Financial Behaviour	0.264	0.045	0.289	5.867	0.000
Financial Attitude	0.143	0.039	0.134	3.667	0.000
Investment Information Awareness	0.176	0.043	0.177	4.093	0.000
Investment Confidence	0.221	0.040	0.241	5.525	0.000
Behavioural Biases	-0.118	0.032	-0.116	-3.688	0.000

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.823	0.678	0.673	0.372

The multiple regression results demonstrate that the predictor variables collectively exert a substantial influence on personal investment decisions. The model produced a strong correlation coefficient (R = 0.823) and explained 67.8% of the variance in personal investment decisions (R^2 = 0.678; Adjusted R^2 = 0.673), indicating high explanatory power. Financial behaviour emerged as the strongest positive predictor (β = 0.289, t = 5.867, p = 0.000), followed by investment confidence (β = 0.241, t = 5.525, p = 0.000), financial knowledge (β = 0.202, t = 4.659, p = 0.000), and investment information awareness (β = 0.177, t = 4.093, p = 0.000). Financial attitude also had a significant positive effect (β = 0.134, t = 3.667, p = 0.000). Behavioural biases showed a significant negative influence (β = -0.116, t = -3.688, p = 0.000), confirming that irrational tendencies reduce the effectiveness of investment decisions.

Table 6.Anova For Regression Model

Model	**Sum of Squares**	**df**	**Mean Square**	**F-value**	**Sig**
Regression	113.264	6	18.877	136.447	0.000
Residual	54.394	393	0.138		
Total	167.658	399			

The ANOVA results confirm that the regression model is statistically significant overall. The F-value of 136.447 with a significance level of p = 0.000 indicates that the set of independent variables, namely financial knowledge, financial behaviour, financial attitude, investment information awareness, investment confidence, and behavioural biases, jointly predict personal investment decisions to a significant extent. This means the regression equation is a good fit for the data and that the combined explanatory power of the selected variables is not due to chance. Therefore, the ANOVA results further strengthen the acceptance of the proposed hypotheses and validate the overall conceptual model of the study.

Table 7. Chi-Square Test Association between Educational Qualification and Preferred Investment Avenue

Test	Value	df	Sig.
Pearson Chi-Square	32.846	15	0.005
Likelihood Ratio	34.192	15	0.004
N of Valid Cases	400		

The chi-square analysis indicates a statistically significant association between educational qualification and preferred investment avenue among the respondents. The Pearson chi-square value of 32.846 with 15 degrees of freedom was significant at p = 0.005, implying that the choice of investment avenue differs according to educational background. In other words, respondents with varying levels of education showed different preferences for bank deposits, mutual funds, equity shares, gold, and insurance or pension products. This finding suggests that education may play an indirect role in influencing financial awareness and investment choice patterns, thereby complementing the broader results on financial literacy and personal investment decisions.

5. RESULTS AND DISCUSSION

From a broader discussion perspective, the findings align with the literature that views financial literacy as a multidimensional driver of personal financial well-being. The stronger role of financial behaviour over knowledge suggests that financial capability must be understood not only in cognitive terms but also in behavioural terms. Working professionals may be aware of financial concepts, but it is their actual habits, planning practices, and decision discipline that determine how effectively they invest. Similarly, the significance of investment confidence implies that psychological readiness matters in addition to knowledge. At the same time, the negative role of behavioural biases reinforces the continuing relevance of behavioural finance, even among educated and employed respondents. Thus, the study highlights that personal investment decisions are shaped by a combination of rational literacy-based factors and irrational behavioural influences.

The correlation analysis revealed that all financial literacy dimensions were positively and significantly associated with personal investment decisions. Financial behaviour showed the strongest correlation with personal investment decisions ($r = 0.684$, $p < 0.01$), followed by investment confidence ($r = 0.652$, $p < 0.01$), financial knowledge ($r = 0.621$, $p < 0.01$), investment information awareness ($r = 0.604$, $p < 0.01$), and financial attitude ($r = 0.577$, $p < 0.01$). Behavioural biases were negatively related to personal investment decisions ($r = -0.318$, $p < 0.01$). These results indicate that respondents who engage in better financial practices, possess stronger financial understanding, and feel more confident in managing investments are more likely to make sound investment choices. On the other hand, irrational tendencies such as overconfidence, herding, and emotional investing reduce the quality of such decisions.

IMPLICATIONS

The findings of the study have important academic, practical, and policy implications. Academically, the study contributes to the literature by showing that financial literacy should not be treated as a single broad variable, but rather as a multidimensional construct consisting of knowledge, behaviour, attitude, and information awareness. The study also enriches the literature by incorporating investment confidence and behavioural biases into the framework, thereby linking traditional financial literacy research with behavioural finance perspectives.

From a practical standpoint, the results suggest that employers, financial institutions, and financial educators should focus not only on improving financial knowledge but also on strengthening financial behaviour and investment confidence. Since financial behaviour emerged as the strongest predictor, financial education initiatives should include practical modules on budgeting, investment planning, comparing options, portfolio review, and disciplined saving rather than focusing only on theoretical knowledge. Financial advisors and fintech platforms should also simplify decision environments so that working professionals can make informed choices without being overwhelmed by excessive or misleading information.

From a policy perspective, the results underscore the need for stronger investor education and financial capability programs in urban India. Since behavioural biases negatively influence investment decisions, regulatory and educational institutions should design awareness programs that help individuals recognize common decision errors such as overconfidence, herding, and emotionally driven investing. The findings also suggest that educational background influences investment preferences, which implies that financial literacy programs should be tailored according to different respondent profiles rather than using a one-size-fits-all approach.

7. SUGGESTIONS AND RECOMMENDATIONS

- ✓ Financial literacy training programs should be organized regularly for working professionals across sectors in Chennai, with emphasis on practical investment decision-making rather than only basic awareness.
- ✓ Employers can play a key role by integrating personal finance workshops into employee development initiatives. Since financial behaviour was found to be the strongest predictor, programs should encourage structured savings habits, systematic investment planning, regular review of investment portfolios, and disciplined comparison of alternatives before making investment decisions.
- ✓ Financial institutions should create simplified and transparent investor education materials that explain risk-return trade-offs, diversification, inflation impact, and long-term wealth creation in accessible language.
- ✓ Digital platforms and fintech applications should include guided financial decision tools, risk profiling features, and alerts that help users avoid impulsive and emotionally driven investing. Since investment confidence significantly influenced decisions, interventions should be designed to strengthen users' confidence through financial simulations, portfolio planning support, and user-friendly educational dashboards.
- ✓ Special attention should be given to reducing behavioural biases among investors.
- ✓ Awareness campaigns should include real-life examples of common decision errors such as herding, panic selling, overconfidence, and overreaction to short-term market trends.
- ✓ Financial advisors should be trained to identify behavioural tendencies in clients and provide guidance that encourages more rational and goal-based decision-making. In addition, educational institutions and professional bodies may consider introducing structured financial literacy modules for young professionals before they enter the workforce, so that sound investment behaviour begins early.

- ✓ Policy makers and regulatory institutions should collaborate with employers, banks, mutual fund houses, and investor associations to design targeted urban financial literacy campaigns.
- ✓ Since education level showed a significant association with preferred investment avenue, segment-specific financial education programs should be introduced for different qualification levels and occupational groups.
- ✓ More localized investor education efforts in metropolitan regions like Chennai would be especially useful, as these cities have high product exposure and rising retail participation in financial markets.

8.CONCLUSION

The present study concludes that financial literacy has a strong and significant influence on personal investment decisions among working professionals in Chennai. The findings demonstrate that financial literacy is not limited to financial knowledge alone, but also includes financial behaviour, financial attitude, and investment information awareness. Among these, financial behaviour emerged as the most powerful predictor of personal investment decisions, followed by investment confidence and financial knowledge. This highlights that effective investing depends not only on what individuals know, but also on how they behave and how confidently they apply their knowledge.

The study also concludes that behavioural biases negatively affect personal investment decisions, indicating that even educated and working respondents are vulnerable to irrational judgement. Therefore, investment decision-making is shaped by both literacy-based competence and behavioural influences. The overall model explained a substantial portion of variance in personal investment decisions, confirming the relevance of the proposed conceptual framework. In essence, financially literate individuals who maintain disciplined financial practices, stay informed, and possess confidence in their financial judgement are more likely to make rational and effective investment decisions, whereas those influenced by behavioural biases are more likely to make weaker financial choices.

FUTURE SCOPE

Future studies may extend this research by including respondents from other metropolitan cities such as Bangalore, Hyderabad, Mumbai, or Delhi to compare whether the determinants of investment decisions differ across urban contexts. The study can also be expanded to include other population groups such as entrepreneurs, retirees, students, or self-employed individuals. Longitudinal research may be undertaken to examine how financial literacy and investment behaviour evolve over time rather than being measured at a single point.

LIMITATIONS

The study has certain limitations that should be acknowledged. First, the study was confined to working professionals in Chennai, which limits the generalizability of the findings to other cities or demographic groups. Second, the data were collected through a cross-sectional survey design, which captures responses at one point in time and does not allow changes in financial behaviour or investment decisions to be observed over time. Third, the study relied on self-reported responses, which may be influenced by social desirability bias, overestimation, or inaccurate self-assessment.

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ABBREVIATIONS

Abbreviation	Full Form
FL	Financial Literacy
FK	Financial Knowledge
FB	Financial Behaviour
FA	Financial Attitude
IIA	Investment Information Awareness
IC	Investment Confidence
BB	Behavioural Biases
PID	Personal Investment Decisions
ANOVA	Analysis of Variance
SPSS	Statistical Package for the Social Sciences
SIP	Systematic Investment Plan
SPSS	Statistical Package for the Social Sciences
IV	Independent Variable
DV	Dependent Variable
MV	Mediating Variable

AUTHOR CONTRIBUTION

Dr. Lavanya M., Associate Professor, School of Management Studies, Sathyabama Institute of Science and Technology, contributed to the conceptual guidance, overall supervision, review of the manuscript, and academic refinement of the study. ***Ms.R.Akshaya***, ***Ms.E.S.Pooja***, ***Ms.Chinta Shreya***, ***Ms.D.Sangeetha*** , students of the School of Management Studies contributed to literature collection, questionnaire preparation, data collection, analysis support, interpretation of results, and manuscript drafting. All authors contributed to the final preparation of the manuscript and approved the final version for submission.

ETHICAL CONSIDERATIONS

The study was conducted in accordance with ethical research standards. Informed consent was obtained from all participants prior to data collection. Respondents were assured of confidentiality and anonymity, and participation was voluntary. The data collected has been used solely for academic and research purposes.

CONFLICT OF INTEREST

The authors declare that there is no conflict of interest regarding the publication of this research paper.

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