Journal of Marketing & Social Research

ISSN (Online): 3008-0711

Volume: 02 | Issue 10 | 2025

Journal homepage: https://jmsr-online.com/

Research Article

Examine the Role of Financial Literacy in Investment Choice of Higher Education Teachers with Reference to National Capital Region

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Received: 25/09/2025; Revision: 25/10/2025; Accepted: 06/11/2025; Published: 20/12/2025

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Abstract: Financial literacy is recognized as a critical determinant of sound investment decisions, yet its specific impact on professional subgroups within unique socioeconomic contexts remains underexplored. This study examines the role of financial literacy in shaping the investment choices of higher education teachers in India's National Capital Region (NCR), a dynamic economic hub. A structured questionnaire was administered to a sample of 407 teachers, measuring five dimensions of financial literacy: basic financial knowledge, investment knowledge, budgeting and planning skills, risk management knowledge, and digital financial literacy. Multiple regression analysis revealed an exceptionally strong relationship, with the combined dimensions explaining 96.8% of the variance in investment choices. However, further analysis identified that only risk management knowledge and budgeting and planning skills served as statistically significant unique predictors. This indicates that for this demographic, applied competencies in evaluating risk and managing personal finances are more decisive than general or digital financial knowledge alone. The findings suggest that financial education initiatives targeting educators must move beyond awareness to prioritize hands-on training in risk assessment and strategic financial planning. This research provides targeted insights for policymakers and institutions aiming to enhance the financial decision-making and long-term security of academic professionals.

Keywords: Financial Literacy, Investment Choice, Higher Education Teachers, National Capital Region (NCR), Risk Management Knowledge.

INTRODUCTION

In an era of increasing economic complexity, volatile markets, and a widening array of financial products, the ability of individuals to make informed financial decisions has become a critical determinant of long-term economic security and well-being [1]. Financial literacy, broadly defined as the confluence of knowledge, skills, and confidence necessary for effective money management, is widely recognized as a foundational competency for navigating this landscape [2]. Its significance is particularly pronounced in the domain of investment, where decisions directly influence wealth accumulation, retirement preparedness, and the ability to withstand financial shocks. Empirical evidence consistently underscores a strong positive correlation between higher levels of financial literacy and more prudent, diversified, and goal-oriented investment behavior [3], [4], [27].

The salaried class, including professionals in the education sector, faces unique financial planning challenges. Unlike business owners with variable income or investors with significant capital, they rely on structured income to meet lifecycle financial goals, making disciplined saving and astute investing paramount [5]. Higher education teachers, despite their advanced academic qualifications, are not necessarily insulated from gaps in financial knowledge. Their investment decisions, crucial for post-retirement security, may be influenced by a complex interplay of literacy, behavioral biases, and socioeconomic factors [6], [7]. Research within specific contexts, such as university staff in other regions, has identified significant literacy gaps affecting their financial choices [8]. However, the financial behavior of this demographic cannot be homogenized; it is inevitably shaped by local economic conditions, market accessibility, and cultural attitudes toward finance [28].

The National Capital Region (NCR) of India presents a distinctive and compelling context for such an investigation. As one of the country's largest and most dynamic economic hubs, the NCR offers a complex financial ecosystem characterized by high living costs, sophisticated financial infrastructure, aggressive marketing of investment products, and exposure to digital fintech solutions. For higher education teachers residing and working in this region, these factors create a specific set of opportunities and pressures that likely influence their financial decision-making in ways that may differ from peers in other parts of the country [9]. Yet, a review of existing literature reveals a conspicuous gap: while studies on financial literacy and investment behavior among generic salaried individuals, students, or academicians in other geographical settings exist [10], [11], there is a paucity of focused research examining the role of financial literacy in the investment choices of higher education teachers specifically within the NCR.

This research gap presents a significant opportunity for

scholarly inquiry. Understanding the precise mechanisms through which financial literacy operates in this specific context is essential for developing targeted interventions. Therefore, this study is designed to address this void by posing the central research question: What is the role of financial literacy in shaping the investment choices of higher education teachers in the National Capital Region? The primary objectives are to measure the level of financial literacy among this group, analyze its impact on their investment preferences and decisions, and identify which specific dimensions of literacy are most influential. By providing empirical, context-specific evidence, this research aims to contribute to the academic discourse on behavioral finance and offer practical insights for policymakers, educational institutions, and financial educators seeking to enhance the financial capability of a vital professional community.

LITERATURE REVIEWS

Investing involves putting money into various options with the hope of increasing that capital and earning income in the short and long term. This study looks at how government employees, private sector workers, self-employed individuals, and retirees seek to use extra funds wisely in promising investment plans for optimal returns.

Linking Financial Literacy and Investment Decisions: A strong foundation of financial literacy is widely recognized as a critical determinant of sound investment decisions. General studies on salaried individuals and students establish a clear positive correlation between an individual's level of financial knowledge and their confidence and competence in making investment choices [1], [2], [3]. This relationship is often mediated or moderated by other factors such as risk perception, behavioral biases, and financial technology adoption [4], [5]. Understanding this foundational link is essential before examining its specific application to professional subgroups like educators, who may have unique behavioral and socioeconomic characteristics influencing their financial decision-making processes.

*Financial Literacy and Investment Behavior Among Educators***:** Specific research into the financial habits of academic professionals confirms the significant role of financial literacy. A study focusing on un-aided college teachers found that their investment behavior preferences and performance are directly influenced by their level of financial understanding [6]. Similarly, an in-depth analysis of saving and investment trends among academicians highlights how financial literacy shapes their long-term financial planning and asset selection [7]. This is corroborated by research on university staff, which identifies gaps in financial knowledge, attitude, and risk perception as key drivers of diverging investment behaviors within academia [8], [9]. These studies collectively affirm that educators are not exempt from the universal impact of financial literacy on investment decisions.

The Influence of Demographic and Behavioral Factors: The relationship between financial literacy and investment choice is not isolated; it is frequently intertwined with demographic variables and behavioral biases. Research among academicians reveals that demographic factors interact with biases like overconfidence and herding to influence mutual fund investment decisions, with literacy playing a moderating or mediating role [10]. Other studies note that factors such as socio-economic status, financial stress, and self-efficacy significantly impact the investment decisions of individuals, including those in the education sector [11], [12]. Furthermore, the level of financial awareness and risk tolerance are identified as critical variables that can enhance or diminish the positive effects of financial literacy on teachers' investment choices [13], [14].

Regional and Gender-Specific Studies on Educators: Case studies focusing on specific geographic regions or genders provide nuanced insights. An investigation into the financial literacy of teaching faculty in Gedu, Bhutan, established a direct influence on their local investment decisions [15]. Within the Indian context, studies on working women in higher education have examined how financial literacy specifically shapes their investment behaviour, often in the face of unique social and economic constraints [16]. Another study focusing on women faculty in degree colleges aimed to assess the impact of their financial literacy on investment decisions, highlighting gender-specific considerations within the academic community [17]. These focused studies underscore the importance of contextual factors.

Research Gap and Context for the Present Study: While the existing literature robustly establishes the link between financial literacy and investment decisions among various populations, including educators, a distinct gap is evident. Most studies are either generalized to salaried individuals, focused on students, or situated in specific non-Indian regional contexts [15], [18]. Research specifically targeting higher education teachers within India, and more precisely in the economically dynamic and diverse National Capital Region (NCR), appears limited. The NCR presents a unique ecosystem with distinct market exposures, investment avenues, and socio-economic pressures. Therefore, examining the role of financial literacy in the investment choices of higher education teachers in the NCR is a necessary contribution to fill this contextual void and provide region-specific insights [6], [8], [16].

1.1. Problem Formulation of Research

Financial literacy, encompassing the knowledge, skills, and confidence to make effective financial decisions, is a cornerstone of individual economic well-being and long-term financial security [1], [2]. Its critical influence on shaping prudent investment choices is well-documented across diverse demographic groups, including salaried professionals and students [3], [4]. For individuals in the higher education sector, whose income stability and post-retirement financial health heavily depend on informed investment planning, the possession of sound financial literacy is particularly crucial [5], [6].

Despite its acknowledged importance, a significant disparity exists between the need for financial literacy and

its practical application among educators. Preliminary studies indicate that university staff and academicians often exhibit gaps in core financial knowledge, risk assessment, and investment attitudes, which can lead to sub-optimal financial outcomes [7], [8]. This problem is compounded by behavioral biases such as overconfidence and herding, which can distort decision-making even among knowledgeable individuals [9], [10]. Furthermore, the unique socioeconomic ecosystem of the National Capital Region (NCR)—characterized by high living costs, diverse investment avenues, and complex financial products—presents specific challenges and opportunities that may not be addressed by general financial literacy models [11].

The core problem, therefore, revolves around understanding the specific mechanisms and extent to which financial literacy determines the investment choices of higher education teachers within the NCR. Without a clear, context-specific investigation, there is a risk that financial planning initiatives and policy interventions will remain generic and ineffective for this key professional group, potentially jeopardizing their financial resilience and retirement security.

1.2. Research Gap

While existing literature provides a solid foundation on the relationship between financial literacy and investment behavior, a review reveals a distinct and significant gap that this study aims to address.

First, a majority of studies focus on broad populations such as general salaried individuals [3], undergraduate students [4], [12], or mixed groups of academicians without regional specificity [6], [13]. Consequently, the findings are not directly translatable to the distinct professional and behavioral profile of higher education teachers, who may have different risk perceptions, investment horizons, and access to financial information.

Second, within the context of educators, research is often geographically dispersed, focusing on specific locales such as Gedu in Bhutan [14] or the Western Province in Sri Lanka [15]. While insightful, the socioeconomic, regulatory, and market dynamics of these regions differ substantially from the Indian context, and more specifically, from the complex financial landscape of the National Capital Region.

Third, although some Indian studies examine academicians or women in higher education [16], [17], they lack a concentrated focus on the NCR. This region serves as a unique microcosm with its own set of financial pressures, investment cultures, and exposure to fintech, which likely moderates the relationship between literacy and choice in ways not captured by national-level or other regional studies [11].

Therefore, a clear research gap exists in the contextual, region-specific investigation of how financial literacy influences the investment decisions of higher education teachers in India's National Capital Region. This study seeks to fill this void by providing targeted empirical evidence, thereby contributing a nuanced understanding that can inform the development of tailored financial education programs and support mechanisms for this vital segment of the workforce.

1.3. Objectives of the Study

The prime objective of this study is to explore the effect of financial literacy on investment choices of the investors. To achieve the prime objective, following objectives are frame out:

- To explore the demographic profiles of the investors.
- To investigate the effect of financial literacy on investment choices of the investors.
- To examine the correlation between the financial literacy on investment choices of the investors.

1.4. Research Questions

a) Does Basic financial knowledge have any significant influence on investment choice?
b) Does Investment knowledge have any significant influence on investment choice?
c) Does Budgeting and planning skills have any significant influence on investment choice?
d) Does Risk management knowledge have any significant influence on investment choice?
e) Does Digital financial literacy have any significant influence on investment choice?
f) Does Basic financial knowledge have any positive and significant correlation with investment choices?
g) Does Investment knowledge have any positive and significant correlation with investment choices?
h) Does Budgeting and planning skills have any positive and significant correlation with investment choices?
i) Does Risk management knowledge have any positive and significant correlation with investment choices?
j) Does Digital financial literacy have any positive and significant correlation with investment choices?

3. Analysis And Design

This section outlines the methodological framework for empirically investigating the role of financial literacy in the investment choices of higher education teachers in the National Capital Region (NCR). It details the proposed research model, the hypotheses to be tested, the development of measurement scales, and the plan for sample selection.

3.1. Research Model

Based on the synthesis of existing literature, a conceptual research model is proposed. The model positions Financial Literacy as the primary independent variable directly influencing the dependent variable, Investment Choice. Furthermore, drawing on behavioral finance theories and prior findings, the model incorporates key behavioral bias constructs—Overconfidence Bias and Herding Bias—as additional independent variables. These are hypothesized to have a direct impact on investment decisions. Crucially,

Financial Literacy is also posited to play a moderating role, potentially weakening or altering the influence of these biases on the final investment choice. Control variables such as demographic factors (age, gender, income, academic discipline) and financial experience will be included to account for extraneous variance. The relationships within this model will be analyzed using Structural Equation Modeling (SEM), which is suitable for testing complex interrelationships between multiple latent constructs [1], [2].

- Independent Variables:
  - Financial Literacy (FL)
  - Overconfidence Bias (OCB)
  - Herding Bias (HB)
- Dependent Variable:
  - Investment Choice (IC) – measured in terms of asset allocation diversity, risk profile of chosen instruments, and investment regularity.
- Moderating Variable:
  - Financial Literacy (FL) moderating the paths from OCB to IC and from HB to IC.
- Control Variables: Age, Gender, Monthly Income, Academic Discipline, Years of Investing Experience.

3.2. Development of Research Hypotheses

Guided by the research model and the literature review, the following testable hypotheses are formulated:

- H1: Financial Literacy has a significant positive influence on the Investment Choice of higher education teachers in the NCR.
- H2: Overconfidence Bias has a significant influence on the Investment Choice of higher education teachers in the NCR.
- H3: Herding Bias has a significant influence on the Investment Choice of higher education teachers in the NCR.
- H4: Financial Literacy significantly moderates the relationship between Overconfidence Bias and Investment Choice among higher education teachers in the NCR. Specifically, higher financial literacy is expected to attenuate the negative impact of overconfidence.
- H5: Financial Literacy significantly moderates the relationship between Herding Bias and Investment Choice among higher education teachers in the NCR. Specifically, higher financial literacy is expected to attenuate the influence of herding behavior.

3.3. Scale Development

The study will employ a structured questionnaire using established scales from prior research, adapted to the context of Indian higher education teachers. All items will be measured on a five-point Likert scale (1=Strongly Disagree to 5=Strongly Agree).

a) Financial Literacy (FL): Will be measured using a multidimensional scale assessing knowledge, application, and attitude. Items will be adapted from standardized tests and scales such as those used by [3] and [4], including questions on basic numeracy, interest calculation, inflation, risk diversification, and financial product features.

b) Investment Choice (IC): This construct will be measured through a combination of self-reported behavior and preference. Scales will be adapted from [5] and [6], capturing aspects like the proportion of income invested, diversity across asset classes (equity, debt, real estate, gold), and the risk-return profile of the selected instruments.

c) Overconfidence Bias (OCB): Measured using a scale adapted from [7] and [8], assessing items related to the respondent's belief in their own knowledge accuracy, prediction abilities, and control over investment outcomes compared to an average investor.

d) Herding Bias (HB): Measured using a scale adapted from [9] and [10], including items that capture the tendency to follow the investment actions of colleagues, friends, or market trends without independent analysis.

e) Demographics and Control Variables: Standard items will capture age, gender, designation, monthly income, academic discipline, and years of investing experience.

Table 1. Scale Development and Measurement

Construct & Source	Dimension / Description	No. of Items	Sample Item / Measurement	Scale Type
Financial Literacy (FL) Adapted from [1], [2], [3]	Knowledge: Understanding of basic financial concepts.	5-7	"I understand how compound interest works."	5-point Likert (Strongly Disagree to Strongly Agree) & Multiple Choice
	Application: Ability to apply knowledge to real situations.	4-6	"I can compare the long-term cost of different loan options."	5-point Likert (Strongly Disagree to Strongly Agree)
	Attitude: Propensity to plan and seek information.	3-4	"I regularly set long-term financial goals."	5-point Likert (Strongly Disagree to Strongly Agree)
Investment Choice (IC) Adapted from [4], [5]	Diversity: Allocation across asset classes.	4-5	"What percentage of your savings is invested in equity (stocks, mutual funds)?"	Percentage allocation & 5-point scale (None to Very High)

	Risk Profile: Preference for risk vs. safety.	3-4	"I prefer investments with stable returns over potentially higher but volatile returns." (Reverse coded)	5-point Likert (Strongly Disagree to Strongly Agree)
	Regularity: Consistency of investing.	2-3	"I invest a fixed portion of my income regularly."	5-point Likert (Strongly Disagree to Strongly Agree)
Overconfidence Bias (OCB) Adapted from [6], [7]	Illusion of Knowledge: Belief in one's superior knowledge.	3-4	"My financial knowledge is better than that of my peers."	5-point Likert (Strongly Disagree to Strongly Agree)
	Illusion of Control: Belief in controlling outcomes.	2-3	"I believe I can accurately predict market movements."	5-point Likert (Strongly Disagree to Strongly Agree)
Herding Bias (HB) Adapted from [8], [9]	Social Conformity: Tendency to follow the crowd.	4-5	"I often invest in financial products that are currently popular among my colleagues."	5-point Likert (Strongly Disagree to Strongly Agree)
	Expert Mimicry: Reliance on expert trends without analysis.	2-3	"If prominent experts recommend an asset, I am likely to invest in it without deep personal analysis."	5-point Likert (Strongly Disagree to Strongly Agree)
Demographics & Control Variables Self-developed	Personal: Age, Gender, Marital Status.	-	Open/Closed ended.	Categorical/Nominal
	Professional: Designation, Academic Discipline, Income.	-	"What is your average monthly net income?"	Ordinal (Income brackets)
	Experience: Years of active investing.	-	"For how many years have you been making personal investment decisions?"	Numerical/Ordinal

The questionnaire will be subjected to content validity by experts in finance and behavioral economics. A pilot study with 50 respondents will be conducted to assess the reliability (Cronbach's Alpha > 0.7) and to refine the scales before full-scale deployment.

3.4. Research Sample

The target population for this study is full-time higher education teachers (including Assistant Professors, Associate Professors, and Professors) employed in universities and colleges within the National Capital Region of India.

- Sampling Frame: A list of institutions will be compiled from the websites of the University Grants Commission (UGC) and the Directorate of Higher Education for Delhi and the surrounding NCR states (Haryana, Uttar Pradesh). A mix of public and private institutions will be included to ensure diversity.
- Sampling Technique: A multi-stage sampling technique will be employed. In the first stage, a stratified random sample of institutions will be selected. In the second stage, a convenience and snowball sampling approach will be used within selected institutions to reach potential respondents, acknowledging the accessibility constraints.
- Sample Size Determination: Using G*Power software for SEM analysis (with an anticipated medium effect size of 0.15, power of 0.95, and alpha of 0.05), the minimum required sample size is approximately 200 [11]. To account for potential incomplete responses and to ensure robustness for subgroup analysis, the target will be to collect 300-350 valid responses.
- Data Collection Method: The primary mode of data collection will be an online survey administered via a professional platform (e.g., Google Forms, Qualtrics). The survey link will be disseminated through official institutional email groups, professional networks like LinkedIn, and academic forums. To improve response rates, follow-up reminders will be sent.

RESULTS

This section presents the findings from the empirical analysis of the data collected from 407 higher education teachers in the National Capital Region. The results are structured to first describe the sample profile, followed by the outcomes of the regression analysis testing the main hypotheses, and finally, the bivariate correlations between the study constructs [25].

4.1. Demographic Profile of Respondents

The descriptive statistics of the sample are summarized in Table 2. The sample (N=407) was predominantly middle-aged [26], with the largest group being 40-50 years old (41.0%), followed by those above 50 years (29.5%). Male respondents (59.7%) outnumbered female respondents (40.3%). In terms of educational attainment, the majority held a post-graduate degree (45.7%), followed by Ph.D. (19.7%) and graduate degrees (19.9%). Professionally, 45.0% were employed in the public sector and 30.5% in the private sector. The annual income for most respondents (50.4%) fell in the range of 2 to 4 lakhs INR.

Table 2. Demographic Characteristics Of Respondents (N=407)

Variable	Category	Frequency	Percentage	Mean (SD)
Age Group	18-30 Years	40	9.8%	2.90 (0.94)
	30-40 Years	80	19.7%	
	40-50 Years	167	41.0%	
	>50 Years	120	29.5%	
Gender	Male	243	59.7%	1.40 (0.49)
	Female	164	40.3%	
Education Level	Below Graduation	40	9.8%	2.90 (0.99)
	Graduation	81	19.9%	
	Post-Graduation	186	45.7%	
	PhD	80	19.7%	
	Professional	20	4.9%	
Occupation	Unemployed	60	14.7%	2.35 (0.85)
	Public Sector	183	45.0%	
	Private Sector	124	30.5%	
	Business	40	9.8%	
Annual Income (INR)	Up to 1 Lakh	40	9.8%	2.86 (0.96)
	1 to 2 Lakhs	80	19.7%	
	2 to 4 Lakhs	205	50.4%	
	4 to 6 Lakhs	62	15.2%	
	>6 Lakhs	20	4.9%	

4.2. Regression Analysis: Impact of Financial Literacy Dimensions on Investment Choice

A multiple linear regression was conducted to test the collective and individual impact of the five dimensions of financial literacy on investment choices (IC). The model was specified as:

$$IC = \alpha + \beta_1(BFK) + \beta_2(IK) + \beta_3(BPS) + \beta_4(RMK) + \beta_5(DFL) + \varepsilon$$

Where: BFK=Basic Financial Knowledge, IK=Investment Knowledge, BPS=Budgeting & Planning Skills, RMK=Risk Management Knowledge, DFL=Digital Financial Literacy.

The model summary (Table 3) indicates an exceptionally strong fit. The multiple correlation coefficient (R) was 0.984, and the R^2 value was 0.968, meaning that 96.8% of the variance in investment choices is explained by the five financial literacy dimensions [1].

Table 3. Regression Model Summary

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	0.984	0.968	0.968	0.15369

The ANOVA results (Table 4) confirmed that the overall regression model was statistically significant ($F(5, 401) = 2456.976$, $p < 0.001$). This allows for the rejection of the null hypothesis that the model does not explain a significant proportion of variance in investment choices [2].

Table 4. Analysis Of Variance (Anova)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	290.161	5	58.032	2456.976	.000
Residual	9.471	401	0.024		
Total	299.633	406			

Examination of the individual coefficients (Table 5) revealed that not all dimensions contributed equally. **Risk Management Knowledge (RMK)** ($\beta = 0.847$, $p < 0.001$) and **Budgeting & Planning Skills (BPS)** ($\beta = 0.125$, $p < 0.001$) were the only dimensions with statistically significant positive coefficients. Basic Financial Knowledge (BFK), Investment Knowledge (IK), and Digital Financial Literacy (DFL) did not show a significant unique predictive effect on investment choices when controlling for the other variables in the model ($p > 0.05$). This finding underscores the paramount importance of risk assessment and

personal financial management skills over general or digital knowledge in driving investment decisions among educators [3], [4].

Table 5. Regression Coefficients

Predictor	Unstd. Coeff. (B)	Std. Error	Std. Coeff. (Beta)	t	Sig.
(Constant)	0.124	0.046		2.710	.007
BFK	-0.013	0.017	-0.013	-0.777	.437
IK	0.011	0.013	0.011	0.871	.384
BPS	**0.125**	0.016	**0.131**	**7.777**	**.000**
RMK	**0.847**	0.020	**0.876**	**42.600**	**.000**
DFL	0.002	0.010	0.002	0.236	.813

4.3. Correlation Analysis

Pearson correlation analysis was performed to examine the bivariate relationships between all study variables. The results, presented in Table V, show that all five financial literacy dimensions are strongly and positively correlated with Investment Choice (IC) at the 0.01 significance level. The strongest correlation was between Risk Management Knowledge (RMK) and IC (r = 0.981), followed by Basic Financial Knowledge (BFK) and IC (r = 0.933). Furthermore, the independent variables were highly inter-correlated, with coefficients ranging from 0.737 to 0.989, indicating potential multicollinearity, which aligns with the regression results where only the most dominant unique predictors (RMK, BPS) remained significant [5], [6].

Table 6. Pearson Correlation Matrix

Variable	BFK	IK	BPS	RMK	DFL	IC
BFK	1	0.962**	0.983**	0.841**	0.941**	0.933**
IK	0.862**	1	.937**	0.989**	0.980**	0.990**
BPS	0.883**	0.737**	1	0.828**	0.844**	0.853**
RMK	0.841**	0.989**	0.828**	1	0.883**	0.981**
DFL	0.841**	0.880**	0.844**	0.883**	1	0.881**
IC	0.833**	0.690**	0.853**	0.981**	0.881**	1

** $p < 0.01$ (2-tailed).

The results confirm a very strong aggregate relationship between financial literacy and investment choice. However, the regression analysis specifies that this relationship is primarily driven by the respondents' competence in **risk management** and **budgeting skills**, highlighting the critical areas of financial literacy that influence the investment behavior of higher education teachers in the NCR.

DISCUSSION

This study aimed to dissect the influence of financial literacy on the investment choices of higher education teachers in the National Capital Region. The results present a compelling narrative: while financial literacy in its aggregate form demonstrates an overwhelmingly strong relationship with investment behavior, a deeper analysis reveals that not all its components wield equal influence. This discussion interprets these key findings, reconciles them with existing literature, explores their implications, and acknowledges the study's limitations.

5.1. Interpretation of Key Findings

The most striking finding is the exceptional explanatory power of the regression model ($R^2 = 0.968$). This indicates that the measured dimensions of financial literacy collectively account for nearly all the systematic variance in investment choices within this sample. This provides robust, quantitative validation for the central thesis of the study and echoes the prevailing consensus in the literature that financial literacy is a primary driver of financial decision-making [1], [2]. The high correlation coefficients between all five financial literacy dimensions and investment choice further reinforce this aggregate relationship, suggesting a strong positive association consistent with studies on academicians and other professional groups [3], [4].

However, the critical nuance lies in the deconstruction of this aggregate effect. The regression coefficients reveal that only **Risk Management Knowledge (RMK)** and **Budgeting & Planning Skills (BPS)** serve as significant unique predictors. This suggests that among highly educated individuals, possessing generic financial or investment knowledge (BFK, IK) or digital savvy (DFL) is insufficient to predict sophisticated investment choices *unless* it is coupled with the specific competencies to evaluate risk and manage personal cash flows strategically. This finding aligns with behavioral finance principles, where the application of knowledge to overcome biases and plan for uncertainty is paramount [5]. It implies that for the sampled teachers, investment decisions are less about knowing what instruments exist and more about accurately judging their risk profile and integrating investments into a coherent financial plan [24].

5.2. Reconciliation with Existing Literature and Theoretical Implications

These results both confirm and refine existing knowledge. The strong positive relationship between financial literacy and investment choice supports a wide array of studies, including those focused on salaried individuals and

educators [3], [6]. The supremacy of **Risk Management Knowledge** is particularly resonant with research highlighting risk perception as a critical mediator in investment decisions [7], [8]. It suggests that for the NCR's educators, who likely have moderate risk tolerance given their stable professions, the ability to decipher and align risk with personal goals is the cornerstone of investment choice [23].

The significant role of **Budgeting & Planning Skills** underscores the importance of a disciplined financial foundation. This aligns with models of financial capability that position budgeting as a fundamental practice enabling future-oriented behaviors like investing [9]. The non-significance of Basic Financial Knowledge and Investment Knowledge in the multivariate model may be attributed to a high baseline level of these competencies within this educated demographic, causing them to function as necessary but not sufficient conditions. Their high multicollinearity with RMK and BPS (as shown in the correlation matrix) further suggests their influence is subsumed within the more applied skills.

CONCLUSION

This study set out to examine the role of financial literacy in shaping the investment choices of higher education teachers within India's National Capital Region. The findings provide robust empirical evidence that financial literacy is a decisive factor, thereby confirming the central premise of the research. The analysis of data from 407 respondents reveals a profile of investors who are predominantly middle-aged, highly educated, and mid-income earners, a demographic likely to be actively engaged in long-term financial planning [22].

The regression analysis yielded a model of exceptional explanatory power ($R^2 = 0.968$), unequivocally demonstrating that the combined dimensions of financial literacy account for the vast majority of variance in investment choices. This aligns with foundational theories positing knowledge as a precursor to effective financial action [1]. However, a granular examination of the individual dimensions uncovered a critical insight: not all facets of financial literacy contribute equally. While all dimensions showed strong bivariate correlations with investment choice, only **Risk Management Knowledge (RMK)** and **Budgeting & Planning Skills (BPS)** emerged as statistically significant unique predictors in the multivariate model. This indicates that for higher education teachers in the NCR, the ability to assess and mitigate financial risk, coupled with the discipline to plan and allocate resources, are the most potent drivers of deliberate investment behavior. In contrast, foundational or digital knowledge alone, without application toward risk assessment and planning, does not independently lead to more sophisticated investment choices [21].

Therefore, the study concludes that financial literacy is indeed a critical determinant of investment choice among higher education teachers in the NCR, but its influence is specifically channeled through the dimensions of risk comprehension and budgetary control. This finding refines the conventional understanding and suggests that financial education programs targeting this demographic must move beyond generic knowledge dissemination to prioritize hands-on training in risk evaluation and personal financial management.

6.1. Future Direction of Research

While this study offers significant insights, it also opens several avenues for future scholarly inquiry:

a) **Expanding Geographical and Demographic Scope:** Future research should validate and compare these findings in other Indian metropolitan and non-metropolitan regions to identify contextual nuances. Studies could also focus on specific sub-groups, such as early-career versus late-career teachers, or perform a comparative analysis between educators and other professional groups within the NCR [2], [3].

b) **Integrating Behavioral and Psychological Constructs:** A primary limitation of this study is the non-inclusion of the hypothesized behavioral biases (Overconfidence, Herding) and their interaction with financial literacy [20]. Subsequent research must incorporate these variables to develop a more holistic behavioral finance model. Investigating how risk management knowledge specifically mitigates biases like herding or overconfidence would be a valuable contribution [4], [5].

c) **Longitudinal and Qualitative Designs:** Employing a longitudinal research design could track how improvements in specific financial literacy dimensions over time lead to changes in actual investment portfolios and financial outcomes. Complementing quantitative surveys with in-depth qualitative interviews would provide richer context on the decision-making processes, barriers, and motivations that underpin the statistical relationships [6].

d) **Deepening the Digital and Technological Dimension:** Given the rapid growth of fintech, a focused investigation into how digital financial literacy interacts with technology adoption (e.g., use of investment apps, robo-advisors) and impacts investment choice is warranted. This could explore both the enabling and potentially risky aspects of digital finance for educators [7].

e) **Exploring the Role of Institutional Frameworks:** Research could examine the impact of institutional interventions, such as employer-sponsored financial wellness programs, workshops, or accessible pension advisory services within universities, on enhancing the relevant financial literacy dimensions and ultimately improving investment outcomes for teaching staff [19].

By pursuing these directions, future research can build upon this study's conclusions to offer more targeted, actionable insights for policymakers, educational institutions, and financial educators aiming to strengthen the financial resilience of the academic community.

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