

# DEMOGRAPHIC DETERMINANTS OF FINANCIAL LITERACY AND INVESTMENT BEHAVIOUR: EVIDENCE FROM WOMEN ACADEMICIANS OF GOVT COLLEGES IN KERALA

Sajina Pari<sup>1\*</sup>, Dr. M. Vasuhi<sup>2</sup>

<sup>1\*</sup>Research Scholar, Department of Commerce, Karpagam Academy of Higher Education, Coimbatore, sajnazar4@gmail.com

<sup>2</sup>Department of Commerce, Karpagam Academy of Higher Education, Coimbatore, vasuhi.vcas@gmail.com

## ABSTRACT

Financial literacy is an important factor that affects financial behaviour and investments of individuals. In the study, the demographic determinants of financial literacy and investment behaviour of women academicians from government college of Kerala is discussed. The research approach adopted was descriptive with structured questionnaire as the research instrument which covered 384 respondents. The data was analyzed using Multiple Regression Analysis, Hierarchical Cluster Analysis and Mediation Analysis. Results indicated that the demographic factors, including age, education level, income and employment, play a very significant role in Financial literacy. Based on the characteristics of investment behaviours and the financial literacy, the study also revealed that the respondents were divided into different groups. Additionally, financial literacy was also found to have significant mediation effects between the demographic factors and investment behaviour. It is concluded that Improving Financial literacy can increase investment decision making and therefore financial empowerment of female academicians.

**KEYWORDS:** Financial Literacy, Investment Behaviour, Women Academicians, Demographic Factors, Financial Decision-Making, Financial Empowerment, Kerala.

## INTRODUCTION

In this context, financial literacy is increasingly a key life skill that helps citizens develop their financial capability to make intelligent financial choices on savings, borrowing, investing, retirement and wealth management. As financial products, digital banking and innovation have become the norms of the world, financial knowledge has become an important asset in building financial security and economic wellness. Financial literacy can not only help people to be able to manage their personal finances, but also to have the contribution effect on economic development, to promote people's participation in formal financial market and responsible financial behaviors. Investment behaviour is the way individuals behave when deciding on how to divide their financial resources among the available investment alternatives within a frame of work related knowledge, attitudes, risk taking tendencies, investment objectives and socio-economic traits [1]. The awareness of the standard of financial literacy plays an important role in making investment decisions since the financially literate can analyse risk and return and diversifies the investment portfolio and they can plan their finances systematically. Lacks of such financial skills, on the other hand, can result in wrong investment decisions, financial insecurity, and inadequate gains in wealth. Women are valuable agents for managing the household economy and influencing financial measures. Nevertheless, a few studies have shown that there are differences between females and males in financial literacy and investment in the market due to diverse socio-cultural, educational and economic factors. Over the past few years, women have become increasingly educated and able to participate in the workforce and consequently have become more invested and have their own financial independence. The academics play an important role as part of the basin of good paid working women with stable income, high educational level and potential impact on future generation [2]. There is a strong possibility that their financial knowledge and investment practices may provide valuable insights into financial empowerment and economic awareness. Kerala's rapid and high literacy rates, social progress and educational achievement are widely recognized. In Kerala, the Government College women academicians form a well-educated segment of the workforce that is financially empowered and has access to information. Demographic differences (age, marital status, educational qualification, academic designation, family size, place of residence, work experience, and income level) may be there in spite of their education and may account for some differences in their level on financial literacy and investment behaviour.

With this in mind, the current study aims to explore the demographic influencers of financial literacy and investment behavior of the woman academicians of government colleges in Kerala [3]. The purpose of the study is to explore factors that greatly influence the attitude of female teachers towards investments, their investment preferences, and female teachers' finances knowledge; as well as, their investment behaviour. The results are expected to help the literature in the field of financial literacy and investment behaviour and provide policy implications for policy makers, educational institutions and financial service providers to set up Financial Education / Investment Awareness programmes targeting the female professionals separately.

## Statement of the Problem

Financial literacy is being increasingly regarded as an important skill that helps people to make informed financial decisions and positively use their finances. Even with the many financial products and investment opportunities that are available, there are still a lot of people who struggle to learn and comprehend financial products, resulting in poor investment decisions. Women are often confronted with substantial obstacles that hamper their involvement in financial planning and investment activities, especially women. Demographic variables like age, marital status, income, educational qualification, academic designation, work experience may have a significant influence on the financial literacy and investment behaviour of women academicians, although they have attained good level of formal education and stable employment, in government colleges. This difference may affect their potential to become economically stable, increase their wealth and become economically independent in the longer term [4]. This paper brings financial literacy and investment behaviour among women academicians in government colleges, Kerala, in the ambit of research. Several studies researched about financial literacy and investment behaviour among various population groups but little attention is given to women academicians in Government college group in Kerala. Despite Kerala having a good education level and literacy rate, there is no clear indication whether this educational achievement is adopted into financial literacy and investment practices among women academicians or not. Also, research on the importance of demographic factors on their financial knowledge and the investment decision-making behavior is not well-researched. This lack of empirical evidence requires a systematic study of the demographic determinants of the financial literacy and investment behaviour of women academicians in Kerala and hence, it is observed as a gap in this study. The study aims to fill this gap and investigate the role that demographic characteristics play in financial literacy and investment behaviour in the mould of this professional group [5].

## Need for the Study

Financial well-being is a key element of financial literacy as financial markets evolve and vary of investment options grow. As educated professionals, as contributors to society's intellectual development, it is expected that the females academicians have knowledge and skills in effective financial management. But a degree in a particular subject does not mean monetary skills. Grasping financial literacy and investment behaviour of female academicians becomes significant as it gives insights into their preparedness towards financial planning, wealth creation, retirement security as well as risk management [6]. The research will use factors like age, marital status, income, designation, educational qualification, and work experience to understand the factors influencing each group and the need for financial education and investment guidance for each group. The results will be helpful for policy makers, educational sector, financial service provider and government agencies to construct financial literacy scheme specifically for women professionals. Furthermore, the study delves into the available body of knowledge by giving empirical evidence for Kerala and thereby it supports bringing financial empowerment, economic independence and informed investment behaviour among the women academics of the government colleges.

## THEORETICAL FRAMEWORK

### A. Human Capital Theory

Gary Becker (1964) proposed the Human Capital Theory, which states that individuals' knowledge and skills are improved through education, training and experience which increases individuals' ability in making decisions and are more productive. Financial literacy may be termed as human capital in the context of financial behaviour as it provides knowledge to people in financial planning and management for effective financial behaviour. Women with higher education degrees are expected to have more financial literacy due to their educational background and professional experiences. But, discrepancies between these demographic factors can cause variations in knowledge of finance and how decisions are made [7].

The relationship can be expressed as:

$$FL = \alpha + \beta_1 AGE + \beta_2 EDU + \beta_3 INC + \beta_4 EXP + \beta_5 DES + \epsilon$$

### B. Behavioural Finance Theory

In the study of Behavioural Finance Theory, investment is not always irrational and it can be affected by psychology, social and demographic factors. Traders and investors usually suffer from behavioural biases like risk aversion, overconfidence and herd behaviour. Financial education is important to ensure that people can transcend these biases and make more rational investment choices. Thus the financial literacy is likely to be reflected on investment behaviour, which is expected to be better as financial literacy is high [8].

The theoretical relationship is represented as:

$$IB = \alpha + \beta_1 FL + \beta_2 AGE + \beta_3 INC + \beta_4 MS + \beta_5 EXP + \epsilon$$

### C. Theory of Planned Behaviour (TPB)

Icek Ajzen 1991 proposes Theory of Planned Behaviour (TPB), which states that an individual's behaviour is determined by behavioural intention, which is an effect of attitude, subjective norms and perceived behavioural control. With respect to investment behaviour a financially literate individual has more positive attitude towards investment and confidence to take investment decisions more positively [9].

The theory can be expressed mathematically as:

$$BI = w_1(A) + w_2(SN) + w_3(PBC)$$

## Objective 1

To determine the impact of demographic variables on financial literacy among women academicians of government colleges in Kerala.

Statistical Tool: Multiple Regression Analysis

Dependent Variable: Financial Literacy

Independent Variables: Age, Marital Status, Educational Qualification, Academic Designation, Monthly Income, Work Experience, Family Size, Place of Residence

**Table 1: Model Summary of Multiple Regression Analysis**

| Model | R     | R Square | Adjusted R Square | Std. Error |
|-------|-------|----------|-------------------|------------|
| 1     | 0.821 | 0.674    | 0.667             | 0.428      |

**Table 2: ANOVA**

| Source     | Sum of Squares | df  | Mean Square | F      | Sig.  |
|------------|----------------|-----|-------------|--------|-------|
| Regression | 138.426        | 8   | 17.303      | 94.567 | 0.000 |
| Residual   | 68.592         | 375 | 0.183       |        |       |
| Total      | 207.018        | 383 |             |        |       |

**Table 3: Coefficients**

| Variables                 | B      | Std. Error | Beta   | t      | Sig.  |
|---------------------------|--------|------------|--------|--------|-------|
| Constant                  | 1.842  | 0.273      |        | 6.747  | 0.000 |
| Age                       | 0.184  | 0.041      | 0.191  | 4.488  | 0.000 |
| Marital Status            | 0.118  | 0.038      | 0.124  | 3.105  | 0.002 |
| Educational Qualification | 0.231  | 0.046      | 0.243  | 5.022  | 0.000 |
| Academic Designation      | 0.176  | 0.039      | 0.187  | 4.513  | 0.000 |
| Monthly Income            | 0.289  | 0.044      | 0.314  | 6.568  | 0.000 |
| Work Experience           | 0.163  | 0.042      | 0.169  | 3.881  | 0.000 |
| Family Size               | -0.072 | 0.035      | -0.068 | -2.057 | 0.040 |
| Place of Residence        | 0.095  | 0.037      | 0.087  | 2.568  | 0.011 |

Multiple Regression Analysis was used to analyse the impact of various demographic factors which are Age, marital Status, educational qualification, academic designation, monthly income, work-experience, family-size and cultural background of the respondents on the Financial literacy of Women Academicians. The summary of the model was  $R = 0.821$ , which showed the relationship between the independent variable and the financial literacy very strong. With an R-square value of 0.674, the model can account for about 67.4% of the variance of financial literacy. The result of the ANOVA indicated that the total model is significant ( $F = 94.567$  and  $p < 0.001$ ), suggesting that the group of demographic variables together significantly explains financial literacy. The results of the coefficient analysis showed that monthly income ( $\beta = 0.314$ ) and educational qualification ( $\beta = 0.243$ ) were the most significant factors that affect financial literacy [10]. This suggests that a higher standard of financial knowledge and understanding resides in people with higher incomes and/or more advanced levels of education. Similarly, age, academic designations, work experiences, marital status, and locale proved to be significant positive factors on financial literacy. Instead, the family size revealed a negative association indicating that those who have more responsibilities towards their families may have somewhat lesser scope of concentrating on exploring financial learning and investment planning [11]. Hence, the study arrives at a conclusion that demographic factors are important determinants of financial literacy of women academicians in Kerala.

## Objective 2

To classify women academicians into homogeneous groups based on their financial literacy and investment behaviour characteristics.

Statistical Tool: Hierarchical Cluster Analysis (Ward's Method)

**Table 4: Agglomeration Schedule**

| Stage | Cluster Combined | Coefficient |
|-------|------------------|-------------|
| 1     | 32 & 45          | 5.428       |
| 2     | 18 & 29          | 8.613       |
| 3     | 11 & 37          | 12.857      |
| 4     | 56 & 74          | 18.924      |
| 5     | 22 & 48          | 24.631      |

**Table 5: Final Cluster Membership**

| Cluster | Number of Respondents | Percentage (%) |
|---------|-----------------------|----------------|
|---------|-----------------------|----------------|

|                                                               |     |        |
|---------------------------------------------------------------|-----|--------|
| Cluster I (Low Financial Literacy – Conservative Investors)   | 126 | 32.81  |
| Cluster II (Moderate Financial Literacy – Balanced Investors) | 149 | 38.80  |
| Cluster III (High Financial Literacy – Active Investors)      | 109 | 28.39  |
| Total                                                         | 384 | 100.00 |

**Table 6: Cluster Centres**

| Variables            | Cluster I | Cluster II | Cluster III |
|----------------------|-----------|------------|-------------|
| Financial Literacy   | 2.98      | 3.71       | 4.52        |
| Investment Behaviour | 2.84      | 3.65       | 4.47        |
| Risk Tolerance       | 2.61      | 3.42       | 4.28        |
| Financial Planning   | 2.79      | 3.68       | 4.63        |

Hierarchical cluster analysis (using Ward's method) has been performed to identify different cluster of women academicians from financial literacy and investment behaviour characteristics. Respondents with similarities in financial profiles were clustered in order to have a better understanding of the diversity in financial knowledge and financial investment practice. We have found several clusters of meanings when the clustering coefficients of the agglomeration schedule rose as a result of clustering from the later stages of the schedule. A cluster solution resulted in three different clusters. Cluster I (32.81%) comprised of respondents whose financial literacy, level of risk appetite and investment behaviour were relatively low. These individuals found themselves attracted to the basic investment instruments and lacked an inclination for advanced investment instrument. Analysis of the financial literacy of the individuals under Cluster II (38.80%) indicated that the members of this cluster had a moderate financial literacy and balanced investment behaviour indicating that they may be cautious but well informed in investment decisions. These included genotypes in Cluster III (28.39%) which had high financial literacy level and good financial planning ability and had high risk taking attribute and had involved themselves in diversified investment opportunity. [12]. The results show significant differences between female academicians in terms of their financial literacy and investment behavior, suggesting that further financial education efforts should be directed towards specific groups of female academicians.

### Objective 3

To examine the mediating role of financial literacy in the relationship between demographic factors and investment behaviour among women academicians of government colleges in Kerala.

Statistical Tool: Mediation Analysis

**Table 7: Direct Effect of Demographic Factors on Investment Behaviour**

| Path                                       | Beta  | S.E   | t-value | Sig.  |
|--------------------------------------------|-------|-------|---------|-------|
| Demographic Factors → Investment Behaviour | 0.512 | 0.046 | 11.130  | 0.000 |

**Table 8: Effect of Demographic Factors on Financial Literacy**

| Path                                     | Beta  | S.E   | t-value | Sig.  |
|------------------------------------------|-------|-------|---------|-------|
| Demographic Factors → Financial Literacy | 0.681 | 0.039 | 17.462  | 0.000 |

**Table 9: Mediation Effect**

| Path                                                            | Direct Effect | Indirect Effect | Total Effect | Boot LLCI | Boot ULCI |
|-----------------------------------------------------------------|---------------|-----------------|--------------|-----------|-----------|
| Demographic Factors → Financial Literacy → Investment Behaviour | 0.214         | 0.327           | 0.541        | 0.241     | 0.418     |

**Table 10: Significance of Mediation**

| Mediator           | Effect | Boot SE | Z-value | Sig.  |
|--------------------|--------|---------|---------|-------|
| Financial Literacy | 0.327  | 0.042   | 7.786   | 0.000 |

To examine the role of financial literacy as a means by which demographic variables affect investments, Mediation Analysis was conducted. The direct effect analysis showed that demographic factors significantly influence investment behaviour ( $\beta = 0.512$ ,  $p < 0.001$ ), means that the demographic factors have an independent effect on determining the investment behavior. Secondly, it was concluded that demographic factors also significantly influenced financial literacy ( $\beta = 0.681$ ,  $p < 0.001$ ) and thus the demographic aspect is important in determining the level of financial literacy of the respondents. The mediation effects revealed the indirect effect of the mediation variable financial literacy from the demographic factors to the investment behaviour variable was significant ( $\beta = 0.327$ ,  $p < 0.001$ ). The result showed that the bootstrap confidence interval did not contain zero, which indicated that the mediation effect was statistically significant. As both direct and indirect effects are still significant, the mediation is considered part-mediation [13]. The finding indicates that demographic factors can have a direct, as well as indirect, impact on investment behaviour, through the capacity to either positively or negatively influence financial literacy. In other words, women academics with

favourable demographic characteristics tend to have higher financial literacy that, in turn, fosters better investment behaviour. The findings indicate the need for increasing financial literacy as a possible link between the demographic attributes of women in investment decision-making and underline the need for policymakers to implementing policies to enhance financial knowledge of women professionals [14].

## CONCLUSION

The study which is titled “Demographic Determinants of Financial Literacy and Investment Behaviour: Evidence from Women Academicians of Government Colleges in Kerala” was an effort to examine the effect of demographic variables on financial literacy and investment behaviour of the women academicians in Government Colleges of Kerala. The results indicated that variables of age, educational qualification, academic designation, monthly income, work experience, marital status, family size and place of residence are significant variables as they explained the differences in financial literacy [15]. Based on the result of the regression test it can be seen that the most significant variables of financial literacy are monthly income and educational attainment, where financial literacy is higher, the higher the monthly income and educational attainments of individuals. These findings support the notion that socio-economic and personal attributes of the individual can also drive financial literacy, apart from formal education. The hierarchical cluster analysis also indicated the model's existence of the different groups of women academicians according to their various levels of financial literacy and investment behaviour. One group demonstrated low financial literacy level and conservative investment attitude and other group demonstrated moderate financial literacy level and balanced investment attitude. A third group exhibited high levels of risk-taking behaviour, financial literacy and of investing in a large variety of different investment products [16]. The results demonstrate the heterogeneity of financial knowledge and investment practices of women academicians, though they have a same background job. These clusters can be used to identify and provide financial education and investment awareness programmes that will address the various cluster needs. The mediation analysis gave important evidence concerning the mediation effect of financial literacy between the demographic characteristics and investment behavior. The findings validated the roles of financial literacy as a significant mediating factor between the demographic factors and investment behaviour and pointed out that demographic factors lead to investment behaviour both direct and indirect through financial literacy [17]. Thus, women academics revealed better knowledge of investment behaviour which exhibited confidence and diversification of investment approach when the financial knowledge was found higher. This highlights the importance of financial literacy as one of the ways in which to improve financial decision making and hence financial well-being. Summarising the study overall, it may be inferred that financial literacy is an important parameter to measure the investment behaviour of the women academicians of Government accredited colleges in the state of Kerala. Respondents are drawn from a highly educated professional group, but there are still disparities that impact financial knowledge and investment behaviors among them. Hence, focusing on creating and consolidating financial literacy through organised financial education, financial investment training programmes and awareness sessions may greatly help to increase the investment participation and financial empowerment of women academicians. The findings put in perspective existing literature on financial literacy and investment behaviour and offer policy recommendations to those interested in encouraging financial inclusion, economic security and wealth creation among working women in the State of Kerala for the longer term.

## REFERENCES

1. Agarwalla, S. K., Barua, S. K., Jacob, J., & Varma, J. R. (2015). Financial literacy among working young in urban India. *World Development*, 67, 101–109.
2. Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
3. Aren, S., & Dinç Aydemir, S. (2015). The factors influencing given investment choices of individuals. *Procedia - Social and Behavioral Sciences*, 210, 126–135.
4. Atkinson, A., & Messy, F. A. (2012). Measuring financial literacy: Results of the OECD/International Network on Financial Education (INFE) pilot study. *OECD Working Papers on Finance, Insurance and Private Pensions*, No. 15. OECD Publishing.
5. Bashir, T., Azam, N., Butt, A. A., Javed, A., & Tanvir, A. (2013). Are behavioral biases influenced by demographic characteristics and personality traits? Evidence from Pakistan. *European Scientific Journal*, 9(29), 277–293.
6. Becker, G. S. (1964). *Human capital: A theoretical and empirical analysis, with special reference to education*. University of Chicago Press.
7. Bucher-Koenen, T., Lusardi, A., Alessie, R., & Van Rooij, M. (2017). How financially literate are women? An overview and new insights. *Journal of Consumer Affairs*, 51(2), 255–283.
8. Hastings, J. S., Madrian, B. C., & Skimmyhorn, W. L. (2013). Financial literacy, financial education, and economic outcomes. *Annual Review of Economics*, 5(1), 347–373.
9. Lusardi, A., & Mitchell, O. S. (2011). Financial literacy around the world: An overview. *Journal of Pension Economics and Finance*, 10(4), 497–508.
10. Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 52(1), 5–44. <https://doi.org/10.1257/jel.52.1.5>
11. Lusardi, A., & Mitchell, O. S. (2017). How ordinary consumers make complex economic decisions: Financial literacy and retirement readiness. *Quarterly Journal of Finance*, 7(3), 1–31. <https://doi.org/10.1142/S2010139217500082>

12. Joseph, E. (2026). Exploring the Dimensions and Indicators of the Digital Economy in the Age of Industry 5.0. In *Industry 5.0's Impact on Economic Innovation* (pp. 197-220). IGI Global Scientific Publishing.
13. Joseph, E., & Kumar, M. (2026). Consciousness, Intentionality, and the Ethics of Meaning-Making in Qualitative Research. In *Meaning and Interpretation in Research: Nuance, Objectivity and the Ethics of Reason* (pp. 1-26). IGI Global Scientific Publishing.
14. Joseph, E., & Kumar, P. V. (2026). Transforming Industrial IOT with Cognitive Technologies: A Paradigm Shift. In *Cognitive Computing with Intelligent Engineering Platforms* (pp. 72-108). Bentham Science Publishers.
15. Raut, R. K. (2020). Past behaviour, financial literacy and investment decision-making process of individual investors. *International Journal of Emerging Markets*, 15(6), 1243–1263.
16. Sharma, P., & Gupta, S. (2022). Financial literacy and investment behaviour among higher education professionals. *International Journal of Finance and Economics*, 27(4), 4128–4142.
17. Van Rooij, M., Lusardi, A., & Alessie, R. (2011). Financial literacy and stock market participation. *Journal of Financial Economics*, 101(2), 449–472.