The Impact of Education, Income, and Gender on Financial Awareness and Investment Behaviour: Evidence from a Primary Survey in Pune .

1. Abstract

Financial awareness and investment behaviour have become increasingly important in today's rapidly evolving financial environment, characterised by the expansion of digital financial services, diversified investment avenues, and growing financial inclusion initiatives. Even though there is significant progress in improving the access of financial services to Indians, an imbalance in financial awareness and investment participation continues to persist across different socio-economic groups. This study examines the influence of education, income, and gender on financial awareness and investment behaviour among residents of Pune, Maharashtra.

The study is based on primary data collected through a structured questionnaire given to respondents from diverse educational, occupational, and income backgrounds. It investigates the extent to which demographic characteristics have an influence on financial literacy, investment preferences, risk tolerance, and portfolio diversification. The empirical analysis primarily uses descriptive statistics, correlation analysis, and graphical representations to examine the relationships between the selected demographic variables and financial behaviour.

The findings indicate that although female respondents exhibit a moderate positive association between education, income, and financial awareness, these relationships are not particularly significant. Similarly, negligible or no significant relationships are observed among male respondents. The results suggest that demographic characteristics alone do not adequately explain financial awareness and investment behaviour, highlighting the potential influence of behavioural, psychological, and socio-cultural factors.

The study contributes to the growing literature on financial literacy and behavioural finance by providing evidence from an urban Indian setting. The findings offer valuable insights for policymakers, educational institutions, and financial service providers in designing targeted financial literacy programmes and promoting investment participation across different classes or groups.

Keywords: Financial Literacy, Financial Awareness, Investment Behaviour, Education, Income, Gender, Behavioural Finance

JEL Classification: G11, D14, G40, I25

2. Introduction

The modern financial world has undergone remarkable transformation with the rapid growth of digital banking, online investment platforms, fintech innovations, and an increasingly diverse range of financial products. Individuals these days are expected to make complex financial decisions involving savings, investments, retirement planning, insurance, taxation, and risk management. Consequently, financial awareness has become an essential life skill that enables individuals to make informed decisions and achieve long-term financial well-being.

Financial awareness comprises an individual's understanding of fundamental financial concepts such as inflation, interest rates, risk-return trade-offs, diversification, investment planning, and wealth management. Individuals with higher levels of financial awareness are generally better equipped to evaluate investment opportunities, manage financial risks, and make rational financial decisions. Existing literature consistently demonstrates that financially literate individuals are more likely to participate in the formal financial markets, accumulate wealth over time, and plan effectively for future financial security.

Among the various determinants of financial awareness, education has always been recognised as one of the most influential factors. Individuals with higher education generally possess greater analytical ability and are better able to understand financial products, compare investment alternatives, and evaluate associated risks. Higher educational qualifications also facilitate access to financial information, thereby encouraging informed participation in financial markets and improving investment decision-making.

Income represents another important determinant of financial behaviour. Households with higher disposable incomes generally have a greater saving capacity and are therefore more likely to diversify their investments across multiple financial instruments, including mutual funds, equities, bonds, insurance products, and retirement schemes. Conversely, individuals belonging to lower-income groups often rely on traditional savings instruments such as bank deposits, recurring deposits, and gold due to limited surplus to invest and relatively lower risk-bearing capacity.

Gender differences also constitute an important dimension of financial behaviour. Numerous studies in behavioural finance have observed that women generally exhibit greater financial caution and lower risk tolerance than men, resulting in relatively conservative investment choices. Men, on the other hand, are more likely to participate in high-risk financial assets and frequently display greater confidence in investment decision-making. However, contemporary research increasingly suggests that these differences are influenced not only by inherent behavioural characteristics but also by disparities in financial education, economic opportunities, socialisation, and exposure to financial markets.

Over the past decade, India has experienced substantial progress in financial inclusion through initiatives such as the Pradhan Mantri Jan Dhan Yojana, expansion of digital payment infrastructure, increased mutual fund penetration, online brokerage platforms, and investor awareness campaigns undertaken by regulatory institutions. Nevertheless, improvements in access to financial services have not necessarily been accompanied by an increase in financial awareness across all sections of society. Significant demographic disparities continue to exist with respect to financial literacy, investment participation, and financial decision-making.

Pune provides an appropriate setting for studying these relationships owing to its unique socio-economic composition. As one of India's prominent educational and information technology hubs, the city contains students, salaried employees, entrepreneurs, professionals, business owners, and retirees belonging to different types of income and educational backgrounds. Such demographic diversity makes Pune an ideal location for investigating how education, income, and gender influence financial awareness and investment behaviour.

Against type of city, the present study seeks to examine the relationship between demographic characteristics and financial awareness among residents of Pune through a primary questionnaire-based survey. Specifically, it investigates whether educational attainment, income level, and gender significantly influence financial awareness and investment behaviour. By identifying categorical disparities in financial decision-making, the study aims to contribute to the growing literature on behavioural finance and financial literacy while providing useful insights for policymakers, educational institutions, and financial service providers seeking to design more effective financial education and investor awareness programmes.

3. Review of Literature

Financial literacy and investment behaviour have emerged as important areas of research in economics, finance, and behavioural science, especially in the context of increasing financial market participation and the rapid digitalisation of financial services. A growing pool of sources suggests that individuals' financial decisions are not only influenced by their economic circumstances but also by their financial knowledge, demographic characteristics, behavioural biases, and access to financial information.

Lusardi and Mitchell (in 2014) established one of the most influential frameworks in the field of financial literacy by demonstrating that financially literate individuals are better equipped to understand fundamental financial concepts, plan for retirement, saturate wealth, and make good investment decisions. Their work highlighted financial literacy as an essential life skill that strengthens individual financial well-being and promotes greater participation in formal financial markets.

Expanding on this, Grinblatt, Keloharju, and Linnainmaa (in 2011) examined the relationship between cognitive ability and stock market participation. Their findings revealed that individuals possessing higher cognitive skills and educational qualifications were much more likely to participate in equity markets and maintain diversified investment portfolios. The study emphasised that education not only improves financial knowledge but also enhances one's ability to evaluate investment opportunities and manage financial risks effectively.

The role of gender in shaping investment behaviour has also received considerable attention from scholars. Barber and Odean (2001) demonstrated that men generally exhibit greater confidence in investment decision-making and trade more frequently than women, often resulting in excessive trading behaviour. Women, in contrast, tend to display greater risk aversion and prefer relatively stable investment instruments. Subsequent studies have argued that these differences are influenced by variations in financial education, market exposure, and socio-cultural factors rather than by inherent financial ability alone.

Age and experience have,in the same way, been recognised as important determinants of financial decision-making. Agarwal, Driscoll, Gabaix, and Laibson (2009) found that financial decision-making generally improves with experience during early and middle adulthood but tends to deteriorate at older ages because of declining cognitive abilities. Their findings underscore the importance of continuous financial education throughout an individual's life cycle.

Within the Indian context, financial literacy continues to remain uneven across different demographic groups despite substantial improvements in financial inclusion. Bhushan and Medury (2013) observed that education, income, and gender significantly influence financial literacy among Indian investors. Their study concluded that individuals with higher educational attainment and greater income generally possess better financial knowledge and demonstrate higher participation in formal investment avenues.

Similarly, Agarwalla, Barua, Jacob, and Varma (2015) examined financial literacy among young working professionals in urban India and reported that financial knowledge was positively associated with education, income, and employment status. Their findings suggested that although financial inclusion has expanded considerably, financial capability continues to differ substantially across socio-economic groups, indicating the need for targeted financial education initiatives.

A comprehensive review of financial literacy research in India by Rani and Siwach (2023) further highlighted that financial literacy levels remain relatively low to moderate among various demographic segments, including women, students, and lower-income households. The review emphasised that financial literacy is multidimensional and significantly influences saving behaviour, investment decisions, and long-term financial well-being. The authors also stressed the importance of policy interventions aimed at strengthening financial education across different population groups.

Recent reviews have shown time and again the close relationship between financial literacy and investment behaviour. Garg and Gupta (in 2025), through a comprehensive review of the literature, concluded that higher financial literacy consistently improves investor participation, portfolio diversification, and risk management. Their study further identified financial literacy as one of the strongest predictors of informed investment behaviour and long-term financial planning.

Behavioral finance literature also suggests that investment decisions are influenced by psychological factors such as risk perception, overconfidence, loss aversion, and financial confidence. A recent meta-analysis by Dhandapani and Kathiravan (in 2026) demonstrated that financial literacy significantly moderates the influence of behavioural biases on investment decisions, indicating that demographic characteristics alone cannot fully explain individual investment behaviour. Instead, financial awareness interacts with behavioural and psychological factors to shape investment choices.

Although the existing literature provides substantial evidence regarding the determinants of financial literacy and investment behaviour, empirical studies focusing on city-level demographic variations in India remain limited. Most previous studies have concentrated on national datasets, specific occupational groups, or age cohorts. Research examining how education, income, and gender jointly influence financial awareness and investment behaviour within rapidly growing urban centres such as Pune is comparatively scarce. The present study seeks to address this gap by providing empirical evidence based on a primary survey of Pune residents, thereby contributing to the expanding literature on financial literacy, behavioural finance, and household investment behaviour in urban India.

4. Research Gap

Existing Indian studies primarily examine financial literacy at the national or state level, whereas evidence on demographic determinants of investment behaviour in medium-sized urban centres such as Pune remains scarce. There remains a gap in understanding how education, income, and gender collectively influence investment awareness and financial behaviour among urban households in Pune.

5. Objectives of the Study

The present study aims to examine the influence of selected demographic factors on financial awareness and investment behaviour among residents of Pune. The specific objectives of the study are as follows:

1. To examine the relationship between educational attainment and financial awareness among the respondents.
2. To analyse the influence of income level on the investment behaviour of the respondents.
3. To investigate the association between gender and financial behaviour among the respondents.

6. Research Methodology

The present study adopts a descriptive and analytical research design to examine the influence of education, income, and gender on financial awareness and investment behaviour among residents of Pune, Maharashtra. The descriptive component focuses on understanding the existing level of financial awareness, investment preferences, and demographic characteristics of the respondents, while the analytical component investigates the relationships between the selected demographic variables and financial behaviour. The study is based on primary data collected through a structured questionnaire administered to respondents from diverse educational, occupational, and socio-economic backgrounds residing in different parts of Pune. The questionnaire comprised both closed-ended and five-point Likert-scale questions to obtain information on respondents' demographic profile, financial awareness, investment preferences, risk perception, and financial decision-making behaviour. A combination of stratified and convenience sampling techniques was used, wherein respondents were initially categorised into different strata based on demographic characteristics such as gender, educational qualification, and income level, followed by convenience sampling within each layer to facilitate data collection. A total of 145 respondents participated in the survey, providing an adequate sample for the intended analysis. The collected data were coded, tabulated, and analysed using descriptive statistics and correlation analysis to examine the relationships among the study variables. In addition, charts and graphical representations were used to present the findings in a clear and systematic manner, thereby facilitating meaningful interpretation of the influence of demographic characteristics on financial awareness and investment behaviour.

7. Results and Analysis

The collected data was analysed to see the relationships between respondents' educational attainment, income level, gender, and their financial awareness and investment behaviour. Correlation analysis was employed to assess the direction and strength of these relationships. The findings are discussed according to the objectives of the study.

Relationship between Educational Attainment and Financial Awareness

The first objective examined the association between respondents' educational attainment and financial awareness. Correlation analysis revealed no observable relationship among male respondents (r = .00). Among female respondents, a moderate positive correlation was observed (r = .30). However, the correlation was not statistically significant (p> .05), indicating that educational attainment did not significantly influence financial awareness within the study sample.

Although previous studies have generally reported a positive relationship between education and financial literacy (Lusardi & Mitchell, 2014; Bhushan & Medury, 2013), the findings of the present study suggest that educational qualification alone is insufficient to explain variations in financial awareness. This may indicate that financial awareness is shaped by several additional factors, including financial experience, exposure to financial markets, access to financial information, and individual behavioural characteristics.

Relationship between Income Level and Investment Behaviour

The second objective saw the relationship between respondents' income and investment behaviour. The results indicated a negligible positive correlation among male respondents (r = .07), while female respondents exhibited a moderate positive correlation (r = .30). Nevertheless, neither correlation reached statistical significance (p> .05).

The findings imply that income level alone does not significantly determine investment behaviour among the respondents. Although higher income may increase the capacity to save and invest, investment decisions are also influenced by factors such as financial literacy, investment objectives, risk tolerance, and confidence in financial markets. Consequently, respondents that have similar income levels may exhibit vastly different investment behaviours depending on their financial knowledge and behavioural traits.

Relationship between Gender and Financial Behaviour

The third objective examined whether gender was associated with differences in financial behaviour. The analysis revealed no correlation among male respondents (r = .00), whereas female respondents showed a moderate positive correlation (r = .30). However, the observed association was not statistically significant (p> .05).

The findings suggest that gender, by itself, does not significantly explain differences in financial behaviour within the study sample. While previous behavioural finance studies have documented gender differences in investment decisions and risk-taking behaviour, the present findings indicate that such differences may diminish when respondents possess comparable educational backgrounds, income levels, and access to financial information.

8. Discussion

Overall, the empirical analysis indicates that none of the selected demographic variables demonstrated statistically significant relationships with financial awareness or investment behaviour. Although moderate positive associations were observed among female respondents, the absence of statistical significance suggests that these relationships should be interpreted with caution.

The findings differ from several earlier studies that identified education and income as significant determinants of financial literacy and investment participation. A possible explanation is that financial behaviour is influenced by a broader combination of behavioural and contextual factors beyond demographic characteristics. Variables such as financial confidence, investment experience, digital financial literacy, risk perception, behavioural biases, peer influence, and access to financial advice may play a more substantial role in shaping investment decisions than education or income alone.

These findings therefore highlight the multifaceted nature of financial behaviour and suggest that demographic characteristics should be considered alongside behavioural and psychological determinants when designing financial literacy programmes and investment awareness initiatives.

9.Policy Implications

The findings of the study indicate that demographic factors such as education, income, and gender alone do not significantly influence financial awareness and investment behaviour among the respondents. This suggests that financial institutions should promote financial literacy by addressing all: behavioural, informational, and institutional barriers alongside demographic characteristics.

First, financial education should be integrated into school and university curricula to make sure individuals have the essential knowledge regarding personal finance, investment planning, risk management, and wealth creation from an early stage. Practical financial education can enhance informed decision-making and encourage responsible financial behaviour throughout an individual's life.

Second, financial institutions and regulatory bodies such as the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI) should strengthen investor awareness programmes by organising workshops, seminars, and digital learning initiatives that simplify financial concepts and promote informed investment practices. Such programmes should focus not only on improving financial knowledge but also on addressing behaviours that often influence investment decisions.

Third, although the present study does not find statistically significant gender differences in financial behaviour, the moderate positive associations observed among female respondents highlight the importance of continuing efforts to improve women's financial inclusion. Women-oriented financial literacy programmes, digital financial training, and easier access to formal financial services can contribute to greater financial independence and investment participation.

Fourth, the growing use of digital financial platforms strengthens the need for enhanced digital financial literacy. Public awareness campaigns should educate individuals about online investment platforms, cybersecurity, digital fraud prevention, and responsible use of financial technologies to improve confidence in digital financial services.

Finally, policymakers should recognise that financial behaviour is influenced by multiple behavioural and psychological factors in addition to demographic characteristics., future financial literacy initiatives should incorporate elements of behavioural finance, including risk perception, financial confidence, investment attitudes, and decision-making biases, to improve the effectiveness of financial education programmes and encourage broader participation in formal financial markets.

10. Conclusion

Financial awareness and investment behaviour have become increasingly important in an era characterised by rapid financial innovation, digitalisation, and expanding investment opportunities. This study examined the influence of education, income, and gender on financial awareness and investment behaviour among residents of Pune using primary survey data collected from 145 respondents.

The empirical findings reveal that none of the selected demographic variables demonstrated a statistically significant relationship with financial awareness or investment behaviour. While moderate positive associations were observed among female respondents across the three research objectives, these relationships were not statistically significant. Similarly, negligible or no correlation was observed among male respondents.Hence it can be inferred that demographic characteristics alone are insufficient to explain individual financial behaviour.

The results also indicate that financial awareness and investment decisions are likely to be shaped by a larger set of behavioural, psychological, and contextual factors, including financial literacy, investment experience, risk tolerance, financial confidence, access to financial information, and individual attitudes towards saving and investment. Therefore, understanding financial behaviour requires a multidimensional approach rather than relying only on demographic characteristics.

The study contributes to the growing literature on financial literacy and behavioural finance by providing empirical evidence from an urban Indian context. It also offers useful insights for policymakers, educational institutions, and financial service providers seeking to design more effective financial literacy and investor awareness programmes.

Like any empirical investigation, the study has certain limitations. The findings are based on a sample of 145 respondents from Pune and may not be generalisable to other geographical regions or population groups. Furthermore, the study focuses exclusively on three demographic variables and does not examine behavioural or psychological determinants that may influence financial decision-making. Future research may employ larger and more diverse samples, incorporate additional explanatory variables such as financial confidence, behavioural biases, and digital financial literacy, and apply advanced statistical techniques, including multiple regression or structural equation modelling, to provide a more comprehensive understanding of the determinants of financial awareness and investment behaviour.

References

Agarwal, S., Driscoll, J. C., Gabaix, X., & Laibson, D. (2009). *The age of reason: Financial decisions over the life cycle*. *Brookings Papers on Economic Activity, 2009*(2), 51–117.

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. https://doi.org/10.1016/j.worlddev.2014.10.004

Barber, B. M., & Odean, T. (2001). Boys will be boys: Gender, overconfidence, and common stock investment. *The Quarterly Journal of Economics, 116*(1), 261–292.https://doi.org/10.1162/003355301556400

Bhushan, P., & Medury, Y. (2013). Financial literacy and its determinants. *International Journal of Engineering, Business and Enterprise Applications, 4*(2), 155–160.

Dhandapani, P., & Kathiravan, C. (2026). Behavioural biases, financial literacy, and investment decisions: A systematic review and meta-analysis. *Review of Behavioral Finance*.

Garg, H., & Gupta, M. B. (2025). How does financial literacy mould investor behaviour? A hybrid literature review. *MANTHAN: Journal of Commerce and Management, 12*(2).

Grinblatt, M., Keloharju, M., & Linnainmaa, J. T. (2011). IQ and stock market participation. *The Journal of Finance, 66*(6), 2121–2164. https://doi.org/10.1111/j.1540-6261.2011.01701.x

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

Organisation for Economic Co-operation and Development. (2020). *OECD/INFE 2020 international survey of adult financial literacy*. OECD Publishing.

Rani, M., & Siwach, M. (2023). Financial literacy in India: A review of literature. *Economic and Regional Studies, 16*(3), 446–458.

Reserve Bank of India. (2023). *Report on trend and progress of banking in India 2022–23*. Reserve Bank of India.

Securities and Exchange Board of India. (2022). *Investor awareness and protection report 2021–22*. Securities and Exchange Board of India.