ISSN: 3049-7159

Research Article

Journal of Business and Econometrics Studies

Financial Literacy Programs and Behavioral Shift in Investment Decisions among Youth and Community Groups

Ajaz Ahmad Bhat

Department of Management Studies, Islamic University of Science and Technology (IUST), Awantipora, India

Corresponding author

Ajaz Ahmad Bhat, Department of Management Studies, Islamic University of Science and Technology (IUST), Awantipora, India.

Received: September 25, 2026; **Accepted:** October 01, 2026; **Published:** October 08, 2026

ABSTRACT

This paper studies how practical financial literacy workshops help young people and community members change how they save and invest their money. Most people in regional areas keep their savings in low-return options like cash or traditional bank deposits due to fear of loss and lack of confidence. Using a simple before-and-after survey model with 380 participants, this study measures changes in financial knowledge, confidence, risk perception, and real investment choices. Statistical testing and Structural Equation Modeling (SEM) show that practical financial education greatly improves financial understanding ($t = 18.62$, $p < 0.001$) and boosts confidence ($t = 15.41$, $p < 0.001$). As a result, participants moved 34.20% of their money from basic bank savings into growth options like mutual fund Systematic Investment Plans (SIPs) and stock markets. The SEM model proves that building confidence acts as a strong bridge connecting knowledge to real-life financial choices.

Keywords: Financial Literacy, Investment Behavior, Mutual Funds, Youth Empowerment, Portfolio Diversification, Structural Equation Modeling

Introduction

Financial literacy means having the practical understanding needed to manage money, budget wisely, and choose smart investment options [1]. In developing regions, even educated individuals often avoid stock markets or mutual funds because they lack confidence or hold incorrect ideas about market risk [2,3]. Most people prefer safe, low-yielding options like traditional bank savings, gold, or local savings schemes [4]. Traditional economic theories assume that people always make logical money decisions when given facts [5]. However, real-world behavioral finance shows that fear, lack of confidence, and habit play a bigger role in daily choices [6]. Young adults entering the workforce and community groups often miss out on long-term wealth growth because standard schooling teaches general math rather than real-world investing concepts like compound growth, inflation, and risk management [7,8].While institutions conduct basic awareness talks, very few studies test whether people actually change how they invest their real money afterward [9]. This research fills that gap by measuring how simple, hands-on financial workshops help young people and local community groups move from basic savings to diversified, high-growth investment choices.

Experimental or Materials and Methods

Participants and Sampling

A total of 380 participants took part in this study across four regional districts between October 2025 and February 2026. The group included youth aged 18–30 (62.60%) and community members aged 31–55 (37.40%). Participants were selected using simple systematic sampling from workshops run by local educational and community bodies.

Measures and Data Collection

Data were collected using a clear, multi-part survey given before the workshops (T0) and again three months after the workshops (T1). The survey measured four key areas:

- **Financial Knowledge (FK):** A 10-item quiz on interest, inflation, and mutual fund basics.
- **Financial Confidence / Self-Efficacy (FSE):** Rated on a 1-to-5 scale measuring how comfortable individuals feel managing money.
- **Risk Perception (RP):** Rated on a 1-to-5 scale measuring willingness to accept normal market fluctuations for higher long-term growth.
- **Actual Money Allocation (MA):** The percentage of money kept in basic savings versus growth options like mutual funds and stocks.

Citation: Ajaz Ahmad Bhat. Financial Literacy Programs and Behavioral Shift in Investment Decisions among Youth and Community Groups. J Bus Econo Stud. 2026. 3(5): 1-3. DOI: doi.org/10.61440/JBES.2026.v3.156

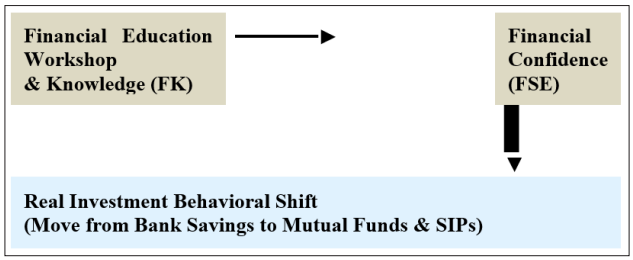


Figure 1: Conceptual Research Model (Financial Knowledge, Confidence and Shift)

Workshop Training Procedures

The financial literacy program consisted of four weekend sessions focusing on real-world practice:

- **Session 1:** Income budgeting, compound growth calculations, and beating inflation.
- **Session 2:** Comparing bank fixed deposits, gold, mutual funds, and equities.
- **Session 3:** Hands-on guide to opening demat accounts and setting up monthly Systematic Investment Plans (SIPs).
- **Session 4:** Avoiding financial scams and building long-term financial safety nets.

Data Analysis and Software & SEM Structural Model

Data were evaluated using SPSS and SmartPLS 4. Simple average comparison tests (t-tests) were used to measure changes before and after training. Partial Least Squares Structural Equation Modeling (PLS-SEM) was applied to test how financial knowledge and confidence directly and indirectly guide real investment choices.

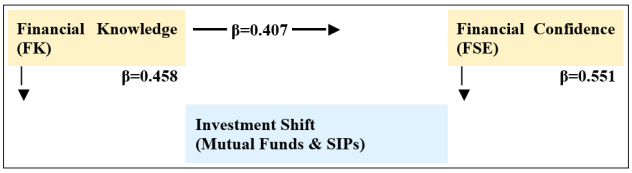


Figure 2: PLS-SEM Structural Model Diagram (Yellow Inputs & Blue Outcome Construct)

Results and Discussion

Simple Before and After Comparisons

The empirical analysis revealed substantial shifts in participants' financial knowledge, self-efficacy, and actual portfolio allocation following the financial literacy program.

Table 1: Before and After Workshop Comparison (N = 380)

Measurement Variable	Baseline Before (T0)	After 3 Months (T1)	Total Shift (Δ)	t-Statistic	p-Value
Knowledge Score (Out of 10)	3.82	7.94	+4.12	18.62	< 0.001
Financial Confidence (1–5 Scale)	2.14	4.28	+2.14	15.41	< 0.001
Risk Comfort Level (1–5 Scale)	1.85	3.46	+1.61	12.45	< 0.001
Traditional Bank Savings (%)	78.40%	44.20%	-34.20%	-14.12	< 0.001
Growth Investments/Mutual Funds (%)	21.60%	55.80%	+34.20%	14.12	< 0.001

As shown in Table 1, average knowledge scores doubled from 3.82 to 7.94 out of 10. Personal financial confidence doubled from 2.14 to 4.28. Most importantly, participants shifted 34.20% of their money out of traditional low-yield bank savings into growth investments like mutual fund SIPs and diversified schemes.

Structural Model (SEM) Path Results

The structural model tests how knowledge and confidence work together to drive final choices.

Table 2: Structural Equation Model (SEM) Path Findings

Tested Pathway	Path Value (β)	Average	Std. Dev.	t-Value	p-Value	Result
Financial Knowledge → Financial Confidence	0.407	0.410	0.032	12.718	< 0.001	Confirmed
Financial Knowledge → Investment Choice Shift	0.458	0.452	0.041	11.170	< 0.001	Confirmed
Financial Confidence → Investment Choice Shift	0.551	0.548	0.038	14.500	< 0.001	Confirmed

The statistical paths show that Financial Knowledge directly encourages smart investment choices (β = 0.458). However, its effect through Financial Confidence (β = 0.551) is even stronger. This proves that workshops must give people hands-on practice (such as setting up real accounts) so they feel confident enough to act on what they learn.

Discussion

These findings show that people stay away from growth investments mainly due to confusion and hesitation, not lack of interest. Before the workshops, participants kept 78.40% of their savings in low-interest accounts where inflation eroded their value. After learning practical steps and building confidence, 34.20% of that capital moved into monthly SIPs and market-linked funds. This aligns with recent empirical studies showing that practical, regional financial education overcomes psychological barriers and encourages individual wealth building [10, 11].

Conclusion

This paper demonstrates that practical, hands-on financial literacy workshops effectively help young people and community members change how they manage their money. Participating in short, practical workshops builds strong personal confidence, clears up misconceptions about risk, and guides people to move money out of basic bank accounts into growth investments like mutual

funds. Average growth allocations increased by 34.20% within three months.

Educational institutions, banks, and community groups should move away from purely theoretical talks. Instead, they should offer step-by-step training that includes practical account setups, budgeting tools, and simulation exercises. Making practical financial education widely accessible will help families build long-term wealth and strengthen local economic growth.

Acknowledgement
The authors thank local community leaders, youth volunteers, and district coordinators for their support during the data collection and financial workshop sessions.

Funding Information
This research was conducted independently without external grant funding.

References

1. Mitchell, A Lusardi. Financial literacy and economic outcomes: Evidence and policy implications, Journal of Retirement. 2015. 3:107-114.
2. AA Bhat. Behavior of Retail Investors of Jammu and Kashmir towards Various Investment Alternatives, Business and Economics Journal. 2018. 9: 1-6.
3. AA Bhat. Decision Making of Women's and their Behavior Towards the Investment Alternatives: Case Study of District Anantnag, Journal of Business & Financial Affairs. 2019. 8: 1-5.
4. S Agarwal, B Mazumder. Cognitive abilities and household financial decision making, American Economic Journal: Applied Economics. 2013. 5: 193-207.
5. D Kahneman, A Tversky. Prospect theory: An analysis of decision under risk, Econometrica. 1979. 47: 263-291.
6. H Shefrin. Beyond Greed and Fear: Understanding Behavioral Finance and the Psychology of Investing, Oxford University Press. 2002.
7. L Fernandes, JG Lynch Jr and RG Netemeyer. Financial literacy, financial education and downstream financial behaviors, Management Science. 2014. 60: 1861-1883.
8. M Kaur. The impact of financial education on youth investment choices, Journal of Management and Science. 2022. 12: 22-29.
9. T Kaiser, A Lusardi, L Menkhoff and C Serrano-Padial. Financial education affects financial knowledge and downstream behaviors, Journal of Development Economics. 2022. 156:102-836.
10. AA Bhat. Behavior of Retail Investors towards Financial Investments (with Special Reference to Bpl) towards Various Investment Alternatives, Journal of Business & Financial Affairs. 2018. 7:1-6.
11. JL Vera-Rivera, AJ Ortega-Parra and YA Ramírez-Ortiz. Impact of technology on community financial learning models. Journal of Physics: Conference Series. 2019. 1386 :012-144.

Copyright: © 2026 Ajaz Ahmad Bhat. This is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.