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Financial Literacy and Investment Decisions in Türkiye: The Mediating Role of Peer Influence and the Moderating Effect of Financial Status

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Abstract

This paper focuses on the role of financial literacy in the investment choice in the Turkish context, where the focus is on the mediating role of peer sanctions and the moderating role of the financial status of the investee. Driven by the Theory of Planned Behavior, financial literacy is described as a complex construct, composed of behavioral competencies and digital competencies. The study follows a quantitative and cross-sectional approach, and is based on a random sample of 500 working adults that has been generated using a stratified sampling design in order to reflect demographic and occupational diversity. Structural equation modeling, as implemented in AMOS, was used to evaluate theoretical models in terms of writing quality and model robustness. The findings reveal that behavioral and digital financial literacy are both valid predictors of investment choices, influencing their effects directly and indirectly through peer pressure. Peer-influence mediates these relationships, emphasizing the importance of social relationships in transforming financial learning into investment behavior. Using a nationally representative panel dataset, we defined a powerful moderating effect of financial status, showing that investors with higher economic resources have a greater ability to apply financial literacy and peer networks to investment. The model accounts for 36.9% of the variance of investment decision, and the derived model demonstrates good reliability and validity among constructs. The contribution of this research is that the literature will be enriched by digits that represent digital behavioral aspects of consumer financial literacy that are used in the real social and economic context of the consumer. This report highlights the need for policy and educational interventions that can support financial literacy and can be instrumental in closing system inequities that continue to limit access to mainstream financial markets.

Keywords: Financial Literacy, Peer Influence, Financial Status, Investment Decisions

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1. INTRODUCTION

With the fast rate of digitization as well as the ever-progressing nature of monetary innovations, the scientific evaluation of making a decision to invest has actually on rare occasions, wound up being a lot more complicated than some decades ago. The stock market isn't the area in which players find themselves, but they introduce an immense amount of more complex instruments; mutual funds, exchange-traded funds, advanced crypto technologies, robo-advisors, or different technologies for digital payments. These are considerably alongside through cross-border financial investment platforms that can algorithmically deal with individuals with respect to portfolio objects and are at the moment part of the global money markets aimed at providing instant possibilities abroad. With the speed of such advancement, the decision-making process of investment has gone from being simple to one that is very complex, and wherein one needs to have a fair deal of understanding of the various financial instruments & products being dealt with. The combination of technological developments, increased economic uncertainty, and a democratization of financial markets has led to an increase in opportunity and amplification of risks (Khalid et al., 2025).

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Financial literacy - often described as the ability to understand and utilize financial concepts such as budgeting, saving, investing, and personal financial management - has often been extensively acknowledged as a key deciding factor on engaged financial behavior (Lusardi & Mitchell, 2014; Van Rooij et al., 2011; Ali & Rehman, 2015; Lusardi & Tufano, 2015; Ammar et al., 2025; Amir et al., 2025; Audi et al., 2025). Over the past couple of years, however, the concept of financial literacy has blossomed beyond this initial boundary (Klapper et al. 2015; OECD 2020; Imran et al., 2021). As an evolution of digital transformation in financial services, a definition of the concept of financial digital literacy has been defined as the ability to use digital technologies successfully and safely for making financial decisions and conducting financial transactions. This includes the ability to access online banking systems, make payments and investments via mobile platforms, click to trade algorithm trading systems, and embrace the use of digital budgeting platforms. Considering the traditional areas of money management, the concept of digital financial literacy becomes a prominent ability in the current context, in which advancements in money management abilities can be expected depending on the use of technologies (Morganerkov & Long, 2020; Klapper et al., 2015; Arshi et al., 2025; Umair et al., 2025). Aside from the technical aspect, this mass media literacy also involves a sense of methodological awareness aimed at reducing consultations risks following cybersecurity threats, myths and scams. As the digital financial market is going to develop in the country-by-country manner, the digital financial literacy not only is a prerequisite to participate in the finance market, but also a safety net to prevent the margined people to not get impacted by the market (OECD, 2020; Imran et al., 2024; Naeem et al., 2025; Ali et al., 2025).

Apart from digital competencies, behavioral financial literacy (sometimes referred to as financial and investment literacy) is one of the critical components to factor in nowadays when making decisions in today's world. Whereas, in conventional views of literacy, there is massive emphasis on the knowledge of behavioural aspects of financial decision-making. Examples of such regulators are saving behavior, impulsivity, risk perception, self-control and emotional regulation (Xiao & Porto, 2017, Fernandes et al., 2014, Ali et al., 2025). Behavioral financial literacy (BFL) is focused on what has been called the knowing doing gap, which looks at why despite best choices, one of them is inevitably getting left behind because of bias that is self-imposed in one's thinking, such as conformity, over-efficacy, peer influence (Kahneman, 2011; Thaler & Sunstein, 2009; Ali et al., 2025). Collectively, such perceptions mean, too, that financial literacy should not be treated as static configuration through technologies, behavioral dispositions, and cultural matrices. Taken as a part of a whole, digital and behavioural literacy gives a much more comprehensive picture of preparedness. For instance a trader who professes to be fully aware of this notion on portfolio diversification is equally likely to resort to such a form of speculative trade, either activity which is guided by the urge to commit impulse or form of trade activity because of the social pressure from peers to trade. Peer influences in particular have moved to a core research area in monetary behavior. In keeping with the Theory of Planned Behavior (Ajzen, 1991) which says that behavioral intentions are a function of attitudes, perceived behavior control, and social norms, financial decision making is a domain that is often deeply embedded in social systems. According to various studies, it has been discovered that the majority of the time p registries the actions of some of his and his counterpart friends, cognates, and groups through online interfaces, without isolating the characteristics and specifications of the financial product (S outreach), Brown et al., 2008. Thus, social forces coincide; at the same time, one can take for a source of information, and see the source of emotion, which illuminates the need to understand the process of interactions between peers, and their role when thinking about the decision process in digital space. The subject of peer influence has gained significant traction as a field of research uncovering the relationship between individual financial knowledge and financial performance for investments. Its relevance has increased in the digital age, where online forums, social networks, and producers of content are the gatekeepers in the process of perception development. Despite the nature of people being money savvy, now, people are still influenced by tips, word of mouth, and online reviews. This pro-social convergence and social sentiment underlie the subversion of rational choice and challenge a belief in the power of knowledge alone to provide an insurance of rational action (Bikhchandani et al. 1992; Shiller 2015; Ali et al., 2025). Although significant, the mediating role of peer influence on literacy format has been insufficiently integrated into the traditional models for so long as to have left gaps in both the theory and methodology.

Besides socio-demographic factors, the financial status can be considered as a moderating factor that affects the degree of the conversion of literacy to practical action. Socioeconomic position is a powerful influence on level of investment. Those with larger financial possibilities are also more likely to simultaneously contact markets, have higher risk appetite and are at the same time confident in a high variety councils of investible billets van Rooij et al, (2011) This happens because insecure people are more likely to behave in risk averse ways, so the social explicit knowledge becomes too much of a disincentive to invest even if one has adequate knowledge. This clearly reveals the important role of structural factors that may impede the possibility to make use of behavioral literacy in the application defined by (Lusardi & Mitchell, 2014; Ali et al., 2025; Aziz et al., 2025). This is an important equity issue that adds to the debate about literacy and in which financial status is of mediocre value. It highlights on need for embedding and facilitating skills education programmes within enablers that exist on a systemic level, to overcome gaps in participation (OECD, 2020; Demirguc-Kunt et al., 2018; Ali et al., 2025). Extreme material insecurity of socioeconomically marginalized individuals makes the case for government policies that develop more inclusive financial systems with low barriers to entry that can facilitate equitable participation by various groups.

Despite the current interest that has solicited a growing number of scholars and policy leaders, there are still some very important gaps. One of the limitations that stands out is the way that financial literacy is conceptualized in a wide, homogeneous manner without distinguishing digital and behavioral dimensions. In the insights provided at a recent workshop.

Empirical models may not take the fact that digital competencies, such as being able to navigate through technologies and decrease online risks, and behavioural capacities, such as in terms of having the capacity and the self-control to disregard cognitive biases, are empirical observations that operate in an integrative, discriminative and incremental aspect, separate but complementary (Lusardi & Mitchell, 2014; OECD, 2020; Khan et al., 2025). Another area of deficit is the role of social dynamics, especially with peers. While social learning and informational cascades are acknowledged as important in behavioral finance research, the mediating role of literacy in investment has not been well explored. Social networks, forums, and digital communities may heavily influence decisions, sometimes exaggerating the herd behavior and speculative tendencies (Bikhchandani et al., 1992; Shiller, 2015; Khalil et al., 2025). Yet many frameworks do not consider such dynamics systematically. Equally poorly developed is the research on the interaction of multiple contextual variables. Few studies examine how the combined effect of digital literacy, behavioral literacy, peer influence, and financial status influences investment behavior. Financial status in particular is a potential moderating factor that is often neglected, despite evidence of how having more economic security can make those in the highest income levels more able to translate knowledge into action, whilst those with limited resources are more likely to avoid risk altogether (Christelis et al., 2010; Van Rooij et al., 2011; Ditta et al., 2025). To cope with these constraints, this study proposes a more integrative model based on the Theory of Planned Behavior. The framework considers financial literacy as having both digital and behavioral components, incorporates peer influence as a broker variable, and financial status as a moderating condition. Together, these add up to a more accurate and socially sensitive view of investment as particularly relevant today when market participation is increasingly occurring online, driven by social interactions and affected by disparities in status affecting access and confidence in financial activity.

2. LITERATURE REVIEW

Long ago, financial literacy was known as one of the key factors for investment choices that people make. With how rapidly our financial environment is changing, the need has become evident for true forms of virtual financial literacy. In the context outlined above, digital financial literacy will give people the confidence to use online banking channels, pay from their mobile, invest, and use financial technology and digital products. The significance of digital financial literacy is discussed in modern society from the perspective of some recent empirical studies. For example, digital consumer competency aids people in absorbing, consuming, and applying financial data in order to make suitable investment decisions undertaking which mitigates their risk of suffering any adverse financial impacts (OECD, 2020; Morgan & Long, 2020). Some studies establish that digital literacy not only influences the financial status of individuals but that an increase in digital literacy boosts the usages of digital tools, saving, using expenditure, and making wiser financial decisions and secures our own funding in the long run (Cherthy et al., 2017).

For years it has been one of the most important considerations when making an investment decision by the individual. Given how quickly our world of finance is mutating, a need may arise for new formats of digital financial literacy that organize itself in situ rather than one where the client prematurely leaves the funded institution disenfranchised with no options. Digital financial literacy: this can help empower citizens to feel confident enough with their abilities to leverage the brave new world of an online banking portal, mobile payments, digital investment solutions, and financial technology apps. This is confirmed whether in striking recent empirical literature underlining how relevant financial literacy can quickly become in the present context in which all of us are increasingly digital. However, investors who are well-suited in describing the functioning of the digital system are better capable of accessing, interpreting and using financial information, enabling them to make proper investment decisions and, thereby, lessening their risk of negative financial outcomes (Morgan & Long, 2020; OECD, 2020). And there is a certain level of competency with the digital that determines one's finance longevity, but as the level of digital literacy increases, it enables people to permanently save, how to cut costs legitimately and more financially plan, which isn't careers as much as amassing and securing our materials for the future. Alas, the more they are distinguished for efficient use of digital tools, the more they are motivated to save regularly, are more and more likely to make the best of their options when making a financial decision (Cherthy et al, 2017). These findings bear importance on the value of digital information and TE and how it can be taught now in an age when fintech solutions are gaining a greater share of the financial services provider market. There is no structure more disastrous than having tried to suppress first and foremost the behavioral styles. Commonly cited cognitive (cognitive idiosyncrasy) biases identified as investment choice biasing factors have been acknowledged for quite some time: these include overconfidence, loss aversion, disposition effect (holding losing investment assets for too long) and exchange market gaming (high turnover form of over-reactivity to market opportunity). As it turns out, although there is a wealth of research that has found some causation patterns relevant to financial behavior (Barberis, Lemieux, & Thaler, 2003), cultural science (Odean, 1998), the outcomes would be much more effective if the information is supplemented with psychological and behavioral information that make up the icing of financial education. Financial literacy, involving customer training, not only from a technical perspective, but also accompanied by the development of several skills, the objectives of which are to identify centers of inertia, destructive subconscious psychological processes, prompting man to most often come into an uncomfortable bed in dealing with finances. As the finance sector becomes more electronic and accessible via web, electronic financial education is becoming a rapidly litres changing necessity for many sectors of the population rather than a choice. In the new context of digitalized financial environment, the older ideas of financial knowledge are not enough anymore and apart from this the individuals need also to learn how to safely and successfully use digital technologies (Putri et al., 2023). This implies that digital financial education requires the increase in relevance of traditional financial knowledge by

increasing individuals' ability to capture this knowledge in financially active technological markets. However, e-money education is not limited to the consequences of one's personal finances only, some scholars believe that e-learning education can stand alone in their attempt to motivate individuals to ethically invest, overconsume, and plan for their long-term financial future (Lyons and Kass-Hanna, 2021). As such, Digital Financial Education may not just help empower individuals within the system through mainstream and non-formal education settings, but may be truly available source of attempts to create inclusive and sustainable financial systems and ecosystems.

Fernando's (Fernando et al, 2022) research found that higher education Crossing Tolerance Education inversely impacted close investment activities of the husbands from a higher education seat. These findings underscore the importance of digital financial education focusing beyond imparting technical knowledge and have students grasp how to best make better and more informed financial decisions in a responsible manner. The use of simulation, thanks to the opportunities of experiential learning (e.g., case studies, dummy money games such as countertrade exchanges), will offer valuable learning opportunities for younger people as the migration from knowledge gained about digital exchange platforms to know-how transfer to building the knowledge is not being experienced by the young. At the same time, financial decision making cannot take place in isolation and is affected by the input of the peers' and social networks. In particularly the case of financial behaviour the peer effect plays a role in the development of financial attitudes and behaviour - more so than the role of individual knowledge (Bursztyn et al., 2014). People often draw on social information and the related experience with other individuals when making investment decisions, especially when the environment their investment is in is an uncertain one. This dependence may lead to positive effects, when people get good advice on their financial behaviour coming from other peers, but also to adverse effects, when individuals follow those people who are not well informed to compromise their own financial judgement.

More recently, the power of the peer effect is hypothesized to be interactive with biases and heuristics of consumers in the decisions of the consumers to adopt the financial technologies and the investment decision. For example, peer influence in the diffusion of reclamation of fintech services may result in strengthened irrational investment behaviors when the peer that provides valuable information does not have adequate financial knowledge (Lusardi and Mitchell, 2014; Altuntas et al., 2022). These results further reinforce the need for financial education programs which not only promote information and communication technologically literacies but also the acquisition of critical thinking competences in order to help subjects to frame peer discourse with individual autonomous judgment. Second, the ability of the potential investor to invest is such a definite determinant of the investment; what we find is that the availability of financial capital matter, such that the abundant amounts of financial capital have a dispositive influence on financial literacy to investment behavior. Education goes a long way to giving people knowledge and understanding only the truth is that the ability of a finance savvy individual, and therefore his resilience towards financial decisions relies on a much higher level than what he knows. The empirical findings indicate that the economic resources of individuals are positively related with the average investments confidence of users in applying floristic and financial knowledge in investment practices and making bargaining with the stars. Risk Capture the downward, but the cytosolic risk-taker capacity studies change depending upon the medical pursue conditions of the functional plasma exchange (FLE) [Atkinson and Messy 2012]. The resource-based view argues that the components of knowledge (as well as capital and economic security) are much needed for good financial behavior - these findings are therefore in line with the resource-based outlook. This suggests that for educational interventions that target financial literacy to succeed, and for them to have the potential to affect behaviour change across income groups, they must be supported by the adoption of policy interventions designed to help change the structure of access to financial resources.

A summary of the state of knowledge also indicates that the stable concept of financial knowledge can be used to make better investment decisions, and that it may be mediated by social determinants, psychological states, and by economic circumstances. Lusardi and Mitchell (2014) argue that financial literacy manifests agency in some sectors of investment with the need to abandon to seek diversity and a collection of profit. However, transfer of what people know into what people do takes place within the wider context(s) in which people are operating (Klapper et al. 2015). While these results can be extrapolated to mean that financial literacy can help people make rational financial investment choices in a well-regulated, resource-rich environment, our study currently does not provide evidence that financial literacy is likely to affect behavior in our context of economic insecurity. The phrasing above can be seen as suggesting that the information-fusion process alone is insufficient to contribute to an increase in financial capability. The fundamental approach to test the mechanisms in the rise of human capital and market development is to conduct longitudinal research; the individual knowledge of money and markets increases over time to change their capacity for an investment after an exogenous shock (i.e., technology change, policy change, macro-economic crisis). In addition to forming expert knowledge and ability, the curriculum should also support the training of behavioral competencies and digital competencies - the progress and perhaps an extension of the realities of the current financial ecosystems. Special attention must be paid to vulnerable groups - low-income households, students, the elderly - whose access to financial education, and equally to investment, may well be limited.

Within the more general framework of behavioral economics, financial literacy can be best thought of as a multidimensional concept. Behavioral financial literacy - termed as the ability to control spending, budgeting, and saving - fosters rational investment activities by holding back impulsivity and promoting long-term planning (Xiao & Porto, 2017). Digital financial literacy, meanwhile, has seen an ever-growing importance due to an ever-increasing move of financial activities to the online space. Competence in managing digital platforms, online banking, and fintech applications empowers individuals to appropriately judge investment opportunities, assess the risks, and invest in more sophisticated investment strategies (Nguyen

et al., 2020; Lyons & Kass-Hanna, 2021). However, investment decisions do not usually happen in isolation and tend to be affected by social networks and peer dynamics. According to the Theory of Planned Behavior developed by Ajzen (1991), subjective norms, i.e., perceived social pressures to perform or avoid particular behaviors, are powerful determinants of individual actions. Applied to the field of financial decision making, this means that the advice of peers, siblings and boss can have a major impact on investment choice. Bursztyn et. al. (2014), Banerjee (1992) also corroborate the peer effect which appears to be more relevant for the younger investors as younger tend to copy the financial activity of their reference group. These relationships are able to further suggest that peer influence acts as an intermediate in the relationship between having financial literacy and the actual behavioral tendency to invest, or that even financially literate people are inclined to have more or less consideration of living their lives according to others' success and failure. Another level of moderation is perceived to have been reached, over financial status. The high portfolio positions, on the other hand, are moving somewhat towards make financial literacy a reality. This means that financial status does not only affect risk tolerance, but also in the implementation practice, behavioral and online financial literacy is affected. Hence of financial status is set in synergy with knowledge, behavioral, and social norms and emphasizes the need for multidimensional frameworks in order to study the behavior of the investment in the digital era (Gross & Messer, 2002; Gross & Souleles, 2002).

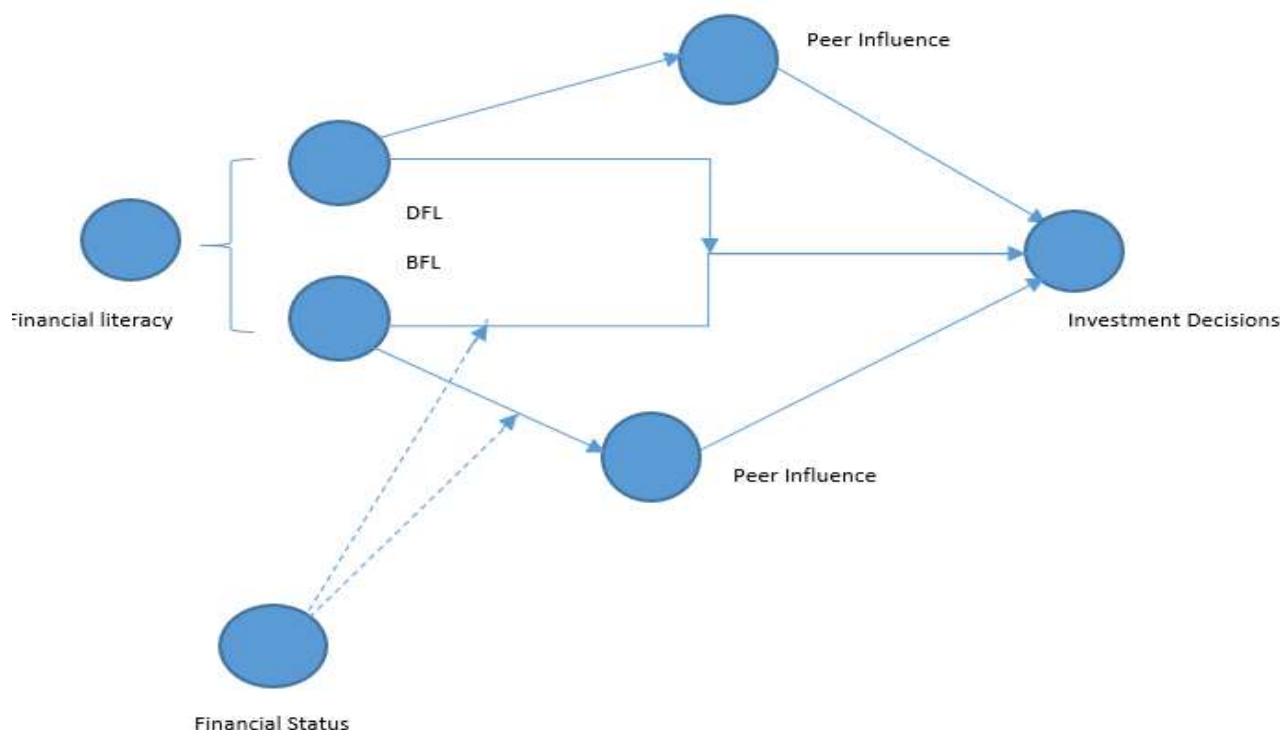
Although vast research has established the importance of financial literacy in terms of prudent investment behaviour (Lusardi and Mitchell, 2014; Van Rooij et al., 2011), little attention is paid to its digital and behavioral dimensions (Klapper et al., 2015; OECD 2020), even though financial literacy can be broken down into different components, which may be endorsed by digital knowledge and digital skills (Petius 2012). While recent research has recognized the emergence of digital financial literacy as key to navigating fintech platforms and online markets (Morgan & Long, 2020; Lyons & Kass-Hanna, 2021), and behavioural financial literacy as important to address biases and self-control questions within decision-making (Xiao & Porto, 2017; Kahneman, 2011), the interplay of the two dimensions to create actual investment behaviour has not yet been sufficiently explored. Furthermore, despite ample evidence for social learning and informational cascades in the behavioural finance literature (Bikhchandani et al., 1992; Shiller, 2015), there is little research on the mediating role that peers play between financial literacy and investment behaviour, despite ample evidence suggesting that individuals often mimic the financial behaviour of their peers, especially in digital communities (Bursztyn et al., 2014; Banerjee, 1992). Equally, it has been overlooked the moderating role of financial status has been overlooked, possibly because of research consistently demonstrating that individuals with stronger economic resources were indeed better able to take morally appropriate actions on their financial knowledge in contrast to those who faced liquidity constraints (Christelis et al., 2010; Gross & Souleles, 2002). This study fills in these gaps by incorporating digital and behavioral financial literacy under the same umbrella, by looking to peer influence as a mediating variable, and by examining the moderating impact of financial status on investment decision-making, given the aforementioned financial ecosystem in progress in Türkiye.

3. THEORETICAL FRAMEWORK

The present investigation is well grounded on Ajzen's (1991) Theory of Planned Behavior. Through this theoretical PRISM, we investigate individual decision-making in terms of the tri-folded structure of behavior: attitudinal position concerning the specific behavior, normative influences and perceived behavioral control. Each of these constructs behavioral intentions which in turn guide behavioral outputs which can be observed. Given this, we propose that financial literacy (behavioral and digital) is the attitudinal aspect of the TPB used in investment decision-making context. Hence, attitudes in the form of the evaluative stance that an individual adopts towards a certain action should be expected to be different given existing levels of financial knowledge. Notice that the higher literacy of the financial market participants is connected with positive attitudes towards the investment activity (or at least a higher frequency of positive reviews), since knowledge of financial literacy places investments in a positive light: they are beneficial, their development is possible, and they match long-term goals. There is another pillar of literacy, behavioral literacy, where the pillars of fiscal discipline formulate, forming budgeting, saving, and exercising self-control. In addition, a high level of digital literacy builds confidence on an electronic investing platform, enhancing positive perceptions of the experience of international financial markets. The second predictor of the TPB, which is subjective norm, is operationalized in this study as peer influence. Subjective norms are related to social norms and their effect on individual behaviours. In line with a number of empirical findings, personal knowledge determines investment preferences in the financial market along with drives of influential individuals - friends, relatives, co-employees, etc., and more broadly also the social network. Bikhchandani et al. (1992) and Bursztyn (2014) have argued that humans tend to do what they are socially told to do (and still do) by virtue of uncertainty and, even in such cases, it mentioned that the majority of people follow their group. Therefore, peer influence has been confirmed as a critical link between knowledge and action. Perceived behavioral control, the third pillar, has been coded such that it refers to financial status in the context of the present study. This construct reflects a person's belief about their ability to perform the targeted behavior, and takes into account both inherent abilities and extrinsic constraints. Financial status, as typified by the level of income, savings, and overall economic status, has a direct impact on how viable we perceive the translation of knowledge into action to be. Those with sufficient resources as assets are more likely to view themselves as empowered to invest, to diversify portfolios, and to take risks. In contrast, those who are constrained by limited resources may accept that there is intrinsic value in investing but have too high barriers, thus choosing no action, despite having adequate literacy. The moderating effect of financial position therefore implies the intricate interplay of knowledge, self-efficacy, and contingent structure conditions for investment intentions (Van

Rooij et al., 2011; Gross & Souleles, 2002). The TPB has been widely-employed in relation to a wide range of financial phenomena - saving, credit card usage, investment management - one landmark publication is Shim et al. (2010) and Ramayah et al. (2010). One of its major strengths is that it incorporates the cognitive, normative and structural, strands of thought that underlie decision-making, which also reject a pure rationalist explanation of behaviour. Thus, the current paper acknowledges that investment decisions are not solely the result of knowledge- ; rather, a complex interaction among socio-demographic influences on attitudes, sequelae of normative pressures afforded via peer group and perceived behavioural control as mediated via financial well-being. The integrative lens provides a deeper, more layered and contextual understanding of what you'd expect of investment in the modern digital canvas.

Figure 1: Conceptual Model



3.1. Measurements of Variables

Investment Decisions (ID)

The dependent variable is measured by Likert scores using items related to frequency of, confidence about, and variety of investment activities of an individual (Kaur et al., 2021).

Behavioral Financial Literacy (or BFL)

The independent variable is screened with Likert scale items about budgeting habits, saving discipline, self-control for spending, and other daily necessities that are key for investment decision making (Alhassan and Adomako, 2022).

Digital Financial Literacy or DFL

The independent variable is evaluated through Likert-scale items designed to gauge participants' proficiency in utilizing digital banking resources, including mobile banking applications, online investment platforms, and various fintech services (Nguyen et al., 2020).

Peer Influence (PI)

The mediating variable is measured through the Likert scale items regarding how much an individual's decision in investing is influenced by friends, family, and social group (Ali et al., 2022).

Financial Status (FS)

The mediating variable is measured using Likert scale items that reflect perceived adequacy of incomes, level of financial security, as well as the ability of an individual to tolerate investment-related risks (Loke et al., 2021).

3.2. EMPIRICAL METHODOLOGY

This research is a quantitative, cross-sectional study, in order to empirically assess the theoretical framework as put forth by Ajzen's Theory of Planned Behavior (1991). Our main goal is to systematically analyze the link between digital and behavioral financial literacy, peer influence, financial status, and investing choices. By using a deductive methodology, we should be able to create and heavily test hypotheses against empirical data, and thereby secure both the validation of our theory and actionable knowledge.

A systematically designed questionnaire was developed to gather data utilizing established psychometric measurement scales. The respondents' responses were scored on Likert-type items to serve as a data corpus for procedural and inferential statistical analyses. A target sample of 500 respondents was decided upon to secure a maximum power of the statistical test, provide greater reliability, and consequently, generalize results to the entire target population of interest. For data analysis, the preliminary analyses were conducted using SPSS version 27 to establish descriptive statistics, reliability indices, exploratory factor analysis, etc. Subsequently, the Structural Equation Model software AMOS version 26 was employed. SEM was selected due to its ability to estimate a number of latent variables and relationships in the structures at the same time, and therefore allowed a very extensive evaluation of the hypothesis model. Given that SEM affords the luxury of considering net effects - direct and indirect effects - and correctly taking care of measurement error associated with the study construct, such a choice seems methodologically adequate.

3.3. SAMPLING AND DATA COLLECTION

The sample cohort studied was made up of working adults of eighteen years of age and over that belonged to a variety or the occupational strata: 'salaried workers, entrepreneurs and professionally self-employed'. To ensure a representative link in the demographic composition, we made use of a stratified random sampling approach, taking into consideration gender, breakdown of income level and education levels as well as industries of employment. This way of selecting our sample members increased the representativeness of our sample and decreased possible sources of bias. A total of five hundred were engaged who stood for the urban as well as semi-urban locales in Turkey. Eligibility criteria were formulated, keeping in mind that working people could be picked out who have basic knowledge about investment instruments like stock exchanges, mutual funds, cryptocurrencies exchanges etc, whose answers would have been derived from an educated point of view relating to financial decision-making. The determination of sample size was conducted according to a statistical power analysis according to the study of Hair et al (2019) given the observed indicators and the correctly determined number of latent variables would be used for SEM. Data collection was developed under what would be considered as a hybrid survey paradigm in which includes digital as well as physical options. A self-administered online survey was sent via Google form and paper copies given via academic & financially-based organizations to people who may not have easy access to digital means. To maximize inclusion, the questionnaire was translated into English and Turkish. Before the full-scale deployment, there was a pilot test using thirty respondents to refine the wording of items as well as to ensure the reliability and validity of the measuring tools.

4. RESULTS AND DISCUSSION

As Table 1 shows, the measurement model shows satisfactory psychometric properties on all constructs. The latent construct of behavioral financial literacy is indicated by four items, and because values were higher than 0.70, the benchmark for factor loadings, each of the items provides a very good indication of the location of that latent construct. Additionally, Cronbach's alpha and composite reliability scores are all higher than 0.85, and the average variance extracted is higher than 0.70, suggesting that behavioral financial literacy not only has internal consistency but also convergent validity. These results are also in harmony with earlier research focusing on the primacy of behavioral measures - budgeting, rather than deliberated decisions - in the building of financial literacy (Lusardi & Mitchell, 2014). Digital financial literacy also shows reasonable levels of construct reliability. Although its factor loadings are slightly lower than its behavioral financial literacy counterpart, they would all stay higher than 0.75, which is in the recommended range. Cronbach's alpha and composite reliability coefficients are all greater than 0.75, and the variance extracted is greater than 0.60 on average, supporting adequate convergent validity. These results are in line with more recent research, which emphasizes the need for competence regarding digital environments in terms of financial activities on the Internet (and m-banking, particularly), fraud, investments, etc. (Aydin and Burnaz, 2016). Peer-influence is found to be robust in a construct, i.e., a factor loading of > 0.73 , reliability measures of > 0.87 , and an average variance extracted of 0.665. These measures provide evidence that the scale is an effective measure of the power of social networks and peer groups in determining financial decision-making. This result is aligned with the results of the social-learning perspective, which states that financial behaviors are often imitated by the individuals of the reference groups they are part of (Banerjee, 1992).

The factor measuring financial status has strong measurement properties, namely factor loadings (> 0.78), Cronbach's alpha, 0.76, composite reliability, 0.86, and an average variance extracted, 0.674. Our findings suggest that perceived economic security was found to be a reliable measure of respondents' perceived economic security, related to perceived risk management capability and average levels of relative economic wellbeing. Self-perceived financial status has appeared to be an important moderating variable in the association between financial literacy and investment behavior in previous studies (Falahati & Paim, 2011). Investment decisions (outcome construct) are also quite reliable and valid. Well done risk taxation of the element components of risk behaviour is summarized and consequently all elements have the codes exceeding 0.75 unity at 0.906; response selection is the most changing out of all the indicators; construct size and constituting elements; load and risk mistake; uses and goals; size method of representation Conclusion Cronbach's alpha (0.857), composite reliability (0.896) and average variance extracted (0.685) substantiate the findings of internal consistency and convergent validation for the instrument. These findings support previous research conclusions as to the importance of structured assessment and differentiation of spirit and goal-oriented behavior to define a quality investment decision (Pompian, 2016).

Variance inflation factors values of all items are under the commonly accepted limit of 3.0, which says multicollinearity is not a problem in this model of measurement. Overall, the results of Table 1 confirm that the constructs of behavioral financial literacy, digital financial literacy, peer influence, financial status, and investment decisions are measured with high reliability and validity, and thereby provide a good basis for subsequent structural model analysis.

Table 1: Construct Validity and Reliability

Construct	Items	Factor Loading	VIF	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
Behavioral Financial Literacy (BFL)	I avoid impulsive buying and stick to my budget.	0.848	2.104	0.869	0.910	0.717
	I regularly review and track my expenses.	0.844	1.960			
	I try to save a part of my income regularly.	0.828	2.021			
	I avoid making financial decisions under emotional stress.	0.867	2.306			
	I feel confident using mobile apps for financial transactions.	0.757	1.473			
Digital Financial Literacy (DFL)	I understand how to protect myself from online financial fraud.	0.773	1.544	0.776	0.856	0.598
	I can compare financial products (e.g., loans, insurance) using online tools.	0.776	1.502			
	I am aware of digital investment platforms (e.g., online stock trading apps).	0.787	1.509			
	I often discuss investment opportunities with my friends or colleagues.	0.824	2.131			
	My investment choices are influenced by what my peers are doing.	0.738	1.720			
Peer Influence	I feel more confident investing when my friends are doing the same.	0.818	2.015	0.874	0.908	0.665
	I prefer to seek financial advice from people in my social circle.	0.820	1.937			

	I feel financially secure at my current income level.	0.862	1.567			
	I have sufficient resources to cover emergency expenses.	0.804	1.933			
	I am confident in my ability to manage large financial risks.	0.781	1.493			
Financial Status	I consider myself better off financially than most people I know.	0.818	1.556	0.760	0.861	0.674
	I actively invest in financial markets (stocks, mutual funds, etc.).	0.836	2.197			
	I evaluate the risks and returns before making any investment.	0.804	1.933			
	I set clear goals for my financial investments.	0.906	1.931			
Investment Decisions	I diversify my investments to minimize risk.	0.757	1.899	0.857	0.896	0.685

The results of Table 2, which reports discriminant validity using the Fornell–Larcker criterion, indicate that each construct in the measurement model is empirically distinct from the others. According to this test, the square root of the average variance extracted for each construct should be higher than its correlations with other constructs (Fornell & Larcker, 1981). The diagonal values in the table represent the square roots of average variance extracted, and all of them exceed the off-diagonal correlation values in their respective rows and columns. This confirms that discriminant validity is established across the constructs.

Behavioral financial literacy demonstrates a strong square root of average variance extracted at 0.847, which is higher than its correlations with digital financial literacy (0.438), peer influence (0.527), financial status (0.115), and investment decisions (0.036). This suggests that while behavioral financial literacy shares some association with related constructs, particularly peer influence and digital financial literacy, it captures a distinct domain centered on budgeting, savings, and avoidance of impulsive behaviors, as supported by Lusardi and Mitchell (2014). Digital financial literacy shows a square root of average variance extracted of 0.773, higher than its correlations with all other constructs, including its strongest link with peer influence (0.535). This indicates that confidence and competence in digital financial tools are distinct from social factors, despite the moderate association. Prior literature similarly highlights that while peer networks may encourage adoption of digital finance, the underlying knowledge and skills remain a separate capability (Aydin & Burnaz, 2016).

Peer influence has a square root of average variance extracted value of 0.815, which is greater than its correlations with other constructs, most notably behavioral financial literacy (0.527) and digital financial literacy (0.535). This validates that peer effects, such as following friends' advice or imitating their investment behaviors, constitute an independent factor, consistent with models of social learning and herd behavior in financial markets (Banerjee, 1992). Financial status reports a square root of average variance extracted of 0.821, which exceeds all correlations, including its highest correlation with digital financial literacy (0.308). This shows that perceptions of economic security and the ability to manage financial risks are empirically distinct from literacy or social influence variables. This finding aligns with earlier work emphasizing financial status as a moderating factor rather than a direct overlap with literacy or peer constructs (Falahati & Paim, 2011).

Investment decisions display a square root of average variance extracted of 0.828, greater than all its correlations with other constructs. Although it has some association with financial status (0.158) and peer influence (0.107), it clearly stands as a separate construct measuring how individuals evaluate risks, set goals, and diversify their portfolios. This distinctiveness supports theoretical expectations that decision-making outcomes represent a culmination of, but are not identical to, literacy, social, and status-related influences (Pompian, 2016).

Table 2: Discriminant validity (Fornell-Larcker test)

	bfl	DFL	PI	FS	ID
BFL	0.847				
DFL	0.438	0.773			
PI	0.527	0.535	0.815		
FS	0.115	0.308	0.169	0.821	
ID	0.036	0.108	0.107	0.158	0.828

The results of Table 3, which presents discriminant validity using the heterotrait–monotrait ratio of correlations (HTMT), further confirm the distinctiveness of the constructs in the measurement model. The HTMT criterion suggests that values should remain below 0.85, or more conservatively below 0.90, to demonstrate adequate discriminant validity between constructs (Henseler et al., 2015). All reported HTMT ratios in the table fall well within these recommended thresholds, thereby providing strong evidence that the constructs measure unique dimensions rather than overlapping concepts.

Behavioral financial literacy demonstrates moderate associations with digital financial literacy (0.528) and peer influence (0.599), while maintaining values below the critical threshold. This indicates that although individuals with higher behavioral financial literacy are somewhat likely to also report stronger digital skills and social interactions in financial matters, the constructs remain conceptually distinct. This finding is consistent with the idea that behavioral self-control in financial decisions is related but not identical to technological literacy or peer-driven behaviors (Lusardi & Mitchell, 2014).

Digital financial literacy shows its strongest HTMT ratio with peer influence (0.637), suggesting a moderate link between technological confidence and the role of social networks in shaping financial practices. This may reflect the increasing role of peer recommendations in adopting digital financial tools such as mobile banking and online investments, yet the ratio confirms that the constructs still represent separate domains (Aydin & Burnaz, 2016).

Peer influence demonstrates relatively modest HTMT ratios with both financial status (0.195) and investment decisions (0.107), suggesting that while peer networks may indirectly shape how people perceive their financial well-being and make decisions, these constructs are empirically distinct. This aligns with herd behavior theory, which highlights peer effects as a driver of behavior but not a direct substitute for personal financial status or decision-making processes (Banerjee, 1992).

Financial status maintains relatively low HTMT ratios with all constructs, with the highest being 0.400 in relation to digital financial literacy. This supports the argument that perceived financial well-being is a separate construct that moderates, rather than overlaps with, other financial behaviors (Falahati & Paim, 2011).

For all the other constructs, investment decisions have consistently low HTMT ratios (behavioral financial literacy = 0.052, digital financial literacy = 0.122, peer influence = 0.107). These results emphasize the continued status of decision-making processes (e.g., risk evaluation, goal setting, investment diversification) as distinctive and measurable outcomes in the model (Pompian, 2016).

The interaction term formed, including behavioral financial literacy and financial status, also has very low HTMT ratios with all other constructs, the highest at 0.130 with financial status (when compared with behavioral financial literacy itself). This is substantial evidence for the statistical portrayal of this interaction as a separate construct, preserving discriminant validity.

Table 3: Discriminant validity (HTMT)

	DFL	PI	FS	ID	BFL X FS
BFL					
DFL	0.528				
PI	0.599	0.637			
FS	0.135	0.400	0.195		
ID	0.052	0.122	0.107	0.163	
BFL X FS	0.130	0.077	0.041	0.030	0.087

Table 4 shows R-squared and adjusted R-squared, which indicate the amount of variance explained by the structural model. The R-squared represents the percentage of variance in each dependent variable explained by each dependent variable's predictors; the adjusted R-squared is a more conservative estimate that accounts for the number of predictors (Hair et al., 2019).

Regarding financial literacy, the R-square of .297 shows that the model represents about 30 percent of the variability, so it has a moderate determining power. One of the most interesting conclusions that might be drawn is that there is strong evidence that the independent constructs that have been embedded in the model significantly contribute to financial literacy outcomes. The adjusted R-squared is 0.293. By the very subtle difference from the unadjusted, miners were persuaded that the estimates

are stable and the predictors are meaningful, with insignificant inflation caused by overfitting of the model. These findings are consistent with previous research emphasizing the multimodal nature of financial literacy determined by behavioral, technological, and contextual factors (Lusardi and Mitchell 2011). For investment, the R-squared (R-squared value) of 0.369 indicates that the predictors accounted for nearly 37 percent of the variance. This corresponds to a medium-to-high explanatory power, illustrating the considerable joint contribution of behavioral financial literacy, digital competence, monetary status, and peer-group influence in explaining individual behavior in financial investment. The value of the adjusted R-squared at 0.363 demonstrated high robustness of association. It was very close to the unadjusted value. These findings are consistent with behavioral finance theories that attribute the collective effects of financial information, trust on digital platforms, and social networks on investment decisions (Pompian, 2016, and Aydin & Burnaz, 2016). Peer influence is, however, the strongest, with an R-squared of 0.049, which means that peers can explain only some 5 percent of the variance based on the predictors in the model. The adjusted R² correlation was 0.043, which was not inflated, but also indicates that the predictors used probably do not well capture the factors that create variability in peer influence. This suggests that the endogenous associations observed in peer-related financial decision-making may be more influenced by exogenous cultural or psychological processes not modeled, such as herd behavior and social norms (Banerjee, 1992; Bikhchandani and Sharma, 2000).

Table 4: R-Square Values

	R-square	R-square adjusted
FL	0.297	0.293
ID	0.369	0.363
PI	0.049	0.043

Figure 2: Estimated Coefficients

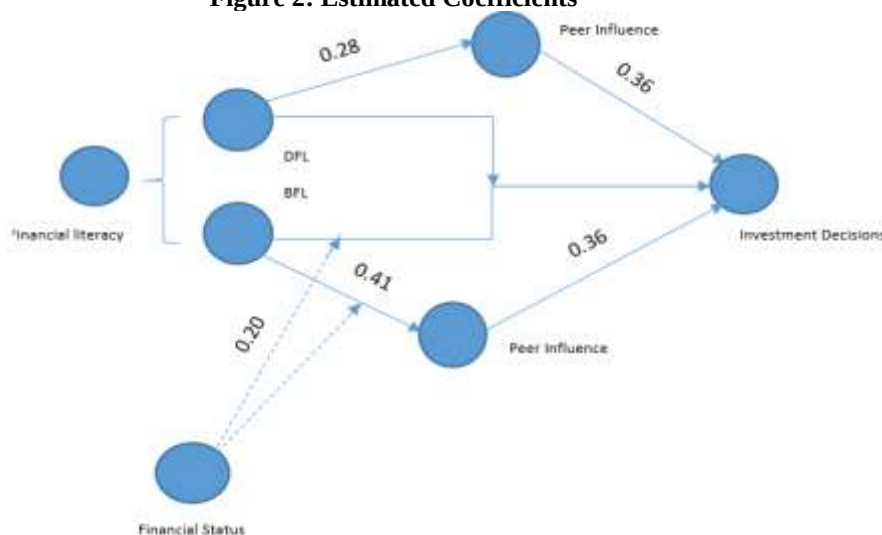


Figure 2 shows the structural model that estimates the coefficients defining the inter-relationship among financial literacy, financial status, peer influence, and investment decision. The diagram outlines direct and indirect effects and hence provides insight into the way these constructs interact to influence investment behavior. The analysis shows that behavior and digital financial literacy have a significant impact on peer effects (output coefficient - hyperlink) of 0.28. This capability is such that it is suggested in our research that if people have high levels of financial knowledge and confidence in using digital financial tools then people are likely to be more receptive to peer influence around financial discourse and likely to continue to take their lessons to heart. These findings, are consistent with findings present in papers, which led to by stating how financial literacy play an important role in bringing people to be a part of the financial circuit and has an effect on socialization of investment culture (Lusardi & Mitchell, 2014; van Rooij et al., 2011). Peer pressure in turn, is positively related to investment decision with a coefficient of 0.36. . 0.36. These connections mean that peer exposure is a significant "firewall" for the financial investment portfolio accounts, although long run monetary investments significantly depend on debt. In accordance with behavioural finance theories, we demonstrate that the decision is a result of social influences: people are likely to base their investment decision on seeing and following the final choice made by their social groups (Banerjee 1992 and Bikhchandani and Sharma 2000). The financial status variable is also significant in this model whereby it has a higher coefficient (0.20) in financial literacy variable, while a higher digamma value (0.41) for the peer effect variable. These finding make us to support the empirical claim in that the premise that financial security as capable for in acquiring financial knowledge

not only, but also upgrade the confidence that he would be able to participate in society's investment networks (Xiao & Porto, 2017). Finally, there is also the added insight that we consider to be two mechanisms that act interdependently between on the one hand, financial literacy and peer pressure, and, on the other hand, investment decision choices. On the one hand, literacy stands for the knowledge and the tools needed for individuals to make such an assessment possible; on the other hand, peer networks stand for social recognition and encouragement in the process of the adoption of action potentials (Pompian 2016). In sum, the aggregation of the estimated coefficients provides weight for the weight of the separately heterogeneous financial literacy, economic security, and social power in human heterogeneity of investment behavior possible underlining peer influence as a mediating variable, which identifies financial status as an enabling variable.

5. CONCLUSION

This research endeavored to examine the financial literacy with regard to investment choices in the ways that they are mediated through the influence of peer interaction and moderated by financial status under the context of Türkiye. In line with the notion of the Theory of Planned Behavior, the analysis has pointed to the multivariate nature of financial literacy, including aspects of behavioral and digital literacies. Hence, financial literacy is more than a knowledge structure. These findings are consistent with those in previous papers, which stated how financial literacy plays an important role in bringing people to be a part of the financial circuit and has an effect on socialization of investment culture (Lusardi & Mitchell, 2014; van Rooij et al., 2011). Peer pressure, in turn, is positively related to investment decisions (with a coefficient of 0.36). Although debt plays a particularly important role in monetary investments for the (long-term) portfolio, the relationship test reveals that peer-to-peer dependencies are an important intermediate channel in financial portfolio holding. In agreement with behavioral finance theories, these findings can be explained by the sociality of investment decision: individuals tend to base their investment decision on observing and imitating the definitive choice of their networks (Banerjee, 1992; Bikhchandani & Sharma, 2000). Financial situation also turns out to be an important factor in this factor model, with larger coefficients (0.20) on financial literacy and a larger digamma (0.41) on peer influence. The findings support the empirical claim that financial security not only is beneficial to the acquisition of financial knowledge but also boosts people's self-efficacy to be able to engage in the investment networks of society (Xiao & Porto, 2017). Finally, we gain insight into a combined mechanism at work at the joint of peer pressure and financial literacy on the one hand and investment decisions on the other. On the one hand, literacy can be understood in terms of the knowledge and skills that individuals require in order to be able to make such an evaluation; on the other hand, peer groups refer to social acknowledgment and claims to action (Pompian 2016). While this is a cross-sectional study that includes only working adults, future studies could incorporate longitudinal designs, cross-country comparison studies in other settings, or questions about how much of the peer, parental, and adult roles in explaining adult interdependence are captured by culture. Financial literacy alone would not suffice, it is the synergies among the competencies that the individual possesses, their influence by his/her peers, and the financial status that will determine the quality and inclusiveness of investment behavior.

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