Mediating Effect of Personal Affluence between Financial Literacy and Investment Intention in Financial Assets

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Abstract

The study investigates the mediating effect of personal affluence between financial literacy and investment intention in financial assets. The study is formulated with cause and effect research design. The sample design is purposive sampling, resulting in a sample size of 487 participants. Data collection is conducted through a questionnaire, and analysis is carried out using structural equation modeling, one-way analysis of variance and post-hoc test. Findings stated that precursors play a crucial role in shaping financial desires, financial expertise, financial opportunity, financial literacy, personal affluence, and investment intention among individual investors. Financial desires, financial expertise, and financial opportunity contribute significantly to the level of financial literacy among individuals. Financial literacy has significant impact on the investment intention of investors. Furthermore, personal affluence partially mediates the relationship between financial literacy and investment intentions. Moreover, monthly income of individual investors has a significant impact on financial desires, financial expertise, financial opportunity, financial literacy, personal affluence, and investment intention.

Key Words: Financial Literacy, Personal Affluence, Investment Intention, Individual Investors, Financial Assets.

1. Introduction and Background

Investing in financial assets is an important component of financial planning, and the decision to invest is influenced by a variety of factors, including financial literacy and personal affluence. Financial assets are vastly varied in terms of risk, return, tenure, maturity, etc., these can be classified as stocks, bonds, mutual funds, bank and posit office deposits, insurance plans and money market instruments. Financial literacy is the individual's knowledge and understanding of financial concepts and instruments, while personal affluence refers to an individual's level of wealth and financial resources. Personal affluence is investors level of wealth and financial resources and may play a significant role in an individual's investment decisions. Investors with higher levels of personal affluence may be more likely to invest in financial assets, as they have the financial resources to do so. On the other hand, investors with lower levels of personal affluence may be more hesitant to invest, as they may be more risk-averse due to their limited financial resources. Financial literacy can help to bridge this gap, by providing individuals with the knowledge and skills necessary to make informed investment decisions, regardless of their personal financial situation. Financial literacy provides individuals with the knowledge and skills necessary to understand the risks and benefits of investing in financial assets, and to make informed investment decisions that align with their financial goals and objectives (Pandey and Vishwakarma, 2020). Investment intention is positively correlated with financial literacy, indicating that individuals with higher levels of financial literacy are more likely to have a positive investment intention towards financial assets. Additionally, personal affluence, or an individual's level of wealth and financial resources, can also play a role in investment intention, as individuals with higher levels of personal affluence may be more likely to invest in financial assets (Zaidi and Tahir, 2019). Therefore, the purpose of this study is to examine the mediating effect of personal affluence on the relationship between financial literacy and investment intention in financial assets.

Financial Desires: Financial desires of investors is the financial goals that individuals have for themselves or their families. These goals can vary widely depending on factors such as age, income, net worth, and personal circumstances. Common financial desires of investors include accumulating wealth, building a retirement nest egg, creating a legacy for future generations, and achieving financial security. Accumulating wealth is a common financial desire for investors, as it provides individuals with the means to enjoy a comfortable lifestyle, support their families, and pursue their passions. Accumulating wealth involves investing in a variety of financial assets, such as stocks, bonds, mutual funds, and real estate, with the goal of generating income and capital gains over time. To achieve this goal, investors must have a long-term investment strategy that takes into account their risk tolerance, investment goals, and financial knowledge. Creating a legacy for future generations is also a financial desire for many investors, as it allows individuals to leave a lasting impact on their families, communities, and the world (Misra et al., 2021). To achieve this goal, investors may choose to invest in assets that appreciate in value over time, such as real estate, artwork, or collectibles, with the goal of passing these assets down to their heirs. Additionally, investors may choose to support charitable causes or make philanthropic donations, which can provide financial benefits and social impact for generations to come.

Financial Expertise: Financial expertise of investors refers to their knowledge and experience in investing and managing financial assets. Investors with a higher level of financial expertise are typically better equipped to evaluate different investment opportunities, make informed investment decisions, and manage their investment portfolios effectively. Financial expertise can be acquired through a variety of means, including education, experience, and advice from financial professionals (Prakash, 2016). Learning is one way that investors can improve their financial expertise. Formal education or investor education programs can provide individuals with a strong foundation in financial principles and investment strategies. Additionally, individuals can seek out continuing education opportunities, such as seminars, workshops, and online courses, to stay up-to-date on the latest trends and developments in the financial industry. Experience is another way that investors can develop their financial expertise. While investing in a variety of financial assets over time, investors can gain valuable knowledge and insights into the workings of financial markets and the behavior of different types of investments. Experience also allows investors to develop their own investment strategies and learn from their successes and failures (Ali, 2011).

Financial Opportunity: Financial opportunity is concerned with the potential for investors to earn a return on their investment, either in the form of income or capital appreciation. Investors who are able to identify and capitalize on financial opportunities can benefit from increased wealth and financial security over the long-term. Investing in stocks can provide investors with the opportunity to earn capital gains as the value of the stock increases over time. Additionally, many stocks pay dividends, which can provide investors with a source of income. Similarly, bonds can provide investors with a steady stream of income in the form of interest payments. Mutual funds can provide investors with the opportunity to diversify their investments across a variety of asset classes and industries (Veena, 2018). Mutual funds are managed by professional fund managers, who make investment decisions on behalf of the investors. Furthermore, investing in alternative assets, such as commodities, cryptocurrencies, or private equity, can provide investors with the opportunity to earn a return on their investment that is not correlated to traditional financial markets. However, these investments are generally considered to be riskier than traditional investments and may require a higher level of financial expertise.

Personal Affluence: Personal affluence deals with financial position in terms of income, net worth, and overall financial stability of investors. Investors who have a higher level of personal affluence may have more financial resources at their disposal, which can provide them with greater investment opportunities and the ability to take on more risk in their investments. Personal affluence can be influenced by a variety of factors, including education, career choices, and inheritance. Higher levels of education are often associated with higher-paying jobs and greater career opportunities, which can lead to increased income and a higher net worth over time. Additionally, individuals who have received education in finance or investing may be better equipped to manage their finances and make informed investment decisions. Career choices are another factor that can impact personal affluence for investors. Additionally, individuals who are able to advance in their careers through promotions or job changes may be able to increase their income and net worth more quickly. Inheritance can also play a role in personal affluence for investors (George, 2014). Inherited wealth can provide individuals with a financial cushion, which can allow them to take on more risk in their investments or pursue other financial goals, such as philanthropy or charitable giving.

Financial Literacy: Financial literacy of investors connected with their knowledge and understanding of financial concepts, such as investing, budgeting, and financial planning. Investors who have a higher level of financial literacy are typically better equipped to make informed decisions about their finances, including their investments. Financial literacy can be acquired through a variety of means, including education, experience, and access to financial resources. Financial training is one way that investors can improve their financial literacy. Experience is another way that investors can develop their financial literacy (Xia et al., 2014). By investing in a variety of financial assets over time, investors can gain valuable knowledge and insights into the workings of financial markets and the behavior of different types of investments. Experience also allows investors to develop their own investment strategies and learn from their successes and failures. Access to financial resources can also be a valuable source of financial literacy for investors. Financial advisors, for example, can provide guidance on investment strategies, risk management, and portfolio diversification, based on their experience and knowledge of financial markets. Similarly, investors can seek out financial resources, such as books, articles, and online tools, to help them manage their investments and make informed financial decisions.

Investment Intention: Investment intention is associated with the goals and objectives that investors have when making investments. Investors may have different investment intentions, depending on their financial goals, risk tolerance, and time horizon. Investors who are focused on wealth preservation are typically more risk-averse and seek to protect their capital from market downturns or other economic uncertainties. They may invest in low-risk assets, such as bonds or cash, and may prioritize capital preservation over capital growth. Investors may invest in assets that have a higher yield, such as high-dividend stocks or bonds, in order to generate a steady stream of income. Investors seek to invest in growth-oriented assets, such as stocks or real estate, and may be willing to take on more risk in order to achieve their long-term growth objectives. The level of risk an individual is willing to take on in their investments can greatly impact their investment intentions (Talha et al., 2015). Individuals with a higher risk tolerance may be more willing to invest in higher-risk financial assets, while those with a lower risk tolerance may prefer more conservative investments. The investment goals an individual has, such as long-term wealth accumulation or short-term gains, can influence their investment intentions and the types of financial assets they choose to invest in (Agarwal et al., 2016). The level of financial knowledge and experience an individual has impact their investment intentions and their ability to evaluate different investment options (Jayanthi and Saravanakumar, 2022). An individual's personal circumstances, such as their age, income, and net worth, can also influence their investment intentions and the types of financial assets they choose to invest in. For example, younger individuals may have a higher risk tolerance and a longer time horizon, while older individuals may prefer more conservative investments that provide steady income.

2. Statement of the Problem

The purpose of this study is to examine the mediating effect of personal affluence on the relationship between financial literacy and investment intention in financial assets. While financial literacy has been found to be a key predictor of investment intention, the role of personal affluence as a mediating factor has not been fully explored. Understanding the mediating effect of personal affluence in the relationship between financial literacy and investment intention can have important implications for financial education programs and investment strategies. If personal affluence is found to mediate the relationship between financial literacy and investment intention, it would suggest that individuals with higher levels of personal affluence may be more likely to translate their financial knowledge into investment decisions. However, if personal affluence does not mediate the relationship between financial literacy and investment intention, it would suggest that financial literacy is directly linked to investment intention, regardless of an individual's financial resources. Therefore, this study seeks to contribute to the literature by examining the mediating effect of personal affluence on the relationship between financial literacy and investment intention in financial assets, and providing insights into the role of personal affluence in the investment decision-making process. While previous research has established the link between financial literacy and investment intention, the role of personal affluence as a mediating factor has not been fully explored. The mediating effect of personal affluence on the relationship between financial literacy and investment intention in financial assets is of particular interest, as it can provide insights into how individuals with varying levels of financial resources utilize their financial knowledge to make investment decisions.

3. Review of Literature

Past behaviour has direct impact on investment intention, furthermore, they were found to be extremely effected, mainly, by social force which could be restricted through financial literacy (Raut, 2020). Personal dimensions, demography, market information, product and firm related aspects, and social factors are the underlying themes of investor behaviour (Che Hassan et al., 2023). Risk behaviour have partial mediating effect on personality traits with investment intention of investors (Sadiq and Khan, 2019). Financial literacy consists of awareness, desires, expertise and opportunity with regard to asset category and governing financial behaviour of investors (Kumari, 2020). Financial literacy is concerned with better financial management, emergency savings, planning for children's education, and post-retirement planning can be achieved by individuals with financial literacy (Singh and Gupta, 2021). The need for individuals to understand financial concepts such as interest rates, inflation, and risk, and how they can affect personal financial decisions. The individuals with higher levels of financial literacy are more likely to invest in stocks and other financial assets (Janor et al., 2016). Financial education can have a positive impact on financial literacy and behavior, but the effectiveness of such programs varies depending on the delivery method and content (Ansari et al., 2022).

Financial literacy is an important aspect of personal finance that can have significant implications for an individual's financial well-being (Alaaraj and Bakri, 2020). Financial eco-system, operational knowledge, past experience, financial self-efficacy, and low liquidity are the key factors that impact the investment intention of individual investors (Vuk et al., 2017). Financial literacy has a positive and significant impact on investment decisions, but it does not moderate the relationship between neuroticism and extraversion on investment decisions. Individuals who are more extraverted tend to engage in short-term investing, while those who score higher on neuroticism tend to avoid short-term activity and prefer long-term investments (Zeb et al., 2019). Employed personal have different attitude when they planned to invest in a specific avenue and they interested to invest in highly secured and liquid assets (Basha et al., 2022). There was considerable variation is observed between the gender, age, work status and marital position of the investors, therefore, financial literacy have negative relationship investment intention (Arif, 2015). Investment intention have significant mediation between religiosity and stock investment; and social influence and stock investment. However, investment intention failed to mediate between attitude and investment behaviour (Sabir et al., 2021).

Social influence has partial mediation effect and self-control has moderating impact on the connection between investment awareness and education nourishment on uncertain financial investment intentions (Elshaer and Sobaih, 2023). Investors who have higher financial literacy and know the variation between financial assets interested to take risk during the investment decision making (Samsuri et al., 2019). Investors with higher levels of personal affluence, who have greater access to financial resources and are more likely to take risks in their investment decisions. Moreover, financial literacy has been found to positively influence investment diversification, which is an important strategy for managing risk in investment portfolios (Isbanah et al., 2022). Financial literacy may only have a significant impact on investment intention when combined with other factors such as risk perception, financial self-efficacy, and perceived financial knowledge (Sivaramakrishnan et al., 2017). Financial literacy may not be the most important factor influencing investment intention, with other factors such as income, education, and age playing a more significant role. Financial literacy has a significant impact on investment intention and behavior, particularly among individuals with higher levels of personal affluence (Lim et al., 2020).

4. Research Objectives

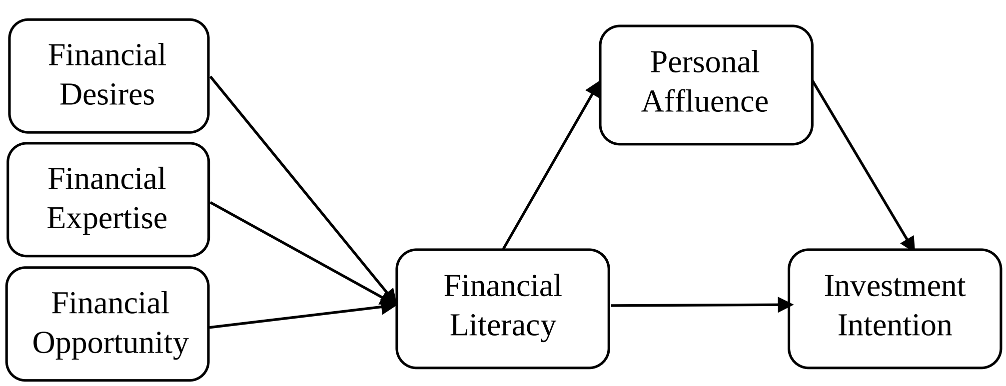
The main objectives of the research are:

1. To assess the demographic profile of investors.
2. To examine the causal association among research constructs.
3. To investigate the mediating effect of personal affluence between financial literacy and investment intention.
4. To analyze the effect of monthly income on research constructs.

5. Research Methodology

The study employed cause-and-effect research design to examine the mediating effect of personal affluence between financial literacy and investment intention in financial assets. The sample size is 487 investors, and purposive sampling is adopted to ensure that the sample represents investors with varying levels of financial literacy and personal affluence. Sample size is above the minimum limit of 384 for infinite population as per Cochran's formula. Samples are identified in offices of investment intermediaries, banks, financial advisors, and stock exchange terminals. Data is collected through a structured and non-disguised questionnaire. The questionnaire is consisting of questions that measure demographic information, financial desires, financial expertise, financial opportunity, financial literacy, personal affluence, and investment intention. The questionnaire is distributed personally to investors, and they are given sufficient time to complete the questionnaire. Data analysis is conducted using structural equation modeling to examine the mediating effect of personal affluence between financial literacy and investment intention in financial assets. Accordingly, conceptual framework is developed and proposed (Figure 1) to test. Reliability and validity of questionnaire is assessed by performing measurement model. The study will adhere to ethical guidelines for research, including informed consent and confidentiality of investors information. Participants are informed about the purpose and scope of the study, and their participation will be voluntary. The data collected will be kept confidential and anonymous, and will only be used for the purpose of this study. The study has several limitations, including the use of self-reported data, the use of a purposive sampling method which may limit the generalizability of the findings, and the potential for common method bias due to the use of a single source of data.

Figure 1: Conceptual Framework



6. Results and Discussion

6.1. Demographic Profile

Table 1 presents the results of demographic profile of investors.

Table 1: Demographic Profile

Demography	Distribution	Number	Percentage
Gender	Male Female	273 214	56.06% 43.94%
Age	Below 35 years 35 – 55 years Above 55 years	133 228 126	27.31% 46.82% 25.87%
Education	School/Diploma Under Graduate Post Graduate	179 157 151	36.76% 32.23% 31.01%
Monthly Income	Below Rs.50,000 Rs.50,000 – 1,00,000 Above Rs.1,00,000	360 81 46	73.92% 16.63% 9.45%

Table 1 displays that gender consists of 56.06% male investors and 43.94% female investors. Age furnishes that 27.31% are in below 35 years, 46.82% are in 35 – 55 years, and 25.87% are in above 55 years. Education discloses that 36.76% of investors completed school or diploma education, 32.23% of investors completed undergraduate degree, and 31.01% of investors completed post graduate degree. Monthly income of investors reveals that 73.92% are in the monthly earnings of below Rs.50,000, 16.63% are in of below Rs.50,000 – 1,00,000, and 9.45% are in above Rs.1,00,000.

6.2. Causal Association among Research Constructs

An effort is made to assess the causal association among Financial Desires (FDSR), Financial Expertise (FEXP), Financial Opportunity (FOPT), Financial Literacy (FLTC), Personal Affluence (PAFL), and Investment Intention (IITN). Therefore, observed, endogenous variables are FDSR3, FDSR2, FDSR1, FOPT3, FOPT2, FOPT1, FEXP3, FEXP2, FEXP1, FLTC1, FLTC2, FLTC3, FLTC4, IITN5, IITN4, IITN3, IITN2, IITN1, PAFL1, PAFL2, PAFL3, and PAFL4. Unobserved, endogenous variables are FLTC, IITN, and PAFL. Unobserved, exogenous variables are FDSR, e1, e2, e3, FOPT, e4, e5, e6, FEXP, e7, e8, e9, e10, e11, e12, e13, e14, e15, e16, e17, e18, e19, e20, e21, e22, e23, e24, and e25. The total variables in the model is 53, out of which observed is 22 and unobserved is 33. Similarly, exogenous variables are 28 and endogenous variables are 25. Consequently, these variables are taken into consideration to measure the cause and effect association among the research constructs. In this way, structural model is represented in Figure 2 and its ensuing path relationship is presented in Table 2.

Figure 2: Structural Model

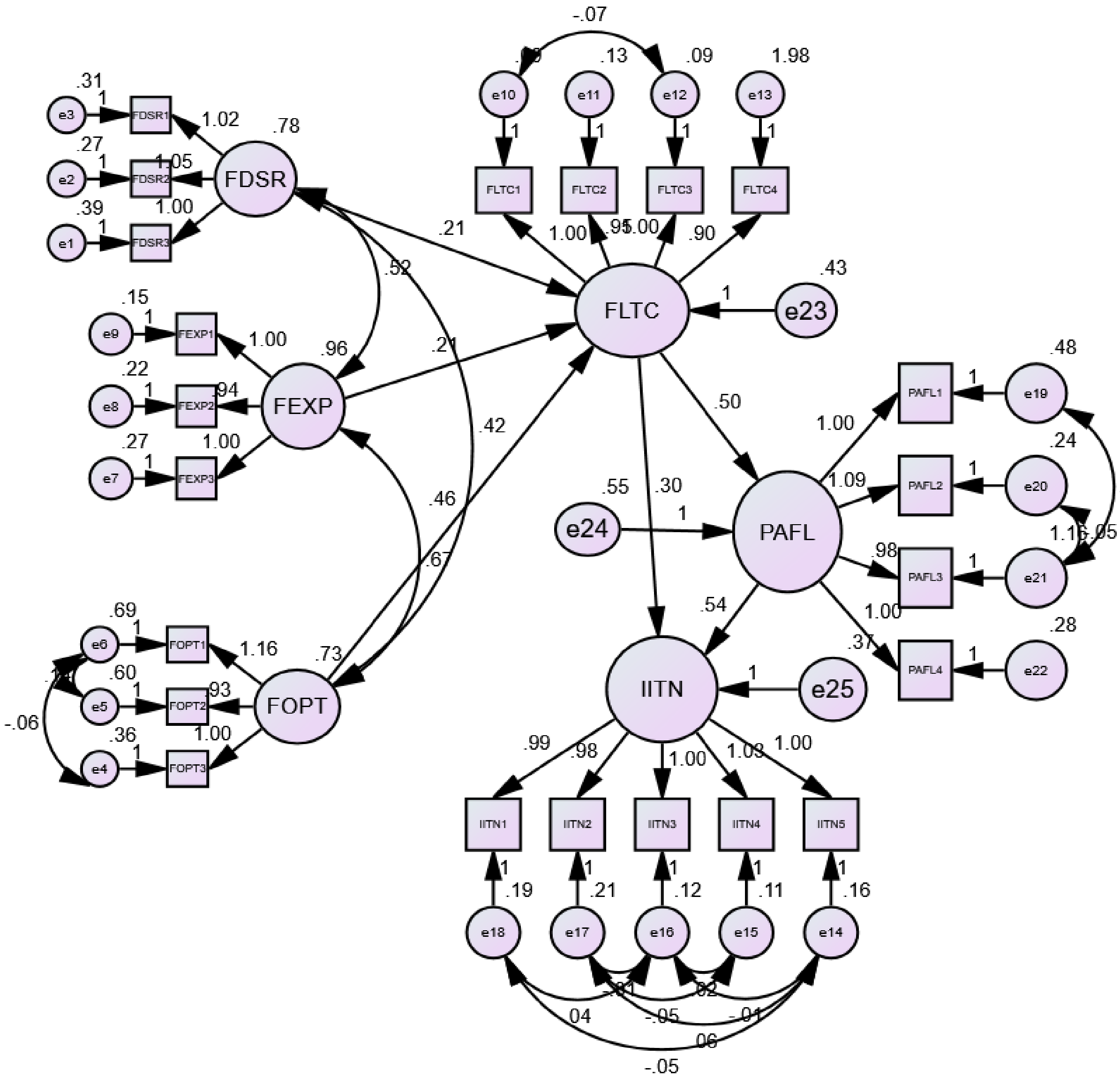


Table 2: Structural Path Analysis

Path			Raw Estimate	Std. Estimate	S.E.	C.R.	p
FDSR3 - Assured capital growth	<---	Financial Desires (FDSR)	1.000	.816			
FDSR2 - Expectation of wealth accumulation	<---		1.048	.873	.049	21.420	***
FDSR1 - Safety of capital invested	<---		1.021	.853	.049	20.966	***
FOPT3 - Favorable economic conditions for investments	<---		1.000	.818			

FOPT2 - Free entry and exit options without charge	<---	Financial Opportunity (FOPT)	.933	.716	.062	14.931	***
FOPT1 - Desired investments with different time horizons	<---		1.159	.765	.075	15.461	***
FEXP3 - Able to make active investment planning	<---	Financial Expertise (FEXP)	1.000	.882			
FEXP2 - Able to analyze economy and expert opinions	<---		.942	.892	.033	28.246	***
FEXP1 - Able to estimate risks and returns in assets	<---		.995	.931	.032	30.643	***
FLTC1 - Sufficient skills to manage investments	<---	Financial Literacy (FLTC)	1.000	.953			
FLTC2 - Competent to monitor financial market	<---		.948	.931	.025	37.563	***
FLTC3 - Expertise to make financial planning for family	<---		1.003	.956	.028	35.573	***
FLTC4 - Higher ambition to generate regular income	<---		.903	.524	.069	13.058	***
PAFL1 - Have sufficient income to make investors	<---	Personal Affluence (PAFL)	1.000	.788			
PAFL2 - Have continuous habit of savings	<---		1.091	.891	.052	21.119	***
PAFL3 - Able to make investments in risky assets	<---		.980	.626	.066	14.905	***
PAFL4 - Have high net worth ability to invest	<---		.995	.858	.049	20.436	***
IITN5 - Knowledge and experience guides me to invest	<---	Investment Intention (IITN)	1.000	.916			
IITN4 - Apt to select dual income investments	<---		1.028	.941	.032	32.567	***
IITN3 - Interest on highly liquid assets	<---		.995	.934	.034	29.464	***
IITN2 - Always focus on tax exempted assets	<---		.984	.889	.029	33.411	***
IITN1 - High risk and higher yielding investments	<---		.987	.900	.035	28.033	***
FLTC	<---	FDSR	.211	.195	.051	4.110	***
FLTC	<---	FEXP	.207	.213	.077	2.702	.007
FLTC	<---	FOPT	.460	.409	.097	4.738	***
PAFL	<---	FLTC	.499	.542	.043	11.616	***
IITN	<---	FLTC	.302	.318	.039	7.737	***
IITN	<---	PAFL	.540	.524	.049	11.136	***

****** Significant at 1%***

Subsequently, it is attempted to calculate fit indices for the structural model. The outcomes derived that the model has perfect fit with data, with a CMIN/df value of 1.839, it is lower than benchmark position of <3, similarly, RMSEA value of 0.042 is also lower than yardstick level of 0.06. In addition to that goodness of fit and baseline comparisons like GFI (0.940), AGFI (0.919), RFI (0.957), NFI (0.965), IFI (0.984), CFI (0.984), and TLI (0.980) above the minimum requirement of 0.9. These values support that the structural model has perfect fit with the data.

Hypothesis Testing

Based on the results, the study proposes the successive hypotheses for test:

$H_{1.1}$: Precursors have a significant impact on financial desires, financial expertise, financial opportunity, financial literacy, personal affluence, and investment intention.
$H_{1.2}$: Financial desires, financial expertise and financial opportunity have significant impact on financial literacy.
$H_{1.3}$: Financial literacy has significant impact on investment intention of investors.

Table 2 shows that the p-values for all path connecting financial desires, financial expertise, financial opportunity, financial literacy, personal affluence, and investment intention are significant at 1% level. The values are supports hypothesis ($H_{1.1}$). Accordingly, precursors have a significant impact on financial desires, financial expertise, financial opportunity, financial literacy, personal affluence, and investment intention. Among the financial desires of investors, the expectation of wealth accumulation ranks highest, while assured capital growth ranks lowest. When considering financial expertise, the ability to estimate risks and returns in assets emerges as a prominent aspect, while the ability to make active investment planning is the least significant aspect. Regarding financial opportunity, favorable economic conditions for investments stand out as the main factor, whereas free entry and exit options without charge rank as the lowest factor. The main predictor of financial literacy among investors is the expertise to make financial planning for the family. On the other hand, a higher ambition to generate regular income is a less significant predictor of financial literacy. Having a continuous habit of savings serves as the primary determinant of personal affluence, while the ability to make investments in risky assets is the least influential determinant. In terms of investment intention, being inclined and apt to select dual income investments emerges as a strong component, while always focusing on tax-exempted assets is a minor component in forming investment intention among investors.

The findings support hypothesis ($H_{1.2}$) by demonstrating the significant impact of financial desires, financial expertise, and financial opportunity on financial literacy. The coefficient values reveal that a single unit rise in financial desires results in a 0.211-unit upsurge in financial literacy, while a single unit rise in financial expertise leads to a 0.207-unit upsurge in financial literacy. Additionally, a single unit rise in financial opportunity is associated with a 0.460-unit upsurge in financial literacy among investors. The p-values for financial desires, financial expertise, and financial opportunity are significant at a 1% level, further confirming their influence on financial literacy. Consequently, it is evident that financial desires, financial expertise, and financial opportunity play a significant role in shaping the financial literacy of investors. Furthermore, the coefficient value for the impact of financial literacy on investment intention demonstrates that a unit gain in financial literacy corresponds to a 0.302-unit increase in investment intention among investors. The finding establishes the hypothesis ($H_{1.3}$) financial literacy has significant impact on investment intention. The combination of financial desires, expertise, and opportunity bears significant responsibility for cultivating the financial literacy of investors. Ultimately, this financial literacy contributes to the formation of intentions to invest in financial assets.

6.3. Mediating Effect of PAFL between FLTC and IITN

The mediating effect of personal affluence between financial literacy and investment intention of investors is investigated. The hypothesis ($H_{1.4}$) states that personal affluence mediates between financial literacy and investment intention.

Table 3: Mediating Effect of PAFL between FLTC and IITN

Effect	Path			Estimate	S.E.	p
Mediation (Path A)	PAFL	<---	FLTC	.499	.043	***
Direct	IITN	<---	FLTC	.302	.039	***
Mediation (Path B)	IITN	<---	PAFL	.540	.049	***

Table 3 shows that the direct effect of the financial literacy on investment intention is measured at 0.302. To assess the mediation effect, it is considered that the impact values of 0.490 (FLTC on PAFL) and 0.540 (PAFL on IITN). Consequently, the mediating value is calculated as 0.26946. This indicates that the overall impact extents to 0.57146. The variance determined for this value is 0.4715. Since the variance value exceeds 0.2, it confirms the presence of partial mediation. Hence, it can be concluded that the personal affluence has a partially mediating role between the financial literacy and investment intention.

6.4. Impact of Monthly Income on Research Constructs

One-way ANOVA is executed to examine the impact of monthly income on research constructs. Thus, the hypothesis ($H_{1.5}$) asserts that monthly income has significant impact on financial desires, financial expertise, financial opportunity, financial literacy, personal affluence, and investment intention.

Table 4: One-Way ANOVA for Monthly Income

Monthly Income		Sum of Squares	Df	Mean Square	F	Sig.
Financial Desires	Between Groups	187.467	2	93.733	11.740	.000***
	Within Groups	3864.270	484	7.984		
	Total	4051.737	486			
Financial Expertise	Between Groups	222.600	2	111.300	13.011	.000***
	Within Groups	4140.398	484	8.555		
	Total	4362.998	486			
Financial Opportunity	Between Groups	220.394	2	110.197	13.202	.000***
	Within Groups	4039.935	484	8.347		

	Total	4260.329	486			
Financial Literacy	Between Groups	319.967	2	159.983	10.510	.000***
	Within Groups	7367.581	484	15.222		
	Total	7687.548	486			
Personal Affluence	Between Groups	559.310	2	279.655	19.650	.000***
	Within Groups	6888.091	484	14.232		
	Total	7447.400	486			
Investment Intention	Between Groups	367.834	2	183.917	8.835	.000***
	Within Groups	10075.492	484	20.817		
	Total	10443.326	486			

****** Significant at 1%***

Table 4 indicates that the computed values for financial desires, financial expertise, financial opportunity, financial literacy, personal affluence, and investment intention are significant at the 1% level. These findings support hypothesis ($H_{1.5}$) for all research constructs. Therefore, it can be concluded that the monthly income of investors has a significant impact on financial desires, financial expertise, financial opportunity, financial literacy, personal affluence, and investment intention. Subsequently, a post-hoc test is conducted to further analyze the significant outcomes obtained from the One-way ANOVA.

Table 5: Scheffe Post-Hoc Test for Financial Desires

Monthly Income (INR)	N	Subset for alpha = 0.05	
		1	2
Below Rs.50,000	360	9.2167[a]	
Rs.50,000-1,00,000	81	9.7531[a]	
Above Rs.1,00,000	46		11.3261[b]
Sig.		.481	1.000

a,b – similar sub-groups

Table 5 shows that Scheffe's post-hoc test created two sub-groups of monthly income of investors in relation with financial desires. These are below Rs.50,000 and Rs.50,000-1,00,000 in sub-group *a*; and above Rs.1,00,000 in sub-group *b*.

Table 6: Ryan-Einot-Gabriel-Welsch F Post-Hoc Test for Financial Expertise

Monthly Income (INR)	N	Subset for alpha = 0.05	
		1	2
Below Rs.50,000	360	9.7028[a]	
Rs.50,000-1,00,000	81	10.1852[a]	
Above Rs.1,00,000	46		12.0217[b]
Sig.		.180	1.000

a,b – similar sub-groups

Table 6 shows that Ryan-Einot-Gabriel-Welsch F's post-hoc test created two sub-groups of monthly income of investors in relation with financial expertise. These are below Rs.50,000 and Rs.50,000-1,00,000 in sub-group *a*; and above Rs.1,00,000 in sub-group *b*.

Table 7: Hochberg Post-Hoc Test for Financial Opportunity

Monthly Income (INR)	N	Subset for alpha = 0.05	
		1	2
Below Rs.50,000	360	9.8333[a]	
Rs.50,000-1,00,000	81	10.2222[a]	
Above Rs.1,00,000	46		12.1522[b]
Sig.		.774	1.000

a,b – similar sub-groups

Table 7 shows that Hochberg's post-hoc test created two sub-groups of monthly income of investors in relation with financial opportunity. These are below Rs.50,000 and Rs.50,000-1,00,000 in sub-group *a*; and above Rs.1,00,000 in sub-group *b*.

Table 8: Scheffe Post-Hoc Test for Financial Literacy

Monthly Income (INR)	N	Subset for alpha = 0.05	
		1	2
Below Rs.50,000	360	13.5750[a]	
Rs.50,000-1,00,000	81	14.0370[a]	
Above Rs.1,00,000	46		16.3696[b]
Sig.		.752	1.000

a,b – similar sub-groups

Table 8 shows that Scheffe's post-hoc test created two sub-groups of monthly income of investors in relation with financial literacy. These are below Rs.50,000 and Rs.50,000-1,00,000 in sub-group *a*; and above Rs.1,00,000 in sub-group *b*.

Table 9: Ryan-Einot-Gabriel-Welsch F Post-Hoc Test for Personal Affluence

Monthly Income (INR)	N	Subset for alpha = 0.05		
		1	2	3
Below Rs.50,000	360	11.6778[a]		
Rs.50,000-1,00,000	81		13.2593[b]	
Above Rs.1,00,000	46			15.0435[c]
Sig.		1.000	1.000	1.000

a,b,c – similar sub-groups

Table 9 shows that Ryan-Einot-Gabriel-Welsch F's post-hoc test created three sub-groups of monthly income of investors in relation with personal affluence. These are below Rs.50,000 in sub-group *a;* Rs.50,000-1,00,000 in sub-group *b*; and above Rs.1,00,000 in sub-group *c*.

Table 10: Hochberg Post-Hoc Test for Investment Intention

Monthly Income (INR)	N	Subset for alpha = 0.05	
		1	2
Below Rs.50,000	360	15.9056[a]	
Rs.50,000-1,00,000	81	16.4938[a]	
Above Rs.1,00,000	46		18.8913[b]

Sig.		.795	1.000

a,b – similar sub-groups

Table 10 shows that Hochberg's post-hoc test created two sub-groups of monthly income of investors in relation with investment intention. These are below Rs.50,000 and Rs.50,000-1,00,000 in sub-group *a*; and above Rs.1,00,000 in sub-group *b*. Monthly income of investors is practically formed two groups such as below Rs.50,000 and Rs.50,000-1,00,000 in one group and above Rs.1,00,000 in another group for all constructs, except personal affluence. Monthly income is formed three groups for personal affluence. Personal affluence determines the risk and return preferences, quantum of investment and tenure of investments in financial assets.

7. Conclusion

Financial desires play a crucial role in shaping their financial literacy. When investors have strong financial desires, such as the expectation of wealth accumulation, it drives them to actively seek knowledge and information about financial concepts and strategies. This motivation leads to a higher level of financial literacy as individuals strive to gain the necessary skills and understanding to achieve their desired financial outcomes. Investors with a greater level of financial expertise possess knowledge and competence in various financial domains, including risk assessment, investment analysis, and financial planning. Such expertise enables them to make informed decisions and navigate the complexities of the financial landscape. As individuals enhance their financial expertise, their financial literacy improves, allowing them to make more informed and effective financial choices. Favorable economic conditions and opportunities for investment contribute to the development of financial literacy. The exposure to various opportunities enhances their financial literacy as they learn to evaluate and capitalize on these opportunities effectively. Financial literacy empowers individual investors to make well-informed investment decisions, align their investments with their financial goals, and effectively manage risks. It enhances their confidence in investing and increases their investment intention by providing them with the necessary skills, knowledge, and understanding to navigate the financial markets successfully.

Personal affluence partially mediates the link between financial literacy and investment intention. Personal affluence, which encompasses an individual's financial resources and wealth, acts as a bridge between financial literacy and the intention to invest. The availability of financial resources and wealth influences an individual's confidence and willingness to invest. Higher levels of personal affluence can provide individuals with a greater sense of security and financial stability, increasing their propensity to take investment risks and pursue investment opportunities. The mediating role of personal affluence suggests that financial literacy alone may not fully explain an individual's investment intention. In this way, monthly income of investors has significant effect on financial desires, financial expertise, financial opportunity, financial literacy, personal affluence, and investment intention.

8. Research Implications

The study on the mediating effect of personal affluence between financial literacy and investment intention in financial assets has several implications for both academics and practitioners. Findings of this study can inform the development of financial education programs and initiatives aimed at improving financial literacy and promoting positive investment behavior. The study shows that personal affluence plays a mediating role between financial literacy and investment intention, indicating that individuals with higher levels of personal affluence may be more likely to invest in financial assets even if they have low financial literacy levels. Therefore, financial education programs should not only focus on improving financial literacy but also on providing individuals with the necessary tools and resources to make informed investment decisions regardless of their personal affluence levels. Financial advisors can use the findings to tailor their investment recommendations based on their clients' financial literacy levels and personal affluence. Advisors may recommend lower-risk investment options for clients with low financial literacy levels but high personal affluence, while recommending higher-risk investments for clients with high financial literacy levels and low personal affluence. Policymakers should consider developing policies that encourage financial education and provide individuals with the necessary tools and resources to make informed investment decisions.

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