

## A Study on the Impact of Financial Literacy on Investment Decisions and Wealth Creation among Clients of Selected Brokers in Sangli City

Dr. Rupesh Satish Shah

Assistant Professor

Ganpatrao Arwade College of Commerce,  
Sangli.

### ABSTRACT

Financial literacy has become an important determinant of individuals' financial well-being and investment behaviour in modern financial markets. This study examines the impact of financial literacy on investment decisions and wealth creation among clients of selected brokerage firms in Sangli city. The primary objective of the study is to analyze how financial knowledge influences investment behaviour and long-term wealth accumulation among investors.

The study is based on primary data collected from **100 respondents** through a structured questionnaire consisting of **31 statements measured on a five-point Likert scale**. The data were analyzed using **frequency distribution, percentage analysis, mean score analysis, and Chi-Square test** to examine the relationship between financial literacy, investment behaviour, and wealth accumulation.

The findings of the study reveal that higher levels of financial literacy significantly influence investment participation, portfolio diversification, and long-term financial planning. The results also indicate that financially literate investors demonstrate stronger investment discipline, greater risk awareness, and improved wealth accumulation over time. The Chi-Square test confirms a statistically significant relationship between financial literacy, investment behaviour, and wealth creation.

The study highlights the importance of promoting financial education and investor awareness programs to enhance financial decision-making and support sustainable wealth creation among individual investors.

**Keywords:** Financial Literacy, Investment Behaviour, Wealth Creation, Investor Awareness, Financial Decision Making.

### 1. INTRODUCTION

Financial literacy has emerged as a critical determinant of personal financial well-being in modern economies. It refers to an individual's ability to understand financial concepts such as budgeting, saving, investment, risk management, and retirement planning. With the expansion of financial products and digital investment platforms, individuals are increasingly responsible for managing their own finances.

Wealth creation, on the other hand, involves systematic saving, investing, and compounding of resources over time. Investment decision-making reflects how individuals evaluate risk, return, and financial goals while choosing investment avenues. Previous studies indicate that individuals with higher financial literacy are more likely to invest in diversified portfolios, plan for retirement, and accumulate long-term wealth. However, low literacy levels often result in impulsive decisions, excessive debt, and underutilization of investment opportunities. Wealth creation is a systematic process that requires disciplined savings, proper investment planning, risk diversification, and long-term perspective.

This research evaluates how financial literacy influences investment decisions and wealth creation among individual investors.

### 2. REVIEW OF LITERATURE

Financial literacy has received considerable attention in recent years due to its influence on financial decision-making and investment behaviour. Several researchers have examined the relationship between financial knowledge, investment participation, and wealth accumulation.

**Annamaria Lusardi and Olivia S. Mitchell (2014)** highlighted the economic importance of financial literacy and found that individuals with higher financial knowledge are more likely to plan for retirement and accumulate wealth. Their research emphasized that lack of financial literacy leads to poor financial planning and inefficient investment decisions.

**Eugene F. Fama (1970)** in his theory of efficient capital markets suggested that investors require adequate financial knowledge to interpret market information and make rational investment decisions.

**Hersh Shefrin (2007)** explained that behavioural biases often affect investment decisions. Financial literacy helps investors reduce emotional and irrational decisions during market fluctuations.

A study conducted by the **Organisation for Economic Co-operation and Development (OECD, 2016)** found that financial literacy significantly influences saving behaviour, investment planning, and long-term financial security among individuals.

Similarly, reports from the **Reserve Bank of India** and **Securities and Exchange Board of India** emphasize the importance of financial awareness programs in improving investor participation and financial stability.

These studies collectively indicate that financial literacy plays a crucial role in shaping investment behaviour and promoting sustainable wealth creation among individuals.

### 3. RATIONALE AND SIGNIFICANCE

In India, despite rising income levels and access to financial services, a large section of the population lacks adequate financial knowledge. This gap limits effective wealth creation and increases vulnerability to financial fraud and poor investment choices. Understanding the relationship between financial literacy, wealth creation, and investment decision-making is essential for policymakers, educators, and financial institutions. The study contributes empirical evidence to support financial education programs aimed at improving financial inclusion and economic stability.

### 4. STATEMENT OF PROBLEM

Despite increased access to investment options, many individuals fail to create sufficient wealth due to low financial literacy, leading to poor investment decisions and inadequate financial planning

### 5. OBJECTIVES OF THE STUDY

1. To study the level of financial literacy among investors.
2. To know the impact of financial literacy on investment decisions.
3. To study the relationship between financial literacy and wealth accumulation.

### 6. RESEARCH METHODOLOGY

#### 6.1 Research Design

Research design refers to the systematic plan used for collecting and analyzing data in order to achieve the objectives of the study. The present study adopts a **descriptive and analytical research design** to examine the impact of financial literacy on investment decisions and wealth creation among investors.

The study focuses on understanding how financial knowledge influences individuals' investment behaviour and their ability to accumulate wealth over time. The data collected from respondents were organized, classified, and analyzed using appropriate statistical techniques.

#### 6.2 Nature and Sources of Data

##### Primary Data

Primary data were collected directly from respondents through a **structured questionnaire**. The questionnaire included questions related to financial literacy, investment behaviour, and wealth accumulation.

### Secondary Data

Secondary data were collected from various sources such as:

- Research journals
- Books
- Financial reports
- Websites
- Published research articles related to financial literacy and investment behaviour

### 6.3 Sampling Technique

The present study uses a **convenience sampling technique** for selecting respondents. The respondents were chosen from **clients of selected brokerage firms operating in Sangli city** who actively participate in financial investment activities. Convenience sampling was adopted due to the accessibility and availability of respondents during the data collection process.

### 6.4 Universe of the Study

The universe of the study consists of **400 investors who are clients of selected brokerage firms in Sangli city** and actively participate in financial investment activities.

### 6.5 Sample Size

From the universe of 400 investors, a **sample of 100 respondents** was selected for the study.

The sample size was determined using **Cochran's sample size formula**, and the final sample was adjusted considering the finite population size. Since the population of the study is finite ( $N = 400$  respondents), Cochran's (1977) sample size formula with finite population correction was used to determine the required sample size.

### 6.6 Finite Population Correction

Since the total population of the study is **400 respondents**, the adjusted sample size is calculated as:

$$n = n_0 / [1 + (n_0 - 1) / N]$$

Substituting the values:

$$n = 96.04 / [1 + (96.04 - 1) / 400]$$

$$n = 96.04 / [1 + 95.04 / 400]$$

$$n = 96.04 / [1 + 0.2376]$$

$$n = 96.04 / 1.2376$$

$$n = 77.6$$

The calculated minimum sample size is **approximately 78 respondents**. However, to improve the reliability and representativeness of the study, the sample size was **increased to 100 respondents**.

Therefore, **100 respondents were selected from the total universe of 400 respondents for the study**.

### 6.7 Data Collection Instrument

The primary data were collected using a **structured questionnaire consisting of 31 questions**.

The questionnaire was divided into the following sections:

- **Demographic Information** (Age, Gender, Education, Occupation, Income)
- **Financial Literacy**
- **Investment Behaviour**
- **Wealth Accumulation**

The responses were measured using a **five-point Likert scale**, which included:

1 – Strongly Disagree

2 – Disagree

3 – Neutral

4 – Agree

5 – Strongly Agree

6.8 Data Analysis Tools

The collected data were analyzed using the following statistical tools:

### 6.8.1. Percentage Analysis

Percentage analysis was used to understand the distribution of respondents based on demographic characteristics.

### 6.8.2. Likert Scale Analysis

A five-point Likert scale was used to measure respondents' opinions regarding financial literacy, investment behaviour, and wealth accumulation. Mean scores were calculated to interpret the overall responses where 1 denotes strongly disagree and 5 denotes strongly agree. Mean interpretation score are as below

In the present study, a **five-point Likert scale** was used to collect responses from the respondents. Each response option was assigned a numerical weight to facilitate quantitative analysis.

Response	Weight
Strongly Disagree	1
Disagree	2
Neutral	3
Agree	4
Strongly Agree	5

The responses obtained from the respondents were converted into numerical values using the assigned weights. The **weighted scores** were then calculated by multiplying the frequency of each response with its respective weight.

The **mean score** for each statement was calculated using the formula:

Mean Score = Total Weighted Score / Total Number of Respondents

The calculated mean values were used to interpret the level of agreement or awareness among respondents. Mid point value 3 is considered. Mean is more than 3 value indicate a stronger level of agreement i.e. positive response, while mean value less than 3 values indicate disagreement or lack of awareness i.e negative response.

Thus, the Likert scale method helped in **quantifying respondents' perceptions and facilitating systematic statistical analysis of the collected data.**

### Mean Interpretation Table

Mean Range	Interpretation
1.00 – 1.80	Very Low
1.81 – 2.60	Low
2.61 – 3.40	Moderate
3.41 – 4.20	High
4.21 – 5.00	Very High

### 6.8.3. Chi-Square Test

The Chi-Square test was used to test the hypotheses and determine whether there is a significant relationship between financial literacy, investment decisions, and wealth accumulation among respondents.

In addition to descriptive analysis using the Likert scale, the **Chi-Square ( $\chi^2$ ) test** was used as a statistical tool to examine the relationship between categorical variables in the study. The Chi-Square test helps to determine whether there is a **significant association between two variables**.

The test compares the **observed frequencies** obtained from the survey data with the **expected frequencies** to determine whether the differences are statistically significant.

#### Formula for Chi-Square Test

$$\chi^2 = \sum (O - E)^2 / E$$

Where:

- $\chi^2$  = Chi-Square value
- **O** = Observed frequency
- **E** = Expected frequency
- $\Sigma$  = Summation of all categories

The calculated Chi-Square value is compared with the **critical value from the Chi-Square table** at a selected **level of significance (usually 5%)** and appropriate **degrees of freedom**.

#### Decision Rule

- If **calculated  $\chi^2$  value > table  $\chi^2$  value**, the **null hypothesis is rejected**.
- If **calculated  $\chi^2$  value < table  $\chi^2$  value**, the **null hypothesis is accepted**.

Thus, the Chi-Square test was used in this study to determine whether a **significant relationship exists between selected variables related to financial awareness and investment behaviour of respondents**.

### 6.9 Hypotheses of the Study

In order to examine the relationship between financial literacy, investment decisions, and wealth creation among investors, the following hypotheses have been formulated:

#### Hypothesis 1

##### **H<sub>01</sub> (Null Hypothesis):**

There is **no significant impact of financial literacy on investment decisions** among clients of selected brokers in Sangli city.

##### **H<sub>11</sub> (Alternative Hypothesis):**

There is a **significant impact of financial literacy on investment decisions** among clients of selected brokers in Sangli city.

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#### Hypothesis 2

##### **H<sub>02</sub> (Null Hypothesis):**

There is **no significant relationship between financial literacy and wealth creation** among clients of selected brokers in Sangli city.

##### **H<sub>12</sub> (Alternative Hypothesis):**

There is a **significant relationship between financial literacy and wealth creation** among clients of selected brokers in Sangli city.

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### Hypothesis 3

#### H<sub>03</sub> (Null Hypothesis):

Investment decisions **do not significantly influence wealth creation** among clients of selected brokers in Sangli city.

#### H<sub>13</sub> (Alternative Hypothesis):

Investment decisions **significantly influence wealth creation** among clients of selected brokers in Sangli city.

These hypotheses will be tested using the Chi-Square test based on the responses collected from **100 respondents**.

#### 6.10 Scope of the Study

The study focuses on investors who are clients of selected brokerage firms in **Sangli city**. The research examines the level of financial literacy among respondents and its influence on their investment decisions and wealth creation.

#### 6.11 Limitations of Study

- The study is limited to **100 respondents**.
- The research is confined to **Sangli city only**.
- The analysis is based on **responses collected through a structured questionnaire**.
- Respondents' answers may be influenced by **personal perceptions and biases**.

## 7. DATA ANALYSIS

### Section A-Financial Literacy ( Q.1 to Q.7 )

#### 1. Do you understand basic financial concepts such as interest rates and inflation?

TABLE – 1

Awareness on understanding interest rates and inflation

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	12	12%	1	12
Disagree	13	13%	2	26
Neutral	21	21%	3	66
Agree	18	18%	4	72
Strongly Agree	36	36%	5	180
Total	100	100%		356

Source: Questionnaire.

Mean =  $356 / 100 = 3.56$

36% respondents agreed/strongly agreed that they understand interest rates and inflation. Only 13% disagreed. The high mean (3.56) indicates strong conceptual awareness among broker clients. Since these clients are already market participants, familiarity with basic financial concepts is expected. However, 21% neutral responses suggest partial conceptual gaps.

Interpretation: Financial literacy foundation is strong.

#### 2.Has your education helped you improve your financial knowledge?

TABLE – 2

Education help to improve financial knowledge.

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	13	13%	1	13
Disagree	16	16%	2	32
Neutral	20	20%	3	60
Agree	16	16%	4	64
Strongly Agree	35	35%	5	175
Total	100	100%		344

**SOURCE: QUESTIONNAIRE**

Mean =  $344 / 100 = 3.44$

35% respondents agreed that formal education improved financial knowledge. 20% remained neutral. This suggests education contributes significantly but may not be fully practical. The slightly lower mean compared to Q1 indicates experiential learning through brokerage interaction may be equally important. Interpretation: Education plays a supportive but not exclusive role.

**3. Do you feel confident managing your personal finances ?**

**TABLE – 3**

**Confidence Level in managing personal finances**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	10	10%	1	10
Disagree	08	08%	2	16
Neutral	14	14%	3	42
Agree	31	31%	4	124
Strongly Agree	37	37%	5	185
Total	100	100%		377

**SOURCE- QUESTIONNAIRE**

Mean =  $377/100 = 3.77$

68% respondents expressed confidence in managing finances which are reflected in agree 31 respondents and 37 respondents in strongly agree. Only 18% showed disagreement. The high mean suggests broker clients possess decision-making confidence, which is critical for investment participation.

Interpretation: Strong financial self-efficacy

**4 Do you understand the difference between stocks and bonds**

**TABLE – 4**

**Understanding difference between stocks and bonds**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	11	11%	1	11
Disagree	09	09%	2	18
Neutral	20	20%	3	60
Agree	18	18%	4	72
Strongly Agree	42	42%	5	210
Total	100	100%		371

**SOURCE - QUESTIONNAIRE**

Mean =  $371/100 = 3.71$

60% respondents agreed they understand differences between stocks and bonds. 20% neutral responses indicate conceptual uncertainty among some investors. Since broker clients often invest in equities, bond knowledge may be comparatively lower.

Interpretation: Equity knowledge strong; fixed-income understanding moderate.

**5 Do you understand how mutual funds work?**

**TABLE – 5**

**Understanding about mutual fund**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	08	08%	1	08
Disagree	12	12%	2	24
Neutral	18	18%	3	54
Agree	29	29%	4	116
Strongly Agree	33	33%	5	165
Total	100	100%		367

**SOURCE: QUESTIONNAIRE**

Mean =  $367/100 = 3.67$

62% respondents reported understanding of mutual funds. Since mutual funds are commonly recommended by brokers, familiarity is relatively high. 18% neutral responses indicate some require better product awareness.

Interpretation: Moderate to high awareness.

**6 Do you know how inflation affects your savings?**

**TABLE – 6**

**Awareness about inflation affects savings.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	10	10%	1	10
Disagree	15	15%	2	30
Neutral	12	12%	3	36
Agree	12	12%	4	48
Strongly Agree	51	51%	5	255
Total	100	100%		379

**SOURCE-QUESTIONNAIRE**

Mean =  $379 / 100 = 3.79$

63% respondents understand inflation impact on savings. This suggests awareness of real returns and purchasing power risk. The high mean reflects rational financial planning ability.

Interpretation: Good macro-financial awareness.

**7 Do you regularly follow financial news or updates?**

**TABLE – 7**

**Regular follow up on Financial News and Updates**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	22	22%	1	22
Disagree	16	16%	2	32
Neutral	18	18%	3	54

Agree	24	24%	4	96
Strongly Agree	20	20%	5	100
Total	100	100%		304

**SOURCE-QUESTIONNAIRE**

Analysis:

**Mean = 304/100 = 3.04**

Only 44% actively follow financial news. 18% were neutral. Compared to other literacy indicators, this is weaker. Investors appear to rely more on brokerage advice and professional guidance rather than conducting independent financial research.

Interpretation: Passive information consumption pattern.

**Section B Investment Behavior ( Q.8 to Q.17 )**

**8. Does financial literacy motivate you to invest your money?**

**TABLE – 8**

**Financial Literacy motivates to invest money.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	05	05%	1	05
Disagree	02	02%	2	04
Neutral	15	15%	3	45
Agree	37	37%	4	148
Strongly Agree	41	41%	5	205
Total	100	100		407

**SOURCE-QUESTIONNAIRE**

Analysis:

**Mean = 407/100= 4.07**

78% agree that financial knowledge motivates investing. 07% which are very few disagreed. The high mean suggests literacy drives participation in capital markets.

Interpretation: Knowledge positively influences market entry.

**9 Do you actively participate in investment activities?**

**TABLE – 9**

**Active participation in investment activities.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	10	10%	1	10
Disagree	12	12%	2	24
Neutral	11	11%	3	33
Agree	38	38%	4	152
Strongly Agree	29	29%	5	145
Total	100	100		364

**SOURCE-QUESTIONNAIRE**

Analysis:

**Mean= 364/100= 3.64**

67% actively participate in investments. Since respondents are broker clients, this confirms engagement consistency.

Interpretation: Strong participation behavior of investors.

**10. Do you invest with clear financial goals in mind?**

**TABLE – 10**

**Investment on basis of clear financial goals in mind**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	08	08%	1	08
Disagree	11	11%	2	22
Neutral	09	09%	3	27
Agree	34	34%	4	136
Strongly Agree	38	38%	5	190
Total	100	100%		383

**SOURCE: QUESTIONNAIRE**

Analysis:

Mean=  $383/100 = 3.83$

72% invest with clear financial goals. The mean above 3.83 indicates goal-based investing is widely practiced.

Interpretation: Structured investment planning is common

**11. Do you diversify your investments to reduce risk?**

**TABLE – 11**

**Diversification of investment to reduce risk**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	08	08%	1	08
Disagree	12	12%	2	24
Neutral	11	11%	3	33
Agree	38	38%	4	152
Strongly Agree	31	31%	5	155
Total	100	100%		372

**SOURCE-QUESTIONNAIRE**

Analysis:

Mean =  $372 / 100 = 3.72$

69% diversify investments to reduce risk. This shows awareness of portfolio theory principles.

Interpretation: Risk management practices are strong

**12. Do you regularly review your investment performance**

**TABLE – 12**

**Regular review of investment performance.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	16	16%	1	16
Disagree	08	08%	2	16
Neutral	13	13%	3	39
Agree	18	18%	4	72
Strongly Agree	45	45%	5	225
Total	100	100%		368

**SOURCE-QUESTIONNAIRE**

Analysis:

Mean =  $368/100 = 3.68$

63% regularly review performance. 3.68 mean suggests some investors remain passive post-investment.

Interpretation: Monitoring behavior moderately strong.

**13. Are your investment decisions mostly based on your own knowledge?**

**TABLE – 13**

**Basis of making investment decision on knowledge.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	06	06%	1	06
Disagree	11	11%	2	22
Neutral	18	18%	3	54
Agree	31	31%	4	124
Strongly Agree	34	34%	5	170
Total	100	100		376

**SOURCE-QUESTIONNAIRE**

Analysis:

Mean=  $376/100= 3.76$

65% rely on personal knowledge. However, some neutral responses of 18% indicate broker influence remains significant.

Interpretation: Balanced self-reliance and advisory support

**14. Does financial knowledge help you choose suitable investment options?**

**TABLE – 14**

**Use of Financial knowledge to choose suitable investment options.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	05	05%	1	05
Disagree	10	10%	2	20
Neutral	07	07%	3	21
Agree	46	46%	4	184
Strongly Agree	32	32%	5	160
Total	100	100		390

**SOURCE-QUESTIONNAIRE**

Analysis:

Mean =  $390/100= 3.90$

78% believe literacy helps choose suitable options. Very strong positive orientation.

Interpretation: Direct link between literacy and decision quality

**15 Are you willing to take calculated risks while investing?**

**TABLE – 15**

**Willingness to take calculated risk while investing.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	13	13%	1	13
Disagree	11	11%	2	22
Neutral	15	15%	3	45
Agree	37	37%	4	148
Strongly Agree	24	24%	5	120

Total	100	100		348
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**SOURCE-QUESTIONNAIRE**

Analysis:

Mean =  $348/100 = 3.48$

61% willing to take calculated risks. Indicates moderate risk appetite.

Interpretation: Rational risk-taking present

**16 Do you prefer long-term investments over short-term gains?**

**TABLE – 16**

**Preference to Long term investment over short term gains**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	05	05%	1	05
Disagree	03	03%	2	06
Neutral	11	11%	3	33
Agree	40	40%	4	160
Strongly Agree	41	41%	5	205
Total	100	100		409

**SOURCE: QUESTIONNAIRE**

Analysis:

Mean =  $409 / 100 = 4.09$

81% prefer long-term investments. Highest mean in this section. Indicates maturity in investment thinking.

Interpretation: Long-term wealth orientation strong.

**17 Do you remain calm and rational during investment losses?**

**TABLE – 17**

**Calm and rational during investment losses.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	13	13%	1	13
Disagree	11	11%	2	22
Neutral	18	18%	3	54
Agree	37	37%	4	148
Strongly Agree	21	21%	5	105
Total	100	100		342

**SOURCE-QUESTIONNAIRE**

Analysis:

Only 58% remain calm during losses. Emotional bias still affects some investors.

Interpretation: Behavioral finance factors present.

**Overall Investment Behaviour Mean = 3.85**

Conclusion:

Broker clients show disciplined, goal-based, long-term investment behaviour.

**Section C Wealth Accumulation (Q.18 to Q.31)**

**18. Do you have a long-term financial plan?**

**TABLE – 18**

**Long term financial plan.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	08	08%	1	08
Disagree	06	06%	2	12
Neutral	11	11%	3	33
Agree	38	38%	4	152
Strongly Agree	37	37%	5	185
Total	100	100		390

Analysis

Mean=  $390/100= 3.90$

75% respondents says they have long term financial plan which Indicates structured wealth planning.

**19.Do you save a fixed portion of your income regularly?**

**TABLE – 19**

**Saving fixed portion of income regular basis.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	11	11%	1	11
Disagree	08	08%	2	16
Neutral	05	05%	3	15
Agree	39	39%	4	156
Strongly Agree	37	37%	5	185
Total	100	100		383

**SOURCE: QUESTIONNAIRE**

Analysis

Mean=  $383/100= 3.83$

76% save fixed portion regularly. Shows financial discipline.

**20.Do you maintain an emergency fund?**

**TABLE – 20**

**Maintain emergency fund.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	11	11%	1	11
Disagree	08	08%	2	16
Neutral	11	11%	3	33
Agree	33	33%	4	132
Strongly Agree	37	37%	5	185
Total	100	100		377

**SOURCE: QUESTIONNAIRE**

Analysis: Mean=  $377/100= 3.77$

70% maintain emergency funds. Financial security awareness present.

**21.Has financial literacy helped you increase your savings?**

**TABLE – 21**

**Use of Financial Literacy to increase savings**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	11	11%	1	11
Disagree	08	08%	2	16

Neutral	04	04%	3	12
Agree	40	40%	4	160
Strongly Agree	37	37%	5	185
Total	100	100		384

**SOURCE: QUESTIONNAIRE**

Analysis: Mean= 384/100= 3.84

77% respondents says that financial literacy helped them to increase savings which shows Strong positive influence of literacy on savings behavior.

**22. Have your investments helped you accumulate wealth?**

**TABLE – 22**

**Investment helped to accumulate wealth.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	11	11%	1	11
Disagree	08	08%	2	16
Neutral	06	06%	3	18
Agree	38	38%	4	152
Strongly Agree	37	37%	5	185
Total	100	100		382

**SOURCE: QUESTIONNAIRE**

Analysis: Mean= 382/100= 3.82

75% says investment helped them to accumulated wealth which shows Investors perceive positive wealth impact.

**23. Do you own assets such as property or long-term investments?**

**TABLE – 23**

**Ownership of Assets such as property or long term investment.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	13	13%	1	13
Disagree	12	12%	2	24
Neutral	06	06%	3	18
Agree	34	34%	4	136
Strongly Agree	35	35%	5	175
Total	100	100		366

**SOURCE: QUESTIONNAIRE**

Analysis: Mean= 366/100= 3.66

69% agrees and strongly agrees with asset ownership. Moderate asset accumulation was possible among respondents.

**24. Do you have adequate life insurance coverage?**

**TABLE – 24**

**Adequacy of life insurance**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	14	14%	1	14
Disagree	12	12%	2	24
Neutral	06	06%	3	18

Agree	33	33%	4	132
Strongly Agree	35	35%	5	175
Total	100	100		363

Analysis: Mean= 363/100= 3.63

68% agrees about they have adequate life insurance coverage. Even though Insurance coverage is moderate but not universal.

**25. Do you have adequate health insurance coverage?**

**TABLE – 25**  
**Adequate health coverage.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	14	14%	1	14
Disagree	12	12%	2	24
Neutral	05	05%	3	15
Agree	33	33%	4	132
Strongly Agree	36	35%	5	180
Total	100	100		365

**SOURCE: QUESTIONNAIRE**

Analysis: Mean= 365/100= 3.65

69% agrees they have adequate health insurance coverage which shows that improved risk protection awareness.

**26. Do you regularly contribute to retirement savings schemes?**

**TABLE – 26**  
**Contribution towards retirement saving schemes.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	13	13%	1	13
Disagree	10	10%	2	20
Neutral	04	04%	3	12
Agree	34	34%	4	136
Strongly Agree	39	39%	5	195
Total	100	100		376

Analysis: Mean= 376/100= 3.76

73% respondents says that they regularly contribute to retirement saving schemes.

**27. Do you set financial goals on a regular basis?**

**TABLE – 27**  
**Setting of Financial goals on regular basis.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	11	11%	1	11
Disagree	08	08%	2	16
Neutral	04	04%	3	12
Agree	36	36%	4	144
Strongly Agree	41	41%	5	205
Total	100	100		388

**SOURCE-QUESTIONNAIRE**

Analysis: Mean= 388/100= 3.88

77% respondents sets financial goals regular basis which shows high financial planning orientation.

**28. Do you believe financial literacy is important for wealth creation?**

**TABLE – 28**

**Importance of Financial literacy for wealth creation.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	06	06%	1	06
Disagree	08	08%	2	16
Neutral	04	04%	3	12
Agree	37	37%	4	148
Strongly Agree	45	45%	5	225
Total	100	100		412

Analysis: Mean= 412/100= 4.12

Highest overall mean. Strong consensus

**29. Has your financial situation improved due to better financial decisions?**

**TABLE – 29**

**Improving financial situation due to better financial decision.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	06	06%	1	06
Disagree	08	08%	2	16
Neutral	09	09%	3	27
Agree	37	37%	4	148
Strongly Agree	40	40%	5	200
Total	100	100		397

**SOURCE: QUESTIONNAIRE**

Analysis: Mean= 397/100= 3.97

77% respondents says that financial situation improved due to better financial decisions. Which says that Majority report financial improvement.

**30. Does financial knowledge reduce your financial stress?**

**TABLE – 30**

**Reduce of Financial stress due to financial knowledge.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	08	08%	1	08
Disagree	07	07%	2	14
Neutral	12	12%	3	36
Agree	35	35%	4	140
Strongly Agree	38	38%	5	190
Total	100	100		381

Analysis: Mean= 381/100= 3.81

73% Literacy improves psychological stability

**31. Do you trust financial advisors while making investment decisions?**

**TABLE – 31**

**Trust on Financial Advisor to make investment decision.**

Response	Frequency	Percentage	Weight	Score
Strongly Disagree	12	12%	1	12
Disagree	11	11%	2	22
Neutral	12	12%	3	36
Agree	30	30%	4	120
Strongly Agree	35	35%	5	175
Total	100	100		365

**SOURCE: QUESTIONNAIRE**

Analysis: Mean= 365/100= 3.65

65% Moderate trust in advisors; investors balance advice with knowledge.

**FINAL INTERPRETATION**

Section	Mean
Financial Literacy	3.71
Investment Behaviour	3.85
Wealth Accumulation	3.81

Grand Mean = 3.79 (>3)

Interpretation: The overall analysis indicates that a majority of responses fall under 'Agree' and 'Strongly Agree', confirming a strong positive relationship between financial literacy, investment decisions, and wealth creation among broker clients in Sangli City.

**8 HYPOTHESIS TESTING**

**Hypothesis 1**

**H<sub>01</sub> (Null Hypothesis):**

There is **no significant impact of financial literacy on investment decisions** among clients of selected brokers in Sangli city.

**H<sub>11</sub> (Alternative Hypothesis):**

There is a **significant impact of financial literacy on investment decisions** among clients of selected brokers in Sangli city.

**Table: Chi-Square Calculation**

Response	Financial Literacy (O)	Investment Behaviour (O)	Expected (FL)	Expected (IB)	(O-E) <sup>2</sup> /E
Strongly Disagree	86	89	72.06	102.94	4.59
Disagree	89	91	74.12	105.88	5.07
Neutral	123	128	103.35	147.65	6.34
Agree	148	356	207.53	296.47	29.02
Strongly Agree	254	336	242.94	347.06	0.85
Total	700	1000			45.87

**Analysis**

The Chi-square test was applied to examine the relationship between financial literacy and investment behaviour among respondents. The calculated Chi-square value is 45.87, which is greater than the table value of 9.488 at 5% level of significance with 4 degrees of freedom.

### Result and Interpretation

Since the calculated value is higher than the table value, the null hypothesis is rejected. This indicates that there is a significant relationship between financial literacy and investment behaviour. The result implies that respondents with higher financial literacy tend to demonstrate more active and informed investment behaviour.

### Hypothesis 2

#### H<sub>02</sub> (Null Hypothesis):

There is **no significant relationship between financial literacy and wealth creation** among clients of selected brokers in Sangli city.

#### H<sub>12</sub> (Alternative Hypothesis):

There is a **significant relationship between financial literacy and wealth creation** among clients of selected brokers in Sangli city

**Table: Chi-Square Test – Financial Literacy vs Wealth Accumulation**

Response	Financial Literacy (O)	Wealth Accumulation (O)	Expected (FL)	Expected (WA)	(O-E) <sup>2</sup> /E
Strongly Disagree	86	151	79.00	158.00	0.93
Disagree	89	126	71.67	143.33	6.28
Neutral	123	99	74.00	148.00	48.67
Agree	148	497	215.00	430.00	31.33
Strongly Agree	254	527	260.33	520.67	0.23
<b>Total</b>	<b>700</b>	<b>1400</b>			<b>87.44</b>

### Brief Analysis:

The calculated Chi-square value (**87.44**) is greater than the table value (**9.488**) at the **5% level of significance with 4 degrees of freedom**. Hence, the **null hypothesis is rejected**, indicating a **significant relationship between financial literacy and wealth accumulation**.

### Hypothesis 3

#### H<sub>03</sub> (Null Hypothesis):

Investment behavior **does not significantly influence wealth creation** among clients of selected brokers in Sangli city.

#### H<sub>13</sub> (Alternative Hypothesis):

Investment behavior **significantly influence wealth creation** among clients of selected brokers in Sangli city.

**Chi-Square Test – Investment Behaviour vs Wealth Accumulation**

Response	Investment Behaviour (O)	Wealth Accumulation (O)	Expected (IB)	Expected (WA)	(O-E) <sup>2</sup> /E
Strongly Disagree	89	151	100.00	140.00	2.64
Disagree	91	126	90.42	126.58	0.01
Neutral	128	99	94.58	132.42	20.25
Agree	356	497	355.42	497.58	0.00
Strongly Agree	336	527	359.58	503.42	2.67

Response	Investment Behaviour (O)	Wealth Accumulation (O)	Expected (IB)	Expected (WA)	(O-E) <sup>2</sup> /E
Total	1000	1400			25.57

#### Brief Analysis

The calculated Chi-square value (25.57) is greater than the table value (9.488) at the 5% level of significance with 4 degrees of freedom. Therefore, the null hypothesis is rejected, indicating a significant relationship between investment behaviour and wealth accumulation. This suggests that respondents with stronger investment behaviour tend to achieve better wealth accumulation outcomes.

#### 9 FINDINGS

The major findings of the study are summarized as follows:

1. The study reveals that the majority of respondents possess moderate to high levels of financial literacy, as indicated by the mean score values above the neutral level.
2. Financial literacy significantly influences investment participation, as respondents with higher financial knowledge are more likely to invest in financial instruments such as equities, mutual funds, and systematic investment plans.
3. A large proportion of investors demonstrate goal-based investment behaviour, indicating that they invest with clear financial objectives such as retirement planning, wealth accumulation, and future financial security.
4. The analysis indicates that investors adopt diversified investment strategies in order to reduce financial risk and improve portfolio stability.
5. The results show that most respondents prefer long-term investment strategies, reflecting a disciplined approach toward wealth creation.
6. The Chi-Square analysis confirms a statistically significant relationship between financial literacy and investment behaviour, suggesting that financially knowledgeable investors make more informed financial decisions.
7. The study also reveals a significant relationship between investment behaviour and wealth accumulation, indicating that disciplined investment practices contribute to long-term financial growth.
8. Although financial awareness is relatively high among respondents, a portion of investors still depend on professional financial advisors while making investment decisions, indicating the importance of advisory services in investment planning.

#### 10. SUGGESTIONS

1. **Promote Financial Literacy Programs**  
Government agencies, educational institutions, and financial organizations should conduct financial literacy programs, workshops, and seminars to improve investors' understanding of financial concepts and investment products.
2. **Encourage Investor Awareness Initiatives**  
Brokerage firms and financial advisors should organize regular investor awareness campaigns to educate clients about risk management, diversification, and long-term investment planning.
3. **Introduce Financial Education in Academic Curriculum**  
Schools and colleges should include basic financial education and personal finance management in their curriculum to develop financial awareness from an early stage.
4. **Promote Diversified Investment Strategies**  
Investors should be encouraged to diversify their investments across various financial instruments such as equities, mutual funds, bonds, and other financial assets to reduce risk and improve returns.
5. **Encourage Long-Term Investment Planning**  
Investors should focus on long-term financial goals rather than short-term speculation to achieve stable wealth accumulation.

6. **Use Digital Platforms for Financial Awareness**

Financial institutions and regulators should use digital media and online platforms to spread financial knowledge and provide easy access to investment information.

7. **Strengthen Role of Financial Advisors**

Professional financial advisors should guide investors in making informed investment decisions based on their risk tolerance, income level, and financial goals.

8. **Regular Monitoring of Investments**

Investors should regularly review and evaluate their investment portfolios to ensure alignment with their financial objectives and market conditions.

## 11. CONCLUSION

The present study examined the impact of financial literacy on investment behaviour and wealth accumulation among investors in Sangli city. The findings indicate that financial literacy plays a significant role in shaping investment decisions and improving long-term financial outcomes.

The analysis of the responses reveals that investors with higher financial knowledge tend to adopt structured investment strategies, diversify their investment portfolios, and focus on long-term financial goals. The overall mean score of **3.79** indicates a high level of agreement among respondents regarding the importance of financial literacy in investment decision-making and wealth creation.

The Chi-Square test results further confirm a statistically significant relationship between financial literacy, investment behaviour, and wealth accumulation. This suggests that investors who possess better financial knowledge are more likely to demonstrate disciplined investment practices and achieve improved financial stability.

The study highlights the need for continuous financial education initiatives by educational institutions, financial regulators, and financial institutions. Enhancing financial literacy can promote informed investment decisions, increase participation in financial markets, and contribute to sustainable wealth creation and overall economic development.

The findings of the study provide empirical evidence that improving financial literacy can significantly enhance investment behaviour and contribute to sustainable wealth creation among individual investors.

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Reports from **Reserve Bank of India, Securities and Exchange Board of India**, and the **National Centre for Financial Education** were also consulted.