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Effect of Financial Literacy on Investment Decision Among Economics Students

Foster Obeng-Manu *

Abstract: *The study investigated the effect of financial literacy on investment decisions among economics students in UEW. Overall, by adopting stratified sampling, 100 economics students were recruited for the study. To collect data closed-ended questionnaire was personally administered to the sampled students in the study area on the grounds of high anonymity and confidentiality. Data collected from respondents were analysed using SPSS. Findings from the binary logistic analysis shows that an increase in age of respondent (student) is likely to increase probability to invest. The probability of increment is 11.4% and it is significant at 5% significance level. Again, a respondent with higher level of education is likely to increase investment decision. The probability of increment was 11.8% and significant at a 5% level of significance. Similarly, increase in the level of income is likely to increase investment decisions. The associated probability of increase was 14.4% and it is also significant at a 5% level of significance. That is UEW economics students were willing to increase investment when income increases. Finally, the study found that increasing knowledge on interest rate is likely to increase investment decision. The probability of increment was 22.8% and it is significant at 5% significance level. Based on the findings, the study recommends extensive public education to sensitize individuals especially students on numerous investment products to invest. Again, stakeholders are entreated to increase the student loan allowance as well as scholarships avenues to raise and sustain students' standard of living within an academic year. The study also calls on parents of students to increase students' allowance in an academic year.*

Keywords: Economics students, investment decision, financial literacy, university of education.

Introduction

Over the past two decades, several indications have been made regarding financial literacy in most organizations including both government and non-government organization such as consumer and public awareness groups (Braunstein & Welch, 2002; D. T. Kumari, 2017; Lusardi, 2019). This is because financial knowledge and its application, decreases the odds that individuals at particular income level, would be induced to effectively demand commodities which do not satisfy them.

Globally, the issue of poor financial literacy level among nationals have been highlighted by most governments especially in developing countries. As a result, individuals are motivated to take keen interest on issues relating to personal finance (Kuffour & Adu,

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2019). Major issues including poor retirement plans, poor savings plans and fraudulent activities which most people are susceptible to have been generally linked to limited financial knowledge. Extant studies reveal that individuals with poor saving plans end up making unhealthy investment decisions leading to huge debts (Braunstein & Welch, 2002; Lusardi, 2019). In view of this, Braunstein and Welch (2002) add that people with adequate financial knowledge and market information turns to make comprehensive and healthy decisions leading to higher socio-economic standard of living.

Theoretically and empirically, investment can be conceptualized as the outlay of funds by an individual for a particular time period with the hope of earning in return (Barton, 2016; Tettey, 2019). Popescu (2008) posit that individuals are considered to have adequate financial knowledge when they possess increasing information in the financial or security market regarding numerous investments and financial products. This implies that individual in the financial market should be adequately informed on the timing of purchasing a particular portfolio. Therefore, the decision to invest has been defined to comprise of trade-offs between people's immediate consumption and future consumption for a greater benefit in future (Reilly & Brown, 2011). In such instance, rational individuals are assumed to make choices based on the satisfaction to be derived. Reilly and Brown (2011) demonstrated that financial literacy significantly affect the behavior of households' investments and savings.

The complicated nature of products in the financial market as well as individual's awareness to be financially responsible have ignited several interests in financial education especially among developing countries including Ghana (Kuffour & Adu, 2019). Reflecting on the consumption patterns of students and the never-ending desire to possess lucrative materials in general, it becomes essential to propagate financial education amongst the student populace. According to D. Kumari and Ferdous Azam (2019); D. T. Kumari (2020), the awareness creation comprises of students' understanding of annual statements, simple and to a large extent calculation of complicated interest and the nexus between immediate and future consumption. Again, enlightening students on the principle that higher investment returns are also likely associated with higher risk, the concept that market prices fall and rise, as well as other basic principles in the financial market. Mandell (2008) discussed that most people especially youth, which includes students, have demonstrated limited knowledge on basic financial topics such as the lending and borrowing rate, inflation rate and exchange rate. Moreover, Hamza and Arif (2019); Kuffour and Adu (2019); King'ondu (2020) have demonstrated that most people including students tend to have easy access to funds, however have shown to possess less financial knowledge and are financially indiscipline, consequently becoming impulsive. Inculcating financial literacy among students is very eminent, as they tend to develop good money management behavior as working adults.

In Ghana, extant studies such as Gyabaah (2009); Chowa, Despard, and Osei-Akoto (2012); Opoku (2015) have indicated that the level of financial literacy among the youth including students is very low. For instance, Chowa et al. (2012) discussed that only 8% and 11% of students were able to respond two questions correctly about savings and lending rates respectively. According to them, these statistics indicate statistical difference among individuals in terms of sex, age and level of education. Surprisingly, he revealed in their study that 55% of students had savings account, meanwhile, more than 75% of guardians disagreed that this assertion is true. Additionally, evidence from Opoku (2015) suggests that less than 30% of Ghanaian youth population had a financial account whereas only 16% had saved with a banking institution as at 2011-year period. Moreover, Berry, Karlan, and Pradhan (2018) found that the effects of financial literacy programmes among Ghanaians are small and not statistically significant. Kuffour and Adu (2019) also maintain that the complex nature of the financial environment has led to influx of several innovative products onto the market, however, Opoku (2015) intimates that most people in Ghana are unable to seize these products as a result of inadequate market information and poor financial knowledge. In view of this, Kuffour and Adu (2019) suggested further studies on financial literacy. The motivation for the current study emanates from the viewpoint that information gathered will enable individuals especially economics students to learn their own behavioural patterns that deviate from rationality and be informed in making better and more rewarding investment decisions in the future. Also, academically, the outcome of the study will serve as a reference material for further studies and also contributes to the existing body of knowledge. From the foregoing discussions, the study investigates the effects of financial literacy on investment decisions among economics students at University of Education, Winneba (UEW), Ghana.

Literature Review

Financial Literacy

There exist a lot of definitions regarding the meaning of financial literacy in several literatures. Since the coining of the concept in 1787, many developments relating the meaning of financial literacy have evolved (Danso, 2019). According to Danso (2019), financial literacy diverges and has imprecise definition because of the complicated nature of its content. He asserted that financial literacy consists of several aspects including understanding of key financial concepts such as interest rates and the ability and confidence to effectively manage finances to finally attain an efficient behavior. Moreover, the meaning of financial literacy is set out to include many different concepts like awareness of personal finances; general financial knowledge such as financial products, financial institutions and financial concepts; financial skills such as the ability to calculate simple and complex interest rates; and ability to plan and manage funds. However, in practice, Danso (2019) discussed that these concepts mostly overlap and are used together occasionally.

Literature suggests interpretation of financial literacy from two main perspective, either broadly or narrowly. Broadly speaking, Worthington (2006) expressed that financial literacy can be explained to encompass the understanding of economics and how economic variables such as interest rates, inflations, exchange rates and economic conditions such as depression or recession impact households or individuals' decisions. Narrowly speaking, Gallery, Newton, and Palm (2011) also maintained that financial literacy centers on important monetary tools for administration, for instance, budgeting, savings, investing and insurance.

According to the Advisory Council for President on Financial Literacy, the meaning of financial literacy concentrates on ”the ability to use knowledge and skills to effectively manage financial resources for financial well-being for life” (as cited in Kalsum, Sarita, Cahyono, and Wawo (2018)). Again, in the words of Mitchell and Lusardi (2011) financial literacy is ”the ability of people to process economic information and make decisions about financial planning, wealth accumulation, debt, and pensions.”

In a standard definition by Organization for Economic Cooperation and Development (OECD) (2005), financial literacy involves the procedure by which people enhance their understanding of financial concepts, portfolios and being cognizant of financial risks and opportunities and making informed decisions (for instance, knowing where to seek for assistance, and to take other successful activities to enhance their financial standard of living) through information, guideline and or objective. This definition is widely embraced in studies such as Danso (2019). The current study also adopts this definition as it pinpoints the financial knowledge, behaviours and attitudes of students regarding investment.

Investment Decision

According to Tettey (2019), there exist several definitions of investment decisions. He maintains that several studies such as Barton (2016) define the term in different manner, however these meanings interrelate and gear towards selection of a portfolio or activity and putting economic resources whether time or funds into such portfolio with anticipated outcome. Concurring with the study, decision to invest emphasizes on the odds to commit current funds or resources into a portfolio with expectation of future returns to compensate for time, inflation and uncertainty (Barton, 2016; Tettey, 2019).

From the viewpoint of Kalsum et al. (2018), the decision to invest is subjective among individuals. They continued that the decision depends on the expected cost, knowledge of improvement techniques and risk perceptions, which are entirely subjective factors. According to Easley, Hvidkjaer, and O'hara (2010), when making decision to invest, normally, people first assess their "financial positions" grounded in formulated objective like equity returns or earnings. Following this, the emotional inclinations of people regarding such assessment could come into play as effort is made to pass judgement on their informed decision to invest in a particular portfolio. Arguably, most highly educated individuals with presumably adequate financial knowledge may not apply knowledge acquired whiles developing their own portfolio. Doran, Peterson, and Wright (2010) for instance, reported that perceptions of some educated in academia relating to efficiency of market and the subsequent optimal investment strategy diverge from their actual or realized behavior. He further argued that educated individuals' decision to invest is, in spite of them being financially knowledgeable, anchored by behavioral patterns as compared to uneducated investors.

Financial Literacy Interventions in Ghana

Generally speaking, Yankey (2016) indicated that there is low level of financial literacy rate in Ghana. They established that most people in Ghana possess inadequate knowledge in finance and further lack the required skills in making critical judgments and decisions on how to manage personal finances, including poor comprehension of financial portfolios. He elaborated on inadequate financial knowledge on investing, joint or cooperative funds, simple and complex interest estimations. Literature suggests that inadequate financial knowledge and lack of market information on existing investment portfolios prevent a lot of people or investors from getting access to benefits in the financial market; this connotes that when people have perfect information in the financial market, it may help stimulate savings and investments activities leading to general economic growth.

Despite the increasing significance of financial literacy, coupled with snowballing of corporate newspapers, business articles, media publications on business activities in the country, there is paucity of financial literacy interventions whether formal or informal in facilitating financial knowledge among Ghanaian youths (Kuffour & Adu, 2019). He further discussed that the educational system (6-4-7-3) which became outdated in 1987 is believed to have considerably facilitated financial literacy level as compared to the current educational structure (6-3-3-4). The current system is said to be largely favouring students offering finance related programmes or disciplines such as economics, accounting and other business courses.

Outside school curricula, the Ministry of Finance and Economic Planning rolled up an intervention which lasted for only four months (September to December 2014) themed "National Financial Literacy Strategy (NFLS)". According to the Ministry, the intervention became necessary since most people in Ghana had limited access to various financial products and services leading to lower level of financial literacy in country (Kuffour & Adu, 2019). As a result, the programme provided an opportunity for extensive education among Ghanaians on the essence to inculcate savings habit and adopt efficient financial management techniques to help safeguard their personal finances and that of the country on a larger scale. However, the time period for the implementation of this programme was arguably low-lying, which may prevent the stakeholders from achieving its projected targets and providing so called "extensive" education as indicated.

Again, stakeholders form the private financial market, as part of the efforts to improve financial knowledge among the populace, introduced similar programme to that of the Ministry of Finance. For instance, financial institutions such as Fidelity Bank collaborated with Deutsche Geselleschaft Internationale Zusammenarbeit (GIZ) as well as the National Trust Holding Company to embark on financial literacy campaign to help educate youths and adults financially from 2014 to 2016. The campaign aimed to facilitate Ghanaians, preferably the unbanked and the under banked individuals with financial education on the advantages and effective ways of using financial products and services, such as savings, investing in the security markets, loans and insurance (Kuffour & Adu, 2019).

Relationship between Financial Literacy and Investment Decisions

Poor investment decisions are mostly perceived to be associated with inadequate financial knowledge. Mireku (2015) discussed that financial knowledge among most Ghanaian students inadequate. According to him, students demonstrated considerable knowledge in terms of borrowing and savings, however, poor knowledge in interest and inflation rate were also recorded. Further investigation also revealed some determinants of financial literacy among students to include individual's gender, job experience as well as programme offered. Mireku's study further uncovered that socio-demography of students' parents was associated with the financial literacy level of students. Additionally, students with higher financial knowledge had better chance of passing good judgment on financial matters; making informed financial decisions; and practicing good personal finances. In view of these, the study suggests effective policy to help improve financial literacy in Ghana. Also, Tiboh (2015) found that matters relating to calculation of simple interest rates and loans are typical among most students from academia. However, students had limited knowledge on issues regarding individual finance management, planning, collective funds, and risk bearing which are all related to investment decisions. The study therefore concluded that students are handicapped in terms of personal finance management are financially illiterate.

In another study in Ghana, Yankey (2016) found in Cape Coast that individuals with varying demographic background have distinctive financial literacy rate. The result demonstrated that educational level, financial experience and exposure significantly impacted variations in the financial literacy levels among individuals within the metropolis. The study identified that the current financial environment is incapable to facilitate required market information, benefits and services to individuals with various financial literacy rates. In view of this, it recommended education of individuals on financial products and opportunities as well as financial concepts.

Akoto (2016) in his study found that respondents have inadequate knowledge in finance. It was further set out that type of settlement, respondents' age and educational levels of respondents influence their financial knowledge significantly, which consequently influence investment decision. As a result, this study suggested reaching out to people from rural type of settlement, integrating financial education into the school curriculum as well as creating a common platform to enhance information sharing on financial literacy as measures for improving financial literacy. Similarly, Monticone (2010) found that to become successful in financial sector, investors ought to have adequate knowledge and financial information. With this, the author believes that investors would become sufficiently aware of the happenings in the financial sector to help prevent investors from becoming victims of information asymmetry.

From the western state in Sri Lanka, D. T. Kumari (2020) investigated the effect of financial knowledge on decisions to invest among university students. Overall, the study recruited two hundred (200) students from four (4) public universities located within the province. The purpose of the study was to explore the impact of financial literacy on students' financial opinions, investment decisions and practices. As revealed in the study, there was significant and positive influence of financial literacy on students' decision to invest. In addition, relating to the elements of financial literacy, financial skills were found to be the most significant element influencing investment decision. Meanwhile, the least significant element influencing investment decision was reported to be knowledge on financial products. Based on the findings, the study recommended to financial institutions and other stakeholders to instill financial literacy through extension of financial education to help promote positive investment decision among students in Sri Lanka.

Methodology

This chapter focused on the description of the methods that was used in attaining the stated objectives and these include the study area, research design and population under study, sampling technique and sample size, data collection techniques and procedure, validity and reliability as well as method of data presentation and analysis. The study was specifically conducted at the Department of Economics Education within the Faculty of Social Science Education at the University of Education Winneba during the 2018/2019 academic year. For the purpose of the study the case study design was employed because the researcher wished to gain a rich understanding of the context of the research and the phenomenon being investigated.

Table 1
List and Measurement of Variables

Variable	**Measurement**
Investment decision	Measured as 1 for decision to invest and 0 for decision not to invest.
Age	Dummy variable for age of respondents. Measured as Age1 [<30] and Age2 [>30].
Gender	Dummy variable for gender. Measured as 1 for male and 0 for female. Reference variable male.
Education	Categorical variable for educational background of respondents
income level	Dummy variable for income of respondents. Measured as Y1 [<Gh?2000] and Y2 [>Gh?2000].
knowledge on inflation	Measured on a scale of 0 to 4. Reference variable for this measure were (0) Not at all: (1) less/little; (2) moderate, (3) Great; (4) Very Greatly.
knowledge on interest rate	Measured on a scale of 0 to 4. Reference variable for this measure were (0) Not at all: (1) less/little; (2) moderate, (3) Great; (4) Very Greatly.

Source: Research Findings

Due to easy access to sample units, proximity issues and limited resources, the study population consisted of all economics undergraduate major students in the Department of Economics at University of Education, Winneba totaling 1020. The study employed stratified random sampling technique in recruiting 100 respondents for the study using the formula (sample size/target population) × stratum size. This technique was appropriate since the population to be studied is segregated by levels, therefore, dividing it into strata will lead to a representative sample. The main instrument used for the data collection was questionnaire which was personally administered to the sampled students from economics department in the study area on the grounds of high anonymity and confidentiality. To ensure that instruments used are valid and reliable, methods from most relevant or previous studies on the topic were adopted and piloted to improve on its effectiveness.

For a comprehensive analysis and easy understanding, Statistical Package for Social Sciences (SPSS) was utilized to analyse the data collected. Again, to analyse the effect of financial literacy on investment decision, the SPSS was used to conduct inferential statistics such as binary logistic regression. The binary logistic regression model that includes the endogenous variable (dependent) and exogenous variables (independent) in the study was modeled as;

$$log\left(\frac{\pi}{1-\pi}\right) = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 ..... + +\beta_8 X_8 \tag{1}$$

Where $log\left(\frac{\pi}{1-\pi}\right)$ is the odds ratio for the decision to invest or not to invest among economics students. β_i are the regression coefficients and α is the constant term. The table below presents the list and measurement of variables used in the study.

Results and Discussion

Table 2
Demographic Characteristics of Respondents

Variable	Measure	Frequency	Percent
Age	18-29	61	61
	30-39	37	37
	40-49	2	2
	Total	**100**	**100**
Gender	Male	63	63
	Female	37	37
	Total	**100**	**100**
Level of education	Level 100	37	37
	Level 200	24	24
	Level 300	21	21
	Level 400	18	18
	Total	100	100
Average income per semester	less than GHC2000	64	64
	GHC2000 and above	36	36
	Total	**100**	**100**
Source of income	Scholarship	5	5
	Student loan	11	11
	Salary	16	16
	Relatives	68	68
	Total	**100**	**100**
Marital status	Single/divorce	91	91
	Married	9	9
	Total	**100**	**100**

Source: Research Findings

In this section, the study investigated the demographic characteristics of respondents recruited for the study. Table 2 indicates the demographic characteristics if the economics students at the UEW.

Knowledge on Financial Literacy

This section presents information relating to knowledge on financial literacy. Findings in this regard are shown in table 3 below. From table 3 above, the investigation revealed that most students (39%) had great knowledge on interest rate, 27% had very great knowledge, followed by few of the respondents having moderate and little knowledge on interest rate (24% and 10% respectively). The mean and standard deviation for this measure were 1.87 and 0.90 respectively. Ratings on knowledge on savings also indicated that majority of the respondents (37%) had moderate knowledge on savings, 31% had great knowledge on savings, 23 had very great knowledge, 9% had little knowledge on savings. The mean and standard deviation for this measure were 0.56 and 0.61 respectively. From table 3, knowledge on inflation indicates that most of the respondents had 38% had great knowledge on inflation, followed by 35% with moderate knowledge, 23% with very great knowledge, 4% with little knowledge. The overall mean and standard deviation were 1.49 and 0.71 respectively. Moreover, findings on financial innovation indicate that majority of the respondents (30%) had great knowledge on investment decision. This was followed by 27% and 24% of the respondents with moderate and little knowledge on financial innovation respectively. Only 19% of the respondents revealed that they had very great knowledge on financial innovation. The overall mean and standard deviation for this measure was recorded as 1.59 and 0.58 respectively.

Table 3
Knowledge on Financial Literacy

Variable	Scale	Frequency	Percent	Mean (SD)
Interest rate	Little	10	10	
	Moderate	24	24	
	Great	39	39	
	Very Great	27	27	
	Total	**100**	**100**	**1.87 (0.90)**
Savings	Little	9	9	
	Moderate	37	37	
	Great	31	31	
	Very Great	23	23	
	Total	**100**	**100**	**0.56 (0.61)**
Inflation	Little	4	4	
	Moderate	35	35	
	Great	38	38	
	Very Great	23	23	
	Total	100	100	1.49 (0.71)
Financial Innovations	Little	27	27	
	Moderate	24	24	
	Great	30	30	
	Very Great	19	19	
	Total	100	100	1.59 (0.58)

Source: Research Findings

Logistic Regression on Investment Decisions

This section uses binary logistic regression to test for the significance of knowledge on interest rate, inflation, savings as well as socio-demographic characteristics such as gender, age, and the educational level on economics students' decision to either invest or not.

The emphasis on this section was to test the hypotheses that the decision to invest is significantly influenced by the determinants of financial literacy. At 5% level of significance (p-value=0.005), variables with their p-values inside this significance level were found to be statistically significant to the model. The dependent variable(Y) which is the probability (odds) of deciding to invest or not to invest among economics students whereas the independent variables were X1=Age1; X2=Age2; X3=Gender_ male; X4= Education; X5= income level [Y1<GhC2000]; X6= income level [Y2>GhC2000]; X7= knowledge on Interest rate; X8= knowledge on inflation. The results for the binary logistic regression are shown in table four (4) below.

Table 4
Results of the Logistic Regression on Investment Decisions

Independent variable	Estimate	Standard error	Z-statistics	Significance
Constant	0.023	0.054	0.439	0.000
Age 1 (<30)	0.074	0.116	-0.157	0.526
Age 2 (>30)	0.114**	0.192	-0.594	0.021
Male	0.096	0.099	0.972	0.334
Education	0.118**	0.054	2.176	0.033
Income (<GhC2000)	0.026	0.065	-0.392	0.697
Income (>GhC2000)	0.144**	0.066	2.197	0.031
Knowledge on inflation	0.014	0.079	-0.175	0.862
Knowledge on interest rate	0.228**	0.092	-2.407	0.019

Source: Research Findings

As revealed in table 4 above, the factors influencing the probability of economics students' decision to invest (dependent variable Y), was estimated as;

$$log\left(\frac{\pi}{1-\pi}\right) = 0.023 + 0.074X_1 + 0.114X_2 + 0.096X_3 + 0.118X_4 + 0.026X_5 + 0.114X_6 + 0.014X_7 + 0.228X_8 \quad (2)$$

From table 4 above, four variables were not statistically significant at 5% level of significance (that is, X1, X3, X6 and X7, with their p-values, p = 0.526, p = 0.334, p= 0.697 and p = 0.826 respectively). However, at 5% level of significance (5% chance of making error), four independent variables (X2, X4, X5, X8) were found to be statistically significant to the model at p= 0.021, p = 0.033, p = 0.031 and p = 0.019 respectively. The constant (α) was statistically significant (p = 0.000).

As already indicated in table 4, it was revealed that an increase in age of respondent (student) is likely to increase probability to invest. The probability of increment is 11.4% and it is significant at 5% significance level. It was also revealed from the Table 4 that a respondent with a higher education is likely to increase probability to invest. The probability of increment is 11.8%. This is also significant at a 5% level of significance. Similarly, Table 4 revealed that an increase in level of income ($>$ GhC2000) is likely to increase probability to invest. The associated probability of increase is 14.4% and it is also significant at a 5% level of significance. That is economics students are willing to increase the probability to invest when income increases. Moreover, it was found that increase in knowledge on interest rate is likely to increase probability to invest. The probability of increment is 22.8% and it is significant at 5% significance level.

However, the study found no significant influence of independent variables including knowledge on inflation, the age of the respondents (< 30), income level ($<$ GhC2000) and a male respondent on investment decision which is the dependent variable. From Table 4, an increase in inflation knowledge is likely to increase probability to invest whereas decrease in age is likely to decrease probability to invest. The probabilities were 1.4% and 7.4% respectively but insignificant at 5% level of significance.

The Table 4 further revealed that an increase in the number of male respondents is likely to increase probability to invest at an insignificant level. The associated probability of increase is 9.6%. Again, decrease in income level (<GhC2000) is likely to decrease probability to invest at insignificant level. The probability to reduce investment is 2.6%. Moreover, in the standard regression model, the coefficient of determination (R^2) value gives an indicator of how much variation in Y is explained by the model. However, this is different in logistic regression as it offers something similar which gives values for two pseudo R^2 values namely the Cox & Snell R Square and Nagelkerke R Square as indicated in table 5 below.

Table 5
Model summary

-2 Log likelihood	**Cox & Snell R Square**	**Nagelkerke R Square**
1.265.090	0.23	0.475

Source: Research Findings

From table 5, it can be concluded that between 23% and 47.5% of the variation in probability of deciding to invest is explained by the model.

Conclusion

The findings from this study were consistent with existing literatures. According to Akims and Jagongo (2017), when making investment decisions, investors are inevitably faced with highly complex factors which include demographic characteristics (educational background and income) and interest rate. Similarly, a student's level of education was consistently revealed to directly influence the person's investment decision. According to Akoto (2016), the level of education tends to have a positive relationship with personal financial decision. This has also been established in studies such as (Lusardi, 2019; Shaari, Hasan, Mohamed, & Sabri, 2013). Lutfi (2011) explained the importance of socio-economic factor such as income on investment decisions. He noted that respondents with higher income tend to put most of their money in capital instruments than respondents with less income. Confirming this, the study similarly highlighted that an increase in level of students' income ($>$ GhC2000) is likely to increase probability to invest. This further implies that income influences individual's probability of deciding to invest. From the literature, there exists a relationship between investment decision and interest rate in general (Akims & Jagongo, 2017; Hogarth, 2002). The study measured the relationship between knowledge on interest rate on investment decision. For instance, students having neo-classical knowledge that when interest rates rise, individual invest less because cost of borrowing increases. The study discussed that knowledge on interest rate positively influences decision to invest, thus increase in students' knowledge on interest rate is likely to increase probability to invest significantly. According to Akims and Jagongo (2017), domestically investment level has been inadequate to drive economic growth to considerable level required to offset higher living standard as well as providing adequate employment avenues that could aid the economy in meeting the financial target outlined in the Sustainable Development Goals for sweeping out extreme poverty and hunger. Therefore, stakeholders should consider policies that will induce more investment, for instance monetary policies such as reduction in lending rate and cost of borrowing.

From the study, students (economics students) are willing to increase investment when personal income increases. Most students earn less than GHC2000.00 on average as revealed in the study. This can be described as low-income status. The study therefore recommends to stakeholders to increase student loan allowance as well as scholarships avenues to raise and sustain students' standard of living within an academic year. The study also calls on parents of students to increase students' allowance in an academic year as majority of the students depend on their parents and relatives for their sustainability (income). The study further revealed that majority of students are male students hence a call on stakeholders of the UEW to increase the female-male ratio in the department to reduce undue advantage in gender-wise, thereby increasing literacy among females in general. Occasionally, students' associations on campuses organise programmes for students, it is in the interest of the study that dean of students' or academic affair unit recommend to various departmental associations on campuses to include financial education in their programmes, for instance, inviting resource personnel to enlighten them on financial products and knowledge to help bridge the knowledge gap.

Recommendations and Implications of the Study

The study concluded from the regression analysis that increasing the knowledge on interest rate is likely to inform investment decisions, therefore, stakeholders should consider extensive education on interest rate to help investors including students to make an informed investment decision. Economics students were willing to increase investment as personal income increases. Most students (economics students) earn less than GH2000.00 on average as revealed by the study. The study therefore recommends to all stakeholders to help increase student loan allowance as well as scholarships avenues to raise and sustain students' standard of living within an academic year. The study also calls on parents of students to increase students' allowance in an academic year as majority of the students depend on their parents and relatives for their sustainability (income). There should be extensive public education to sensitize individuals especially the youth on numerous investment products to invest. The youth will be influenced by this public education which will in turn, cause a rise in the total investment. The study further revealed that majority of students are male students hence a call on stakeholders of the university to increase female-male ratio in the department to reduce undue advantage in gender-wise, thereby increasing literacy among females in general. Occasionally, students' associations on campuses organise programmes for students, it is in the interest of the study that stakeholders including dean of students' or academic affair unit to recommend to various departmental associations on campuses to include financial education in their programmes. For instance, inviting resource personnel to enlighten them on financial products and knowledge to help bridge the knowledge gap. The study contributes to existing literature by serving as reference material for future investigations. Again, the current paper quantitatively investigated the effect of financial literacy on investment decisions among economics students in UEW, Ghana. The study therefore suggests an in-depth study preferably in a different context for a comparative analysis.

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