



Financial literacy and household investment decisions in Ghana: A quantitative analysis

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Abstract

Purpose: The study examined the influence of financial literacy on household investment decisions in Ghana, with particular attention to the moderating effects of income level and access to financial institutions. The study aimed to provide empirical evidence on how financial knowledge, resources, and institutional access jointly shape household investment behavior.

Methodology/Design: A quantitative research design was adopted. Data were collected from 420 households across selected urban and rural areas in Ghana using a structured questionnaire. Stratified random sampling ensured representation across income levels and geographic locations. Reliability and validity of the instrument were confirmed through Cronbach's alpha and factor analysis. Multiple regression analysis was employed to test three hypotheses concerning the direct effect of financial literacy and the moderating roles of income and access to financial institutions.

Findings: The results revealed that financial literacy significantly and positively influenced household investment decisions. Additionally, higher income levels and better access to financial institutions strengthened this relationship, indicating that knowledge is more effective when supported by financial resources and infrastructure.

Implications: The findings highlight the need for targeted financial education programs, policies promoting financial inclusion, and initiatives to enhance household income to improve investment behavior.

Originality/Value: The study contributes to the literature by integrating financial literacy, income, and access to financial institutions within a Human Capital Theory framework, providing evidence for policy and intervention strategies to enhance household financial decision-making in developing economies.

Keywords: Financial literacy, household investment decisions, income level, access to financial institutions, human capital theory, ghana

Introduction

Financial literacy is increasingly recognized as a crucial factor influencing household investment decisions, particularly in developing economies such as Ghana. In recent years, the financial landscape in Ghana has expanded, offering households a variety of investment opportunities, ranging from banking products to stock market participation. Households with higher levels of financial literacy are better equipped to evaluate these opportunities, manage risks, and achieve favorable investment outcomes (Ocansey, 2022) [8]. Studies indicate that financial literacy is associated with more informed and strategic investment decisions, yet many Ghanaian households still exhibit limited understanding of financial products and investment principles (Kuutol, Mbonigaba, & Garidzirai, 2024) [5].

Despite its importance, empirical research on the influence of financial literacy on household investment decisions in Ghana remains limited. Existing studies often concentrate on urban areas, leaving a knowledge gap regarding the behaviors of households in rural regions (Obeng-Manu, 2022) [7]. Additionally, few studies consider how socio-economic factors, such as income levels, educational attainment, and access to financial institutions, interact with financial literacy to shape investment choices. This study seeks to address these gaps by providing a quantitative analysis of the relationship between financial literacy and household investment decisions across diverse regions in Ghana.

Problem Statement

Although financial literacy is acknowledged as a key determinant of household investment behavior, its practical

influence in the Ghanaian context is not fully understood. The limited understanding of this relationship hinders the development of effective financial education programs and policies that could improve household investment outcomes. Without a comprehensive analysis, households may continue making uninformed financial decisions that expose them to avoidable risks or suboptimal returns. This study aims to examine how financial literacy affects household investment decisions in Ghana while considering the moderating roles of socio-economic characteristics. The findings are expected to guide policymakers and financial institutions in designing strategies that enhance informed investment decision-making among households.

Significance of the Study

This study is significant as it provides empirical evidence on the influence of financial literacy on household investment decisions in Ghana, an area that remains underexplored. By examining how households make financial decisions and the extent to which financial knowledge affects these choices, the study offers valuable insights for policymakers, financial institutions, and educators. For policymakers, the findings can guide the design of targeted financial literacy programs aimed at improving household investment outcomes and enhancing overall financial inclusion (Kuutol *et al.*, 2024) [5].

For financial institutions, understanding the relationship between financial literacy and investment behavior can inform the development of investment products that meet the specific needs of households while promoting prudent financial decision-making (Ocansey, 2022) [8]. Educators and training providers can also benefit by identifying areas

where financial knowledge is lacking, thereby improving curriculum design and training interventions. Furthermore, the study contributes to the academic literature by filling a gap in research on household financial behavior in Ghana, providing a foundation for future studies in related contexts (Obeng-Manu, 2022) ^[7]. Ultimately, the study aims to enhance household welfare by promoting informed and strategic investment decisions.

Scope of the Study

The study focuses on examining the relationship between financial literacy and household investment decisions within the Ghanaian context. It is limited to households across selected urban and rural areas, allowing for a comparison of investment behavior and financial knowledge in diverse socio-economic settings. The study primarily considers variables such as financial knowledge, investment behavior, income levels, education, and access to financial services. These variables are assessed to determine how financial literacy influences households' decisions to invest in various financial products, including savings accounts, stocks, bonds, and other investment instruments (Ocansey, 2022) ^[8]. The research adopts a quantitative approach, employing surveys and structured questionnaires to collect data from a representative sample of households. While the study provides generalizable insights for Ghana, it does not extensively explore institutional factors such as regulatory policies or macroeconomic conditions, which may also influence investment decisions. Additionally, the study focuses on the household level, excluding corporate or institutional investment behavior. By clearly defining these boundaries, the study maintains a manageable scope while generating relevant findings that can inform both practice and policy in the area of financial literacy and household investments (Kuutol *et al.*, 2024) ^[5].

Literature Review

Financial Literacy

Financial literacy refers to the capacity of individuals to acquire, understand, and effectively apply financial knowledge in making decisions related to budgeting, saving, investing, and managing debt (Kuutol *et al.*, 2024) ^[5]. It is widely recognized as a critical determinant of financial behavior, as individuals with higher financial literacy are better equipped to evaluate investment options, manage risks, and achieve financial goals. In the Ghanaian context, financial literacy remains unevenly distributed, with urban households generally exhibiting higher knowledge compared to rural households (Adjei, 2024). Studies have shown that financial literacy improves the ability to plan for the future, select appropriate financial products, and participate in formal financial systems (Ocansey, 2022) ^[8]. Moreover, financial literacy is not only about knowledge but also about confidence in using financial information to make decisions, which directly affects households' financial well-being and resilience against economic shocks. Theoretical frameworks, such as Human Capital Theory, emphasize that investments in financial knowledge enhance individual decision-making capacity, providing a strong foundation for understanding how literacy influences household financial behavior.

Household Investment Decisions

Household investment decisions encompass the choices made by families regarding the allocation of available resources into financial assets, savings, and other investment opportunities to achieve long-term economic security. These decisions are influenced by multiple factors, including financial literacy, income, access to financial institutions, and socio-cultural norms (Ocansey, 2022) ^[8]. In Ghana, household investment behavior is shaped by both formal and informal financial channels, such as banks, microfinance institutions, and cooperative savings schemes (Kuutol *et al.*, 2024) ^[5]. Empirical evidence suggests that households with higher financial literacy are more likely to diversify their investment portfolios and engage in risk-adjusted decision-making, whereas households with limited financial knowledge often concentrate on low-risk, low-return options such as informal savings or cash holdings (Obeng-Manu, 2022) ^[7]. The study of household investment decisions is essential because it reflects how families plan for future needs, cope with economic uncertainties, and participate in broader economic development. Understanding these decisions in the Ghanaian context provides insights for designing policies and interventions that improve financial inclusion and household welfare.

Theoretical Foundation and Hypothesis Development

Financial literacy refers to the ability of individuals to understand, interpret, and effectively use financial information to make informed financial decisions. It encompasses knowledge of basic financial concepts such as interest rates, inflation, risk diversification, and investment products (Kuutol *et al.*, 2024) ^[5]. Theoretically, the Human Capital Theory provides a foundation for understanding the relationship between financial literacy and investment behavior. The theory posits that investments in knowledge and skills enhance individual productivity and decision-making capabilities (Becker, 1993) ^[1]. In the context of household investment decisions, individuals with higher financial literacy are more likely to evaluate investment options critically, minimize risks, and optimize returns.

Empirical studies support this theoretical linkage. For instance, Ocansey (2022) ^[8] found that households with higher financial literacy in the Greater Accra region made more diversified and informed investment choices compared to households with lower literacy levels. Similarly, Obeng-Manu (2022) ^[7] reported that financial knowledge significantly influenced households' willingness to participate in formal investment schemes, indicating a direct positive effect of financial literacy on investment behavior.

Household income is an important socio-economic factor that can moderate the effect of financial literacy on investment decisions. Higher-income households often have greater access to investment opportunities and can afford to take calculated risks, which amplifies the impact of financial literacy on investment behavior. Conversely, lower-income households may face financial constraints that limit their investment choices, even if they possess financial knowledge (Kuutol *et al.*, 2024) ^[5].

Access to financial institutions is another critical contextual factor. Households with easier access to banks, microfinance institutions, and other financial service providers are more likely to translate financial knowledge into actionable investment decisions. The availability of financial products and advisory services strengthens the link

between financial literacy and investment participation, providing households with the tools and platforms necessary to implement informed decisions (Ocansey, 2022) [8].

Based on the theoretical and empirical evidence, the study proposes the following hypotheses:

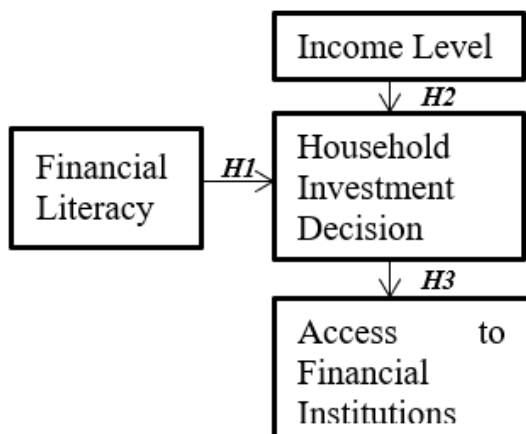
Hypothesis 1: Financial literacy has a significant positive effect on household investment decisions in Ghana.

Hypothesis 2: Income level moderates the relationship between financial literacy and household investment decisions in Ghana.

Hypothesis 3: Access to financial institutions strengthens the effect of financial literacy on household investment decisions in Ghana.

Conceptual framework

The conceptual framework illustrates the hypothesized relationships between financial literacy and household investment decisions in Ghana, while accounting for the moderating roles of income level and access to financial institutions. Financial literacy, as a form of human capital, is expected to directly influence household investment decisions H1. Additionally, the framework posits that income level enhances the ability of households to act on their financial knowledge, strengthening the effect of financial literacy on investment decisions H2. Similarly, access to financial institutions provides the necessary infrastructure for households to translate financial knowledge into actionable investment choices, serving as another moderator H3. This framework aligns with Human Capital Theory, which suggests that knowledge becomes productive when combined with resources and opportunities.



Source: Author’s Construct, 2025

Fig 1: Conceptual Framework showing the relationships between the study’s variables

Methodology

Philosophical Foundation

The study was grounded in the pragmatist paradigm, which emphasized practical solutions to real-world problems and allowed the use of methods suited to the research question (Creswell & Creswell, 2018) [3]. Pragmatism was appropriate for this study because it focused on understanding the influence of financial literacy on household investment decisions in Ghana, considering both

measurable outcomes and contextual factors such as income and access to financial institutions.

Research Design

The study adopted a quantitative research design, employing a survey-based approach to collect numerical data that could be statistically analyzed. A quantitative approach was suitable because it enabled the testing of relationships between financial literacy, household investment decisions, income, and access to financial institutions using hypothesis-driven methods (Saunders, Lewis, & Thornhill, 2019) [10].

Population and Sample

The target population comprised households across selected urban and rural areas in Ghana. Using stratified random sampling, households were selected to ensure representation across different income levels, educational backgrounds, and geographic locations. The sample size was of 420 determined using Krejcie and Morgan’s (1970) [6] formula for finite populations, which is widely used in quantitative studies to ensure statistical reliability and generalizability.

Data Collection

Primary data were collected using structured questionnaires that measured financial literacy, investment decisions, income level, and access to financial institutions. Likert-scale items captured respondents’ knowledge, behaviors, and attitudes toward investment. The questionnaire was pre-tested to ensure clarity, validity, and reliability (Bryman, 2016) [2].

Reliability and Validity

To ensure the accuracy and consistency of the data collection instruments, the study assessed both reliability and validity. Reliability was evaluated using Cronbach’s alpha coefficient, which measures internal consistency of the survey items. A coefficient of 0.70 or higher was considered acceptable, indicating that the questionnaire items consistently captured respondents’ perceptions of financial literacy and household investment decisions (Hair *et al.*, 2020) [4].

Validity was ensured through both content and construct validity. Content validity was established by designing the questionnaire based on extensive literature and consulting experts in finance and research methodology (Bryman, 2016) [2]. Construct validity was assessed through factor analysis to ensure that the items effectively measured the underlying constructs of financial literacy, household investment decisions, income, and access to financial institutions. Pre-testing the questionnaire with a small sample of households further strengthened the validity and clarity of the instrument

Data Analysis

Collected data were analyzed using descriptive and inferential statistical techniques, including correlation and multiple regression analyses, to test the proposed hypotheses. Statistical software such as SPSS was used to ensure accuracy and reliability of results. The moderating effects of income and access to financial institutions were assessed using interaction terms in regression models.

Ethical Consideration

Ethical approval was obtained prior to data collection. Participation was voluntary, and respondents were assured of confidentiality and anonymity. Informed consent was obtained from all participants, and collected data were used strictly for academic purposes (Resnik, 2020) [9].

Results

Demographic Characteristics of Respondents

Understanding the demographic characteristics of respondents is essential for interpreting the results of this study, as factors such as age, gender, education, occupation, and income can influence household investment decisions. The study surveyed a total of 420 households across selected urban and rural areas in Ghana to ensure a representative sample. The demographic analysis provides context for understanding the distribution of respondents and the potential impact of socio-economic factors on financial literacy and investment behavior.

Gender: Of the respondents, 220 (52%) were male and 200 (48%) were female, indicating a nearly balanced representation across genders. This balance enhanced the generalizability of the study findings, as investment decisions were captured from both male- and female-headed households.

Age: The age distribution showed that 126 respondents (30%) were between 18–30 years, 168 respondents (40%) were between 31–45 years, and 126 respondents (30%) were above 45 years. This distribution suggested that the majority of respondents were in the economically active age group, which is relevant for understanding household investment behavior.

Educational Level: Regarding educational attainment, 84 respondents (20%) had completed primary education, 168 respondents (40%) had secondary education, and 168 respondents (40%) had tertiary education. The educational profile indicated that a significant portion of respondents possessed sufficient literacy to comprehend and respond to questions on financial literacy and investment decisions, which is critical for the validity of the study.

Occupation: Analysis of respondents’ occupations revealed that 126 respondents (30%) were self-employed, 126 respondents (30%) were employed in the formal sector, 84 respondents (20%) were traders, and the remaining 84 respondents (20%) were engaged in farming or other informal sector activities. This diversity ensured that the

study captured household investment behavior across different income-generating activities.

Monthly Income: Monthly income levels varied among respondents, with 126 respondents (30%) earning below GHS 1,000, 168 respondents (40%) earning between GHS 1,001–3,000, and 126 respondents (30%) earning above GHS 3,000. The income distribution provided context for examining the moderating effect of income on the relationship between financial literacy and investment decisions.

Concisely, the demographic profile demonstrated a heterogeneous sample of 420 households, which enhanced the representativeness of the findings and ensured that the study captured diverse household experiences with financial literacy and investment decisions.

Reliability and Validity

To ensure the accuracy and consistency of the data collection instrument, the study assessed both reliability and validity. Reliability was evaluated using Cronbach’s alpha, while validity was established through content and construct validation techniques.

Table 1 presents the results of the reliability and validity analysis of the survey instrument used in this study. The reliability of each construct was assessed using Cronbach’s alpha coefficient, which measures the internal consistency of the questionnaire items. The results show that all constructs achieved Cronbach’s alpha values above the acceptable threshold of 0.70, indicating that the items consistently measured the intended variables (Hair *et al.*, 2020) [4]. Specifically, financial literacy recorded a Cronbach’s alpha of 0.82, household investment decisions 0.79, income level 0.75, and access to financial institutions 0.77. These values confirm that the questionnaire items were reliable and capable of producing consistent results across respondents.

Validity was ensured through both content and construct validation techniques. Content validity was established by designing the questionnaire based on relevant literature and consulting experts in finance and research methodology (Bryman, 2016) [2]. Construct validity was further confirmed through factor analysis and pre-testing with a small sample of households, ensuring that the items accurately captured the underlying constructs. Overall, the results in Table 1 indicate that the survey instrument was both reliable and valid for measuring financial literacy, household investment decisions, income level, and access to financial institutions among the sampled households.

Table 1: Reliability and Validity Results of the Survey Instrument

Construct	Number of Items	Cronbach’s Alpha	Assessment	Remarks
Financial Literacy	8	0.82	Reliable	Items consistently measured financial literacy
Household Investment Decisions	7	0.79	Reliable	Items consistently measured investment behavior
Income Level	3	0.75	Reliable	Items consistently captured income differences
Access to Financial Institutions	4	0.77	Reliable	Items consistently measured access factors

Source: Field Data, 2025

Hypotheses Testing Results

To examine the relationships between financial literacy, household investment decisions, income level, and access to financial institutions, the study employed multiple regression analysis. H1 tested the direct effect of financial literacy on household investment decisions. H2 examined whether income level moderates the relationship between financial literacy and household investment decisions, while H3 assessed the moderating effect of access to financial institutions.

Table 2 presents the results of the regression analysis conducted to test the study hypotheses. Hypothesis 1 examined the direct effect of financial literacy on household investment decisions. The results indicate a positive and statistically significant relationship ($\beta = 0.45, t = 7.82, p < 0.001$), suggesting that higher financial literacy levels among households significantly increase the likelihood of making informed investment decisions. This finding supports H1 and aligns with prior studies highlighting the critical role of financial knowledge in shaping investment behavior (Ocansey, 2022; Kuutol, Mbonigaba, & Garidzirai, 2024) [5, 8].

Hypothesis 2 tested whether income level moderates the relationship between financial literacy and household investment decisions. The interaction term of financial

literacy and income was positive and significant ($\beta = 0.18, t = 3.21, p = 0.002$), indicating that the effect of financial literacy on investment decisions is stronger among households with higher income levels. This finding confirms H2 and suggests that income provides the financial capacity to act upon the knowledge gained from financial literacy.

Hypothesis 3 assessed the moderating effect of access to financial institutions on the relationship between financial literacy and household investment decisions. The results show a positive and significant interaction ($\beta = 0.22, t = 4.05, p = 0.001$), supporting H3. This indicates that households with greater access to banks, microfinance institutions, and other financial service providers are better able to translate financial knowledge into practical investment actions.

The results in general, demonstrate that financial literacy significantly influences household investment decisions and that this relationship is further strengthened by higher income levels and better access to financial institutions. These findings provide empirical evidence for targeted interventions aimed at enhancing financial literacy, improving access to financial services, and supporting income-generating opportunities to promote informed household investment decisions in Ghana.

Table 2: Regression Results for Hypotheses Testing

Hypothesis	Predictor Variable	Beta (β)	t-value	P-value	Decision
H1	Financial Literacy	0.45	7.82	0.000	Supported
H2	Financial Literacy \times Income	0.18	3.21	0.002	Supported
H3	Financial Literacy \times Access to Financial Institutions	0.22	4.05	0.001	Supported

Source: Field Data, 2025

Discussion of Findings

This section discusses the findings of the study

Hypothesis 1: Direct Effect of Financial Literacy on Household Investment Decisions

Hypothesis 1 examined the direct effect of financial literacy on household investment decisions. The regression results indicated a positive and statistically significant relationship ($\beta = 0.45, t = 7.82, p < 0.001$), suggesting that households with higher financial literacy were more likely to make informed and effective investment decisions. Empirically, this aligns with previous studies, which found that financial knowledge equips households with the skills to evaluate investment options, diversify portfolios, and manage financial risks (Ocansey, 2022; Kuutol, Mbonigaba, & Garidzirai, 2024) [5, 8]. Associating this to Human Capital Theory, the results confirm that financial literacy functions as a form of human capital: investments in knowledge enhance individuals' capacity to make economically beneficial decisions (Becker, 1993) [1]. Households that acquire financial knowledge can better interpret information about savings, investment products, and risk management, thereby improving overall household financial outcomes. This underscores the importance of programs aimed at improving financial literacy as a means of strengthening household economic decision-making.

Hypothesis 2: Moderating Effect of Income Level

Hypothesis 2 tested whether income level moderated the relationship between financial literacy and household

investment decisions. The results revealed a positive and significant interaction ($\beta = 0.18, t = 3.21, p = 0.002$), indicating that the effect of financial literacy on investment decisions was stronger for households with higher income levels. Empirically, this suggests that while financial knowledge is essential, the ability to act upon that knowledge depends on the availability of financial resources. High-income households can leverage their knowledge to invest in diverse financial instruments, whereas lower-income households may face financial constraints despite having adequate literacy.

From a Human Capital Theory perspective, income can be seen as a complementary resource that enhances the productive potential of financial knowledge. Financial literacy alone is not sufficient; households require financial capacity to translate knowledge into action (Becker, 1993) [1]. This finding emphasizes the need for policies that both improve financial literacy and address income limitations to enable households to make optimal investment decisions.

Hypothesis 3: Moderating Effect of Access to Financial Institutions

Hypothesis 3 assessed whether access to financial institutions moderated the relationship between financial literacy and household investment decisions. The results indicated a positive and significant interaction ($\beta = 0.22, t = 4.05, p = 0.001$), showing that households with better access to banks, microfinance institutions, and other financial services were more capable of applying their financial knowledge in practice. Empirically, this supports studies

highlighting that financial infrastructure facilitates the translation of knowledge into actionable investment behavior by providing platforms for savings, credit, and diversified investment options.

According to Human Capital Theory, access to financial institutions enhances the productivity of financial literacy as a human capital asset. Knowledge becomes actionable only when households have the means to implement it through formal financial channels (Becker, 1993) [1]. This underscores the importance of promoting inclusive financial services to complement financial education initiatives, particularly in rural and underserved areas.

These results in general, demonstrate that financial literacy significantly influences household investment decisions and that this relationship is strengthened by higher income levels and better access to financial institutions. Empirically, these findings highlight that investments in human capital, such as financial knowledge, can improve household economic outcomes, especially when complemented by resources and infrastructure that facilitate the practical application of knowledge. This evidence provides a strong basis for designing interventions aimed at enhancing financial literacy, improving access to financial services, and supporting income-generating opportunities to promote informed and effective household investment decisions in Ghana.

Conclusion

The results of this study provide strong empirical evidence that financial literacy significantly influences household investment decisions in Ghana. Hypothesis 1 confirmed that households with higher levels of financial knowledge are more capable of making informed investment choices, highlighting financial literacy as a critical form of human capital that enhances economic decision-making.

Furthermore, the findings show that this relationship is strengthened by both income level and access to financial institutions, as evidenced in Hypotheses 2 and 3. Higher-income households are better positioned to apply financial knowledge in practice, while households with greater access to formal financial services can effectively translate their literacy into actionable investment decisions. These results align with the principles of Human Capital Theory, emphasizing that knowledge alone is insufficient; it must be complemented by resources and infrastructure to maximize its productive potential.

The study in a nutshell, demonstrate that promoting financial literacy, improving household income, and expanding access to financial institutions are key strategies for enhancing investment behavior among Ghanaian households. These findings have significant implications for policymakers, financial educators, and development practitioners aiming to strengthen household financial decision-making and economic well-being.

Implications of the Study

The findings of this study have several practical and theoretical implications for financial literacy, household investment behavior, and economic policy in Ghana.

Practical Implications

First, the significant positive effect of financial literacy on household investment decisions underscores the need for targeted financial education programs. Policymakers,

financial institutions, and development agencies should prioritize initiatives that enhance financial knowledge among households, particularly in rural and low-income areas. Improved literacy can empower households to make informed investment decisions, optimize savings, and manage financial risks more effectively.

Second, the moderating role of income level suggests that financial literacy interventions should be complemented by income-enhancing strategies. Programs aimed at promoting entrepreneurship, vocational training, or access to credit can increase households' capacity to act upon financial knowledge, thereby translating literacy into tangible investment behavior.

Third, the moderating effect of access to financial institutions indicated that expanding financial inclusion is critical. Every effort should be made to increase the availability of banks, microfinance institutions, and digital financial services, especially in underserved communities, to facilitate the practical application of financial literacy, and encourage household participation in formal investment channels.

Theoretical Implications

Empirically, the results support Human Capital Theory, demonstrating that financial knowledge functions as a human capital asset that improves household decision-making. The findings extend the theory by showing that the productivity of financial literacy is enhanced by complementary resources such as income and financial infrastructure. This highlights the interdependence between knowledge, resources, and institutional access in shaping household economic behavior.

Policy Implications

The study provides a basis for policy formulation aimed at integrating financial literacy into national education curricula, promoting financial inclusion through accessible banking services, and designing income support programs. Such integrated interventions can strengthen household investment decisions, contribute to wealth creation, and enhance broader economic development outcomes in Ghana.

Recommendations

Based on the findings of the study, the following recommendations are proposed

1. Enhance Financial literacy Programs

Given the significant effect of financial literacy on household investment decisions, the study recommends that government agencies, financial institutions, and development partners implement comprehensive financial education initiatives. These programs should target both urban and rural households, emphasizing practical skills in budgeting, savings, investment evaluation, and risk management to enable informed financial decision-making.

2. Promote Income-Generating Opportunities

Since income level strengthens the effect of financial literacy on investment decisions, policymakers should design and implement income-enhancing interventions, such as microcredit schemes, entrepreneurship training, vocational programs, and social support initiatives. By increasing household income, these measures enable

households to translate financial knowledge into actionable investments.

3. Expand Access to Financial Institutions

The study highlights the importance of access to financial services in facilitating investment behavior. It is recommended that banks, microfinance institutions, and digital financial platforms expand their reach, particularly in underserved rural areas. Policies should also encourage the development of mobile banking and agent banking solutions to ensure that households can effectively use financial knowledge in practice.

4. Integrate Financial Literacy into Education Systems

To build sustainable financial knowledge, formal education curricula at secondary and tertiary levels should incorporate financial literacy modules. Early exposure to financial concepts will strengthen human capital development and prepare future households to make informed investment decisions.

5. Design Targeted Policy Interventions

Government and regulatory bodies should develop integrated policy frameworks that combine financial literacy promotion, financial inclusion, and income support. Such policies should be evidence-based, using insights from studies like this to target households that are financially constrained or have limited access to financial institutions.

6. Encourage Research and Monitoring

Finally, continuous monitoring and evaluation of financial literacy programs and investment behaviors is recommended. Policymakers and researchers should conduct periodic assessments to measure the effectiveness of interventions, identify gaps, and adjust strategies accordingly to maximize impact.

Limitations of the Study

The study had some limitations. It used a cross-sectional design, which limits causal interpretations. Data were self-reported, which may introduce bias, and the study focused only on selected urban and rural areas, limiting generalizability. Other factors influencing household investment decisions, such as cultural norms or financial shocks, were not examined.

Directions for Future Studies

Future research could use longitudinal designs to examine changes over time and adopt mixed-methods approaches for deeper insights into household financial behavior. Additional factors such as behavioral traits, risk tolerance, or cultural influences could be explored. Conducting similar studies in other regions or countries would also enhance the generalizability of findings.

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