8th International Conference on BUSINESS Management and Finance

ICBMF

27 - 29 March 2025
Oxford, UK

Beyond Financial Education and Knowledge- The Effect of Objective Financial Knowledge and Financial Education on Long-Term Investment Motivation

Catherine Asiimwe

PhD Student-Financial Planning), University of Georgia, USA

Abstract

Objective financial knowledge and financial education as part of the bigger topic of financial literacy and have gained importance as countries and societies strive to achieve personal and macroeconomic stability. Investment motivation is the state of a person encouraging the individual's desire to carry out certain investment-related activities (Tambun et al., 2022). While financial education has gained traction as more states in USA embrace it in their K-12 curriculum, questions remain about how much this early exposure to financial education and objective financial knowledge shape individuals' future financial behaviours. Specifically, this paper explores the relationships between objective financial knowledge, prior financial education, and demographic variables on future long-term investment motivation.

The study uses existing dataset from the 2021 United States Financial Industry Regulatory Authority's (FINRA) National Financial Capability Study, a nationally representative sample of 2824.The study employs regression and correlation analyses to explore associations between the variables. Bi variate relationships were analyzed using Pearson's correlation and multiple regression analysis was carried out by introducing the variables into the model using a stepwise method.

The findings show a statistically positive and significant relationship between objective financial knowledge and long-term investment motivation, thus confirming objective financial knowledge as a strong predictor of motivation long-term investment. However, financial education did not exhibit a significant impact on motivation for long-term investment. This outcome on the financial education presents an opportunity for educators and policy makers to review the finance education topics offered in the K-12 curriculum to in order to improve this foundational financial education offering and improve impact in the future. Among demographic variables, gender, ethnicity, education, and income were significantly associated with investment motivation, while age was not.

These results highlight the role of financial knowledge and demographic factors in influencing investment behavior and suggest insights for policymakers and educators to review the finance

education topics offered especially in the K-12 financial educational curriculum to in order to improve this foundational financial education offering and enhance future financial decision making.

Keywords: financial literacy, objective financial knowledge, financial education, long-term investment motivation