

From Novice to Investor: Uncovering the Role of Self-Efficacy, Financial Knowledge and Social Influence on Gen Z Investment Intention

Anam Shahzadi¹, Imran Hameed², Azeem Akram³, Mushba Mughal⁴,
Munazza Akhtar⁵ and Umer Javeid⁶

<https://doi.org/10.62345/jads.2025.14.3.54>

Abstract

This study aims to examine the impact of self-efficacy, financial knowledge, and social influence on investment intention among Generation Z in Pakistan. The purpose of this study is to investigate the mediating roles of financial attitude and financial literacy in the relationships between financial attitude, social influence, and self-efficacy, as well as their impact on the intention to invest. This research is quantitative, and we collect data through a questionnaire from Generation Z. The researcher gathered information from 362 respondents through an electronic questionnaire. For data analysis, we utilise SPSS and SmartPLS. The purposive sampling technique is used to acquire data from educated people regarding the topic under analysis. The results of this study show that social influence, self-efficacy, and financial knowledge have a significant positive impact on the intention to invest. Financial attitude significantly mediates the relationship between financial knowledge and social influence in terms of intention to invest. At the same time, it has an insignificant mediating role between self-efficacy and intention to invest. Moreover, financial literacy significantly mediates the relationship between social influence and self-efficacy in terms of intention to invest. This study suggests that financial knowledge, self-efficacy, and financial literacy among young investors can promote rational investment behaviour and boost Pakistan's stock market participation, thereby contributing to economic growth.

Keywords: Investment Intention; Financial Knowledge; Self-Efficacy; Financial Literacy.

Introduction

The financial landscape is undergoing a significant transformation as Generation Z (born between 1990 and 2012) begins entering the labour market and increasing their net worth. This cohort has

¹Department of Business Administration, University of the Punjab, Gujranwala Campus, Pakistan.

Email: anamshahzadi342@gmail.com

²Department of Business Administration, University of the Punjab, Gujranwala Campus, Pakistan.

Email: ranaimranhameed1@gmail.com

³MPhil Scholar, Department of Business Administration, University of the Punjab, Gujranwala Campus, Pakistan.

Email: ranaazeem2019@gmail.com

⁴Department of Commerce, University of the Punjab, Gujranwala Campus, Pakistan.

Email: mushba.bc17040@gmail.com

⁵Lecturer, Department of Economics, Government College Women University Sialkot, Pakistan.

Email: munazza.akhtar@gcwus.edu.pk

⁶Assistant Professor, Department of Economics, University of the Punjab, Gujranwala Campus, Pakistan.

Email: umer.javeid@pugc.edu.pk



attracted considerable scholarly attention due to its higher exposure to social media and automation compared with earlier generations (Southgate, 2017). Despite being characterised as risk-resilient and having a diversified mindset, their participation in investment activities remains comparatively low when contrasted with pre-digital natives. Financial knowledge (FK) has been identified as a critical determinant of investment intentions. For instance, Bodnaruk and Simonov (2015) demonstrated that individuals with greater financial expertise are more adept at making investment decisions than those lacking such knowledge. Similarly, Fessler et al. (2020) argued that FK enhances social responsibility and consumer awareness, bridging the gap in financial capability by enabling more efficient decision-making that promotes monetary stability and growth. In this regard, Khalid (2020) emphasised that self-efficacy (SE)—the belief in one's ability to accomplish a specific task—significantly contributes to stronger economic oversight.

Social influence (SI) also plays a vital role in shaping investment behaviours, as individuals often rely on family, friends, and colleagues when making financial decisions. Peer behaviours, in particular, can compel others to follow similar paths. In addition, financial literacy (FL) enhances the understanding of financial concepts, enabling individuals to recognise both risks and opportunities (Alsemgeest, 2015). By equipping individuals with informed decision-making skills, FL promotes long-term financial stability. Financial attitude (FA), encompassing beliefs, values, and behaviours, further determines how individuals manage their finances. A positive FA is linked to more effective financial management (Mien & Thao, 2015), while Paluri and Mehra (2016) found that FA depends on individuals' knowledge of financial concepts, products, and strategies. Investment is widely regarded as crucial for macroeconomic stability. Karakurum-Ozdemir et al. (2019) highlighted that investment supports sustainable growth, and its absence poses risks to economic development. This is particularly pressing in Pakistan, where Generation Z represents a significant share of the population. If they fail to engage actively in investment, the economy may suffer from reduced investment flows, slower GDP growth, higher unemployment, and declining purchasing power. Countries seeking to prevent such crises prioritize improving financial knowledge (Hastings et al., 2013). Hasan et al. (2021) further noted that insufficient financial understanding often leads to fiscal mistakes, ultimately constraining economic growth.

The issue is particularly acute in Pakistan, where studies have shown that Generation Z lacks adequate financial knowledge (Goyal & Kumar, 2021). Financial education is unevenly distributed across regions and demographics, leaving many individuals unprepared to participate in investment markets. This lack of preparedness is further compounded by limited awareness of digital investment tools, despite widespread internet access. Gumasing and Niro (2023) also found that Generation Z struggles to invest in areas like real estate due to knowledge gaps. Importantly, Pakistan is not alone in facing these challenges. Many developing countries, including India, Bangladesh, and Nigeria, face similar issues (Hasan et al., 2021; Philippas & Avdoulas, 2021). For example, Hasan et al. (2021) reported that while Bangladesh has a population of 166 million, nearly 53% of its people lack financial literacy. In such contexts, financial literacy ranks as the second most pressing challenge after poverty in promoting financial accessibility (Bhandare et al., 2021). This research, therefore, seeks to address these gaps by examining how FK, SI, and SE influence the intention to invest, with FA and FL serving as mediators, specifically among Pakistan's Generation Z. The objectives are: (1) to assess the direct effects of FK, SI, and SE on investment intention; (2) to examine how FK influences intention through FA and FL; (3) to explore how SE affects investment intention via FA and FL; and (4) to analyse the role of SI on investment intention with FL as a mediator.

Although prior studies have explored ways to encourage investment, most have been conducted in other contexts. For instance, Yadav's research in India and Sconti et al. (2024) in Italy identified factors that encourage Generation Z to invest; yet, few studies have focused exclusively on Pakistan. Utami et al. (2025) explicitly called for further research addressing this gap, as no study has collectively examined these variables in Pakistan's context. Some related work has focused on other generational cohorts. For example, Yanto et al. (2021) investigated the influence of social media on financial literacy among millennials, demonstrating its far-reaching impact on financial knowledge. While these studies enrich the literature, they leave a gap in understanding Generation Z in Pakistan, particularly regarding the combined effects of FK, SE, SI, FA, and FL on investment intentions. This study aims to fill that gap by contributing to both theory and practice. By focusing on Pakistan's Generation Z, it addresses a critical issue for the country's financial and economic future. The paper is structured as follows: the introduction is followed by a literature review, research methodology, and empirical analysis, which are then presented in the results, discussion, and conclusion sections.

Literature Review

The Theory of Planned Behaviour (TPB), introduced by Ajzen (1991), provides the theoretical foundation for this research, positing that behaviour is shaped by motivating factors influenced by attitudes, perceived capacity, and social norms. A favourable attitude towards a behaviour increases the likelihood of intention to perform it (Conner, 2020), and prior studies confirm the significant role of mentality in shaping behavioural intentions (Mailizar et al., 2021; Wang et al., 2023, 2025). Nonetheless, intention does not always guarantee action (Hapsari, 2021). While few studies have applied TPB to predict Generation Z's investment intentions, its utility in financial decision-making contexts, including investments, is well established (Kassim et al., 2023; Utami et al., 2025). This study extends TPB by incorporating ancillary constructs such as financial knowledge (FK), self-efficacy (SE), and financial literacy (FL), alongside attitude and social influence (SI). The notion of SI stems from the "subjective norm" concept introduced in the Theory of Reasoned Action (TRA) by Fishbein and Ajzen (1977). Moreover, perceived SE, grounded in Bandura's (1977) Social Cognitive Theory, underscores the role of intentional action, thereby strengthening the framework to assess the investment intentions of Pakistan's Generation Z.

Financial Knowledge and Intention to Invest

This study also aims to investigate how the FK would impact the investment intentions of Generation Z in Pakistan. Existing studies indicate a growing trend in scholarly interest in the link between FK and the intention to invest. Therefore, numerous studies have examined the impact of FK on financial decisions. However, these studies do not focus on the intention to invest. Several studies have found a significant association between these two factors. For example, Lim et al. (2018) found a substantial relationship between FK and the intention to invest. This implies that individuals with FK will likely show an intention to invest. Therefore, it is essential to disseminate knowledge about the financial market. One cannot be expected to make effective decisions without the authentic FK. This is evident in the findings of Sobaih and Elshaer (2023). They reported that individuals with high FK were ready to make risky investments. The lens of TPB backed these findings.

Hamza and Arif (2019) also reported a significant impact of FK on investment decisions. Shehata et al. (2021) found a positive link between FK and intention to invest in the context of the Saudi Arabian Stock Market. Thus, individuals must have the foundational knowledge of the financial

market. This would help them address imminent challenges and make informed decisions. Generation Z in Pakistan should be educated on the financial market. Thus, based on the findings of the literature above, the following hypothesis can be formulated:

H1: Financial knowledge has a significant positive impact on intention to invest.

Social Influence (SI) and Intention to Invest

Gupta et al. (2021) found that the SI was the most influential factor in shaping the investment intentions of individuals. Existing research has indicated that social media (SM) may introduce individuals to a community that inspires them to participate in investments. For example, Haque et al. (2022) demonstrated that online social networks have a significant influence on individuals' decisions to participate in capital market investments. The findings of this study imply that the use of the internet and online social networks inspired individuals to interact with people from the investment market. This may help them make critical financial decisions.

Although not explicitly focused on the SI, the findings of Ma et al. (2025) are noteworthy, as they demonstrate how social and contextual dynamics are essential in shaping an individual's investment decisions. Those who lack cognitive abilities often tend to conserve mental effort and seek to rely on the observed actions of the majority or the guidance of financial experts. According to TRA, SI plays a direct role in shaping behavioural intention (Fishbein & Ajzen, 1977). This theoretical proposition was later reinforced by Venkatesh and Davis (2000), who integrated SI into the Technology Acceptance Model (TAM). Building on this understanding, the present study advances the theoretical framework by proposing new hypotheses that examine the impact of SI in shaping investment intentions.

H2: Social influence has a significant positive impact on intention to invest.

Self-efficacy and Intention to Invest

There are substantial reasons to anticipate a significant and positive impact of SE on the intention to invest. SE is typically associated with goal setting, achievement, initiation, coping, and perseverance in the face of adversity (Bandura, 1997). Few studies have investigated the link between SE and intention to invest. For instance, Lim and Qi (2023) examined the predictors of investment intention of young adults in China in the presence of SE. The researchers found that SE may affect the information-seeking behaviour of individuals, and this, in turn, would influence their financial behaviour. The findings revealed a significant impact of SE. Thus, scholars have explored the role of SE as an intervening and moderating construct. However, more studies are needed to investigate the direct impact of SE on the intention to invest. The researcher found that cognitive abilities significantly influenced financial behaviour primarily through two channels: ability and SE. Therefore, individuals with higher cognitive scores ultimately achieved better economic outcomes. This positive relationship was evident in tasks that required high mental abilities. There was substantial evidence confirming the SE as an essential source of cognitive impact. Based on the findings of the above studies, the following hypothesis can be formulated to assume a significant association between SE and the intention to invest:

H3: Self-efficacy has a significant positive impact on intention to invest.

Mediating Role of Financial Attitude

Their beliefs about the anticipated outcomes shape a person's attitude towards a particular behavioural activity. This ultimately forms one's intention to exhibit that behaviour (Nketiah et al., 2022). The study conducted by Rahadjeng and Fiandari (2020) showed that attitude had a

significant impact on the intention to make a share investment.. Nketiah et al. (2022) also investigated the effect of attitude on the intention to invest, yielding a significant result. However, this study focused on the context of energy projects involving solid waste. Therefore, the findings may not be easily translatable to the context of the stock market. The variable of attitude is quite popular among scholars, as many have studied its mediating impact on the intention to invest. However, this study focused on the mediation of attitude between past behaviour and the intention to invest and found a significant effect. Another important point about this study is the integration of the TPB as the theoretical lens. Therefore, the present research assumes a significant mediation of FA through the following hypotheses.

H4: Financial attitude significantly mediates the relationship between financial knowledge and intention to invest.

H5: Financial attitude significantly mediates the relationship between social influence and intention to invest.

H6: Financial attitude significantly mediates the relationship between self-efficacy and intention to invest.

Mediating Role of Financial Literacy

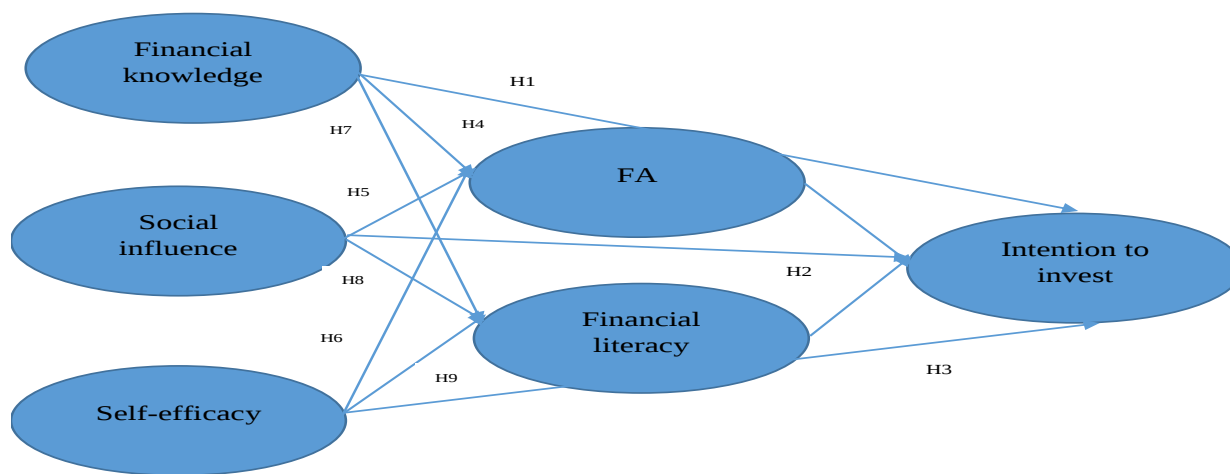
Previously, scholars have highlighted the role of FL in translating the impact of both FK and SI on the intention to invest. This finding is supported by the research conducted by Utami et al. (2025). However, the mediating effect of FL between SE and the intention to invest is missing in the existing literature. Young investors should possess a high level of financial literacy when it comes to concepts such as credit, bonds, and capital. Hidayat et al. (2020) recommended that investors acquire substantial financial knowledge before entering the field. The existing literature lacks an understanding of the importance of FL for young investors in Pakistan.

Therefore, the present study has selected the FL as an intervening variable in the research model. This would help enrich the existing literature and highlight the significance of financial acumen in the economic decision-making of investors. Thus, the following hypotheses can be formulated:

H7: Financial literacy significantly mediates the relationship between financial knowledge and intention to invest.

H8: Financial literacy significantly mediates the relationship between social influence and intention to invest.

H9: Financial literacy significantly mediates the relationship between self-efficacy and intention to invest.

Figure 1: Conceptual Framework

Methodology

This study adopts a positivist Philosophy as it will measure the relationship between self-efficacy, financial knowledge, Social influence. To eliminate the chances of researcher, own personal thoughts involvement in my research I select positivism philosophy to present the actual authentic target population perception on the literature review.as we take gen z which covers a larger population I use positivism philosophy as it seeks to generalize finding to a larger population (Akpan, 2022). Positivist philosophy objectively measure variables and use quantitative data collection and statistical analysis to ensure generalizability. For this research positivism philosophy is most suitable as it bases on objectivity and measurable outcome. Moreover, positivism is best for explanatory research as it identifies cause and effect relationship.

While moving towards research approaches we use deductive approach in this research because this study aims to test specific hypothesis about the relationship between self-efficacy, financial knowledge, social influence and Gen z investment intention. We aim to make generalizable conclusions so we choose deductive approach as it will provide comprehensive finding. Moreover, it provides a clear framework which include theory, developing hypothesis, collecting data and analysing result. We have chosen quantitative approach because it will be the most suitable for measuring relationship, testing hypothesis and draw generalize finding. We use quantitative research to applied statistical techniques to analyse data and test hypotheses. As our study targets to measure specific variables and build their relations so quantitative approach is most suitable for this type of research. In our research we prefer to choose survey strategy as our study demands to test hypothesis, analysing relationship to acknowledge generalize findings. survey can be conducted in many ways but we have collected data in the form of a questionnaire in online as well as paper survey. In survey we can get generalize finding to a larger population. I have chosen cross sectional study because data is collected quickly as well as it allows for the collection of data from a large and diverse sample. As we are targeting generation z so non probability is the most appropriate sampling technique. in non-probability we use purposive sampling technique .We also use purposive sampling technique along with questionnaires to collect data from people belongs to Generation Z. In total 322 responses are collected from generation Z, most respondents are aged between 20 to 25. The measurement scale has been adopted from previous studies .the

questionnaire was in English and we use 5 point likert scale which is from 1 (strongly disagree) to 5 (strongly agree).

Financial knowledge

Instrument to measure FK is adopted from (Hua et al., 2019) and measured using 5 item scale .

Financial attitude

Instrument to measure FA is adopted from (Utami et al., 2024) and measured using 5 item scale .

Financial literacy

Instrument to measure FL is adopted from (Utami et al., 2024) and measured using 6 item scale .

Intention to invest

Instrument to measure INT is adopted from (Utami et al., 2024) and measured using 5 item scale.

Social Influence

Instrument to measure SI is adopted from (Bursztyn et al., 2014; Yuchtman et al., 2013) and measured using 3 item scale.

Self efficacy

Instrument to measure SE is adopted from (Lim & Qi, 2023) and measured using 5 item scale.

Results and Discussion

Descriptive statistics tests are a reliable primary tool to assess data quality by using basic estimates such as minimum, maximum value, range, standard deviation, skewness, variance, mean, and other statistical measures associated with data trends.

Table 1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. D	Skewness	Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Er	Statistic	Std. Er
SE1	326	1	5	3.40	1.256	-.491	.135	-.853	.269
SE2	326	1	5	3.37	1.300	-.482	.135	-.923	.269
SE3	326	1	5	3.35	1.324	-.458	.135	-1.012	.269
SE4	326	1	5	3.33	1.334	-.466	.135	-1.017	.269
SE	326	1.00	5.00	3.3627	1.16839	-.305	.135	-.786	.269
SI1	326	1	5	3.45	1.074	-.307	.135	-.924	.269
SI2	326	1	5	3.45	1.079	-.374	.135	-.849	.269
SI3	326	1	5	3.47	1.063	-.399	.135	-.749	.269
SI	326	1.00	5.00	3.4540	.95350	-.281	.135	-.555	.269
FL1	326	1	5	3.37	1.258	-.495	.135	-.848	.269
FL2	326	1	5	3.40	1.225	-.459	.135	-.809	.269
FL3	326	1	5	3.33	1.176	-.346	.135	-.886	.269
FL4	326	1	5	3.34	1.154	-.287	.135	-.882	.269
FL5	326	1	5	3.31	1.195	-.362	.135	-.867	.269
FL6	326	1	5	3.35	1.185	-.459	.135	-.817	.269
FL	326	1.00	5.00	3.3487	1.02437	-.551	.135	-.460	.269
FK1	326	1	5	3.43	1.352	-.486	.135	-1.071	.269

FK2	326	1	5	3.47	1.316	-.501	.135	-1.003	.269
FK3	326	1	5	3.45	1.318	-.451	.135	-1.075	.269
FK4	326	1	5	3.55	1.273	-.565	.135	-.878	.269
FK5	326	1	5	3.49	1.259	-.511	.135	-.913	.269
FK	326	1.00	5.00	3.4779	1.03154	-.335	.135	-.630	.269
FA1	326	1	5	3.55	1.183	-.584	.135	-.719	.269
FA2	326	1	5	3.50	1.240	-.600	.135	-.754	.269
FA3	326	1	5	3.47	1.247	-.569	.135	-.809	.269
FA4	326	1	5	3.32	1.298	-.412	.135	-1.078	.269
FA5	326	1	5	3.44	1.233	-.523	.135	-.867	.269
FA	326	1.00	5.00	3.4571	1.01184	-.461	.135	-.316	.269
INT1	326	1	5	3.36	1.229	-.431	.135	-.930	.269
INT2	326	1	5	3.35	1.238	-.464	.135	-.912	.269
INT3	326	1	5	3.37	1.233	-.409	.135	-.944	.269
INT4	326	1	5	3.32	1.234	-.340	.135	-1.025	.269
INT5	326	1	5	3.40	1.225	-.388	.135	-.985	.269
INT	326	1.00	5.00	3.3589	1.02973	-.292	.135	-.484	.269

CMB Test

To evaluate the CMB, this study first used the Single Harman factor analysis to predict the collective variance of all indicators and compared it with the standard of value <0.5 or 50%. The following table reports that the total collective variance explained by all factors by loading at eigenvalues greater than 1 is 44% < 50%. Thus, data analysis certified the data quality.

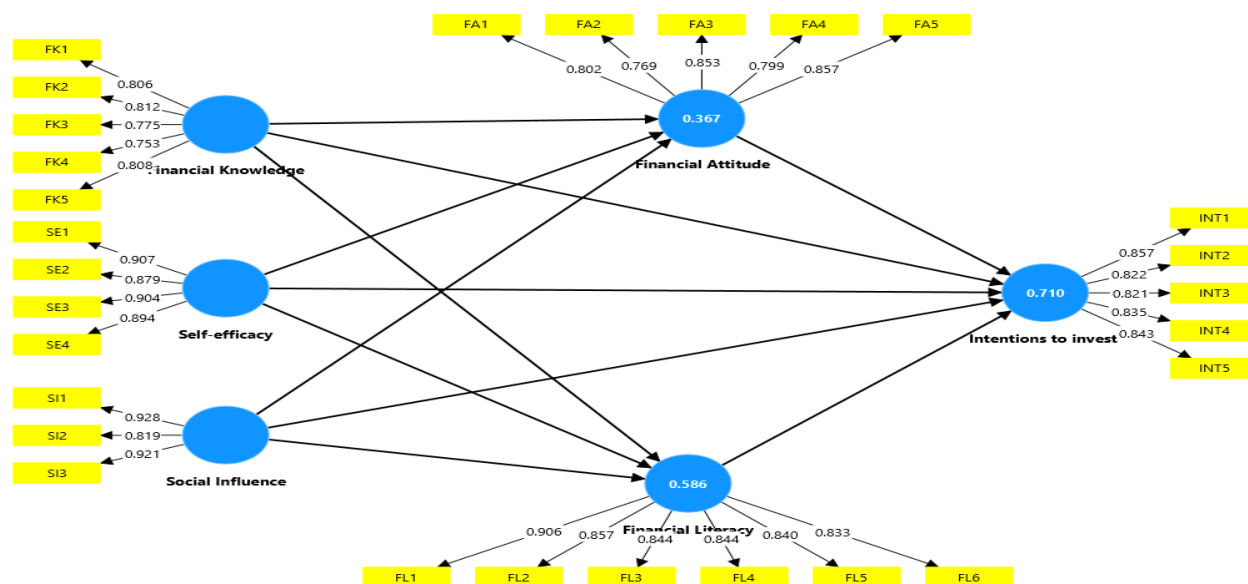
Next, to assure that the responses, sub-constructs are free from the issue of multi-collinearity, the VIF Variation Inflation Factor was used, which was calculated in PLS-SEM factor analysis.

Table 2: CMV Analysis

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	12.561	44.859	44.859	12.561	44.859	44.859
2	2.755	9.841	54.700			

Indicator Reliability

This study has performed the CFA analysis for complete measurement model assessment. The indicator reliabilities of the latent items for each variable are displayed in Table 4.3, where all values are excellently exceeding the minimum cut-off level of 0.7 except SE5, which showed a poor loading value, therefore dropped from the outer model.

Figure 2: CFA Analysis

Convergent Validity

Convergent validity is about the convergence of the key construct to describe its sub-items. AVE (Average Variance Extracted) is the statistical tool that takes the average of the total variance, and its value must be greater than 0.5 (Hair Jr et al., 2021). In the data set of this study, the convergent validity is established as all key constructs have scored AVE values >0.5 .

Table 3: Items, factor loadings, reliability and validity

Construct and Items	Item codes	Factor Loadings	VIF	Cronbach alpha	CR	AVE
Financial attitude				0.875	0.909	0.667
	FA1	0.802	1.929			
	FA2	0.769	1.760			
	FA3	0.853	2.442			
	FA4	0.799	1.821			
	FA5	0.857	2.512			
Financial knowledge				0.850	0.893	0.626
	FK1	0.806	2.003			
	FK2	0.812	2.032			
	FK3	0.775	1.711			
	FK4	0.753	1.608			
	FK5	0.808	1.822			
Financial literacy				0.926	0.942	0.730
	FL1	0.906	3.724			
	FL2	0.857	2.679			
	FL3	0.844	2.548			
	FL4	0.844	2.594			
	FL5	0.840	2.469			
	FL6	0.833	2.367			

Intentions to invest				0.892	0.921	0.699
	INT1	0.857	2.422			
	INT2	0.822	2.144			
	INT3	0.821	2.033			
	INT4	0.835	2.201			
	INT5	0.843	2.251			
Self-efficacy				0.918	0.942	0.803
	SE1	0.907	3.169			
	SE2	0.879	2.911			
	SE3	0.904	3.316			
	SE4	0.894	3.020			
	SE5	-	-			
Social Influence				0.868	0.920	0.793
	SI1	0.928	3.579			
	SI2	0.819	1.697			
	SI3	0.921	3.443			

Discriminant Validity

The first method of assessing the discriminant validity is the Fornell and Larcker method that emphasizes the self-correlation concept that a variable must show higher self-correlation than its correlation with all other constructs and the self-correlation must be the highest correlation at a value >0.7 (Fornell & Larcker, 1981). This criterion has visualized a strong discriminant validity establishment in the key constructs.

Table 4: Discriminant validity with the Fornell & Larcker Method

Construct	Financial Attitude	Financial Knowledge	Financial Literacy	Intentions to invest	Self-efficacy	Social Influence
Financial Attitude	0.817					
Financial Knowledge	0.549	0.791				
Financial Literacy	0.453	0.503	0.854			
Intentions to invest	0.520	0.559	0.768	0.836		
Self-efficacy	0.322	0.385	0.667	0.678	0.896	
Social Influence	0.480	0.469	0.605	0.644	0.446	0.891

HTMT ratio analysis, that puts more focus on the level of correlation between the variables rather than their self-correlation (Henseler et al., 2015). In this method, Hair et al. (2021) suggested that variables must correlate at a value <0.85 ; then, the data has sound uniqueness and variables have no multicollinearity issues.

Table 5: Discriminant validity with HTMT ratio analysis

	Financial Attitude	Financial Knowledge	Financial Literacy	Intentions to invest	Self-efficacy	Social Influence
Financial Attitude						
Financial Knowledge	0.634					
Financial Literacy	0.502	0.566				
Intentions to invest	0.587	0.638	0.842			
Self-efficacy	0.357	0.436	0.722	0.746		
Social Influence	0.550	0.543	0.672	0.730	0.497	

Model Fitness Analysis

In Smart-PLS, the SRMR and NFI are the main model fit measures, in which the SRMR value <0.1 and the NFI value >0.8 are considered an ideal scenario (Ringle, 2024). If this idealistic standard is compared with the test results for this study, then the designed model is a good fit.

Table 6: Model fit Measures

	Saturated model	Estimated model
SRMR	0.043	0.044
d_{ULS}	0.736	0.780
d_G	0.392	0.393
Chi-square	749.423	749.567
NFI	0.887	0.887

Structural Model Assessment

Path Analysis

To test the designed hypothesis, the PLS-SEM test was performed and the significance levels of values <0.05 and 0.01 were used as the decision criteria. The result shows the acceptance of all direct hypotheses of the study.

Table 7: Direct Relationship Results

Estimated Paths	Beta	2.5%	97.5%	t-value	P values
Financial Attitude -> Intentions to invest	0.109	0.044	0.190	2.753	0.006
Financial Knowledge -> Intentions to invest	0.122	0.041	0.209	2.834	0.005
Financial Literacy -> Intentions to invest	0.359	0.224	0.511	4.964	0.000
Self-efficacy -> Intentions to invest	0.268	0.149	0.363	4.929	0.000
Social Influence -> Intentions to invest	0.198	0.113	0.286	4.221	0.000

Using the same decision criteria as for the direct effects, this study used the bootstrapping 5000 method to assess the specific indirect effects or the mediation impacts.

Table 8: Indirect Relationship Analysis

Estimated Paths	Beta	2.5%	97.5%	t-value	P values
Financial Knowledge -> Financial Literacy -> Intentions to invest	0.064	0.029	0.116	2.951	0.003
Financial Knowledge -> Financial Attitude -> Intentions to invest	0.044	0.018	0.082	2.598	0.010
Self-efficacy -> Financial Literacy -> Intentions to invest	0.164	0.097	0.255	4.174	0.000
Social Influence -> Financial Literacy -> Intentions to invest	0.114	0.058	0.187	3.497	0.001
Self-efficacy -> Financial Attitude -> Intentions to invest	0.005	-0.003	0.020	0.815	0.415
Social Influence -> Financial Attitude -> Intentions to invest	0.029	0.011	0.065	2.325	0.020

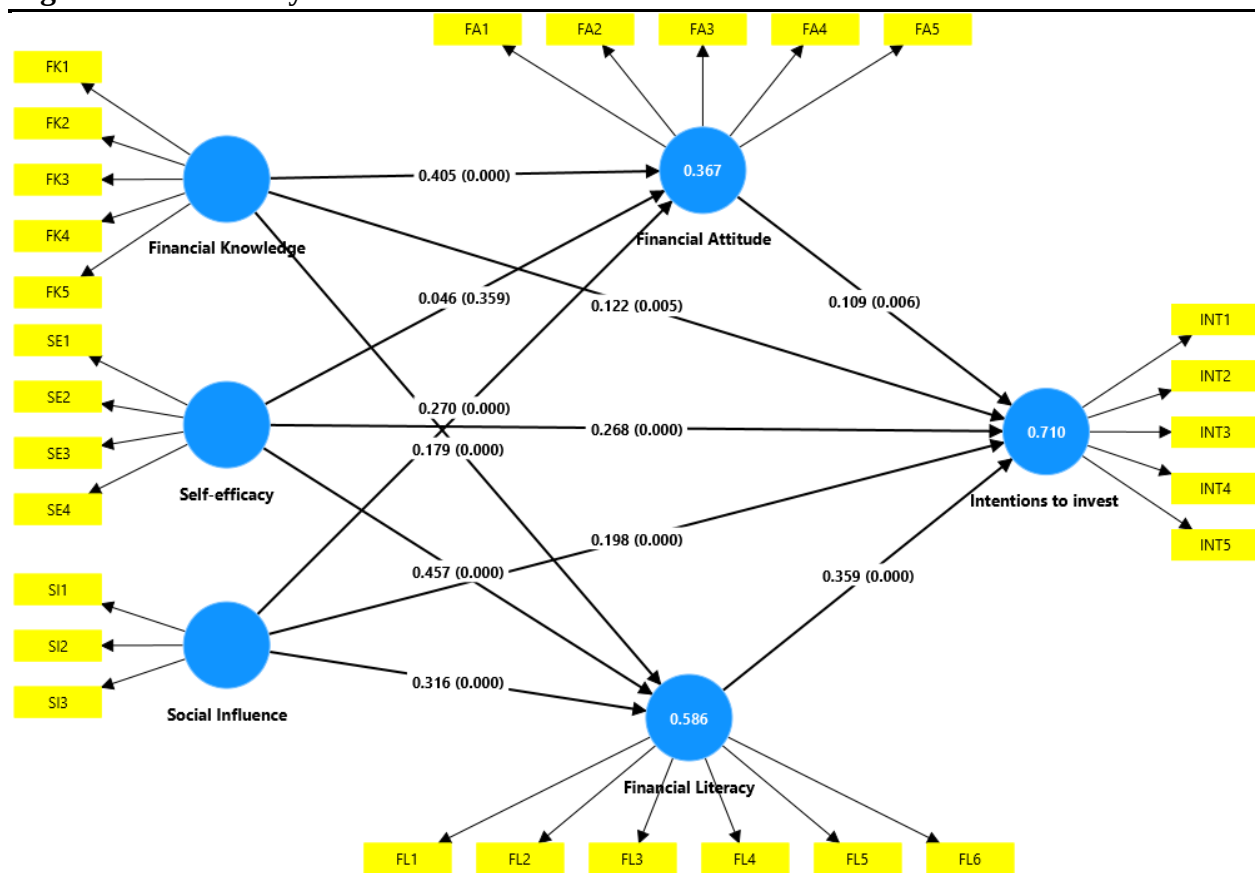
Figure 3: SEM Analysis

Table 9: Hypothesis testing

Hypothesis	Statement	Decision
H1:	Financial knowledge has a significant positive impact on intention to invest.	Supported
H2:	Social influence has a significant positive impact on intention to invest.	Supported
H3:	Self-efficacy has a significant positive impact on intention to invest.	Supported
H4:	Financial attitude significantly mediates the relationship between financial knowledge and intention to invest.	Supported
H5:	Financial attitude significantly mediates the relationship between social influence and intention to invest.	Supported
H6:	Financial attitude significantly mediates the relationship between self-efficacy and intention to invest.	Not-Supported
H7:	Financial literacy significantly mediates the relationship between financial knowledge and intention to invest.	Supported
H8:	Financial literacy significantly mediates the relationship between social influence and intention to invest.	Supported
H9:	Financial literacy significantly mediates the relationship between self-efficacy and intention to invest.	Supported

The present study examines the intention of Generation Z in Pakistan to invest in the financial market through the lens of the Theory of Planned Behavior (TPB). Findings reveal that financial knowledge (FK), self-efficacy (SE), and social influence (SI) significantly affect investment intentions. The role of SI is particularly noteworthy, aligning with Utami et al. (2025), as social networks such as parents, peers, and media shape young individuals' perceptions of stock investment. FK also emerged as a strong predictor, showing that engaging in stock investments enhances young Pakistanis' financial understanding, underscoring the need for stakeholders to promote consultation platforms and investment infrastructure to strengthen FK and nurture investment opportunities. Consistent with Bandura (1997), SE was also found to be critical in shaping behavioral intentions, with higher SE linked to stronger investment intentions. The results highlight that FK fosters positive attitudes and financial literacy (FL), improving financial management skills and readiness to invest. Given Pakistan's developing economy, there is an urgent need to raise awareness, expand financial inclusion, and channel untapped resources into the stock market to support sustainable growth.

The study further identifies significant mediating roles of FL and financial attitude (FA). Angrisani et al. (2020) and Banthia & Dey (2022) emphasized the importance of FL in strengthening decision-making, while Jou et al. (2023) highlighted education as key to building investment-friendly attitudes. The results confirm that higher FK promotes positive FA, encouraging investment, consistent with Akhtar & Das (2019). Similarly, the acceptance of the fifth hypothesis shows that communities fostering investment positively influence FA, thereby enhancing intentions. However, the sixth hypothesis was rejected, indicating that SE directly influences investment intentions so strongly that FA's mediating role becomes negligible. Overall, the findings underscore the combined importance of FK, SI, SE, and mediators like FL and FA in fostering investment intentions among Pakistan's Generation Z.

Conclusion

The present study set out to identify the predictors of investment intention among Generation Z in Pakistan and found that financial knowledge, self-efficacy, and social influence play a decisive

role. This generation requires sufficient financial acumen to make informed financial decisions, which not only impact their personal and professional growth but also contribute to the wider economy. While social influence encourages individuals to learn more about financial markets and inspires investment interest, the importance of financial knowledge and self-efficacy remains equally significant. These findings point toward the need for training programs and educational initiatives that enhance financial literacy and strengthen investment confidence, highlighting that both knowledge and peer influence are central to shaping the investment behavior of young people. The study contributes both theoretically and practically, addressing a gap in existing literature that had not examined these factors in Pakistan's context. By integrating financial literacy and financial acumen as mediators, it extends the application of the Theory of Planned Behavior framework and suggests future researchers could explore other mediators such as financial well-being and openness to innovation. Practically, the findings indicate that Pakistan's youth often avoid investing due to risk aversion and insufficient knowledge, suggesting that targeted awareness programs in schools and universities, supported by financial institutions, could foster both confidence and a stronger investment culture. These efforts would not only promote stock market participation but also stimulate economic growth by preparing Generation Z for financially responsible futures.

Despite these contributions, the study is not without limitations. Its cross-sectional design reflects only one point in time, and its scope is confined to Pakistan, limiting generalizability. Other possible influences, such as economic conditions, psychological traits like risk tolerance, or technological developments, were not considered. Future research may examine the role of socio-demographic, cultural, and educational variables in shaping investment behavior, as well as the influence of advancing technology on financial decision-making. Qualitative approaches such as interviews or focus groups could also provide richer insights into how Generation Z perceives investment, offering a more nuanced understanding for both scholars and policymakers.

References

- Ajzen, I. (1991). The Theory of Planned Behavior. *Organizational Behavior and Human Decision Processes*. <http://www.eli.johogo.com/Class/p1.pdf>
- Akhtar, F., & Das, N. (2019). Predictors of investment intention in Indian stock markets: Extending the theory of planned behaviour. *International Journal of Bank Marketing*, 37(1), 97-119. <https://doi.org/https://doi.org/10.3390/math11020453>
- Akpan, E. C. (2022). Social Science Research and Philosophical Alignments. *Social Science Research*, 6(9), 93-99.
- Alsemgeest, L. (2015). Arguments for and against financial literacy education: where to go from here? *International Journal of Consumer Studies*, 39(2), 155-161.
- Angrisani, M., Burke, J., Lusardi, A., & Mottola, G. (2020). *The stability and predictive power of financial literacy: Evidence from longitudinal data*.
- Bandura, A. (1977). Self-efficacy: toward a unifying theory of behavioral change. *Psychological review*, 84(2), 191. <https://doi.org/https://psycnet.apa.org/doi/10.1037/0033-295X.84.2.191>
- Bandura, A. (1997). *Self-efficacy: The exercise of control*. Macmillan.
- Banthia, D., & Dey, S. K. (2022). Impact of financial knowledge, financial attitude and financial behaviour on financial literacy: Structural equation modeling approach. *Universal Journal of Accounting and Finance*, 10(1), 327-337. https://www.researchgate.net/profile/Sanjeeb-Dey/publication/358166134_Impact_of_Financial_Knowledge_Financial_Attitude_and_Financial_Behaviour_on_Financial_Literacy_Structural_Equitation_Modeling_Approach/links/61f3b3bcc5e3103375c75385/Impact-of-Financial-Knowledge-Financial-Attitude-and-Financial-Behaviour-on-Financial-Literacy-Structural-Equitation-Modeling-Approach.pdf

- Bhandare, P. V., Guha, S., Chaudhury, R. H., & Ghosh, C. (2021). Impact of financial literacy models on the financial behavior of individuals: An empirical study on the Indian context. *Strategic Change*, 30(4), 377-387.
- Bodnaruk, A., & Simonov, A. (2015). Do financial experts make better investment decisions? *Journal of financial Intermediation*, 24(4), 514-536.
- Bursztyn, L., Ederer, F., Ferman, B., & Yuchtman, N. (2014). Understanding mechanisms underlying peer effects: Evidence from a field experiment on financial decisions. *Econometrica*, 82(4), 1273-1301.
- Conner, M. (2020). Theory of planned behavior. *Handbook of sport psychology*, 1-18.
- Fessler, P., Silgoner, M., & Weber, R. (2020). Financial knowledge, attitude and behavior: evidence from the Austrian Survey of Financial Literacy. *Empirica*, 47, 929-947.
- Fishbein, M., & Ajzen, I. (1977). Belief, attitude, intention, and behavior: An introduction to theory and research.
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of marketing research*, 18(1), 39-50. <https://doi.org/https://doi.org/10.1177/002224378101800104>
- Goyal, K., & Kumar, S. (2021). Financial literacy: A systematic review and bibliometric analysis. *International Journal of Consumer Studies*, 45(1), 80-105.
- Gumasing, M. J. J., & Niro, R. H. A. (2023). Antecedents of real estate investment intention among Filipino Millennials and Gen Z: an extended theory of planned behavior. *Sustainability*, 15(18), 13714.
- Gupta, S., Gupta, S., Mathew, M., & Sama, H. R. (2021). Prioritizing intentions behind investment in cryptocurrency: a fuzzy analytical framework. *Journal of Economic Studies*, 48(8), 1442-1459. <https://doi.org/https://doi.org/10.1108/JES-06-2020-0285>
- Hair Jr, J. F., Hult, G. T. M., Ringle, C. M., Sarstedt, M., Danks, N. P., Ray, S., Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2021). Evaluation of reflective measurement models. *Partial least squares structural equation modeling (PLS-SEM) using R: A workbook*, 75-90.
- Hamza, N., & Arif, I. (2019). Impact of financial literacy on investment decisions: The mediating effect of big-five personality traits model. *Market Forces*, 14(1). <https://kiet.edu.pk/marketforces/index.php/marketforces/article/view/386/334>
- Hapsari, S. A. (2021). The theory of planned behavior and financial literacy to analyze intention in mutual fund product investment. 5th Global Conference on Business, Management and Entrepreneurship (GCBME 2020),
- Haque, M. Z., Qian, A., Hoque, M. R., & Lucky, S. A. (2022). A unified framework for exploring the determinants of online social networks (OSNs) on institutional investors' capital market investment decision. *Technology in society*, 70, 102061. <https://doi.org/https://doi.org/10.1016/j.techsoc.2022.102061>
- Hasan, M., Le, T., & Hoque, A. (2021). How does financial literacy impact on inclusive finance? *Financial innovation*, 7(1), 40.
- Hastings, J. S., Madrian, B. C., & Skimmyhorn, W. L. (2013). Financial literacy, financial education, and economic outcomes. *Annu. Rev. Econ.*, 5(1), 347-373.
- Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the academy of marketing science*, 43, 115-135. <https://doi.org/https://doi.org/10.1007/s11747-014-0403-8>
- Hidayat, L., Muktiadji, N., & Supriadi, Y. (2020). The Knowledge and Students' Interest to Investing in Investment Gallery. 2nd International Seminar on Business, Economics, Social Science and Technology (ISBEST 2019),
- Hua, X., Huang, Y., & Zheng, Y. (2019). Current practices, new insights, and emerging trends of financial technologies. *Industrial Management & Data Systems*, 119(7), 1401-1410.

- Jou, Y.-T., Shiang, W.-J., Silitonga, R. M., Adilah, M., & Halim, A. Z. A. (2023). Assessing Factors That Influence Womenpreneurs' Intention to Use Technology: A Structural Equation Modeling Approach. *Behavioral sciences*, 13(2), 94. <https://doi.org/https://doi.org/10.3390/bs13020094>
- Karakurum-Ozdemir, K., Kokkizil, M., & Uysal, G. (2019). Financial literacy in developing countries. *Social Indicators Research*, 143, 325-353.
- Kassim, A., Asiyah Kassim, A., & Setijaningrum, E. (2023). Behavioral Intention and The Influence of Demographic Factors in Purchasing Environmentally Sustainable Products among Residents in Petaling. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 13(2). <https://doi.org/http://dx.doi.org/10.6007/IJARAFMS/v13-i2/18024>
- Khalid, F. (2020). Factor Affecting Investment Behavior: Mediating Role of Self-Efficacy. *Journal of Finance & Economics Research*, 5(2), 112-125.
- Lim, T. S., Mail, R., Abd Karim, M. R., Ulum, Z. K. A. B., Jaidi, J., & Noordin, R. (2018). A serial mediation model of financial knowledge on the intention to invest: The central role of risk perception and attitude. *Journal of Behavioral and Experimental Finance*, 20, 74-79. <https://doi.org/https://doi.org/10.1016/j.jbef.2018.08.001>
- Lim, T. S., & Qi, P. C. (2023). Investigating the antecedents of investment intention and the mediating effect of investment self-efficacy among young adults in Shandong, China. *Global Business & Finance Review (GBFR)*, 28(2), 1-16.
- Ma, Y., Al Mamun, A., Hoque, M. E., Masukujjaman, M., & Ja'afar, R. (2025). Modeling behavioral insights to mobilize private investment in climate change adaptation: Evidence from Chinese investors. *Environment, Development and Sustainability*, 1-32. <https://doi.org/https://doi.org/10.1007/s10668-025-06058-x>
- Mailizar, M., Burg, D., & Maulina, S. (2021). Examining university students' behavioural intention to use e-learning during the COVID-19 pandemic: An extended TAM model. *Education and Information Technologies*, 26(6), 7057-7077. <https://doi.org/https://doi.org/10.1007/s10639-021-10557-5>
- Mien, N. T. N., & Thao, T. P. (2015). Factors affecting personal financial management behaviors: Evidence from Vietnam. Proceedings of the Second Asia-Pacific Conference on Global Business, Economics, Finance and Social Sciences (AP15Vietnam Conference),
- Nketiah, E., Song, H., Cai, X., Adjei, M., Adu-Gyamfi, G., & Obuobi, B. (2022). Citizens' intention to invest in municipal solid waste to energy projects in Ghana: The impact of direct and indirect effects. *Energy*, 254, 124420. <https://doi.org/https://doi.org/10.1016/j.energy.2022.124420>
- Paluri, R. A., & Mehra, S. (2016). Financial attitude based segmentation of women in India: an exploratory study. *International Journal of Bank Marketing*, 34(5), 670-689.
- Philippas, N. D., & Avdoulas, C. (2021). Financial literacy and financial well-being among generation-Z university students: Evidence from Greece. In *Financial Literacy and Responsible Finance in the FinTech Era* (pp. 64-85). Routledge.
- Rahadjeng, E. R., & Fiandari, Y. R. (2020). The effect of attitude, subjective norms and control of behavior towards intention in share investment. *Manajemen Bisnis*, 10(2), 17-25. <https://doi.org/10.22219/jmb.v10i2.13616>
- Ringle, C. M., Wende, Sven, & Becker, Jan-Michael. . (2024). *Fit Measures in SmartPLS*.
- Sconti, A., Caserta, M., & Ferrante, L. (2024). Gen Z and financial education: Evidence from a randomized control trial in the South of Italy. *Journal of Behavioral and Experimental Economics*, 112, 102256.
- Shehata, S. M., Abdeljawad, A. M., Mazouz, L. A., Aldossary, L. Y. K., Alsaeed, M. Y., & Nouredin Sayed, M. (2021). The moderating role of perceived risks in the relationship between financial knowledge and the intention to invest in the Saudi Arabian stock market. *International Journal of Financial Studies*, 9(1), 9. <https://doi.org/https://doi.org/10.3390/ijfs9010009>
- Sobaih, A. E. E., & Elshaer, I. A. (2023). Risk-taking, financial knowledge, and risky investment intention: expanding theory of planned behavior using a moderating-mediating model. *Mathematics*, 11(2), 453. <https://doi.org/https://doi.org/10.3390/math11020453>

- Southgate, D. (2017). The emergence of Generation Z and its impact in advertising: Long-term implications for media planning and creative development. *Journal of Advertising Research*, 57(2), 227-236.
- Utami, E. M., Gusni, G., Yuliani, R., & Pesakovic, G. (2025). Financial Knowledge and Social Influence on Generation Z Intention to Invest: The Mediating Role of Financial Attitude and Literacy. *Media Ekonomi dan Manajemen*, 40(1), 121-147.
- Utami, E. M., Yuliani, R., & Fatihat, G. G. (2024). Financial Literacy as Mediates of Financial Attitude And Intention To Invest in Shariah. *ADPEBI International Journal of Business and Social Science*, 4(2), 120-130.
- Venkatesh, V., & Davis, F. D. (2000). A theoretical extension of the technology acceptance model: Four longitudinal field studies. *Management science*, 46(2), 186-204. <https://doi.org/https://doi.org/10.1287/mnsc.46.2.186.11926>
- Wang, C., Dai, J., Chen, Y., Zhang, X., & Xu, L. (2023). A learning analytics model based on expression recognition and affective computing: review of techniques and survey of acceptance. Proceedings of the 2022 International Conference on Educational Innovation and Multimedia Technology (EIMT 2022),
- Wang, C., Wang, H., Li, Y., Dai, J., Gu, X., & Yu, T. (2025). Factors influencing university students' behavioral intention to use generative artificial intelligence: Integrating the theory of planned behavior and AI literacy. *International Journal of Human-Computer Interaction*, 41(11), 6649-6671. <https://doi.org/https://doi.org/10.1080/10447318.2024.2383033>
- Yadav, B. S. (n.d.). Gen Z investment perspective in Canara Bank Ballari—An empirical study. In *India's \$5 trillion economy: The vision, challenges, and roadmap* (p. 256).
- Yanto, H., Ismail, N., Kiswanto, K., Rahim, N. M., & Baroroh, N. (2021). The roles of peers and social media in building financial literacy among the millennial generation: A case of Indonesian economics and business students. *Cogent Social Sciences*, 7(1), 1947579.
- Yuchtman, N., Ederer, F., Ferman, B., & Bursztyn, L. (2013). *Understanding Peer Effects in Financial Decisions: Evidence from a Field Experiment*. 2013 Meeting Papers,