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Exploring Investment Behavior among Young Consumers: A Review and Research Agenda

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Abstract. This paper provides a comprehensive theoretical and methodological review of conceptual and empirical research on investment behaviour among young consumers, particularly undergraduates, who have increasingly become active in the financial market. The main objective of the paper is to clarify how rational, behavioural, cognitive, and social factors shape young people's investment intentions as well as choices, while identifying gaps in research conducted so far that can inform future research agenda. The study achieved its aim by systematically reviewing dominant theoretical frameworks that have been used in studying investment behaviour among young consumers, including the Theory of Planned Behaviour, Behavioural Finance Theory, Prospect Theory, Dual Process Theory, and Rational Choice Theory. It also synthesized empirical studies that have employed quantitative methods such as regression analysis, ANOVA, and structural equation modelling in exploring the phenomenon of investment among young consumers. Result from the review, suggest that existing studies rely heavily on cross-sectional survey data and quantitative techniques, with limited use of qualitative, longitudinal, or experimental designs. Findings from the reviewed studies consistently show that investment behaviour among young consumers is multidimensional, shaped by financial literacy, perceived behavioural control, emotional biases (such as overconfidence and loss aversion), parental influence, peer dynamics, and digital financial environments. Furthermore, the review showed that while rational evaluation plays a role in investment decisions, behavioural and contextual factors frequently drive decision-making. The paper therefore recommends greater theoretical integration, the adoption of mixed-method and longitudinal approaches, and increased attention to digital investment platforms. It further encourages the development of hybrid models that combine rational and behavioural perspectives in explaining investment behaviour among young investors.

Keywords: Behavioral finance, financial literacy, Investment behavior, Responsible marketing, Undergraduate students, young consumers.

1. Introduction

Investment refers to the allocation of funds or other resources to a specific asset or project with the expectation of generating future financial returns (Gitman & Zutter, 2008). In essence, it entails deploying present capital in ways intended to yield profits over time (Ansari & Moid, 2013). Examining investment behaviour among undergraduate students is therefore a significant line of inquiry, given its implications for their long-term financial stability as well as its broader contribution to economic development. As observed by Evbayiro-Osagie, Isibor, and Ihemefor (2017), university students frequently represent first-time account holders, positioning them at an early and formative stage in terms of financial engagement. For financial institutions seeking to cultivate enduring client relationships, insight into this group's investment behaviour becomes especially valuable. Moreover, careful attention to the factors shaping investment decisions, particularly among young adults, is essential for the design of effective financial education programmes and policies (Kolade, Adewale, & Owonibi, 2022). Such efforts are critical because financial education not only strengthens individual confidence but also mitigates vulnerability to cognitive biases that encourages poor financial behaviour (Lusardi & Mitchell,
2014).

Recent research has increasingly emphasized the central role of financial education in shaping the investment behaviour of undergraduates. Owusu, Ansong, Koomson, and Addo-Yobo (2020), for example, reported that higher levels of financial literacy among Ghanaian university students were

positively associated with more prudent savings and investment decisions. In a similar vein, Kolade et al. (2022) found that financial literacy exerted a significant influence on Nigerian undergraduates' attitudes toward financial investments, thereby reinforcing the argument for targeted financial education initiatives. Beyond financial education, parental financial behaviour has also been shown to play a pivotal role in shaping students' investment habits, suggesting that the family functions as a primary agent of financial socialization. At the macroeconomic level, factors such as interest rates and inflation further condition the investment behaviour of young people. David (2023), in an empirical assessment of interest rate variations and investment behaviour in Nigeria, found that macroeconomic variables significantly influence the investment decisions of young people.

Despite these contributions, the existing studies remain limited in scope, as the drivers, antecedents, and challenges associated with investment among young consumers, particularly undergraduates, have not been examined in a comprehensive manner. A more thorough exploration of these dimensions is therefore warranted, especially given that undergraduates constitute a substantial proportion of the youth population expected to shape the future trajectory of Nigeria's economy. This paper therefore presents a comprehensive theoretical and methodological review of existing research on investment behaviour among undergraduates. In doing so, it critically examines the principal theories that have informed prior investigations, alongside the research methods employed, while drawing attention to the key factors identified as influencing the behaviour of these young investors. The paper further identifies existing knowledge gap and outlines areas that remain open for further scholarly inquiry.

2. Investment Behaviour: Theoretical Review

Understanding how young consumers make investment decisions requires a coherent theoretical foundation that integrates both rational and behavioural perspectives. Hence, this study engages Rational Choice Theory, the Theory of Planned Behaviour (TPB), Behavioural Finance, Dual-Process models, and Prospect Theory, as together they provide a comprehensive framework for explaining investment behaviour. Rational Choice Theory provides the foundational assumptions for information processing and utility maximisation in financial decision-making (Becker, 1976). Complementing this view, TPB accounts for the attitudinal, normative, and perceived behavioural control factors that shape intentions, particularly among undergraduates whose decisions are influenced by peer dynamics and self-efficacy considerations (Ajzen, 1991).

The behavioural finance and prospect theory extends explanation for financial behaviour beyond the rational model. It explains systematic deviations from rationality by incorporating factors such as loss aversion, framing effects, and heuristic bias: that are frequently observed among novice investors (Kahneman & Tversky, 2013; Barber & Odean, 2001). Dual process models, distinguishing between System 1 and System 2 processing, further clarify the conditions under which intuitive judgments supersede reflective reasoning, thereby informing interventions aimed at strengthening cognitive reflection (Kahneman, 2011; Frederick, 2005; Stanovich & West, 2002). Taken together, these widely cited theoretical perspectives provide an interdisciplinary, empirically grounded, and conceptually coherent basis for understanding young investors' financial behaviour. They also offer a policy-relevant foundation for the development of marketing strategies that align with the cognitive and behavioural realities characterizing young consumers (Lusardi & Mitchell, 2014).

2.1 Theory of Planned Behavior

The theory of planned behaviour (TPB) remains one of the most extensively utilized frameworks for explaining human decision-making (Ajzen, 1991). Central to the theory is the proposition that behavioural intention serves as the most immediate antecedent of action, shaped by three interrelated determinants: attitude, subjective norms, and perceived behavioral control. Within investment settings, these components operate jointly to explain how young consumers develop both the intention and the confidence to engage in investing. Attitude captures an individual's evaluative judgment of investing, whether it is perceived as advantageous or fraught with risk. When investment is construed as a pathway to financial independence or social mobility, intention is strengthened and, conversely, may weaken when such positive evaluations are absent (Ajzen, 2020). Subjective norms denote perceived social pressures, including peer influence, family expectations, and participation in online financial communities, that frequently guide the behaviour of young adults (Kobylińska, 2022). Perceived behavioral control, by contrast, reflects an individual's sense of capability and access to the requisite financial resources, a perception often shaped by levels of financial literacy and digital familiarity (Xiao & Porto,

2017). Empirical findings provide considerable support to the relevance of TPB in explaining youth investment behaviour. Baihui, Bahador and Saat (2024) reported that all three TPB components significantly predicted students' intentions to invest in Internet Money Market Funds, whereas Paramita, Rahayu and Widjaja (2018) identified attitude and perceived behavioral control as the most influential predictors. Additional studies have also demonstrated that TPB constructs consistently account for financial intentions, although their relative influence appears to vary across cultural settings, gender, and contextual factors (Rosavina et al., 2019; Aren & Zengin, 2017). Despite its explanatory strength, TPB does not fully encompass the emotional, impulsive, and social media–driven financial choices that frequently characterise young investors (Hoffmann & Post, 2017). Investment behaviour, for instance, may be shaped by prevailing trends or the fear of missing out, which often unfolds with minimal deliberation. Furthermore, perceived behavioural control may insufficiently account for structural and technological constraints that condition actual efficacy (Xiao & O'Neill, 2018). Regardless of this, TPB continues to offer a robust framework for modelling investment intentions and informing behavioural interventions. In this regard, the theory suggests that favourable attitudes toward investment behaviour can be strengthened through literacy programmes, the reinforcement of supportive peer norms, and the enhancement of perceived control via digital education. Future research may therefore refine TPB by incorporating emotional, cultural, and digital dimensions, thereby aligning the framework more closely with the contemporary realities of investment decision-making among young adults.

2.2 Behavioral Finance Theory

Behavioural Finance emerged in the late twentieth century in response to the limitations of classical financial theories, which assume that investors behave rationally and that markets are efficient. Drawing on Kahneman and Tversky's (2013) Prospect Theory and Thaler's (1985) concepts of bounded rationality and mental accounting, it incorporates psychological, cognitive, and emotional dimensions into financial decision-making. In doing so, it challenges the rational agent model by demonstrating that investor choices are systematically shaped by biases, heuristics, and affective states (Barberis & Thaler, 2003). For young and inexperienced investors in particular, behavioral finance offers a useful explanatory lens, as their financial behaviour often reflects emotional responses, social influence, and limited experience rather than purely objective analysis. Within this framework, four behavioural dimensions (loss aversion, overconfidence, herding, and risk perception) are especially pertinent to explaining their departures from rationality.

Loss aversion refers to the tendency to assign greater weight to potential losses than to equivalent gains. Such emotional asymmetry fosters excessive risk aversion, even when expected returns are favourable (Kahneman & Tversky, 2013). Empirical evidence continues to confirm its persistence, indicating that loss-averse investors frequently avoid equities or long-term investments despite positive expected outcomes (Tetteh, Adu-Darko, & Agyirey-Kwakye, 2024). Among young consumers, this bias may appear as heightened financial caution or withdrawal during periods of market volatility. Nevertheless, financial education and digital investment tools can temper these tendencies by reframing risk as opportunity (Agyemang-Mintah, Awuah, & Asamoah, 2021). Overconfidence bias arises when investors overestimate their knowledge, analytical competence, or informational advantage. It is associated with excessive trading, inadequate portfolio diversification, and weak long-term returns (Chaudhary, 2025; Barber & Odean, 2001). For young investors, digital trading platforms and social media environments often amplify this bias, as gamified interfaces and rapid feedback cultivate an inflated sense of expertise. While overconfidence may initially stimulate financial participation, it frequently erodes stability and sustained investment discipline. Evidence suggests that targeted financial education and reflective decision-training can curb overconfidence by increasing awareness of cognitive limitations (Aren, & Aydemir, 2014).

Herding denotes the tendency of investors to follow others' actions rather than exercise independent judgment. Although it can function as a rational heuristic under conditions of uncertainty, herding may also contribute to speculative bubbles and collective misjudgments (Spyrou, 2013). Among undergraduates and novice investors, such behaviour is often shaped by online trends, influencers, and investment communities, where popularity is frequently equated with credibility (Hong, Kubik & Stein, 2004; Bikhchandani, Hirshleifer & Welch, 1992). At the same time, herding is not invariably irrational; it may reflect social conformity or a desire for belonging, both of which are integral to youth identity and culture. This duality underscores the importance of examining herding not solely as a cognitive bias but also as a socio-psychological phenomenon. Risk perception concerns the subjective assessment of uncertainty and potential loss, which often diverges from objective

measures of risk. It is shaped by emotional states, prior experiences, and external cues (Ricciardi & Simon, 2000). For young investors, limited experience and exposure to negative financial narratives tend to heighten perceived risk. Recent findings suggest that perceived risk, rather than actual financial literacy, frequently determines willingness to invest (Agyemang-Mintah et al., 2021). Accordingly, understanding the dynamics of risk perception is critical for designing interventions that build confidence without promoting recklessness.

Taken together, these behavioural dimensions indicate that young investors' financial behaviour emerges from the interplay of emotion, cognition, and social context, rather than from purely rational analysis. Yet much of the empirical literature examines these biases in isolation, overlooking their interaction. Overconfidence, for instance, may dampen loss aversion, while herding can lower perceived risk by providing social reassurance (Hong, Kubik & Stein, 2004; Barber & Odean, 2001; Gervais & Odean, 2001;). Future research would benefit from integrative behavioural models that account for such interdependencies, particularly within digital investment environments characterised by information overload and social validation. Practically, recognising these biases enables the development of interventions that accommodate behavioural tendencies instead of presuming perfect rationality. Educational programmes, for example, can frame risk-taking as strategic learning, while marketing communications may nudge investors toward diversification and long-term orientation. In this way, behavioural finance deepens theoretical insight into youth investment behaviour while offering actionable guidance for promoting informed and sustainable financial participation.

2.3 Dual Process Theory

The Dual Process Theory (DPT) offers a cognitive-psychological explanation of decision-making by proposing that individuals draw on two interacting systems of thought: System 1, characterised as fast, intuitive, and emotion-driven, and System 2, which is slower, reflective, and analytical (Kahneman, 2011). Within financial settings, the interplay between these systems shapes how investors interpret information, evaluate risk, and navigate uncertainty. System 1 facilitates rapid heuristic judgments that may prove adaptive under time constraints, whereas System 2 underpins more deliberate reasoning, however at a greater cognitive cost (Evans & Stanovich, 2013).

Among young investors, the predominance of System 1 is reflected in impulsive or emotionally driven investment behaviour shaped by digital stimuli, peer trends, and gamified trading environments. Immediate feedback and social validation on investment platforms tend to activate intuitive, rather than reflective, decision-making processes (Othman, 2024). By contrast, engagement of System 2 becomes more apparent when individuals assess long-term outcomes, diversify portfolios, or consult professional advice. While DPT accounts for numerous departures from rational behaviour, its rigid distinction between Systems 1 and 2 has been criticised as overly simplistic. Empirical research indicates that emotion and cognition often operate in tandem, functioning along a continuum rather than as discrete mechanisms (Evans & Stanovich, 2013; Harmon-Jones, Harmon-Jones, & Summerell, 2017). For young investors, this interaction suggests that affective impulses and reflective reasoning frequently co-determine financial judgements.

Recognizing this cognitive duality carries important implications for education, research, and responsible marketing. Evidence indicates that reflective decision-training, structured financial literacy programmes, and "choice architecture" mechanisms (such as delayed confirmation prompts or visualised risk feedback) can stimulate System 2 processing and moderate impulsive responses (Kahneman, 2011; Frederick, 2005; Othman, 2024). By encouraging greater deliberation, these interventions support more considered and sustainable financial behaviour among young consumers.

2.4 Prospect Theory

Prospect Theory (PT), advanced by Kahneman and Tversky (2013), stands as one of the most influential frameworks in behavioural economics for understanding decision-making under conditions of risk. It advances two central principles: loss aversion, whereby losses are weighted more heavily than equivalent gains, and diminishing sensitivity, which posits that the psychological impact of gains or losses declines as their magnitude increases. Within investment contexts, prospect theory clarifies why investors (particularly young or inexperienced ones) often behave inconsistently. Many retain losing stocks for extended periods (the disposition effect) or dispose of winning assets prematurely out of concern over potential future losses (Barberis & Xiong, 2012). Among young investors, such tendencies are amplified by emotional reactivity and social comparison, especially on digital platforms that deliver immediate feedback. Continuous real-time visibility can intensify sensitivity to losses (Kaur and Badola, 2026). Cross-cultural research, however, show that the degree of

loss aversion varies according to financial literacy levels and cultural attitudes toward risk (Wang, Rieger, & Hens, 2017).

Although prospect theory has substantially advanced behavioural finance, critics argue that it remains primarily descriptive and pays limited attention to social and contextual influences, including peer dynamics within online investment communities. Integrating it with dual process theory helps address this gap, as intuitive, emotion-driven System 1 processes may heighten loss aversion, whereas reflective System 2 reasoning can temper it. Recent evidence (Chaudhary, 2025; Marcu, Rad & Rad, 2024) indicates that loss aversion diminishes with greater experience and education, suggesting that behavioural interventions can mitigate emotional bias. Overall, prospect theory continues to provide a foundational lens for understanding youth investment behaviour. Future research might examine how digital technologies and peer interactions reshape reference points and perceptions of loss. Extending PT to online investment environments would further strengthen both theoretical insight and practical approaches to fostering balanced and informed financial behaviour among young consumers.

2.5 Rational Choice Theory

Rational Choice Theory (RCT) occupies a central position in classical economics, proposing that individuals make decisions through logical evaluation of alternatives in order to maximise expected utility (Simon, 1986; Becker, 1976). The theory assumes that investors behave rationally, maintain stable preferences, and possess complete information, enabling selection of options with the most favourable risk-return trade-off. Applied to young or student investors, RCT suggests that investment decisions stem from deliberate assessments of opportunity cost, financial literacy, and expected returns. Empirical findings, however, frequently challenge these assumptions. Evidence indicates that young investors often rely on emotions, peer dynamics, and online trends rather than systematic analysis (Baihui, Bahador & Saat, 2024; Agyemang-Mintah et al., 2021). Such patterns underscore the limits of strict rationality, particularly when decisions are made under uncertainty or cognitive strain. Simon (1986) introduced bounded rationality to refine RCT, arguing that individuals "satisfice" instead of optimise due to constraints of time, information, and cognitive capacity. Among novice investors, bounded rationality is especially apparent, as limited financial experience, exposure to digital trading stimuli, and social media hype restrict the capacity to process complex financial information (Wardana & Tandiawan, 2025).

Nevertheless, rational elements remain observable; many students continue to compare alternatives, consult expert advice, or estimate expected returns. RCT therefore retains partial explanatory relevance when positioned alongside behavioural frameworks such as behavioural finance and dual process theory, which account for the cognitive and affective biases shaping youth investment behaviour (Kahneman, 2011; Barberis & Thaler, 2003). For researchers, RCT serves as a normative benchmark against which deviations from logical standards can be evaluated. For educators and marketers, recognition of bounded rationality highlights the need to simplify complex financial products, encourage reflective decision-making, and promote responsible investment participation among young consumers.

3. Theoretical Synthesis and Evaluation

The synthesis in Table 1 indicates that although each theory contributes valuable insight, none independently captures the full complexity of undergraduate or young consumer investment behaviour. The theory of planned behaviour (Ajzen, 1991) provides a structured account of how attitudes, subjective norms, and perceived behavioural control shape investment intentions; however, its rational orientation tends to understate the affective forces influencing actual decisions. Behavioural finance theory and prospect theory (Kahneman & Tversky, 2013; Barberis & Thaler, 2003) broaden this perspective by demonstrating how emotional biases (including loss aversion, overconfidence, and herding) distort rational judgement, particularly within digitally mediated and peer-driven investment settings. Dual process theory (Evans & Stanovich, 2013; Kahneman, 2011) further enriches the analysis by clarifying the interaction between intuitive (System 1) and analytical (System 2) processes, showing how impulsive and reflective mechanisms jointly inform financial judgement. By comparison, Rational Choice Theory (Simon, 1986; Becker, 1976) operates as a normative benchmark, specifying the standards of rational decision-making against which behavioural departures may be assessed.

Taken together, these perspectives underscore the multidimensional nature of young investors' financial behaviour, which emerges from the interplay of rational evaluation, emotional bias, cognitive duality, and social influence. Rational frameworks offer structural precision and predictive logic, whereas behavioural and cognitive models introduce the

psychological and contextual dimensions. Their integration therefore yields a more comprehensive and policy-relevant account of youth investment behaviour in contemporary financial environments. Empirical evidence supports this integrative view. Research shows that higher financial literacy is associated with more deliberate, goal-oriented investment behaviour and improved financial outcomes (Lusardi & Mitchell, 2014). At the same time, behavioural distortions (such as overconfidence, loss aversion, and risk misperception) continue to shape investment choices (Edeh, 2020; Kahneman & Tversky, 2013). Studies applying the theory of planned behaviour consistently report that attitudes, subjective norms, and perceived behavioural control predict young investors' intentions (Akhtar & Das, 2019), while demographic factors including gender, parental background, and field of study moderate these relationships, illustrating the complex social and cognitive ecology underlying youth investment decisions (Manocha, Bhullar, & Sachdeva, 2023).

As shown in Table 1, these theoretical perspectives collectively acknowledge that no single framework sufficiently explains the diverse psychological, social, and cognitive influences shaping young investors' behaviour. Accordingly, future research would benefit from integrative or hybrid approaches that combine complementary constructs across theories to better represent the multifaceted character of youth financial decision-making. Building on these theoretical insights, the next section presents the empirical review. It synthesises existing evidence on young consumers' investment behaviour, highlighting principal determinants, measurement strategies, and unresolved research gaps. This progression from theory to empirical evidence ensures that the subsequent analysis remains both conceptually anchored and empirically substantiated, thereby offering a coherent basis for subsequent hypotheses formulation and model specification.

Table 1: Summary of theories explored in review

Theory	Key Proponents	Major Dimensions of Theory	Dimensions Proposed by Recent Authors	Dimensions Found to Significantly Influence Youth Investment Behaviour
Theory of Planned Behaviour (TPB)	Ajzen (1991)	Attitude, subjective norm, perceived behavioural control	Perceived value, financial literacy, and digital influence (Baihui et al., 2024; Paramita et al., 2018)	Attitude, subjective norm, perceived behavioural control, and perceived value significantly predict investment intention among young adults.
Behavioural Finance Theory	Kahneman and Tversky (2013); Barberis and Thaler (2003)	Loss aversion, overconfidence, herding, mental accounting, risk perception	Emotional bias, financial literacy, and cognitive reflection (Agyemang-Mintah et al., 2021; Aren & Aydemir, 2014)	Loss aversion, overconfidence, and herding strongly shape risk-taking and impulsive investment tendencies in youths.
Dual Process Theory	Kahneman (2011); Evans and Stanovich (2013)	Intuitive (System 1) and analytical (System 2) thinking	Cognitive reflection and education level as moderators (Frederick, 2005; Othman, 2024)	Intuitive (System 1) thinking dominates youth investment behaviour, though education and experience encourage analytical (System 2) reasoning.
Prospect Theory	Kahneman and Tversky (2013)	Loss aversion, reference dependence, diminishing sensitivity	Emotional regulation and gain–loss framing (Wang et al., 2017)	Loss aversion and reference dependence explain risk-averse tendencies and short-term trading patterns among young investors.
Rational Choice Theory (RCT)	Smith (2002); Becker (1976)	Rational evaluation, cost–benefit analysis, and self-interest	development of a "third-generation" rational choice theory by introducing a Multiple Player Approach (Brandt, Poulsen, & Svendsen, 2024)	Rational decision processes are present but often constrained by bounded rationality and emotional biases among youths.

Source: Authors' Compilation (2026)

4. Investment Behavior: Methodological Review

This section examines the research designs and statistical techniques used in studies of investment behaviour among young adults, including youths, adolescents, and undergraduates. Table 2 summarises selected contributions in this area. Across the reviewed literature (see Table 2), there is evident methodological convergence around quantitative, theory-driven designs, reflecting the influence of structured frameworks such as the Theory of Planned Behaviour (Ajzen, 1991), Behavioural Finance Theory (Kahneman & Tversky, 2013), Dual Process Theory (Kahneman, 2011), and Prospect Theory (Barberis & Thaler, 2003). Most empirical studies apply regression-based methods, Analysis of Variance (ANOVA), or Partial Least Squares Structural Equation Modelling (PLS-SEM) to examine predictive relationships among attitudinal, cognitive, and behavioural variables (Baihui, Bahador & Saat, 2024; Aboluwodi et al., 2022; Kolade, Orekoya & Adeniyi, 2022; Sapkota, 2022). This quantitative emphasis facilitates systematic hypothesis testing and yields statistically robust evidence on the determinants of youth investment behaviour.

Findings across studies consistently identify behavioural and cognitive factors (particularly financial literacy, perceived behavioural control, attitude, loss aversion, and overconfidence) as significant predictors of investment intention and behaviour (Kolade et al., 2022; Sapkota, 2022; Lusardi & Mitchell, 2014). Research grounded in the Theory of Planned Behaviour underscores the importance of attitude and perceived control in shaping intention (Baihui et al., 2024; Paramita et al., 2018), whereas applications of Behavioural Finance and Prospect Theory highlight the persistent influence of biases such as herding, loss aversion, and overconfidence in distorting rational decision-making (Edeh, 2020; Kahneman & Tversky, 2013;).

Notwithstanding these contributions, notable methodological and contextual gaps remain. Longitudinal and experimental designs capable of capturing the temporal and situational dynamics of youth financial decision-making are relatively scarce. Cultural and contextual moderators (including digital finance exposure, social influence, and economic background) are also seldom incorporated into analytical models, despite evidence that they significantly shape financial attitudes and risk perceptions (Aboluwodi et al., 2022; Owusu et al., 2020). Moreover, limited effort has been made to integrate multiple theoretical perspectives, such as combining Rational Choice and Behavioural Finance approaches, to generate a more comprehensive account of investment behaviour.

Although many reviewed studies appropriately employ advanced quantitative tools (including regression analysis, ANOVA, and structural equation modelling) consistent with theories that conceptualise investment behaviour as multidimensional (Baihui, Bahador & Saat, 2024; Aboluwodi et al., 2022), the predominance of cross-sectional quantitative designs signals a key limitation: the relative absence of qualitative and mixed-method approaches. Consequently, important psychosocial and contextual factors (such as family narratives, peer culture, and emotional triggers) remain insufficiently examined (Gainau, 2020; Muhoza, 2019). Qualitative interviews, focus groups, and sequential mixed-method designs could provide deeper insight into how undergraduates interpret financial risk, engage with digital investment tools, and internalise parental financial norms, thereby strengthening existing models. Furthermore, while some recent studies have adopted more sophisticated techniques, including PLS-SEM, Probit regression, and mediation analysis, few extend these approaches through longitudinal or experimental methods capable of establishing causality (Kolade, Orekoya & Adeniyi, 2022; Guo & Schonleber, 2020). Emerging methodologies, such as machine learning–based predictive analytics and hybrid modelling, therefore offer promising directions for advancing both theoretical and empirical understanding of youth investment behaviour.

Overall, the empirical literature reviewed affirms that youth investment behaviour is inherently multidimensional, arising from the interaction of rational, behavioural, and contextual influences. At the same time, further advancement in this field depends on greater methodological diversity, stronger theoretical integration, and heightened cultural sensitivity. These observations lay the groundwork for the ensuing methodological review, which examines how research design decisions have shaped empirical outcomes and highlights emerging pathways for more refined and contextually attuned investigation.

Author (Year)	Country	Sample (size/frame)	Independent variables	Dependent variable(s)	Method	Statistical tool(s)	Theory / theoretical lens	Key findings
Aboluwodi et al. (2022)	South Africa	344 Business students at a South African University	Gender, field of study, socio-demographics	Intuitive vs analytical investment behaviour	Quantitative (survey)	ANOVA; logistic regression	Dual-Process Theory	Gender and field of study influenced intuitive vs analytical behaviour; socio-demographics not significant
Sapkota (2022)	Nepal	n = 284 (Masters students; usable response rate ≈60%)	Loss aversion, overconfidence, risk perception, herding	Stock investment decision / intention	Quantitative (survey)	Descriptive statistics; multiple regression	Behavioural Finance	Herding, loss aversion, overconfidence and risk propensity has significant positive influence on stock investment decisions among investors
Muhoza (2019)	Kenya (Nairobi SE)	n = 378 (students surveyed)	Knowledge of financial products; financial skills; access to information	Investment behaviour / participation	Quantitative (survey)	Descriptive stats, regression	Financial literacy lens	Financial literacy positively associated with investment behaviour
Kolade, Orekoya and Adeniyi (2022)	Nigeria	n ≈ 300 (university undergraduates; number of observations reported: 259 in logistic model)	Gender, faculty, level, work experience	Financial behaviour / choice of instrument	Quantitative (survey)	Logistic regression; ANOVA	Financial literacy theory	Male, finance faculty, higher level, work experience are positive determinants of financial literacy, and higher financial literacy resulted in better financial behaviour
Paramita et al. (2018)	Indonesia	n not reported (Students of the faculty of Economics, who had invested in the Indonesian Stock Exchange)	Attitude; subjective norms; perceived behavioural control	Investment intention; behaviour	Quantitative (survey)	PLS-SEM	Theory of Planned Behaviour	Attitude, PBC and subjective norms affect intention; intention determined actual behaviour
Baihui, Bahador and Saat (2024)	China	n not reported (University students in China)	Attitude; subjective norms; PBC; perceived value (functional, emotional,	Investment intention (IMMFs)	Quantitative (Survey)	Descriptive stats; regression	TPB	Attitude, PBC, norms and perceived value significantly predicted IMMF investment

			efficiency, social)					intention
Guo and Schönleber (2020)	US/Global mutual funds dataset	49,000 fund-month observations (paper analyses secondary data)	Prospect-theory value; fund characteristics	Mutual fund flows	Quantitative (secondary market data)	Fama-MacBeth regressions; panel tests	Prospect Theory	Prospect-theory value predicts future fund flows above traditional performance measures (loss-aversion signal)
Hoffmann and Post (2017)	Netherlands	N varied for each month covered: Individual investors from the Netherlands for the period April 2008 through March 2009	Past returns; realised risk; return experiences	Beliefs (return expectations), risk perception, risk tolerance	Combined administrative and survey	Panel regressions; fixed effects	Behavioural finance / experience effects (Prospect-related)	Past returns positively impact return expectations and risk tolerance, and negatively impact risk perceptions. Realized risk, however, has no effect.
Menkhoff and Kaiser (2018/2022 RCT studies)	Myanmar / other developing contexts	n ≈ 1,200, (multi-site RCTs; cluster randomised; see Menkhoff et al.)	Financial education / training interventions	Savings / investment behaviour; knowledge	Field RCT	OLS, clustered SEs; IV where applicable	RCT / intervention evaluation (bounded rationality focus)	Interactive training and incentives increase knowledge and some measures of saving/investment behaviour (effects vary by design)

Table 2: Summary of empirical studies employed in methodological review
Source: Authors' Compilation (2026)

5. Practical Implications

The findings of this review hold important implications for marketers, policymakers, and educators committed to fostering responsible financial behaviour among young consumers. Financial institutions and fintech firms can draw on identified behavioural drivers (such as attitudes, perceived control, and emotional value) to craft youth-oriented marketing strategies that prioritise empowerment, trust, and long-term financial growth over short-term speculation.

Educational institutions, in turn, can embed behavioural finance principles within financial literacy curricula, equipping students to identify and manage biases including overconfidence and herding. For policymakers, the evidence underscores the value of early financial education and equitable access to secure digital investment platforms. Marketers designing products for the youth segment should therefore anchor brand communication in transparency and social responsibility, framing investment not solely as profit maximisation but as a means of economic participation and empowerment. Ultimately, recognising young investors as responsible consumers allows stakeholders to cultivate a financially informed generation capable of contributing to sustainable economic and social development.

6. Conclusion and Recommendations for Further Studies

This study has examined the principal theories applied in explaining student investment behavior, including the theory of planned behavior (TPB), prospect theory, dual-process theory, behavioral finance theories, and rational choice theory (RCT). It has also reviewed methodological approaches used in prior research, notably cross-sectional surveys and analytical tools such as structural equation modeling. The analysis reveals an overreliance on quantitative techniques, which has limited the depth of insight within this domain. Accordingly, broader sampling strategies, longitudinal designs, experimental methods, and

mixed-method approaches are needed to generate a more comprehensive understanding of how students' investment decisions evolve over time. Based on this review, several research gaps emerge as avenues for further inquiry:

Employing qualitative approach: Greater use of qualitative methods would support the development of new theoretical perspectives on investment behaviour among young adults.

Adoption of mixed method approaches: Integrating quantitative and qualitative techniques would provide deeper insight into why young people invest as they do. Given that prior studies have relied heavily on self-reported surveys and regression analysis, causal relationships between investment behaviour and its determinants may not be fully captured. Longitudinal research, experimental designs, and behavioural simulations should therefore be incorporated to observe changes in students' investment behaviour over time.

Investigate behavior on digital financial platforms: Future studies should examine how online investment tools influence young people investment behaviour.

Inclusion of more diverse samples: Expanding representation across age groups, academic disciplines, income levels, and cultural backgrounds would enhance generalisability and contextual relevance.

Development of hybrid theoretical frameworks: Future models should integrate the intentional dimension of TPB, the emotional realism of behavioural finance, and the cognitive mechanisms of dual process theory. Such synthesis can advance behavioural finance scholarship while informing responsible marketing and financial education practices. Additionally, exploration of less-utilised perspectives, such as regret theory, social learning theory, self-determination theory, cognitive dissonance theory, and institutional theory, may open promising research streams and uncover latent variables that enable marketers to better understand and strategically engage the young consumer investment market.

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