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Financial Literacy Practices on the Investment Decisions of Accounting Professionals in Makati City

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ABSTRACT

Financial literacy provides individuals with the means to assess the potential risks linked with various investment options enabling investors to make educated decisions. Therefore, the objective of this research is to identify the financial literacy practices adopted by accounting professionals and determine the level of influence of these financial literacy practices on the investment decisions of the respondents. This research applied a quantitative research methodology with a convenient selection from participants. The respondents consisted of Eighty (80) accounting professionals of selected firms in Makati City. A self-made survey questionnaire was utilized in gathering data on the demographics of respondents and the degree to which financial literacy practices influenced their investment decisions. Thus, the data collected from the survey questionnaire underwent analysis and interpretation utilizing interval data measurement on a Four-point Likert scale. The findings of this research highlighted that there exists a statistically significant correlation between budgeting ($r=0.924$, $p=0.001$), saving and investing ($r=0.970$, $p<0.001$), and debt management ($r=0.919$, $p=0.001$) on investment decisions of accounting professionals. Notably, saving and investing as financial literacy practices can be positively associated with investment decisions. When budgeting, it is crucial to assess whether significant purchases align with your needs and fit within your financial capabilities. Thus, the fact that the respondents tend to prioritize avoiding new debts emphasizes how important it is to manage debts responsibly when making investment decisions.

Keywords: Financial literacy, Investment decision, Budgeting, Debt management, Saving, and investing.

INTRODUCTION:

Knowing financial terms and concepts means understanding the basic ideas behind investing and handling money to grow wealth and stay financially secure. It involves being aware of borrowing and investment options like brochures, annual statements, figuring out interest, and holding off on spending money. It is also important to realize that high-profit investments usually come with high risks, understand that market values can go up and down, and grasp the idea that things can change unpredictably. Kumari, (2020) defined financial literacy as having the expertise and abilities needed for informed and efficient money handling. It plays a crucial role in driving financial progress and economic advancement within a nation. Given these advancements, it becomes essential to evaluate whether the younger generation, particularly accounting professionals who are regarded as future investors and drivers of economic change, possess the required understanding of financial principles. Understanding financial literacy enables individuals to navigate crises and difficult times by equipping them with the knowledge of strategies to minimize risk. It also promotes behaviors such as avoiding debt (Tiongson, 2023) and ensuring timely bill payments (Turner, 2023), which help individuals maintain access to loans in tight credit markets. Financially literate individual's comprehend key concepts related to assets, taxes, insurance, banking, investments, and money management. They possess the education and knowledge necessary to make informed decisions about financial matters. Investment decision-making involves the process of effectively managing complex situations in investment scenarios (Roberts, 2023; Sayem *et al.,* 2024). Individuals must evaluate different alternatives to determine the most suitable options. Making investment decisions goes beyond considering available resources; it entails carefully selecting the most appropriate investment types.

Understanding financial concepts equips individuals to evaluate the risks involved in various investment options and gauge the potential rewards. It enables informed decision-making by considering the balance between risk and reward in light of personal circumstances. Financial literacy fosters the establishment of realistic investment goals based on financial standing, time horizon, and aspirations. Moreover, it aids in comprehending the significance of consistent contributions, long-term planning, and the power of compounding to achieve desired financial outcomes. Financial literacy enables individuals to decipher market trends, economic signals, and financial updates with proficiency. By grasping the significance of market developments, they can make educated investment choices, identify potential openings, and steer clear of hasty decisions influenced by temporary market shifts. Moreover, financial literacy involves a comprehensive grasp of personal finance management, encompassing budgeting, saving, and debt handling (Tamplin, 2023a). These competencies form the fundamental pillars for constructing a sturdy financial foundation, which, consequently, bolsters prudent investment decision-making. In addition, Klapper and Singer, (2014) asserted that having bank accounts and using digital payments enables people to better take care of their families, save money for the future, and manage financial crises. Digital payments also play a role in reducing corruption by making transactions more transparent and empowering women to have more control over their finances.

In the age of globalization, a sound understanding of financial matters is vital not just for businesses and the economy but also for the well-being and success of the entire country. Investing money comes with uncertainties, but financial literacy empowers individuals to make prudent investment decisions. It acts as a shield against significant losses in highly unpredictable markets (Kenalty, 2023) and offers solutions to various challenges (Lee, 2021). With greater financial knowledge, individuals are more inclined to manage their finances wisely. Many studies have examined the importance of financial literacy; however, there has been limited exploration into the correlation between financial literacy and investment choices. Therefore, the objective of this research is to identify the financial literacy practices adopted by accounting professionals and determine the level of influence of these financial literacy practices on the investment decisions of the respondents.

Review of Literature

Financial Literacy

Across the globe, only one-third of adults demonstrate a basic understanding of financial concepts. Despite the prevalence of higher financial literacy among the wealthy, well-educated, and users of financial services, billions lack the necessary skills to adapt to rapid shifts in the financial landscape. With the increasing availability of credit products, many of which come with complex terms and high interest rates, individuals face challenges in managing their finances effectively. Governments are striving to enhance financial inclusion by expanding access to banking services and other financial products. However, without adequate financial literacy, these efforts may result in increased debt, mortgage defaults, or bankruptcy. Vulnerable populations such as women, the economically disadvantaged, and those with limited education are particularly at risk due to their lower levels of financial literacy. The issue of financial literacy poses challenges for both developing and developed economies (Klapper *et al*., 2014). Understanding of finances significantly improves as individuals achieve higher levels of education, which is closely linked to math skills, age, and income. Worldwide, there is a notable gap of around 15 percentage points between adults who completed primary, secondary, and tertiary education. In major developed countries, 52 percent of adults who finished secondary education (roughly nine to 15 years of schooling) demonstrate financial literacy (Lusardi and Mitchell, 2014). Thus, understanding how money works is crucial for people who use various payment methods, savings accounts, credit options, and strategies to manage risks. For many, opening an account with a bank, financial institution, or mobile money service provider serves as an essential first step in getting involved with the financial system. Financial literacy enables individuals to understand the multitude of investment opportunities at their disposal. With a strong grasp of financial principles, individuals can assess and choose among various investment avenues, including stocks, bonds, mutual funds, and real estate, that match their objectives and risk tolerance (Hudiya, 2023).

In today's world, knowing about money matters is more important than ever as things get more complex. Financial literacy means being able to handle your own money well (Doty, 2024). It is a vital skill that lets you make smart decisions with your finances, stay clear of debt, and build a solid financial future. Thus, investment options awareness (Azhar *et al.*, 2017), risk assessment (Sapiri *et al.*, 2023), cost-effectiveness (Kaiser *et al.*, 2020), and investment performance monitoring (Levišauskaite, 2010) are all part of being financially literate. Knowing where to put your money helps you make smart choices, keeping your finances steady and growing. Having a good understanding of finances is crucial because it gives people the power to make smart choices about money that really matter in their lives. Those who are really knowledgeable about finances tend to focus more on saving for retirement, keeping their credit scores high, and staying away from debt. People who are financially literate are more inclined to kick-start businesses, contribute to their communities, and make wise decisions about their finances (Fernando, 2023). In contrast, communities with low levels of financial knowledge often struggle with poverty, lots of debt (Lusardi, 2019), and unstable economies (Matey, 2021). Lacking financial knowledge can result in various challenges, including a higher likelihood of building up debt that's hard to manage, either due to making bad spending choices or not planning for the future. Consequently, this could lead to having a bad credit score, going bankrupt, losing your home to foreclosure, and facing other unfavorable outcomes.

Investment Decisions

In the studies conducted by (Kumari, 202; Baihaqqy and Sugiyanto, 2020; Ali Seraj *et al.,* 2022), it was demonstrated that having adequate financial literacy significantly and positively affected the investment decisions of the respondents. The study findings of Johri *et al.* (2023) suggested that understanding finances significantly influences how investors make financial decisions, plan for their future, and choose financial products that shape their investment choices. Additionally, the research highlights that programs aimed at increasing financial literacy positively impact investors' decision-making processes regarding investments. However, Arianti, (2018) concluded that having financial literacy does not seem to significantly influence investment decisions. Instead, what really matters is how they handle their finances and income, which strongly influences their investment choices. Numerous studies suggested that age and gender (Okamoto & Komamura, 2021; Ruiz-Palomo *et al.,* 2023), average monthly income (Yıldırım *et al.,* 2017; Traut-Mattausch & Jonas, 2011), work experience (Nano & Mema, 2017), and years engaged in investment activities (Balagobei & Prashanthan, 2021) significantly influence one's level of financial literacy and behavior. Those who are financially literate are better equipped to comprehend (Thakkar, 2023) and make decisions that help them steer clear of major mistakes, minimize losses, and make smarter financial choices, ultimately enhancing their financial stability (Silver, 2024). Consequently, investors strive to enhance their understanding and habits to improve their present and future investment decisions, aiming for greater returns. Not knowing enough about money is a big reason why many folks struggle to invest wisely and manage their budgets. Being able to handle finances is seen as a crucial skill that can really improve people's lives. When individuals and communities lack this knowledge, they often end up making bad money choices. But if they understand how money works, they can make smarter decisions in today's complicated financial world (Johri *et al.,* 2023). This involves understanding how much money is coming in and then figuring out how to best use that money to cover expenses (Oppong *et al.*, 2023).

Research Questions

This research aims to determine the influence of financial literacy practices on the investment decisions of accounting professionals in Makati City. Specifically, it seeks to answer the following questions:

1. What are the financial literacy practices adopted by accounting professionals in Makati City?
   Budgeting
   Saving and Investing
   Debt Management
2. What is the level of influence of financial literacy practices on the investment decisions as assessed by the respondents in terms of:
   Risk Tolerance
   Investment Goals
   Cost-effectiveness
   Asset Allocation
3. Is there a significant relationship between financial literacy practices and investment decisions after determining their level of influence?

METHODOLOGY:

Research Design

This research applied a quantitative research methodology with convenient selection of participants. Analysis of data for correlation typically involves the utilization of Pearson's correlation model, resulting in the derivation of Pearson's Product Moment Correlation Coefficient (r). This coefficient illustrates the correlation between two variables, indicating whether the relationship is positive, negative, weak, strong, or nonexistent (Okwonu *et al.,* 2020). In quantitative correlational research, the data collected is unbiased, ensuring the validity of the results. Since variables are not manipulated, researchers are not biased in their findings. Predicting the outcome of the hypothesis under test is straightforward due to the correlational connections among variables, providing researchers with insights into the hypothesis test outcome (Mohajan, 2020).

Respondents of the Study

In this research, the respondents consisted of Eighty (80) accounting professionals of selected firms in Makati City. The educational backgrounds of the respondents may vary widely and they can be of any gender and age, provided they have the capability to respond to the questionnaire provided. These respondents should have an understanding of the financial literacy practices being examined in this study. They should be sufficiently informed to recognize how these financial literacy practices shape their investment decisions. Thus, the respondents should be exposed and are currently involved in investing activities.

Table 1: Demographic Profile of the Respondents.

Variable	Frequency	Percentage
Gender		
Female	67	83.75%
Male	13	16.25%
Age		
24 years old & below	-	-
25-34 years old	66	82.50%
35 years old & above	14	17.50%

Table 1 shows the demographic analysis of the respondents in terms of gender and age. Sixty-seven (83.75%) of the respondents are female, and thirteen (16.25%) of the respondents are male. In terms of age, the age of majority of the respondents is in the age bracket of 25-34 years old (82.50%).

Research Instrument

The study employed a survey questionnaire as its research instrument to gather data on the demographics of respondents and the degree to which financial literacy practices influenced their investment decisions. To ensure the accuracy and reliability of the data collected, the questionnaire underwent rigorous testing for validity and consistency. This self-made research tool provided a holistic approach to gathering information about the impact of financial literacy practices on the investment decisions of accounting professionals in Makati City. The data obtained from this instrument underwent analysis using appropriate statistical methods to draw conclusions regarding the influence of financial literacy practices on investment decisions.

Data Reliability Analysis

The outcomes of the assessment on the reliability and validity of the questionnaire are presented in **Table 1**. The Cronbach's α coefficient produced scores of .876 and .815, respectively, exceeding the 0.70 threshold and both categorized as "Good." This indicates that the questionnaire evaluating 'Financial Literacy Practices' (variable 1) and 'Investment Decisions' (variable 2) successfully met the reliability standards, suggesting a substantial correlation among its components. Furthermore, the statistical examination conducted confirmed that all variable item arrangements within the questionnaire satisfied the validity criteria of the study.

Table 2: Data Reliability Analysis.

Variable	Cronbach's Alpha	Cronbach's alpha Based on Standardized Items	N of Items
Financial Literacy Practices	.876	.882	24
Investment Decisions	.815	.819	32

Procedure

In this study, a self-made survey questionnaire was designed to streamline data collection and address the research questions systematically. The questionnaire was organized based on specific subject areas and underwent a pilot testing phase with selected participants to ensure its efficacy in addressing research objectives. After resolving any identified issues, the refined data collection instruments were ready for wider implementation. Subsequently, the researcher analyzed the coded data, exploring connections among various categories to interpret findings and draw meaningful conclusions.

RESULTS AND DISCUSSION:

Financial Literacy Practices

Table 3: Budgeting as Financial Literacy Practice.

Contributing Factors	Mean	Remarks
I keep track of how much money I make and spend each month.	3.93	Great Extent
I make a plan for how to spend my money each month.	3.71	Great Extent
I check my plan regularly and change it if I need to.	3.69	Great Extent
I do not spend more money than I have in my plan.	3.58	Great Extent
I ask for help when I need it with my money.	3.49	Great Extent
I check how I am doing with my money regularly.	3.60	Great Extent
I change how I spend my money based on what I find out.	3.85	Great Extent
I think having a good plan for my money is important for doing well financially.	3.78	Great Extent
Total Average Mean	**3.70**	**Great Extent**

Table 3 shows the contributing factors of "Budgeting" as a financial literacy practice. Based on the results, it clearly reveals that item 1 (I keep track of how much money I make and spend each month) got the highest mean of 3.93 interpreted as 'Great Extent'. The result implies that before making significant purchases, assess whether the expenditures align with your needs and financial capability. The result is supported by (Bona, 2018; Cecilio, 2022; Masood, 2023; Turner, 2023) asserting that prioritize saving by establishing a

routine of allocating funds for savings before other expenditures can significantly guide and shape financial planning. Make it a habit to record all your daily expenses either in a journal or through a budgeting app. When the month wraps up, take a look at where your money went. When all income is spent without any savings or investments, it becomes necessary to seek opportunities to reduce expenses. Keeping track of spending demonstrates how minor daily expenses, which may be unnecessary, accumulate over the course of a year.

In addition, in the Financial Inclusion Survey conducted by the Bangko Sentral ng Pilipinas, (2021) it was revealed that a significant number of Filipinos found themselves troubled by both their immediate and future financial situations, yet they remained hopeful overall. Nearly half of Filipino adults struggled to keep up with living expenses and worried about their finances. However, there was a prevailing optimism among many Filipinos who believed they were progressing towards their financial objectives, had a clear understanding of their financial aspirations, and felt confident about their financial future. It was also highlighted that the number of adults investing in finance rose to 36% in 2021, a significant increase from 25% in 2019. Individuals with higher education levels, aged 20 to 39, living in the National Capital Region (NCR), employed, male, and involved in business were more inclined to participate in investment activities.

Table 4: Saving and Investing as Financial Literacy Practice

Contributing Factors	Mean	Remarks
I consistently allocate a portion of my earnings to savings.	3.74	Great Extent
I establish clear savings objectives and work towards achieving them.	3.63	Great Extent
I explore various saving options to optimize my financial goals.	3.68	Great Extent
I prioritize establishing an emergency fund to cover unforeseen expenses.	3.83	Great Extent
I diversify my investment portfolio to manage risk and enhance potential returns.	3.90	Great Extent
I educate myself about different investment opportunities and strategies.	3.74	Great Extent
I seek guidance from financial professionals to make informed investment choices.	3.85	Great Extent
I monitor the performance of my investments to evaluate their effectiveness.	3.78	Great Extent
Total Average Mean	**3.77**	**Great Extent**

Table 4 shows the contributing factors of "Saving and investing" as financial literacy practices. It clearly reveals that item 5 (I diversify my investment portfolio to manage risk and enhance potential returns) got the highest mean of 3.90 interpreted as 'Great Extent'. The result is supported by Lee *et al.* (2020) asserting that the absence of diversification is a major concern in investing activities, especially for ordinary individuals, as it can lead to significant drops in their investment returns. Without professional guidance, people often stick to what they know, resulting in concentrated investments that lack diversification.

Diversifying investments is a basic strategy for lowering risk (Lekovic, 2018), and the more diverse the portfolio, the lower the overall risk, even if the investments are equally distributed (Kaore, 2020). Diversification is especially vital for individual investors with modest resources, as downturns can hit them harder compared to wealthier individuals or big institutions. In addition, the research of Lee *et al.* (2020) concluded that even individuals facing financial constraints can still build diversified portfolios. It was revealed that an investment between $10,000 to $100,000 is adequate for assembling portfolios that are fully diversified in terms of risk. This suggests that considerable capital is not necessarily a prerequisite for accessing the advantages of comprehensive diversification.

Table 5: Debt Management as Financial Literacy Practice.

Contributing Factors	Mean	Remarks
I maintain a comprehensive record of all my outstanding debts, including balances and interest	3.83	

rates.		Great Extent
I devise a practical repayment strategy to methodically address my debts.	3.71	Great Extent
I prioritize settling debts with higher interest rates first to minimize interest expenses.	3.59	Great Extent
I consistently make timely payments towards reducing my outstanding debts.	3.54	Great Extent
I refrain from acquiring new debts unless absolutely necessary.	3.95	Great Extent
I engage in negotiations with creditors to establish feasible repayment terms.	3.79	Great Extent
I curb unnecessary spending to allocate more resources towards debt reduction.	3.70	Great Extent
I celebrate milestones achieved in reducing my debts and remain motivated throughout the repayment journey.	3.80	Great Extent
Total Average Mean	**3.74**	**Great Extent**

Table 5 shows the contributing factors of "Debt Management" as a financial literacy practice. It clearly reveals that item 5 (I refrain from acquiring new debts unless absolutely necessary) got the highest mean of 3.95 interpreted as 'Great Extent'. The result implies that effective management of debt plays a significant role in the investment decisions that accounting professionals make.

According to the research findings of Hussein and Njoka, (2023) for every unit increase in debt management, investment decisions improve by 0.332 when other factors remain constant. In addition, making changes to your spending habits to save money can be challenging (Cruze, 2024) and may involve making difficult decisions (Sunil, 2023). It is about finding a balance between sustaining essential expenses while reducing or eliminating less critical but still desirable ones. The key to balancing your budget lies in taking early and proportionate actions over time. Therefore, it is essential not to spend beyond your means. Thus, individuals might avoid borrowing due to a conditioned emotional reaction to debt, which makes them less inclined to acquire it (Almenberg *et al.,* 2020). Even professionals frequently advise against accruing debt or suggest staying debt-free (Egan, 2023; Holzhauer, 2024; Waugh, 2023). Being debt-free provides you with complete freedom to decide how and when to use your money, without any restrictions.

Investment Decisions

Table 6: Risk Tolerance (Investment Decision).

Contributing Factors	Mean	Remarks
I understand how risk influences potential returns when making investment decisions.	3.81	Great Extent
I evaluate my ability to handle risk considering my financial expertise and investment objectives.	3.85	Great Extent
I feel at ease with the risk level in my investment portfolio as a result of my financial understanding.	3.60	Great Extent
I understand the risks associated with different investment options due to my financial education.	3.98	Great Extent
I regularly reassess my comfort level with risk based on changes in my finances and market conditions.	3.80	Great Extent
My financial literacy enables me to make investment choices confidently despite market uncertainties.	3.89	Great Extent
I acknowledge the importance of staying informed about financial markets and economic trends to evaluate risks accurately.	3.85	Great Extent
I trust that my financial literacy guides me in making prudent investment decisions aligned with my risk tolerance and long-term financial goals.	3.91	Great Extent
Total Average Mean	**3.84**	**Great Extent**

Table 6 shows the contributing factors of "Risk Tolerance" as a parameter of investment decisions. It clearly reveals that item 4 (I understand the risks associated with different investment options due to my financial education) got the highest mean of 3.98 interpreted as 'Great Extent'. Investments offer avenues for generating income. The result implies that it is crucial to understand the varying risks associated

with different investment options before committing the hard-earned money. By investing in shares, you might receive dividends; bonds may yield interest. Unlike savings, where money is set aside for future use, investing aims to grow the money but carries inherent risks (Chen, 2023). If uncertain, licensed investment advisors can offer guidance on investment choices (Shaikh *et al.*, 2019).

Diversifying investments helps mitigate risks. Should one investment perform poorly and incur losses, gains from other investments can offset these losses, reducing overall investment risks. Numerous studies suggest that when people compare different options, they are more likely to make decisions that benefit them in the long run (Almansour *et al.*, 2023; Sun *et al.*, 2023; Zhang, 2021). Thus, the findings of Almansour *et al.* (2023), Pfeiferová and Kuchařová, (2020) emphasized how important it is to consider how people view risk when they are making investment decisions. This perception can really affect how willing they are to take risks, which in turn can impact how well their investment portfolio performs. When investors have a good grasp of financial concepts, they are better able to understand and evaluate the risks associated with investing.

Table 7: Investment Goals (Investment Decision).

Contributing Factors	Mean	Remarks
I make investment decisions with more confidence	3.90	Great Extent
I align my investment goals with my overall financial objectives.	3.85	Great Extent
I manage risks and diversify investments more efficiently with financial literacy.	3.68	Great Extent
I evaluate investment performance and adjust strategies more effectively.	3.99	Great Extent
I adapt to market changes and economic trends more adeptly.	3.73	Great Extent
I prioritize long-term planning and patience in investment goals.	3.80	Great Extent
I collaborate better with financial professionals in planning investment goals.	3.65	Great Extent
I see improvements in my overall financial well-being and success through financial literacy practices in investment goals.	3.88	Great Extent
Total Average Mean	**3.81**	**Great Extent**

Table 7 shows the contributing factors of "Investment Goals" as a parameter of investment decisions. It clearly reveals that item 4 (I evaluate investment performance and adjust strategies more effectively) got the highest mean of 3.99 interpreted as 'Great Extent'. Assessing investment performance is crucial for investors to evaluate how well their investment strategies are functioning, compare their investments with others, and determine if adjustments are necessary for their investment portfolio. Measuring investment performance enables investors to monitor their progress toward their investment goals (Lioudis, 2023) and decide if adjustments to their goals or strategies are necessary to achieve them (Tamplin, 2023b). While portfolio changes may not occur frequently, it is still important to regularly review performance (Arora, 2022; Best, 2022). The study of Karlsson and Strand, (2019) posited that incorporating investment strategies could potentially assist in growing funds and securing additional returns compared to the market, even after factoring in risk. However, there is no guarantee that all investment strategies will deliver the expected returns considering the additional risks involved.

Table 8: Cost-Effectiveness (Investment Decision).

Contributing Factors	Mean	Remarks
I efficiently evaluate investments with optimal returns and minimal expenses to maximize profitability.	3.95	Great Extent
I consider the future cost implications of my investments, making well-informed decisions.	3.84	Great Extent
I identify and avoid costly investment products or services using my financial expertise.	3.81	Great Extent
I actively pursue low-cost investment strategies to improve the overall efficiency of my portfolio.	3.88	Great Extent
I grasp the influence of taxes and fees on investment returns, adjusting my decisions accordingly.	3.90	Great Extent

I apply budgeting and financial planning methods to ensure my investments align with my financial objectives.	3.93	Great Extent
I continuously educate myself on effective investment strategies and opportunities.	3.89	Great Extent
I trust that my financial literacy enables me to make prudent investment choices that promote financial well-being and long-term prosperity.	3.85	Great Extent
Total Average Mean	**3.88**	**Great Extent**

Table 8 shows the contributing factors of "Cost-Effectiveness" as a parameter of investment decisions. It clearly reveals that item 1 (I efficiently evaluate investments with optimal returns and minimal expenses to maximize profitability) got the highest mean of 3.95 interpreted as 'Great Extent'. For accounting professionals, this enables them to evaluate various options and determine which offers the highest return on investment. By examining both short-term and long-term impacts, accounting professionals can decide how to allocate their resources wisely. This ultimately helps them save money in both the short and long run and enhance their investment performance.

The result is supported by Levišauskaite, (2010) affirming that by checking the return on investment of capital expenses, investors can figure out which investments make sense (Mauboussin and Callahan, 2022) and which ones to avoid (Yuniningsih & Taufiq, 2019). Following an investment strategy helps investors shield themselves from the risk of putting all their money into investments at the wrong time. They do this by steadily adding new money to their investments over a long period. By investing the same amount regularly, they purchase more of an investment when its price is low and less when it is high.

Table 9: Asset Allocation (Investment Decision).

Contributing Factors	Mean	Remarks
I spread my investments across various asset classes based on my financial understanding and risk tolerance.	3.84	Great Extent
I adapt my asset allocation approach to match shifts in my financial objectives and market dynamics.	3.81	Great Extent
I consider the historical performance and trends of different asset classes when making allocation decisions.	3.98	Great Extent
I prioritize asset classes with growth potential while balancing risk exposure through my financial expertise.	3.91	Great Extent
I understand the importance of regularly rebalancing my investment mix to maintain optimal allocation.	3.79	Great Extent
I use my financial knowledge to identify opportunities and risks in asset classes for strategic allocation.	3.83	Great Extent
I actively seek ways to improve my asset allocation strategy to meet my investment goals through ongoing financial learning.	3.78	Great Extent
I trust that my financial literacy equips me to make sound asset allocation decisions that contribute to a diversified and well-managed investment portfolio.	3.93	Great Extent
Total Average Mean	**3.86**	**Great Extent**

Table 9 shows the contributing factors of "Asset Allocation" as a parameter of investment decisions. It clearly reveals that item 3 (I consider the historical performance and trends of different asset classes when making allocation decisions) got the highest mean of 3.98 interpreted as 'Great Extent'. The result implies that an investor may design a portfolio that adapts its allocation automatically in response to market volatility to uphold the desired allocation. These practices aim to maximize returns by considering factors such as historical performance, market trends, and asset valuation.

When a new market trend emerges, the investor can alter their asset allocation to capitalize on it (Long, 2021), potentially achieving greater returns compared to a passive investor who maintains a fixed asset allocation (O'Shea & Lam-Balfour, 2023). The result is supported by the Global Financial Stability Report published by International Monetary Fund, (2011) asserting that investors have become more cautious about risks. Thus, many investors have turned to historical returns when other set of expected returns were unavailable. However, historical returns have proven to be unreliable indicators of future returns. In addition, recent statistical advances have shown that historical returns can be subject to change over time.

Level of Influence of Financial Literacy Practices on Investment Decisions

Table 10: Pearson-r Correlation Coefficient (Budgeting on Investment Decisions).

		Budgeting	Investment Decisions
Budgeting	Pearson Correlation	1	.924**
	Sig. (2-tailed)		.001
	N	80	80
Investment Decisions	Pearson Correlation	.924**	1
	Sig. (2-tailed)	.001	
	N	80	80

Table 10 demonstrates the Pearson-r test results between budgeting as financial literacy practice and investment decisions, the value of r is 0.924 at 0.001 level of significance, the computation gave a result of 0.924 interpreted as "Very Strong Correlation". Therefore, relationship of budgeting and investment decisions is highly statistically significant ($r=0.924$, $p=0.001$). Budgeting practices can significantly influence the investment decisions of accounting professionals. Budgeting for investments enhances decision-making by illustrating the connection between profit and investment activities (Guță *et al.,* 2011). Al-Hakeem and Abdal, (2019) affirmed that establishing a budget is essential for gaining financial knowledge and stability toward a higher quality of life and enhanced financial security. For this reason, accountting education that incorporates budgeting courses can enhance students' ability to plan their personal finances, enabling proficient students to develop and assess budgets effectively (Susanto & Alimbudiono, 2019).

Table 11: Pearson-r Correlation Coefficient (Saving and Investing on Investment Decisions).

		Saving and Investing	Investment Decisions
Saving and Investing	Pearson Correlation	1	.970**
	Sig. (2-tailed)		.000
	N	80	80
Investment Decisions	Pearson Correlation	.970**	1
	Sig. (2-tailed)	.000	
	N	80	80

Table 11 demonstrates the Pearson-r test results between saving and investing as financial literacy practices and investment decisions, the value of r is 0.970 at <0.001 level of significance, the computation gave a result of 0.970 interpreted as "Very Strong Correlation". Therefore, relationship of saving and investing, and investment decisions is highly statistically significant ($r=0.970$, $p<0.001$). Saving and investing practices can significantly influence the investment decisions of accounting professionals. The result is supported by the studies of Jansen *et al.* (1996) and Widener, (2017) revealed that the relationship between saving and investment is positively associated with investment decisions. When it comes to making investment decisions, saving and investing are key factors, while understanding financial ratios is deemed necessary for gauging risk and potential returns (Sahadeo, 2018). However, Eiriksson, (2011) suggested that the connection between saving and investment becomes more significant as macro-economic shocks such as changes in productivity become more volatile. **Table 12** demonstrates the Pearson-r test results between debt management as financial literacy practice and investment decisions,

the value of r is 0.919 at 0.001 level of significance, the computation gave a result of 0.919 interpreted as "Very Strong Correlation". Therefore, relationship of debt management and investment decisions is highly statistically significant (r=0.919, p=0.001).

Table 12: Pearson-r Correlation Coefficient (Debt Management on Investment Decisions).

		Debt Management	Investment Decisions
Debt Management	Pearson Correlation	1	.919**
	Sig. (2-tailed)		.001
	N	80	80
Investment Decisions	Pearson Correlation	.919**	1
	Sig. (2-tailed)	.001	
	N	80	80

Debt management practices can significantly influence the investment decisions of accounting professionals. The research findings of Ding *et al.* (2020) implied that utilizing short-term debt actually contributes to making effective investment decisions. In addition, Mannion, (2023) stated that it is a smart move to work on both paying off debt and investing at the same time. Finding the right balance between these two financial priorities varies from person to person. If you focus too much on investing and ignore your debts, you might end up paying more interest than necessary (Beers, 2021; Safane, 2023). On the other hand, solely concentrating on paying off debt could make it challenging to reach your financial objectives.

CONCLUSION:

Based on the research findings, it can be highlighted that there exist a statistically significant correlation between budgeting (r=0.924, p=0.001), saving and investing (r=0.970, p<0.001), and debt management (r=0.919, p=0.001) on investment decisions of accounting professionals. It came to light that saving and investing as financial literacy practices can be positively associated with investment decisions. In terms of budgeting, before making significant purchases, an assessment should be conducted to ensure whether they meet your needs and are within your financial means. The results show that diversification is highly valued by people for managing investment risk and increasing profits. It is suggested that even those with limited money can successfully create diversified investment portfolios. The strong emphasis on avoiding new debts among accounting professionals highlights the essential role of responsible debt management in guiding their investment decisions. Moreover, financial education is highly emphasized for improving awareness of investment risks; thus, individuals should conduct thorough research and comprehend the risks associated with various investment options before allocating their funds. Therefore, it is recommended that investors prioritize routine evaluations of their investment performance to ensure the effectiveness of their strategies and make informed adjustments to attain desired investment objectives. Investors should focus on integrating these practices to structure portfolios capable of adjusting to market fluctuations and optimizing returns through careful consideration of historical performance and trends. A gap in research exists for future studies to investigate how demographic variables like age, educational attainment, and income levels affect financial literacy practices and their influence on investment decisions. The researchers recommend considering other financial literacy practices to examine its influence on other indicators of investment decision. In future investigations within similar field of study, it is proposed that researchers opt for different research settings. Furthermore, examining the influence of digital financial tools and online investment platforms on investment decisions could also be beneficial.

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CONFLICTS OF INTEREST:

The authors declare no conflict of interest.

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