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BEHAVIOURAL DETERMINANTS OF PERSONAL FINANCIAL INVESTMENT DECISION-MAKING: THE MEDIATING ROLE OF FINANCIAL AWARENESS IN AN EMERGING MARKET CONTEXT

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Abstract
Rapid expansion of financial markets, digital investment platforms, and diversified financial products has increased the need to understand how retail investors make investment decisions. In emerging economies such as India, investment behaviour is influenced not only by economic considerations but also by behavioural and cognitive factors. This study investigates the effects of Investor Attitude, Risk Perception, and Financial Awareness on personal financial Investment Decision-Making among retail investors in West Bengal and Eastern India. A quantitative cross-sectional survey design was adopted, and 550 questionnaires were distributed. After data screening, 408 valid responses were retained for analysis. SPSS was used for exploratory analysis, while SmartPLS and PLS-SEM were employed to assess the measurement model, test structural relationships, examine predictive relevance, and evaluate mediation effects. The results indicate that Financial Awareness is the most influential determinant of Investment Decision-Making, suggesting that investors with greater knowledge of financial products, market information, and risk-return trade-offs make more informed investment choices. Investor Attitude and Risk Perception also exert significant direct and indirect effects on Investment Decision-Making through Financial Awareness. The study extends behavioural finance and bounded rationality theory and provides practical implications for financial institutions, policymakers, advisors, and investor education initiatives aimed at improving investment decision quality.

Keywords: *Behavioral finance, PLS-SEM, Retail investors, Emerging markets, West Bengal*

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1. Introduction

The ability of households to make investment decisions about their personal finances has become a very significant issue in emerging economies, as financial markets and investment services, including mutual funds, equity-linked savings schemes, insurance-based investment products, pension funds, etc., have expanded tremendously in these economies. Investments are now more complex and critical as investors have access to a wider variety of financial products and have to make more important investment choices to secure their long-term financial security. In fact, the decision to invest is no longer limited to choosing an asset that will yield a higher profit, but also considers risk and liquidity, financial goals, market data and personal investment habits. Recent research indicates that, apart from financial knowledge, behavioural biases, emotions, perceptions and past experiences of retail investors also shape their investment choices (Agarwal et al., 2025). Hence, it is important to know what influences investment behaviour to boost the involvement of investors, improve the financial planning of households and stabilize the financial markets.

In the traditional financial theories a rational investor is assumed to be a rational decision-maker, who objectively processes the information available to him and chooses investment alternatives, which maximize the expected utility. Yet, such an assumption is often not true in practice as investors often act in ways that differ from this. The heuristics, sentiments, informal advices, previous experiences, and subjective judgement are important factors that individual investors use to make financial decisions. Behavioural finance offers a more realistic explanation in that it allows for the recognition of the impact of psychological, emotional and cognitive factors on financial behaviour (Baker & Ricciardi, 2014). Investor sentiment and behavioural tendencies may have a large impact on the choice of assets, risk-taking behaviour, the extent of participation in these markets, and on portfolio allocation, especially during times of uncertainty and information asymmetry (Baker & Wurgler, 2007). Behavioural finance has, therefore, become a significant model to one's personal financial investment decision-making. This is especially true in emerging markets, where investors may not have access to the same quality of financial information, or to the same level of professional financial advice, and would also likely have a different level of financial literacy and sensitivity to perceived market risk.

Retail investors may not have the knowledge and/or resources to assess products that are becoming more complex. Investment decisions can, therefore, largely be affected by the attitude, risk perception and financial awareness of the investor. Past research suggests that behavioural aspects are a key consideration in financial planning as people are not necessarily 100% rational in their response to information (Baker & Ricciardi, 2015). Likewise, behavioural economics shows that what happens in the real world is influenced by cognitive weaknesses and subjective evaluations of context, not rationality (Thaler, 2016).

Among the emerging markets, India is significant to study personal investment behaviour in India. There has been significant increase in retail participation in investments, awareness of mutual funds, online investments and digital financial services in the country. However, there are disparities between different areas and social groups when it comes to financial awareness. Financial literacy helps people to comprehend financial products, compare different products, understand the risk-return tradeoff and make an informed decision (Goyal & Kumar, 2021). Also, financial literacy has been found to have an impact on past behaviour and investment decision making on Indian investors (Raut, 2020). In India, it is the Eastern parts and in particular the state of West Bengal, that can offer a meaningful context as it is an area where traditional saving practices are still prevalent but where modern financial products are gaining inroads. Investors are slowly accepting mutual funds, equity linked products, insurance products as well as digital platforms.

The latest review findings have pointed out the need for region-specific studies in emerging economies (Simonn, 2025), and systematic literature reviews have indicated the need to consider behavioural, cognitive, and contextual aspects in investment research (Che Hassan et al., 2023). While there is a growing interest in behaviour finance, very few studies have discussed the impact of a combination of investor attitude, risk perception and financial awareness on investment decision making in eastern part of India. Mediating factors, such as financial awareness, are not explored enough. Recent research highlights the importance of comprehensive models to understand investor behavior among retail investors (Singh et al., 2025).

This study explores these relationships and contributes to the behavioural finance literature by providing empirical evidence from 408 retail investors in West Bengal and Eastern India. It also offers practical implications for financial institutions, policymakers, and investor education programmes. Consistent with behavioural finance, investors are viewed not as perfectly rational agents but as individuals influenced by knowledge, emotions, attitudes, and social context (Statman, 2014). Accordingly, the objectives of the study are to examine the influence of Investor Attitude, Risk Perception, and Financial Awareness on personal

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financial Investment Decision-Making; to analyse the effects of Investor Attitude and Risk Perception on Financial Awareness; to evaluate the mediating role of Financial Awareness in the relationship between behavioural determinants and Investment Decision-Making; and to provide empirical insights into behavioural investment decision-making among retail investors in West Bengal and Eastern India.

2. Literature Review and Theoretical Framework

The traditional finance theories view investors as rational decision makers, who objectively process information, and assemble portfolios to maximize returns at a specified risk level. Modern portfolio theory (MPT) is an approach to understanding investment behaviours based on diversification, risk-return optimisation and asset allocation (Markowitz, 1952). In reality, however, investors may fall victim to different misinterpretations, respond emotionally to market fluctuations, ape other investors or stick to simple rules of thumb in making investment decisions. Behavioural portfolio theory assumes that investors may not necessarily arrange their portfolios in a risk-return matrix, but they may be used to invest based on the psychological objectives and behavioural preferences (Shefrin & Statman, 2000; Pompian, 2012). The present study adopts the bounded rationality perspective that assumes limited information, time and cognitive capacity are constraints in decision-making (Simon, 1955; Barberis et al., 1998). As compared to institutional investors, retail investors have limited access to analytical tools, financial information and professional expertise. This means that they frequently rely on ‘rules of thumb', previous experiences, informal information and subjective opinions when making investment decisions.

There is evidence that heuristics and behavioural biases play an important role in financial activities like saving and investing in the long-term (Benartzi & Thaler, 2007). Kahneman (2011) asserted that human judgement is often based on intuitive thinking, and prospect theory showed that people respond differently to losses than to gains and they are more sensitive to losses than equivalent gains (Kahneman & Tversky, 1979). Investor Attitude is the positive or negative attitude an investor has towards financial investments. It incorporates beliefs, emotions, confidence and readiness to engage in investment activities. A positive attitude can build up confidence in financial products, attract active investors and nurture a long-term investment attitude. Evidence from past studies indicates that there is a relationship between behavioural tendencies and investor sentiment toward making financial decisions. The participation and portfolio choice of investors also are determined by overconfidence and trading behavior (Barber & Odean, 2001).

Baker and Wurgler (2007) have suggested that investor sentiment is a very important factor affecting the market especially in times of uncertainty. In the same manner, Ahuja and Kumar (2025) discovered that perceived benefits, confidence and behavioural triggers are strong determinants of the motivational factors for equity investment of Indian millennials. But the effect of attitude may differ since demographic, market experience and behavioral biases affect investment behavior in different ways (Bashir et al., 2013). Risk Perception is the subjective evaluation of the investor about the financial risk, the amount of potential loss, the volatility of the market and the safety of investing. Perceived risk is subjective and is dependent on emotions, previous experiences, trust and knowledge about the market. Behavioural finance interpretation of risk perception is the psychological assessment and emotional reaction to uncertainty (Ricciardi, 2008). Slovic (1987) pointed out that the perception of risk is more psychological and contextual and not solely technical in nature. While high perceived risk can hinder investing in assets with high volatility, it can also spur investors to be more diligent and educated. Ahmad, (2021) asserted that behavioural confidence has an impact on investment decisions and Ahmad and Shah, (2022) claimed that risk perception is a mediator between behavioural biases and investment decision making.

Financial Awareness is the understanding of financial products and investment options, financial information, diversification and risk/return relationships. It helps investors make sense of the information they can utilize, compare options, comprehend dangers, and make choices that suit their monetary objectives. Lusardi and Mitchell (2014) pointed out that it was vital in saving, retirement plans and investment behaviors. Al-Tamimi (2009), Raut (2020), and Agarwal et al. (2025) found it to have a positive impact on investment decision-making and to have the ability to mitigate behavioural biases. Investor Attitude and Risk Perception may also enhance Financial Awareness. Favorable attitudes towards investing leads to information seeking and monitoring of the markets.

Bandura (1986) and Ahuja and Kumar (2025) have introduced a conceptual framework of learning behaviour, which includes belief, self-efficacy and motivation. Behavioural factors are found to be influencing the investment decision in the markets of South Asia (Kengatharan, 2014 and Ramakrishnan, 2017). Risk perception is also likely to lead to information-seeking behaviour (Weber et al., 2002; Mohta &

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Shunmugasundaram, 2023). Moreover, recent research indicates that the interplay between behavioral finance, risk perception, and financial literacy significantly influences investment decisions (Almansour et al., 2025; Srivastava & Moid, 2026).

Thus, the conceptual framework shows that Investor Attitude, Risk Perception, and Financial Awareness have an impact on Investment Decision-Making, and that Financial Awareness acts as a mediator between the Investor Attitude and Risk Perception on Investment Decision-Making (Ahmed et al., 2022; Ahmad & Shah, 2022).

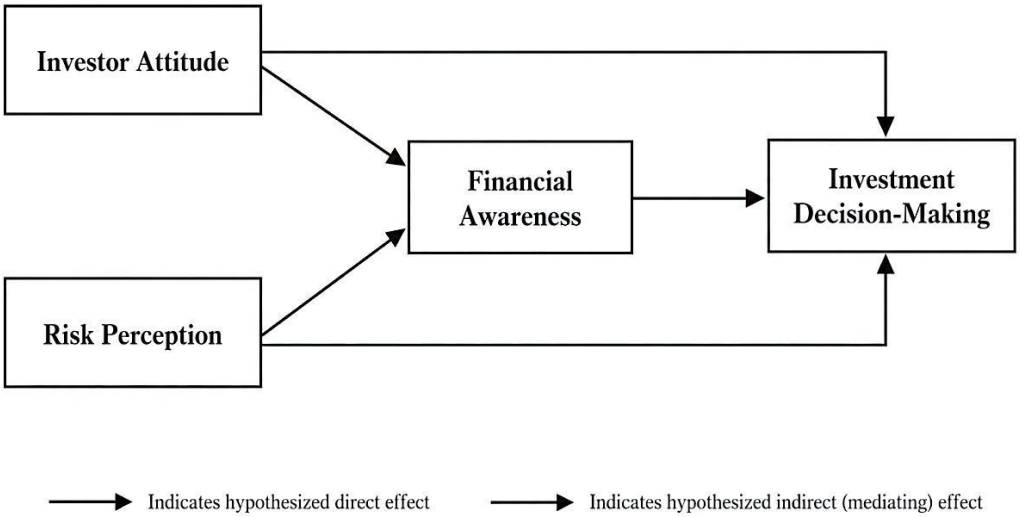


Figure 1. Conceptual Framework of the Study

3. Methodology

This study was conducted with a quantitative, descriptive, analytical and cross sectional design to study the determinants of individual's personal financial investment decision making. The quantitative approach was suitable as the study involved testing for relationships between multiple latent constructs, using statistical techniques with the assistance of hypothesised relationships. The population to be targeted were retail investors in the Eastern part of India, especially the state of West Bengal who were also actively involved in personal financial investment activities. The respondents were eligible to be included if they were 18 years or older and lived within the selected area and had a personal investment experience of at least one investment and were able to complete the questionnaire and wanted to participate in the study. Purposive and snowball sampling techniques were used in the study. A purposive sampling was employed to select respondents with investment experience, and snowball sampling was used to recruit other retail investors through referrals as it was not easy to obtain comprehensive lists of investors.

550 questionnaires in all were collected. 408 questionnaires were finally returned for analysis after discarding incomplete, inconsistent and unusable questionnaires. The data obtained were primary data with a structured questionnaire which was divided into two parts. The first part contained demographic and investment related information, while the second part contained four latent constructs namely Investor Attitude (IA), Risk Perception (RP), Financial Awareness (FA) and Investment Decision-Making (IDM). All items had a 5-point likert range with 1 being Strongly Disagree and 5 being Strongly Agree. The measure items were created by scouring the literature on behavioural finance and financial literacy and customizing them to the Indian context of personal investments among retail investors. Consistently it was decided to use the abbreviation IA to represent Investor Attitude. The items used for measurement of the four constructs are shown in Table 1.

Table 1: Measurement Items of Constructs

Construct	Code	Item
Investor Attitude	IA1	I prefer investing in financial products rather than keeping money idle
	IA2	I believe investing regularly is important
	IA3	I am willing to take calculated financial risks

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	IA4	I have a positive outlook toward long-term investment
Risk Perception	RP1	I am concerned about financial loss
	RP2	I prefer safer investments
	RP3	Market volatility affects my decisions
	RP4	I tend to avoid risky investments
Financial Awareness	FA1	I am aware of different investment options
	FA2	I understand risks and returns
	FA3	I seek financial information before investing
	FA4	I want to make myself aware of market developments before investing
Investment Decision-making	IDM1	I evaluate alternatives before investing
	IDM2	I invest based on financial goals
	IDM3	I consider risk-return trade-off
	IDM4	I am confident of the investment decisions I make

Source: *Researcher's Own Analysis*.

Exploratory factor analysis, reliability assessment and validity testing, along with structural equation modelling were done with the collected data. Analysis of the measurement structure and internal consistency of the constructs was done by factor analysis and reliability testing using the standard multivariate procedures (Hair et al., 2019). Based on the proposed direct and mediation relationships between the constructs, structural equation modelling (SEM) was used to test the relationships. SEM is suitable for analysing latent-variable models and mediation effects (Byrne, 2016). Ethical considerations were upheld by voluntary participant, confidentiality and anonymity, and only using the data for academic purposes.
The study addresses the following research questions:
1. How do Investor Attitude, Risk Perception, and Financial Awareness influence personal financial Investment Decision-Making?
2. How do Investor Attitude and Risk Perception influence Financial Awareness?
3. Does Financial Awareness mediate the relationship between behavioural determinants and Investment Decision-Making?
Based on the conceptual framework and behavioural finance perspective, the following hypotheses are proposed:
H1: Investor Attitude has a significant positive effect on Investment Decision-Making.
H2: Risk Perception has a significant positive effect on evaluative Investment Decision-Making.
H3: Financial Awareness has a significant positive effect on Investment Decision-Making.
H4: Investor Attitude has a significant positive effect on Financial Awareness.
H5: Risk Perception has a significant positive effect on Financial Awareness.
H6: Financial Awareness mediates the relationship between Investor Attitude and Investment Decision-Making.
H7: Financial Awareness mediates the relationship between Risk Perception and Investment Decision-Making.

4. Data Analysis and Results

In this section, the empirical analysis of the study is presented, which include data screening, exploratory factor analysis, measurement model assessment, structural model testing, predictive relevance and mediation analysis. The analysis is based on four constructs namely Investor Attitude (IA), Risk Perception (RP),

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Financial Awareness (FA) and Investment Decision Making (IDM). A total of 550 questionnaires were collected from retail investors, out of which 408 valid responses were retained for final analysis. The final sample size was considered sufficient for factor analysis and structural equation modelling.

4.1 Exploratory Factor Analysis

Exploratory Factor Analysis was performed to check if the measurement items have a distinct factor structure. Data was found to be suitable for factor analysis by the Kaiser-Meyer-Olkin value, and Bartlett's test. A 4-factor solution was obtained using Principal Axis Factoring with Promax rotation which was the same number as the four theoretical constructs of the study. The important results of the exploratory factor analysis are given in Table 2. The results showed that the data had a very good sampling adequacy and extracted factors accounted for a considerable amount of the total variance.

Table 2. Exploratory Factor Analysis Summary

Indicator	Result	Interpretation
KMO value	0.922	Excellent sampling adequacy
Bartlett's test	$\chi^2 = 7354.503$, $p < 0.001$	Correlation matrix suitable for factor analysis
Extraction method	Principal Axis Factoring	Appropriate for identifying latent factors
Rotation method	Promax rotation	Suitable as constructs are theoretically related
Number of retained factors	4	Matches the conceptual model
Total variance explained	81.56%	Strong explanatory factor structure
Factor loading range	0.856–0.916	All items loaded strongly

Source: *Researcher's own calculations.*

Results of the exploratory analysis were used to confirm the four construct structure. Items of Investor Attitude, Risk Perception, Financial Awareness and Investment Decision-Making had loadings on their respective factors without any problematic cross loadings. This validates the use of the indicators and their alignment with the theoretical constructs.

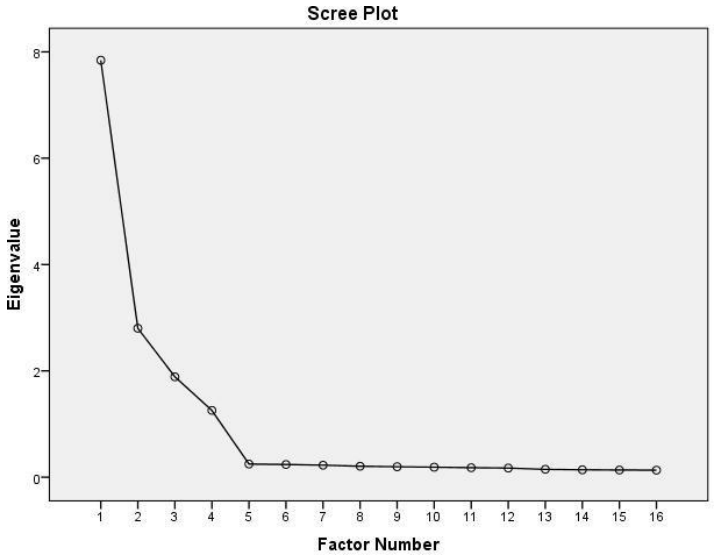


Figure 2. Scree Plot

The scree plot as shown in figure 2, justifies retaining four factors. There is a definite decrease in the curve up to the fourth factor and the curve tends to level off after that, suggesting that there are other factors that add less explanation. This validates the four factor structure that has been utilized in this study.

4.2 Measurement Model Assessment

Indicator reliability, internal consistency reliability, convergent and discriminant validity and collinearity diagnostics were used to assess the measurement model. Results of the assessment revealed that, all constructs had met the required values of reliability and validity. The results of the construct reliability and

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the convergent validity are reported in Table 3. As indicated by the values, all constructs have strong internal consistencies and good convergent validities.

Table 3. Construct Reliability and Convergent Validity

Construct	Cronbach's Alpha	rho_a	Composite Reliability	AVE
Financial Awareness	0.941	0.941	0.957	0.849
Investor Attitude	0.952	0.953	0.966	0.875
Investment Decision-Making	0.950	0.950	0.964	0.869
Risk Perception	0.942	0.942	0.958	0.851

Source: *Researcher's own calculations.*

The reliability values as well as the internal consistency of the items were much higher than the suggested value. AVE values also were larger than the threshold value, which indicates that each construct had a large proportion of variance in each indicator. The results indicate that the measurement model has a good convergent validity. Indicators were all well loaded and the outer loadings for all measurement items exceeded the recommended outer loading cut. The range of the loading for Financial Awareness, Investor Attitude, Investment Decision-Making and Risk Perception all indicated that they were reliable measures. The HTMT and Fornell–Larcker criteria were used to determine the discriminant validity. The values of all the HTMT were lower than the recommended value of 0.85 and the square root of the AVE for each construct was greater than the inter-construct correlations. This should verify that the constructs were empirically different. All the VIF values were below the cut-off value of 5 as indicated by collinearity diagnostics. This shows that there was no problem with multicollinearity and the indicators were appropriate for the structural model analysis.

4.3 Structural Model Assessment

The structural model was tested to understand the hypothesised relationships between the constructs. This model tested the direct influence of Investor Attitude, Risk Perception, Financial Awareness on the Investment Decision Making and the direct influence of Investor Attitude and Risk Perception on Financial Awareness.

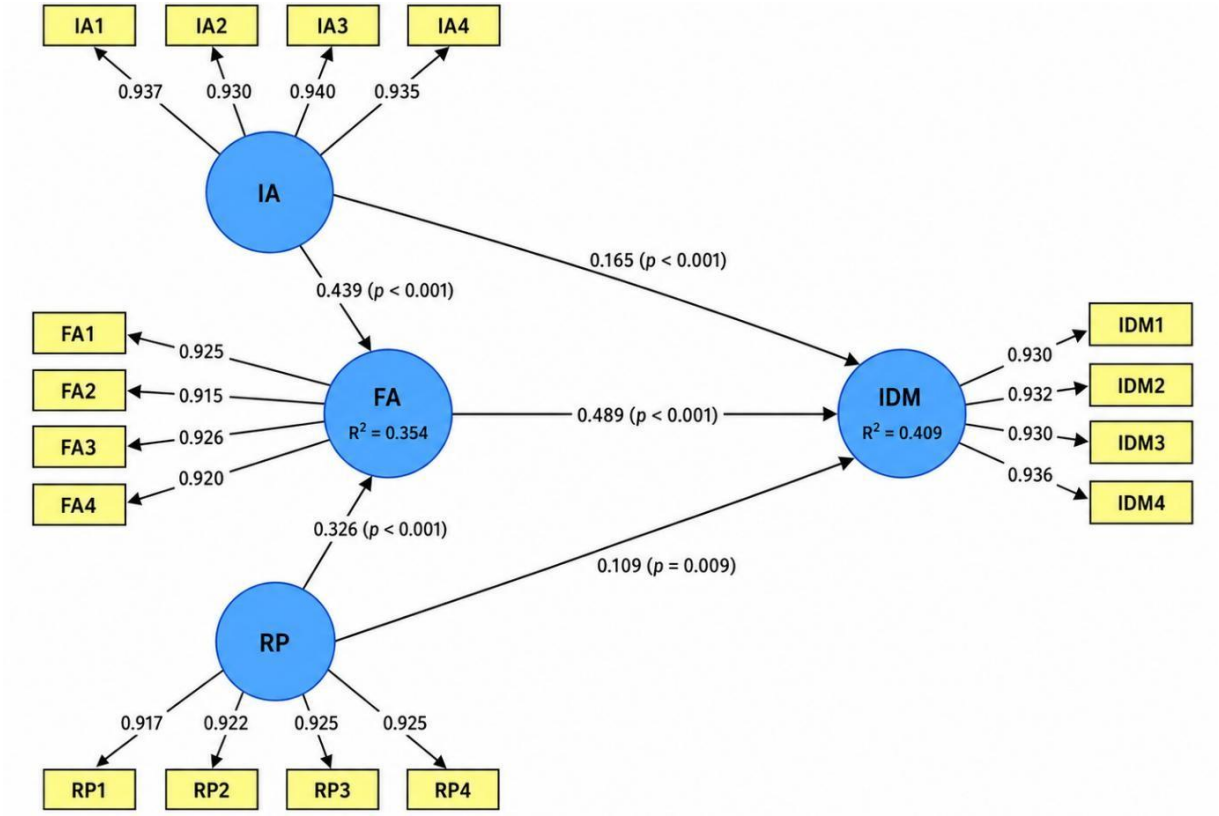


Figure 3. Structural Model

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As can be seen in the structural model figure 3, the Financial Awareness is in the center of the proposed model. It directly affects Investment Decision-Making as well as it is a mediation between Investor Attitude, Investor Risk Perception and investment decision-making. This can be used as an argument to the theory that raising financial awareness will make behavioural orientations more informed in relation to investing. Table 4 shows the path coefficient of the structure and the results of the hypothesis test. The results indicate that the all direct hypotheses were accepted.

Table 4. Structural Path Coefficients and Hypothesis Testing

Hypothesis	Relationship	Path Coefficient	t-value	p-value	Decision
H1	IA → IDM	0.165	4.098	0.000	Supported
H2	RP → IDM	0.109	2.627	0.009	Supported
H3	FA → IDM	0.489	11.242	0.000	Supported
H4	IA → FA	0.439	11.755	0.000	Supported
H5	RP → FA	0.326	8.573	0.000	Supported

Source: *Researcher's own calculations.*

The findings show that Financial Awareness directly predicted Investment Decision-Making the most. Investor Attitude also had a meaning impact as indicated that if the investor have positive attitude towards investment, they will be able to take a proper decision of investment. Risk Perception also had a weaker but significant influence suggesting that perceived risk can prompt investors to be more cautious in their investment decision instead of avoiding an investment decision altogether.

4.4 Explanatory Power and Effect Size

Explanatory power of the model was evaluated by the R^2 and the practical contribution of each predictor was evaluated by f^2 effect size. The results of R^2 and Predictive relevance are presented in the Table 5. The results show that model's explanatory power was moderate and the predictive relevance of the model was acceptable.

Table 5. Explanatory Power and Predictive Relevance

Endogenous Construct	R^2	Adjusted R^2	Q^2 Predict	Interpretation
Financial Awareness	0.354	0.352	0.349	Moderate explanatory and predictive relevance
Investment Decision-Making	0.409	0.405	0.248	Moderate explanatory and predictive relevance

Source: *Researcher's own calculations.*

A significant amount of variance was explained by the model for both the Financial Awareness and Investment Decision-Making. This indicates that Investor Attitude, Risk Perception plays a vital role in the prediction of Financial Awareness and Financial Awareness, Investor Attitude and Risk Perception collectively contributes to the prediction of investment decision behaviour. The effect size results showed that Financial Awareness had the highest contribution on Investment Decision-Making practically and also that Investor Attitude had the highest contribution on Financial Awareness in comparison to the direct contribution on Investment Decision-Making. Risk Perception was not directly significant, but was significant via Financial Awareness.

4.5 Mediation Analysis

The study also checked that Financial Awareness acts as a mediator between the Investor Attitude and Investment Decision-Making and Risk Perception and Investment Decision-Making. The analysis of mediation is shown on Table 6. Both indirect pathways were significant supporting the mediation of Financial Awareness.

Table 6. Mediation Analysis

Hypothesis	Indirect Path	Indirect Effect	t-value	p-value	Mediation Type	Decision
H6	IA → FA → IDM	0.214	8.592	0.000	Partial mediation	Supported
H7	RP → FA → IDM	0.159	6.542	0.000	Partial mediation	Supported

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Source: *Researcher's own calculations.*

The mediation results indicate that the Financial Awareness has significant mediation effect between Investor Attitude and Risk Perception to Investment Decision-Making. The mediation is partial as the direct effects were also significant. This implies that Investor Attitude and Risk Perception would have direct and indirect impact on investment decision making via Financial Awareness. The results of the total effects revealed that the impact of Investor Attitude on Investment Decision-Making and Risk Perception on Investment Decision-Making was greater when Financial Awareness was used as a mediator. This is an affirmation of the significance of Financial Awareness which needs to be translated into informed decisions on investments.

5. Discussion

5.1 Behavioural and Informational Determinants of Investment Decision-Making

The results show that, personal financial investment decision making of retail investors is affected by both behavioural as well as informational factors. This aligns with the behavioural finance theory that investors often base their financial decisions on subjective judgments, personal beliefs, past experiences and perceptions. The most significant results are that Financial Awareness is the most important in explaining Investment Decision-Making. This suggests that awareness acts as a pathway that turns behavioural tendencies into concrete action of investing. This aligns with the results of Agarwal et al., (2025), which suggest that investor behaviour and investor outcomes are influenced by both financial literacy and behavioural characteristics, among retail investors. It also corroborates with the earlier study which has emphasised the significance of financial knowledge in the investment decision of individual investors (Raut, 2020). Those investors who are more knowledgeable about financial products and market conditions, diversification strategies and risk/return relationships will be more able to analyze and compare financial products and choose the ones that best suit their financial goals. This sort of investor tends to be more analytical than speculative or to choose to take informal advice. This is in line with research that shows financial awareness or knowledge to be a determinant of improved decision making and being a factor in financial wellness (Goyal & Kumar, 2021). Similarly, Ahmed et al. (2021) indicated that the financial literacy and risk tolerance are important determinants of investment behaviour.

5.2 Role of Investor Attitude and Risk Perception

Investor Attitude positively and significantly influences the Investment Decision-Making. Positive attitudes to investing increase investor involvement in the financial markets, investment research and a longer-term approach to investment. Positive attitudes help instill confidence, a tendency to repeat investments and receptivity to a variety of financial products. The direct impact of Investor Attitude however, was less as compared to Financial Awareness which indicated that the mere presence of a positive attitude would not be enough to take good investment decisions. This finding suggests that the attitude to be enthusiastic about investment needs to be backed up by the adequate knowledge and understanding. Investors can have a positive attitude, but not be able to effectively assess alternatives, market risks or the ability to compare investment products. Therefore, Financial Awareness is an important factor in taking positive steps towards investing based on right attitudes. This means that a positive investment attitude will be enhanced by Financial Awareness.

The same has been observed in some studies on the behavioural aspects as well, as psychological factors are more effective if supported by adequate knowledge and information (Parveen et al., 2023). Risk Perception was also found to be significantly related with Investment Decision-Making but it had a relatively weaker influence. This implies that risk awareness does have an effect on investor's behaviour, but this does not necessarily boost their decision-making. An increase in perceived risks can cause investors to become cautious, hesitant to make investment decisions, or opt for safer investment opportunities. But, the effect of Risk Perception on Financial Awareness was stronger. Recognising potential risks often leads investors to go looking for more information before putting their money into an investment and to look at the market conditions, as well as the characteristics of the product, potential losses and diversifying their investments to minimise uncertainty. This finding is aligned with Ahmad and Shah (2022) who emphasized on the role of risk perception and financial literacy in making an investment decision. Likewise, Ahmed et al. (2022) revealed that the risk perception is a mediator in behaviour investment processes.

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5.3 Comparison with Previous Studies and Theoretical Implications

The results are very similar to what has been recently written about in the field of behavioural finance. They are also consistent with the fact that biases also influence investment decisions in capital markets in India (Agarwal & Singh, 2024). The Financial Awareness found in this study aligns with the findings of Agarwal et al. (2025) which suggested that financial literacy also diminishes the impact of behavioural biases of retail investors in India. Moreover, Mohta and Shunmugasundaram, (2023) also found that financial literacy has a significant impact on millennial's risk related behaviour. This positive effect is in line with the study by Singh et al. (2025) that revealed the behavioural and psychological factors influencing investment participation and decision making. Singh et al. (2025) pointed out that a variety of cognitive and emotions affect the investor behaviour. Similarly, the weaker direct impact of Risk Perception is consistent with empirical evidence which has shown that risk-related behaviours are dependent on other contextual and informational factors, besides risk perception (Ahmad, 2021).

The results provide evidence to back the behavioural finance theory and show that investors do not always act rationally when it comes to investing. Investors are subject to bounded rationality, which means that there are constraints and restrictions on information which impact outcomes of decisions. The results also show that the principles of prospect theory which suggest that perceptions of gains and losses drive financial decisions are reflected. Most significantly, the present study reveals that Financial Awareness is a very important mechanism which connects behavioural factors to investment outcome. Financial Awareness acts as a direct predictor and acts as a mediator to explain the relationship between Investor Attitude and Risk Perception and their effective investment decision. This reinforces the fact that it is necessary to develop integrated models of investors' behaviour by taking into account the psychological, cognitive and information aspects of investors' behaviour (Che Hassan et al., 2023; Simonn, 2025). Thus, there is a need to enhance the financial literacy of retail investors in emerging markets, as it can have a significant impact on the type of investment decisions they make.

6. Conclusion

This study focused on the behavioural determinants of personal investments decision making of the retail investors in an emerging regional market. It looked into the impact of Investor Attitude, Risk Perception, Financial Awareness on Investment Decision Making and assessed the mediation role of Financial Awareness. The questionnaires were collected and after screening and validating the data 408 valid questionnaires were used for analysis. The results show that Financial Awareness is very crucial in enhancing the investment decision making quality. Investors Attitude and Risk Perception also has an impact on the investment and its impact is enhanced further by sufficient Financial Awareness. The results of the mediation analysis indicated that the mediator was Financial Awareness which partially mediated the relationship between Investor Attitude and Investment Decision-Making and Risk Perception and Investment Decision-Making. The results indicate the need to increase the financial awareness as the channel of converting behaviour factors into good investment decisions. The study makes a significant contribution to the literature of behavioural finance as it combines all three dimensions (attitudinal, perceptual and cognitive) under one umbrella and offers evidence from Eastern India. The results provide a set of practical implications for financial institutions, financial advisors, policymakers and investors: Investor education and financial literacy programmes are necessary; Risk communication to investors must be improved; Investors need to plan better. The study has some drawbacks, including the use of a non-probability sampling method, the cross-sectional study design, the use of self-reported data, and a regional focus. For future studies, further behavioural biases can be added to the research and a longitudinal or mixed method approach could be used, as well as considering moderating effects like investment experience, gender, financial digitalization and income in various market contexts.

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