

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

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Objective financial knowledge and financial education, as part of the broader topic of financial literacy, have gained importance as countries and societies strive for personal and macroeconomic stability. Investment motivation is the state that encourages an individual's desire to engage in certain investment-related activities. While financial education has gained traction as more states in the USA embrace it in their K-12 curriculum, questions remain about how much this early exposure to financial education and objective financial knowledge shapes individuals' future financial behaviors.

Data from the 2021 United States Financial Industry Regulatory Authority (FINRA) National Financial Capability Study (NFCS) was used by merging the Investor Survey and the State-by-State Survey to obtain a representative sub-sample of 2,824 adults who held non-retirement investment accounts. The study employs binary logistic regression to test the hypotheses, with theory-driven model entry. Bivariate relationships were analyzed using Pearson's correlation, and survey weights were applied throughout.

The findings show a statistically significant, positive relationship between objective financial knowledge and long-term investment motivation, thus confirming objective financial knowledge as a consistent predictor of long-term investment motivation. However, financial education did not have a significant impact on long-term investment motivation, nor did it predict knowledge. This outcome in financial education is that exposure to financial education without measurable knowledge accumulation has no detectable effect on investment motivation. Drawing on Human Capital Theory and Huston's (2010) conceptual distinction between financial education and financial knowledge, this study treats education as an investment input and objective knowledge as the accumulated stock. It tests whether each independently predicts long-term investment motivation among U.S. investors.

Among demographic controls, ethnicity was negatively associated with long-term motivation, while education level was positively associated, and gender, age, and income were not significant. The absence of a direct education effect is consistent with the premise that exposure alone does not drive motivation without knowledge accumulation.

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