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An assessment of the determinants of investor behaviour towards collective investment schemes in Zambia - A case study of ABC unit trust

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Abstract
The objective of this study was to assess the determinants of investment behavior towards Collective Investment Schemes (CIS) in Zambia as a case study on the ABC Unit Trust. A descriptive research design was adopted and utilized stratified random and purposive sampling methods were used to select a sample which comprised investors that invested in the ABC Unit Trust with a total of 300 respondents to the questionnaire. Primary data was collected using a self-administered online questionnaire which had quantitative questions. The data was analyzed using descriptive statistics and binary logistic regression analysis. The results of the study showed that the independent variables; Financial Literacy (L), Risk Perception (R1), Return Perception (R2) and CIS Awareness (A) had a relationship with the change in investor behaviour. The research concludes that the above independent variables exhibit significant influence on investor behaviour. Key recommendations of this study include the need for institutions managing CIS to provide clear, detailed information about the risks and returns associated with their investment products. Secondly, CIS operators ought to have increased awareness campaigns to target potential investors through advertisements, social media platforms, and community-based initiatives. Thirdly, policymakers should make CIS accessible to underserved groups, including youths, women, and low-income individuals, through targeted outreach and reduced entry barriers, this would assist in driving financial inclusion.

Key words: CIS investor behaviour, risk perception, return perception, CIS awareness, financial literacy

Introduction

A Collective Investment Scheme (CIS) is an investment vehicle that pools money from multiple investors to purchase a diversified portfolio of stocks, bonds, or other securities. These funds are managed by professional portfolio managers who make investment decisions on behalf of the investors (Securities and Exchange Commission [SEC], 2020) [34]. CISs as a product have remained relatively nascent in the Zambian market (Kawana, 2018) [19]. The Bank of Zambia FinScope report (2020) reported that less than 1% of the adult population utilize capital market products such as the CISs. This represents a population of less than 500,000 who are invested in products such as CIS. The Securities and Exchange Commission of Zambia also reported a total of 479,789 investors in the CIS for 2023 still indicating less than 1% of the adult population (estimated to be about 9 million) (Zamstats,2020). The underutilization of CISs may suggest a gap in understanding the behavioral factors influencing investment decisions in CISs. This is especially critical seeing that CISs offer benefits such as diversification, professional management, and accessibility. Many potential investors in Zambia either remain unaware of these advantages or are influenced by factors that hinder their participation. Over the recent period Zambia has placed increased emphasis on mobilizing domestic savings and channelling them into productive investments. This has inadvertently highlighted the importance of CISs as an alternative investment vehicle, particularly in the context of achieving financial inclusion and economic diversification goals as outlined in the National Financial Inclusion Strategy II (2024) and the 8th National Development Plan (8th NDP).

Research conducted have highlighted that investor behaviour is influenced by a combination of socio-economic variables, financial literacy, risk tolerance, and demographic characteristics (Chirwa & Mbewe, 2020; Guiso *et al*., 2006; Shiller, 2000) [13, 35]. Additionally, the role of financial advisors and the media plays a significant part in shaping investment decisions (Smith & Anderson, 2019, Wulandari & Kassim, 2016) [39, 43]. However, there is limited empirical research focusing on the Zambian context, where economic conditions, cultural perceptions of investment, and access to financial information may differ significantly. Therefore, this study seeks to fill this knowledge gap by investigating how Risk Perception (R1), Return Perception (R2) and Collective Investment Schemes (CIS) Awareness influence change in investor behaviour towards CIS in Zambia.

The investment behaviour of an individual may be studied under the Consumer Theory of Behaviour a branch of microeconomics that analyses how individuals make decisions to allocate their limited income among different goods and services to maximize their satisfaction or utility (Mankiw, 2020) [27]. The central assumption is that consumers are rational and seek to derive the greatest possible utility within their budget constraints (Nicholson, 2016) [30]. To help augment the Consumer Theory of Behaviour, the researcher further utilised the Prospect Theory. Prospect theory (Kahneman and Tversky,1979) [18]. The theory posits that people evaluate potential outcomes relative to a reference point rather than in absolute terms. A central concept is loss aversion, where losses are felt more intensely than equivalent gains. Lastly, the study employed the Theory of Planed Behaviour to compliment the Consumer Theory of Behaviour. The Theory of Planned Behaviour (TPB) predicts an individual's intention to engage in a behaviour at a specific time and place. It

postulates that individual behaviour is driven by intentions, where behaviour intentions are a function of three determinants: an individual's attitude toward behaviour, subjective norms, and perceived behavioural control (Ajzen, 1991) [1]. According to the theory of Planned Behaviour, the proxy measure for behaviour is represented by a person's motivation in the sense of her or his conscious plan or decision to perform certain behaviour (Conner & Armitage, 1998) [7].

Objectives and Organisation of this Paper

The general objective of this study is to assess the determinants of investment behaviour towards Collective Investment Schemes in Zambia focussing on the following specific objectives

1. Determine the effect of Risk perception (R1) on investment behaviour toward the CIS in Zambia.
2. Assess the effects of the Return perception (R2) on investment behaviour toward CIS in Zambia.
3. Examine the effect of CIS awareness (A) on investment behaviour toward CIS in Zambia.

The first part of this paper gave an overview of the CIS Industry and the current challenges on uptake which underlines the statement of the problem that we were investigating. The second section reviews studies that have looked at determinants of investor behaviour. The third section of this paper presents the methods of the study. The fourth segment of the paper presents the analysis of the results and their graphical statistics. The fifth section discusses the findings of the study in light of the reviewed literature, while last two sections give the conclusions, the recommendations, limitations and suggested future areas of the research.

Literature Review

The literature review focussed on the findings on the determinants of investment behaviour that form the independent variables for this study namely Risk Perception (R1), Return Perception (R2) and CIS Awareness (A).

1. Effect of Risk Perception (R1) on Investment Behaviour

Klinke *et al*., (2002) [22] define risk as the variability of return on expected return. And Gumanti (2011) [14] notes that risk is the possibility of experiencing a loss from investors. Zubir (2011) [44] also explains that risk is the difference between the expected outcome and its realization. In the study conducted by Sindhu *et al* (2014) [36], they noted that risk is an inherent feature of all types of financial investments due to the variability in the actual and expected returns on investment. Slovic (2000) [38] noted that Risk perception plays a subjective role in determining the best alternative among different investment decisions. This was further emphasized by Hallahan *et al*., (2004) [16] who noted that the decision-making behavior of an investor is affected by the attitude towards the risk as well as the way in which the investment risk is perceived by the investor. At different levels of perception towards risk, the individual investor thinks differently about their investment and makes decisions differently. Grable and Lytton (1999) [12] revealed that financial risk tolerance is a significant factor in several household financial decisions, yet few recognized, valid, and reliable methods of assessment are available for use by financial service providers and educators.

Mak (2017) [26] investigated the relationship between risk and investment behavior of individual investors and observed that a relationship exists between risk taking behavior and the investment behavior of investors. A study by Baig and Zoubi (2017) [2], investigated 100 investors' behavior towards various investment avenues and found that individual investors still prefer to invest in financial products which give risk free returns.

Riaz *et al*. (2012) revealed the importance of psychological factors which affect investment decision making by mediating role of risk perception. The authors concluded that investors' behavior depends on the available information and how much the investors are prone to taking risks while making decisions. A study by Palash Bairagi and Anindita Chakraborty (2018) [3], focused on the Influence of Risk -Perception on Retail Investors' Decision Making. They noted that individual risk perception is based on gender, age, income, investment portfolio and other demographic factors.

On the other hand, Jeriwala (2015) noted that an individual's preference towards risk and return are situation specific. Other studies have similarly shown that an individual preference of risk-return is influenced by several socioeconomic factors such as age, marital status, income and education (Lusardi, 2012). Investors that are risk averse tend to be women, separated, divorced, older ones, widowed, less educated and low-income earners (Dorla *et al*., 1989). Chowa and Mhlanga (2014) [7] present home bias in environment where offshore investing is allowable such as Zambia to be mostly driven by factors such as; taxes and transaction costs, allocation limits, information costs and asymmetries, conservative mandates, different currencies/accounting standards, the physical/economic distance between two countries, language or religious differences and returns benchmarking based on local market. And Nsama *et al*. (2024) [31] also found in their investigation that risk perception has no significant bearing on investment behavior. This was also confirmed by Kurniawati, Suparlinah and Farida 2022 [24] who investigated the effect of investment understanding, risk perception, income, and investment experience on investment behavior on capital market investors in Klaten District.

2. Effects of Return Perception (R2) on Investment Behavior

Investment returns refer to the possible earnings that the investors expect to earn from investing in mutual funds (Kumar, 2014) [23]. Return perception is influenced by age, income, education, and investment experience. For example, younger investors may have higher return expectations due to longer time horizons and greater risk tolerance (Grable & Joo, 2004) [11]. Each investor will have his or her expected returns based upon their investment and on their expected earnings. According to a study by Kumar and Sindhu (2014) [23] they found that a number of factors influence the return perception of investors. These factors included unpredictability of returns, knowledge about the financial assets, chance for incurring loss, diversification of portfolios, and dependence on professional investment advice.

Veld and Veld-Merkoulova (2008) [41] studied return perception of individual investors and found that investors considered the original investment to be the most important

benchmark followed by the risk-free rate of return and market return. Mulenga and Chileshe (2018) [29] conducted a study of the investors on the Lusaka Securities Exchange (LuSE) and similarly noted that many Zambian investors, particularly new entrants, may expect stock market returns akin to what is seen in more developed markets, leading to frustration when returns are modest or negative. A study conducted by Rathnamani (2013) [32] and Singh and Jha (2009) [37] found that consumers prefer investment in mutual funds due to return potential. Other scholars such as Saha and Dhar (2017) [9], discovered that most investors prefer 'growth schemes' followed by 'income schemes' when it comes to mutual funds. The investors desired higher returns rather than consistent safe returns.

Kiran and Rao (2004) [21] established that investors are more likely to participate in mutual funds when they perceive potential returns as favorable, despite associated risks. This finding is supported by Gutsche *et al.* (2023), who found that investors are drawn to sustainable investments when they believe these will yield favorable returns. Similarly, Kemala and Putri (2019) [20] emphasizes that perceived returns influence reinvestment decisions, indicating a strong correlation between favorable perceptions and continued investment participation. Additionally, Dewi *et al.* (2019) argue that investors in Nepal were more likely to engage in mutual funds when they perceive them as profitable, despite challenges related to awareness and product offerings. These studies collectively indicate that enhancing investor awareness about potential returns can positively impact their behavior.

However, other researchers have proved that most of the investors do not pick their investments based on the return perception. As a result, they fail to diversify their investments (Kiran and Rao, 2004) [21]. Similarly, scholars of behavioral finance have argued that return perception is not always the driver for investor behavior. These scholars assume that individuals are not always going to act rationally and base their decisions solely on objective information. Rather these investors may be led by psychological factors and cognitive biases (Barberis & Thaler, 2003) [4]. This bias is particularly evident in individual investors who may trade frequently based on their belief that they can outsmart the market, despite evidence suggesting that active trading typically leads to lower returns (Shiller, 2000) [35].

3. Effects of CIS Awareness (A) on Investment Behaviour

Higher awareness levels are positively correlated with: Increased participation in CIS, more rational investment decisions, reduced susceptibility to behavioral biases like herd behavior and overconfidence (Lusardi & Mitchell, 2014).

According to Zulu and Mphuka (2015) [45] many Zambian investors, especially retail and informal-sector participants, have limited access to accurate and timely investment information. This leads to decisions based on word-of-mouth, community influence, or social media speculation, which can create unrealistic expectations of CIS investments and their performance. This leads investors to avoid irrational investment practices, a culture of interference, fraud, and risk of loss (Kemala Dewi, 2019) [20]. Halim (2005) [15] also stated that investing in the capital market requires sufficient knowledge, experience, and business instincts to analyze which securities to buy. According to Dahan (2011), learning is the result of experience. Many experiences gained after participating in capital market training can be used as learning material and foster interest in investing (Saputra *et al*., 2019). Tandio and Widanaputra (2016) [40] suggest that capital market training is a form of learning for individuals about capital markets, which will generate interest.

Other scholars also agree that awareness has a positive influence on investment decisions of individuals. According to Moon and Lee (2019) [28], if one is ignorant about an investment alternative, it becomes difficult to invest in it. The FinScope report (2020), also noted a 0.6% market participation in capital markets. Underlying reasons obtained from the survey was that there was lack of information on available investment options, insufficient funds to invest and lack of financial understanding of how the capital markets work. The National Financial Inclusion Strategy I (2018) also noted high financial exclusion especially among the youths and women due to lack of information. Therefore, awareness about the Collective Investment Schemes provides better knowhow to analyse and perform financial activities (Shockey, 2002).

On the other hand, observations have been made that many individual investors hold under-diversified portfolios (Brad *et al*., 2013) [5]. Stating further that many uninformed investors trade actively, speculatively, and to their detriment. Put another way, many individual investors seem to have a desire to trade actively coupled with perverse security selection ability! Another study conducted by Athma & Rajkumar (2012) revealed that lack of knowledge about capital market and professional management of mutual fund has increased the popularity of mutual fund investment.

Methods

This study used a descriptive design, which involved analysing data to summarise and provide a description of the important elements of the sample or population. The study was carried out online using investors currently with ABC Unit Trust, a CIS that operates in Zambia. Stratified random and purposive sampling methods were used to select a sample which comprised investors that invested in the ABC Unit Trust. Out of 400 sampled only 300 responded. Primary data was collected using a self-administered online questionnaire which had quantitative questions. The data was analyzed using descriptive statistics and multiple regression analysis. Most of the questions used involved a Likert scale consisting of five scores from 1= “Strongly Disagree to 5 = “Strongly Agree”.

Results

To ensure validity of the data, an internal validity and reliability determined by the Cronbach‟s alpha, was aligned with the acceptable level at 0.70. The results presented below highlight the dependence of investor behaviour on the independent variables Risk Perception, Return Perception and CIS Awareness.

Table 1: The table below summarises the response rate.

Respondent	Targeted	Obtained	Response rate
ABC Investor	400	300	75%

Using the Kruskal-Wallis Test to examine the effect of Age and Mutual Fund Awareness, Financial Literacy, Return Perception and Risk Perception on the investor behaviour revealed the following results.

Ranks				
	Age	**N**	**Mean Rank**	**P-value**
Risk Perception	20-30 years	49	106.05	
	31-41 years	137	175.75	0.000
	42 years+	114	139.26	
	Total	300		
Perception Return	20-30 years	49	95.54	
	31-41 years	137	149.32	0.000
	42 years+	114	175.54	
	Total	300		
Mutual Funds awareness	20-30 years	49	81.08	
	31-41 years	137	159.82	0.000
	42 years+	114	169.13	
	Total	300		
Financial literacy	20-30 years	49	116.78	
	31-41 years	137	162.12	0.006
	42 years+	114	151.03	
	Total	300		

Risk Perception: The Kruskal-Wallis test reveals a significant difference in risk perception across age groups (p = 0.000). The 31-41 years group has the highest mean rank, suggesting a greater concern for risk, while the 20-30 years group exhibits a lower level of concern, indicating a higher risk tolerance.

Perception of Return: There is a significant difference in return perception (p = 0.000). Those above the age of 42 years showed the highest mean rank, indicating a stronger focus on returns, while the 20 - 30 years group placed less emphasis on returns, possibly favouring higher risks.

CIS Awareness: Mutual funds awareness significantly varies across age groups (p = 0.000). Those above the age of 42 years showed the most awareness about CISs, while the 20-30 years group ranked the lowest, indicating a potential knowledge gap that could limit investment decisions.

Financial Literacy: Financial literacy shows a significant difference by age (p = 0.006). The 31- 41 years group exhibited the highest mean rank, suggesting better financial knowledge, while the 20-30 years group had lower financial literacy, pointing to the need for increased education among younger investors.

1. Association of the moderating variable (level of education) on Mutual Fund Awareness, Financial Literacy, Return Perception and Risk Perception

Table 2

Variables	P-value
Risk Perception	0.000
Perception of Return	0.000
Mutual Funds Awareness	0.000
Financial Literacy	0.000

The data examined indicated that the distributions of risk perception, return perception, mutual funds awareness, and financial literacy differ significantly across categories of the highest level of education, as indicated by the Kruskal-Wallis Test with p-values of 0.000 for each variable. Since all p-values are below the significance level of 0.05, this demonstrated that education level has a significant impact on risk perception, return perception, mutual funds awareness, and financial literacy.

2. Effects of Risk Perception on Investment Behavior

Table 3: Binary logistic regression

		B	**S.E.**	**Wald**	**df**	**Sig.**	**Exp(B)**
Step 1[a]	Risk Perception	1.162	.268	18.828	1	.000	3.196
	Constant	-2.313	.827	7.820	1	.005	.099

a. Variable(s) entered on step 1: Risk Perception.

Table indicates that, risk perception significantly influences Investment Behavior (P = 0.000). the odd ratio (Exp(B) = 3.196) suggests that those with higher perception of risk are approximately 3.2 times more likely to engage in investment activities. The coefficient (B = 1.162) further confirms that as Risk Perception increases, the likelihood of investing also rises.

3. Effect of Return Perception on Investment Behavior

Table 4: Binary logistic regression

		B	**S.E.**	**Wald**	**df**	**Sig.**	**Exp(B)**
Step 1[a]	Perception Return	.623	.247	6.388	1	.011	1.865
	Constant	-1.033	.929	1.236	1	.266	.356

a. Variable(s) entered on step 1: Perception Return.

Return Perception also has a significant impact on Investment Behavior (p = 0.011), though its effect is weaker compared to Risk Perception. The odds ratio (Exp(B) = 1.865) suggests that individuals with a higher perception of potential returns are about 1.87 times more likely to invest. The positive coefficient (B = 0.623) indicates that as individuals expect higher returns, their likelihood of engaging in investment activities increases.

4. Effect of Mutual Fund Awareness on Investment Behavior

Table 5: Variables in the Equation

		B	**S.E.**	**Wald**	**df**	**Sig.**	**Exp(B)**
Step 1[a]	Mutual Funds awareness	1.072	.196	29.929	1	.000	2.920
	Constant	-2.734	.735	13.846	1	.000	.065

a. Variable(s) entered on step 1: Mutual Funds awareness.

Mutual Fund Awareness shows a strong and significant impact on Investment Behavior (p = 0.000), with an odds ratio of 2.920. This means that individuals who are more aware of mutual funds are nearly three times more likely to invest. The coefficient (B = 1.072) further supports the idea that greater awareness of mutual funds significantly increases investment participation.

5. Effect of Financial Literacy on Investment Behavior

Table 6: Binary logistic regression

		B	**S.E.**	**Wald**	**df**	**Sig.**	**Exp(B)**
Step 1[a]	Financial literacy	.899	.224	16.170	1	.000	2.457
	Constant	-1.858	.776	5.733	1	.017	.156

a. Variable(s) entered on step 1: Financial literacy.

Financial Literacy also has a significant effect on Investment Behavior (p = 0.000), with an odds ratio (Exp(B) = 2.457). This suggests that financially literate individuals are about 2.46 times more likely to invest. The coefficient (B = 0.899) indicates that higher levels of financial knowledge positively influence investment decisions.

Discussions

1. Effect of Risk Perception on Investment Behavior

The first objective for this study was to assess the effect of risk perception (R1) on change in investor behavior. The regression analysis of the data collected indicated that Risk Perception significantly affects Investor behavior. From the results obtained in this study we have noted that individuals with higher risk perception are over three times more likely to invest. Investor behavior in CISs is significantly influenced by how individuals perceive risk. Hence, risk perception may or may not always align with objective evaluations. In the context of CIS investments, this perception can determine portfolio choices, investment horizon, and reaction to market volatility. This has proved very consistent with the findings of the data that have been analyzed in this study.

The results also align very well with the theoretical framework which asserts that investors will make decisions to allocate their limited income among different goods and services that maximize their satisfaction or utility (Mankiw, 2020) [27] in view of the budget constraints and risk appetite (Nicholson, 2016) [30]. Further, the result of this study assists in understanding that increased risk perception could be moderated with level of education or financial literacy. Using the data collected this study observed that most of the investors sampled had attained a degree. Financial literacy provides better knowhow to analyze and perform financial activities (Shockey, 2002). Having an understanding and knowledge of financial products, key financial concepts and money matters not only reflect sound financial decision-making capacity but also gives you confidence and ability to make the right decision at right time. This being a moderating variable, it was evident from the results that investors that had a given level of education were able to acknowledge investment risks and were willing to participate in investment activities. This is also consistent with the revelations of the FinScope Survey (2020) that found that low participation in CIS investments was due to lack of information about the risks involved in the products. Additionally, the results of the study harmonize with the Prospect Theory whose central concept is loss aversion, where losses are felt more intensely than equivalent gains (Kahneman and Tversky,1979) [18].

The findings in this study concur with the conclusions of Hallahan *et al*., (2004) [16] who noted that the decision-making behavior of an investor is affected by the attitude towards the risk as well as the way in which the investment risk is perceived by the investor. Furthermore, our findings reinforce the observations made by Grable and Lytton (1999) [12] who revealed that financial risk tolerance is a significant factor in several household financial decisions, yet few recognized, valid, and reliable methods of assessment are available for use by financial service providers and educators.

However, the findings of this study are at variance with the study conducted by Kaur (2015) who discovered that contrary to popular belief, risk perception for mutual funds had no effect on performance investment decisions. Another study by Jeriwala (2015) also noted that an individual's preference towards risk and return are situation specific and have no significant bearing on investor behavior while Nsama *et al*. (2024) [31] similarly no significant relationship between the two variables.

2. Effect of Return Perception on Investment Behavior

The second objective of the study was to investigate the effect of return perception on change in investor behavior. The regression analysis on the data collected in our study showed that Return Perception (R2) has a significant influence on investor behavior. This finding is consistent with the study conducted by Rathnamani (2013) [32] and Singh and Jha (2009) [37] which found that consumers actually prefer investment in mutual funds due to return potential. Other scholars such as Saha and Dey (2011), investigated the factors affecting individual investor behavior in Dhaka city. They discovered that most investors prefer 'growth schemes' followed by 'income schemes' when it comes to mutual funds. The investors desired higher returns rather than consistent safe returns. Another study conducted by Dhar *et al*. (2017) [9] discovered investment return as a significant factor in the perception of investors of mutual funds.

The findings of this study remain consistent with other scholars that established that consumers preferred mutual funds due to their return potential, reinforcing the idea that perceived returns influence investment choices. Abbas *et al*. (2018) found that higher perceived returns increased the likelihood of investment, particularly in mutual funds. Gutsche *et al*. (2023) observed that investors in sustainable investments also exhibit behavior influenced by expected returns. Kemala and Putri (2019) [20] further emphasized that return perception is crucial in reinvestment decisions. This is also consistent with the Consumer Theory of Behavior (Mankiw, 2020) [26].

On the other hand, the study contradicts other scholars that found that return perception (R2) had no significance on investor behavior. Dhungel *et al*. (2023) argue that in underdeveloped markets, investors are more influenced by external economic factors than return perception. Similarly, Suaputra *et al*. (2021) found that awareness of investment opportunities played a more significant role than expected returns in decision-making.

3. Effect of CIS Awareness on Investment Behavior

The results of this study found a very strong relationship between CIS Awareness (A) and investor behavior. With an odds ratio of 2.920, the study shows that individuals who are aware of CIS are nearly three times more likely to invest. The study found that those above 42 years are most aware of mutual funds, while the 20-30 years' group ranks the lowest, indicating a potential knowledge gap that could limit investment decisions. The fact that this level of awareness could have been impacted by the level of education is evident from the fact that most of the respondents have attained undergraduate qualifications. This is likely to point to an age group above 30 years and not those below, most of whom would still be studying for their undergraduate qualifications.

The findings of this study have in the main concurred with those of other scholars that similarly inferred that exposure to investment options significantly influence investment

decisions. For instance, Bhushan (2014) studied the awareness level of salaried individuals and found that those with higher mutual fund awareness actively participated in investments, while those with little awareness had lower financial product uptake. Natahadi *et al*. (2024) argued that awareness helps investors manage risk perception effectively, which is crucial for maintaining rational decision-making during volatile market conditions. Similarly, Lusardi and Mitchell (2014) demonstrated that financial education programs positively impact investment decisions by improving investors' understanding of complex financial concepts. In line with other scholars, we can infer from our study that higher financial literacy levels are likely to spur investments and savings activities. This extends to the fact that driving a society that can reduce dependence on the pension package is only possible if financial literacy is provided to them to enable effective financial planning.

These findings reinforce the consumer behavior theory, which suggests that informed consumers are more likely to make investment decisions based on their awareness of financial products. This is also in line with the findings of Weber and Millan (1998) who indicated that conscious awareness of the determinants of investors makes risk perception amenable to the cognitive intervention. A variety of corporate procedures exist to allow corporate organizations to formulate corporate utility functions that are aimed at relevant outcome dimensions, with the goal of coordinating the risky decisions of the investors.

On the other hand, the results of this study contradict Adil *et al*. (2022) who found that investor awareness alone does not always lead to investment, as personal financial circumstances play a more dominant role. Similarly, Sharma (2019) found that while awareness campaigns can enhance knowledge, they do not necessarily lead to increased investment participation.

4. Effect of Financial Literacy on Investment Behavior as a moderating variable

The logistic regression analysis found that Financial Literacy significantly influences Investor, with an odds ratio of 2.457, indicating that financially literate individuals are about 2.46 times more likely to invest. These results emphasize the need for increased financial education that would allow individuals to make prudent financial decisions.

The data analyzed revealed that the 31-41 age group exhibited the highest mean rank, suggesting better financial knowledge, while the 20-30 years group has lower financial literacy, pointing to the need for increased education among younger investors. The older age bands are likely to have had additional professional training that would equip them with increased financial literacy than the younger investors. This finding could be attributed to employers exposing their members of staff to increased financial literacy as a wellness program for their staff. Therefore, the gaps in literacy are best cured by ensuring that even younger investors get exposed to age-appropriate learning that would equip them for increased participation in our CIS. This would imply that school curriculums be modelled to tap into financial literacy learnings.

The findings align with the consumer behavior theory, as financial literacy enables investors to make rational choices about mutual fund investments, balancing returns, risk, and personal financial capacity.

Conclusions

From the data analyzed we noted that risk perception significantly influences investor behavior. Individuals with higher risk perception are over three times more likely to invest. This increased risk perception could be attributable to the increased level of education. The study found that the 31-41 years age group had the highest mean rank, suggesting a greater concern for risk arising out of habitat search due to beaconing retirement realities, while the 20-30 year's group exhibits a lower level of concern. The delay in investing awareness onset pushes for the view of having expected returns being a critical motivator for investment. These latecomers to investing are driven by the potential to achieve financial growth, with return expectations shaping their preferences forgetting that longevity is the best horse to achieving the best results from the power of compounding.

Awareness of CIS significantly affects investment behavior. The study revealed that informed investors are more likely to engage in these schemes, emphasizing the importance of education and marketing. Higher financial literacy levels positively impact investor behavior, as individuals are better equipped to make informed decisions. This research concludes that theres is significant correlation to the investigated variables namely, Financial Literacy (L), Risk Perception (R1), Return Perception (R2) and CIS Awareness (A) and overall investor behaviour within the localized investment set up.

Recommendations

The researcher recommends that Institutions managing CIS should provide clear, detailed information about the risks associated with their investment products. This would allow an increased uptake in view of the significant effect that CIS Awareness (A) has on investor behavior. Similarly, there is an increased need for awareness campaigns that could target potential investors through advertisements, social media platforms, and community-based initiatives.

The researcher further recommends formulating appropriate risk management strategies. This is insofar as investor behavior could either be characterized by poor risk management practices, such as overconfidence, loss aversion, or panic selling.

In the light of the effect of financial literacy on investor behavior, it is recommended that financial advisors and unit trust managers should provide detailed, transparent information on past and expected returns for their products. Emphasizing growth schemes and tax benefits can help attract more investors.

The industry can also fully utilize the services of mobile phone technology to help spread its information to a wider pool of investors and prospective clients. This will assist in cascading the information more effectively and reach many people easily.

Lastly, the researcher would recommend that policymakers should continue focusing on reducing financial exclusion by making CIS accessible to underserved groups, including youths, women, and low-income individuals, through targeted outreach and reduced entry barriers.

Limitations

The study's findings are specific to ABC Unit Trust, limiting generalizability to other types of collective investment schemes. Which may differ in style of investment

management, client relations and their marketing activities. Further, it must be noted that the participant pool may not represent all investor demographics, particularly rural populations or individuals with minimal financial exposure. To mitigate some of these weaknesses the research adopted a scientific sampling method, thus reducing the margins of error. Further, the researcher opted for the ABC Unit Trust as it is the second biggest unit trust and has representation in many parts of the country owing to its origin as a unit of the bank that had the most branches spread across the country. Further research could also potentially explore offshore investments for individual Zambian investors as well as the effect of the investment strategies corporate governance of the Collective Investment Scheme operator on investor behaviour.

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