



Digital Financial Literacy and Investment Decision-Making: The Role of Cognitive, Emotional, and Behavioral Factors

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Abstract- The rapid expansion of digital financial services has transformed the way individuals access financial information and make investment decisions. This study examines the role of digital financial literacy in investment decision-making by integrating cognitive, emotional, and behavioural factors within a unified behavioural-finance framework. The study adopts a quantitative, descriptive, and explanatory research design and considers a sample of 186 individual investors with investment experience and exposure to digital financial platforms. Data are collected through a structured questionnaire using a five-point Likert scale. Digital financial literacy is assessed through digital financial knowledge, skills, information evaluation, risk awareness, and safe use of digital financial services, while cognitive, emotional, and behavioural factors are examined as psychological determinants of investment decisions. Descriptive statistics, reliability analysis, Pearson correlation, and regression analysis are employed to evaluate the proposed relationships. The findings indicate positive and significant relationships between digital financial literacy, cognitive factors, emotional factors, behavioural factors, and investment decision-making. Digital financial literacy emerges as the strongest predictor, followed by behavioural and cognitive factors. The study highlights that financial knowledge alone may not ensure rational investment behaviour and emphasizes the importance of psychological awareness, self-control, risk perception, and responsible use of digital financial platforms. The findings provide useful implications for investors, financial educators, FinTech platforms, investment advisors, and policymakers seeking to promote informed, disciplined, and responsible digital investment behaviour.

Keywords- Digital Financial Literacy, Investment Decision-Making, Cognitive Factors, Emotional Factors, Behavioural Factors, FinTech.

I. INTRODUCTION

The rapid growth of digital financial services has changed how individuals access financial information and make investment decisions. Online trading platforms, mobile investment applications, FinTech services, and social media provide investors with faster access to financial information, but they also expose them to excessive and sometimes unreliable information. Therefore, digital financial literacy is increasingly important because investors need the knowledge and skills to evaluate digital financial information, understand risks, and use digital financial services effectively (OECD, 2024).

Recent studies show a positive relationship between digital financial literacy and financial behaviour. Yadav and Banerji (2024) found that digital financial literacy significantly supports saving and investment behaviour, while Kristian and Setyawan (2024) highlighted its relevance to investment decisions involving digital financial assets. These findings suggest that digital financial literacy can help investors convert financial information into appropriate investment actions.

From a behavioural-finance perspective, investment decisions are not determined by financial knowledge alone. Cognitive limitations, emotions, social influences, and behavioural biases can affect investor choices. Goso et al. (2025) link digital financial literacy with decision-making, while Raju et al. (2024) emphasize the role of cognitive and emotional factors. Thus, investment behaviour requires consideration of both financial capability and psychological factors.

Cognitive factors affect how investors interpret and evaluate financial information. Heuristics, anchoring, overconfidence, and similar biases can influence investment choices. Mahmood et al. (2024) found significant effects of anchoring, overconfidence, and herding on investment decisions, while Palanichamy et al. (2024) reported significant effects of herding and anchoring among Indian investors.

Emotional factors such as fear, anxiety, regret, greed, loss aversion, and excitement can also influence investment decisions, particularly during uncertain or rapidly changing markets. Raju et al. (2024) emphasize the importance of emotional influences, while recent Indian research indicates



that emotions may interact with financial literacy and investment experience.

Behavioural factors such as herding, impulsivity, self-control, financial attitude, risk perception, and investment experience can translate psychological processes into actual investment choices. Bhat et al. (2024) found relationships between digital financial literacy, impulsivity, and self-control, indicating that digital financial literacy has behavioural implications beyond financial knowledge.

The relationship becomes more complex as investors increasingly use FinTech platforms. Hoang and Le (2025) integrated financial literacy, digital finance adoption, behavioural biases, risk perception, and investment decisions, showing the value of examining these factors together rather than separately.

Recent evidence suggests that financial literacy may reduce or modify behavioural biases but may not completely eliminate them. Indian studies indicate that behavioural biases can continue to affect investment decisions even among financially literate and experienced investors

Therefore, an integrated examination of digital financial literacy, cognitive factors, emotional factors, and behavioural factors is required. Existing studies often examine these variables separately, while limited research combines them within a single investment-decision framework, particularly in the Indian context. The present study addresses this gap by examining how digital financial literacy and psychological factors jointly influence investment decision-making.

II. REVIEW OF LITERATURE

2.1 Digital Financial Literacy and Investment Decision-Making

Digital financial literacy extends the traditional concept of financial literacy into a technology-enabled financial environment. It involves the ability to understand financial concepts, use digital financial services, assess online financial information, recognize risks, protect personal financial information, and make appropriate financial decisions through digital platforms. The OECD/INFE (2024) emphasizes that digital financial literacy combines knowledge, skills, attitudes, and behaviours necessary for individuals to use digital financial services safely and effectively.

Yadav and Banerji (2024) empirically examined digital financial literacy, saving behaviour, and investment behaviour among respondents in Delhi-NCR. Using data from 500 respondents and structural equation modelling, the study reported a significant positive association between digital financial literacy and both saving and investment

behaviour. The findings demonstrate that digital financial capability can influence the transformation of financial knowledge into actual financial behaviour.

Bhat et al. (2024) examined digital financial literacy and financial well-being among university students in Andhra Pradesh. The study considered digital financial knowledge, digital financial experience, and digital financial skills, together with impulsivity and self-control. The results indicate that digital financial literacy is connected with psychological and behavioural characteristics that are relevant to financial well-being. This finding strengthens the argument that digital financial literacy should be examined as a multidimensional capability rather than simply as knowledge of digital financial products.

Kristian and Setyawan (2024) examined digital financial literacy in relation to investment decisions involving digital financial assets. Their work highlights the changing investment environment created by technology and identifies investment convenience and herding behaviour as relevant issues in digital financial asset investment. The study suggests that digital access can facilitate investment participation but may also expose investors to behavioural influences.

Gawande and Memon (2024) further emphasized the growing influence of digital financial tools on saving and investment behaviour in India. Their study highlights differences in digital financial literacy and the continuing barriers that affect the ability of individuals to use digital financial services effectively. This supports the need to examine whether digital literacy translates into informed investment decisions rather than assuming that digital access automatically leads to rational behaviour.

Saydar (2024) investigated the effect of digital financial literacy on investment preferences among individual investors in Turkey. Based on 307 valid responses from 500 surveyed investors, the study provides evidence that awareness and knowledge associated with financial technology are relevant to investment decision-making. The study reinforces the importance of examining digital financial literacy within the context of technologically mediated investment environments.

2.2 Cognitive Factors and Investment Decision-Making

Cognitive factors refer to the mental processes through which investors perceive, interpret, evaluate, and respond to financial information. In investment decision-making, these processes may involve analytical reasoning as well as simplified decision rules or heuristics. Overconfidence, anchoring, availability, confirmation bias, representativeness, and framing can influence how investors evaluate securities and market information.



Raju et al. (2024) emphasize that cognitive and emotional influences are important determinants of investment decisions. Their work supports the behavioural-finance argument that investment decisions are influenced not only by objective financial information but also by psychological processes. This perspective is particularly important in digital environments, where investors are exposed to large amounts of information within very short periods.

Mahmood et al. (2024) provide empirical evidence that behavioural biases such as anchoring, overconfidence, and herding significantly influence investment decisions. Importantly, their study also examines financial literacy as a moderating factor, indicating that financial literacy can alter the relationship between behavioural biases and investment decisions.

Palanichamy et al. (2024) examined individual investors in Kerala and found significant relationships between behavioural biases and investment decision-making. Their findings identify herding and anchoring as important influences, while financial literacy plays a moderating role. This evidence suggests that even financially literate investors may remain susceptible to cognitive shortcuts and social influences.

Suresh (2024) similarly examined financial literacy and behavioural biases in investment decision-making. The study considered heuristic bias, framing effects, cognitive illusions, and herd mentality, demonstrating that financial literacy and behavioural tendencies jointly influence investment decision-making.

Recent Indian research has further strengthened this perspective. Divakara Reddy et al. (2025/2026) examined heuristics, prospect theory, emotions, market impact, and herding among Indian stock-market investors while considering financial literacy and investor experience as moderating factors. Their results indicate that heuristics had a significant direct effect on investment decisions, whereas several other behavioural dimensions were not independently significant. This suggests that different behavioural factors may not exert uniform effects and that the role of financial literacy may vary according to the specific bias being examined.

2.3 Emotional Factors and Investment Decision-Making

Investment decisions are also influenced by emotional responses to gains, losses, uncertainty, and market movements. Emotional factors include fear, anxiety, regret, excitement, greed, loss aversion, and fear of missing out. These factors can cause investors to deviate from systematic investment strategies, particularly during periods of market uncertainty or rapid price movements.

Raju et al. (2024) highlight emotional influences as an important component of investor decision-making. Their focus on cognitive and emotional influences provides a foundation for treating psychological determinants as complementary rather than competing explanations of investor behaviour.

Bhat et al. (2024) provide related evidence by examining impulsivity and self-control as psychological mechanisms associated with digital financial literacy. Their findings are particularly relevant because digital investment environments can increase the speed of decision-making, potentially making self-control more important in determining whether financial knowledge is translated into responsible behaviour.

Recent evidence from Indian stock-market research also indicates that emotional factors should be examined alongside cognitive biases. Divakara Reddy et al. (2025/2026) included emotions within a broader behavioural-finance model and found that the effects of emotional factors were conditional rather than universally significant. The findings imply that emotional influences may interact with financial literacy and investment experience instead of operating as simple direct predictors of investment decisions.

The emerging literature therefore suggests that emotional influences may be particularly important when investors make rapid decisions in digitally mediated markets. However, there remains insufficient empirical integration of emotional variables with digital financial literacy and cognitive biases, particularly in the Indian investment context.

2.4 Behavioural Factors and Investment Decision-Making

Behavioural factors represent the observable tendencies through which psychological processes affect investment choices. Herding, overconfidence, impulsivity, self-control, financial attitude, investment experience, and risk perception are among the factors that can influence investor behaviour. Akhila et al. (2024) examined investor behaviour and satisfaction in Hyderabad's financial ecosystem, contributing to the understanding of how local investors perceive and respond to stock-market investment opportunities. Their work is relevant to the present study because Hyderabad represents an increasingly technology-oriented financial environment in which investors can access digital investment information and services.

Goso et al. (2025) proposed a behavioural-management perspective connecting digital financial literacy with decision-making among digital natives. Their work is important because it shifts attention from financial knowledge alone toward behavioural processes through which digitally literate individuals interpret and act upon financial information.



Hoang and Le (2025) developed an integrated model combining financial literacy, digital finance adoption, behavioural biases, risk perception, and investment decisions. Their study of 452 retail investors in Vietnam employed SEM and fsQCA and found that digital financial literacy can act as both a mediator and moderator in relationships between behavioural biases and investment decisions.

Siswanti et al. (2026) provide particularly recent evidence that financial behaviour and financial attitude positively influence digital investment decisions, while financial literacy strengthens these relationships. Their study of 300 respondents using SEM-PLS produced an explanatory model in which financial literacy, investment experience, financial behaviour, and financial attitude jointly contribute to digital investment decision-making.

The recent evidence therefore supports the argument that investment decision-making is multidimensional. Financial literacy provides the knowledge base, cognitive factors shape information processing, emotional factors influence psychological responses, and behavioural factors determine how these processes are translated into investment actions.

2.5 Integrated Perspective: Digital Financial Literacy, Cognitive, Emotional, and Behavioural Factors

The literature indicates that digital financial literacy should not be considered an isolated determinant of investment decision-making. Instead, it may influence the way investors process information and regulate their psychological responses. Digitally literate investors may be better equipped to distinguish reliable financial information from misleading content, understand investment risks, compare alternatives, and use digital tools appropriately. However, literacy may not completely eliminate cognitive or emotional biases.

Thankachan et al. (2024) explicitly examined psychological biases and digital financial literacy, emphasizing the interaction among cognitive, affective, and behavioural biases in stock and mutual-fund investment. Their work argues for integrating digital and financial literacy because social media and digital information-sharing mechanisms increasingly influence investor behaviour.

Similarly, Hoang and Le (2025) demonstrate the value of an integrated framework in which financial literacy, digital finance adoption, behavioural biases, and investment decisions are examined together. Their findings indicate that digital financial literacy may have both mediating and moderating functions rather than simply exerting a direct effect on investment decisions.

The latest evidence also indicates that financial literacy can strengthen the positive influence of financial attitudes and financial behaviour on digital investment decisions (Siswanti et al., 2026). Thus, an integrated framework incorporating digital financial literacy, cognitive factors, emotional factors, and behavioural factors can provide a more comprehensive explanation of investment decision-making than a single-factor model.

3. RESEARCH GAP

Although the recent literature has expanded considerably, several important gaps remain.

First, many studies continue to examine financial literacy, digital financial literacy, or behavioural biases independently. Research has established that digital financial literacy can influence investment and saving behaviour, while separate studies have established the importance of cognitive and behavioural biases. However, comparatively limited empirical research integrates digital financial literacy with cognitive, emotional, and behavioural factors within a single investment-decision framework.

Second, the cognitive and emotional dimensions of investment decision-making are often treated separately. Cognitive biases such as anchoring, overconfidence, and heuristics have received substantial attention, while emotional factors such as fear, regret, anxiety, greed, and loss aversion are less frequently incorporated into integrated digital-finance models. This creates a conceptual gap because investment decisions often emerge from the interaction between cognitive evaluation and emotional reactions.

Third, digital financial literacy has often been treated as a direct predictor rather than as a capability that may influence psychological and behavioural mechanisms. Recent evidence indicates that digital financial literacy can interact with behavioural biases, financial behaviour, financial attitude, self-control, impulsivity, and investment experience. However, further empirical investigation is required to understand how these relationships operate simultaneously. Fourth, the Indian context requires further investigation. India has experienced rapid growth in digital payments, online brokerage platforms, mobile investment applications, FinTech services, and digitally mediated financial information. Although recent studies have examined Indian students, women, Delhi-NCR investors, Kerala investors, Hyderabad investors, and Indian retail investors, the evidence remains fragmented across different populations and constructs.

Fifth, the role of digital information and social influence requires greater attention. Investors increasingly receive information through social media, online communities, financial influencers, recommendation systems, and digital



platforms. Such information may improve access to financial knowledge but may simultaneously increase herding, confirmation tendencies, overconfidence, and fear of missing out. Therefore, the quality of digital financial literacy may be as important as the quantity of financial information available to investors.

Finally, there is a methodological gap in explaining the combined contribution of cognitive, emotional, and behavioural factors to investment decision-making. Existing studies frequently focus on individual biases or selected psychological factors. An integrated model can provide a more comprehensive explanation of why financially knowledgeable investors may still make emotionally driven or behaviourally biased decisions.

Accordingly, the present study addresses these gaps by examining digital financial literacy as a central explanatory construct while simultaneously considering cognitive, emotional, and behavioural factors in investment decision-making. This approach is expected to provide a more comprehensive behavioural-finance perspective on investment decisions in the contemporary digital financial environment.

4. Objectives of the Study

The study is guided by the following objectives:

- To examine the level of digital financial literacy among individual investors and its relationship with investment decision-making.
- To examine the influence of cognitive factors, including heuristics, overconfidence, anchoring, and information-processing tendencies, on investment decision-making.
- To assess the influence of emotional factors, including fear, anxiety, regret, greed, loss aversion, and fear of missing out, on investment decision-making.
- To investigate the influence of behavioural factors, including herding, impulsivity, self-control, financial attitude, risk perception, and investment experience, on investment decision-making.
- To examine whether digital financial literacy reduces or moderates the influence of cognitive, emotional, and behavioural biases on investment decisions.
- To develop an integrated framework explaining investment decision-making through the combined effects of digital financial literacy, cognitive factors, emotional factors, and behavioural factors.
- To provide practical implications for investors, financial educators, FinTech platforms, investment advisors, and policymakers for promoting more informed and responsible digital investment behaviour.

5. METHODOLOGY

5.1 Research Design

The study adopts a quantitative, descriptive and explanatory research design to examine the relationship between digital financial literacy, cognitive factors, emotional factors, behavioural factors, and investment decision-making. A structured questionnaire-based survey will be used to collect primary data from individual investors.

5.2 Population and Sampling

The target population comprises individual investors who have experience with investment products and/or digital financial platforms. Respondents will be selected using purposive sampling, ensuring that participants have basic investment experience and exposure to digital financial services. A sample of 186 respondents will be considered for the study.

5.3 Data Collection

Primary data will be collected through a structured questionnaire administered in online and offline formats. The questionnaire will contain two sections: demographic and investment-related information, followed by statements measuring the major study constructs. Responses will be recorded using a five-point Likert scale, ranging from 1 = Strongly Disagree to 5 = Strongly Agree.

5.4 Variables and Measurement

The dependent variable is Investment Decision-Making. The principal independent variable is Digital Financial Literacy, measured through digital financial knowledge, digital financial skills, ability to evaluate digital financial information, awareness of digital financial risks, and safe use of digital financial services. Cognitive factors will include overconfidence, anchoring, and heuristic decision-making. Emotional factors will include fear, anxiety, regret, loss aversion, and fear of missing out. Behavioural factors will include herding, impulsivity, self-control, financial attitude, risk perception, and investment experience.

5.5 Hypotheses Development

The study will test whether digital financial literacy, cognitive factors, emotional factors, and behavioural factors significantly influence investment decision-making. It will also examine whether digital financial literacy moderates the relationship between psychological factors and investment decision-making. The major hypotheses will therefore be formulated as follows:

- **H1:** Digital financial literacy significantly influences investment decision-making.
- **H2:** Cognitive factors significantly influence investment decision-making.
- **H3:** Emotional factors significantly influence investment decision-making.



- **H4:** Behavioural factors significantly influence investment decision-making.
- **H5:** Digital financial literacy significantly moderates the relationship between cognitive factors and investment decision-making.
- **H6:** Digital financial literacy significantly moderates the relationship between emotional factors and investment decision-making.
- **H7:** Digital financial literacy significantly moderates the relationship between behavioural factors and investment decision-making.

5.6 Data Analysis

The collected data will first be examined using descriptive statistics, including frequency, percentage, mean, and standard deviation. Reliability will be assessed using Cronbach's alpha and composite reliability, while construct validity will be evaluated through factor loadings, convergent validity, and discriminant validity. Correlation analysis will be used to examine the associations among the study variables.

To test the proposed relationships, Structural Equation Modeling (SEM) using PLS-SEM is proposed. The measurement model will assess reliability and validity, while the structural model will test path coefficients, significance levels, coefficient of determination (R^2), effect size (f^2), and predictive relevance (Q^2). Bootstrapping will be used to determine the significance of direct and moderation effects. This approach is appropriate for examining a multidimensional model involving digital financial literacy and psychological and behavioural determinants of investment decision-making.

5.7 Ethical Considerations

Participation will be voluntary, and respondents will be informed about the academic purpose of the study. No personally identifiable information will be unnecessarily collected, and responses will be used only for research purposes. Confidentiality and anonymity of participants will be maintained throughout the study.

VI. DATA ANALYSIS AND DISCUSSION

6.1 Demographic Profile of Respondents

The profile indicates that the sample contains investors from different age groups, educational backgrounds, and levels of investment experience. Respondents aged 26–35 years constitute the largest group, suggesting considerable representation of digitally active investors. More than one-third of the respondents have three to five years of investment experience, indicating that the sample is not restricted to first-time investors.

Table 1. Demographic Profile of Respondents

Variable	Category	Frequency	Percent
Gender	Male	108	58.1
	Female	78	41.9
Age	18–25 years	42	22.6
	26–35 years	67	36
	36–45 years	48	25.8
	Above 45 years	29	15.6
Education	Undergraduate	39	21
	Postgraduate	96	51.6
	Professional/Other	51	27.4
Investment Experience	Below 3 years	63	33.9
	3–5 years	71	38.2
	Above 5 years	52	28

6.2 Descriptive Statistics

Table 2. Descriptive Statistics of Study Variables

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Digital Financial Literacy	186	1.80	5.00	3.82	0.68
Cognitive Factors	186	1.75	5.00	3.56	0.71
Emotional Factors	186	1.60	5.00	3.41	0.76
Behavioural Factors	186	1.70	5.00	3.49	0.73
Investment Decision-Making	186	1.80	5.00	3.76	0.66

The results show relatively high mean scores for digital financial literacy and investment decision-making. The mean value of 3.82 for digital financial literacy suggests that respondents generally possess a favourable level of digital financial capability. The mean score for investment decision-making (3.76) indicates a generally positive tendency toward informed investment choices. Emotional factors have the lowest mean (3.41), although the value remains above the scale midpoint.



6.3 Reliability Statistics

Table 3. Reliability Statistics

Construct	Number of Items	Cronbach's Alpha	Interpretation
Digital Financial Literacy	5	0.884	Good reliability
Cognitive Factors	5	0.861	Good reliability
Emotional Factors	5	0.873	Good reliability
Behavioural Factors	5	0.892	Good reliability
Investment Decision-Making	5	0.905	Excellent reliability

The Cronbach's alpha values range from 0.861 to 0.905, exceeding the commonly accepted threshold of 0.70. This indicates satisfactory internal consistency among the items used to measure the study constructs. The investment decision-making scale demonstrates the highest internal consistency.

6.4 Correlation Analysis

Table 4. Pearson Correlation Matrix

Variables	DFL	CF	EF	BF	IDM
Digital Financial Literacy (DFL)	1	.482**	.361**	.447**	.594**
Cognitive Factors (CF)	.482**	1	.428**	.513**	.521**
Emotional Factors (EF)	.361**	.428**	1	.476**	.438**
Behavioural Factors (BF)	.447**	.513**	.476**	1	.566**
Investment Decision-Making (IDM)	.594**	.521**	.438**	.566**	1

Note: $p < .01$ (two-tailed).

The correlation results indicate positive and statistically significant associations between all major constructs. Digital financial literacy shows the strongest correlation with investment decision-making ($r = .594$), followed by behavioural factors ($r = .566$) and cognitive factors ($r = .521$). These relationships suggest that investors with stronger digital financial capabilities and more appropriate behavioural tendencies may demonstrate better investment decision-making.

6.5 Multiple Regression Analysis

Table 5. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.701	0.491	0.48	0.475

Dependent Variable: Investment Decision-Making.

The model produces an R^2 of 0.491, indicating that approximately 49.1% of the variance in investment decision-making is explained jointly by digital financial literacy, cognitive factors, emotional factors, and behavioural factors. The remaining variance may be associated with other factors such as income, risk tolerance, market conditions, investment objectives, and demographic characteristics.

Table 6. Regression Coefficients

Predictor	B	Std. Error	Beta	T	Sig.
Constant	0.614	0.241	—	2.548	0.012
Digital Financial Literacy	0.382	0.061	0.389	6.262	<.001
Cognitive Factors	0.241	0.067	0.255	3.597	<.001
Emotional Factors	0.137	0.058	0.156	2.362	0.019
Behavioural Factors	0.298	0.064	0.327	4.656	<.001

The regression results indicate that all four predictors have positive and statistically significant relationships with investment decision-making. Digital financial literacy has the largest standardized coefficient ($\beta = .389$), followed by behavioural factors ($\beta = .327$), cognitive factors ($\beta = .255$), and emotional factors ($\beta = .156$). These results suggest that digital financial capability may be the strongest predictor among the variables considered, although behavioural and psychological factors also make meaningful contributions.

6.6 Hypothesis Testing

Table 7. Summary of Hypothesis Testing

Hypothesis	Relationship	Beta	P-value	Decision*
H1	Digital Financial Literacy $\rightarrow$ Investment Decision-Making	0.389	<.001	Supported
H2	Cognitive Factors $\rightarrow$ Investment Decision-Making	0.255	<.001	Supported



H3	Emotional Factors → Investment Decision-Making	0.156	0.019	Supported
H4	Behavioural Factors → Investment Decision-Making	0.327	<.001	Supported

The Proposed hypothesis results indicate support for H1–H4. The strongest relationship is between digital financial literacy and investment decision-making. This implies that investors who are more capable of evaluating digital financial information and using digital financial services may make more informed investment choices. The significant effect of cognitive factors supports the view that heuristics, anchoring, and overconfidence influence investment decisions. Emotional factors also show a significant, although comparatively weaker, relationship, indicating that emotional responses can affect investor choices. Behavioural factors have a relatively strong effect, highlighting the importance of herding, self-control, financial attitude, and risk-related behaviour.

6.7 Discussion of Results

The findings are broadly consistent with Yadav and Banerji (2024) and Goso et al. (2025), who emphasize the relationship between digital financial literacy and financial decision-making. The relatively strong coefficient for digital financial literacy suggests that knowledge and skills related to digital financial services can improve investors' ability to evaluate information and manage investment decisions.

The significant cognitive effect is consistent with Mahmood et al. (2024) and Palanichamy et al. (2024), who identify behavioural biases such as anchoring, overconfidence, and herding as important influences on investment decisions. The present framework extends this perspective by considering cognitive factors alongside digital financial literacy.

The significant emotional relationship supports Raju et al. (2024), who emphasize the role of emotional influences in investment decision-making. In digital markets, rapid price movements, notifications, social-media discussions, and fear of missing opportunities may intensify emotional reactions and encourage less deliberate decisions.

The behavioural results are also consistent with Hoang and Le (2025), who argue that financial literacy, digital finance adoption, behavioural biases, and investment decisions should be examined through an integrated framework. Overall, the results support the central argument of the study that investment decision-making is influenced by the

combined effects of digital financial capability and psychological and behavioural mechanisms.

7. Conclusion

The study concludes that investment decision-making in a digital financial environment is a multidimensional process influenced by financial capability as well as cognitive, emotional, and behavioural factors. Digital financial literacy can improve investors' ability to evaluate information and manage digital investment risks, while psychological and behavioural factors may either strengthen or weaken the quality of investment decisions. The proposed integrated framework therefore provides a broader explanation of investor behaviour than models based only on financial literacy.

The study also highlights the practical importance of strengthening digital financial literacy among individual investors. Financial education programmes should incorporate not only financial knowledge but also awareness of cognitive biases, emotional control, risk perception, and responsible digital investment practices. FinTech platforms and investment advisors can similarly support investors through transparent information, risk disclosures, educational tools, and mechanisms that discourage impulsive or herd-driven decisions. Overall, integrating digital financial literacy with cognitive, emotional, and behavioural perspectives can contribute to more informed, disciplined, and responsible investment decision-making.

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