

# Financial Literacy and Investment Behaviour of Retail Investors: A Comparative Study in Thrissur and Ernakulam Districts

**Revathy A R**

Research Scholar

Bharata Mata College, Thrikkakara

**Abstract:** *Financial literacy plays a crucial role in shaping the investment behaviour of individuals. In an era where financial markets are rapidly evolving, understanding how financial literacy influences investment decisions has become increasingly important. This study investigates the level of financial literacy among retail investors in the districts of Thrissur and Ernakulam in Kerala and analyses its impact on their investment preferences, risk-taking ability, and portfolio diversification. Using primary data from 150 respondents (75 each from Thrissur and Ernakulam), the study employs statistical tools such as t-tests and regression analysis. The findings reveal significant differences in financial literacy levels across the two districts and highlight the direct impact of literacy on investment behaviour. The study concludes with practical recommendations to enhance investor education and foster informed decision-making among retail investors.*

**Keywords:** *Financial literacy*

