



**Bahria University Islamabad**

**The Moderating Role of Perceived Risks in the  
Relationship between Financial Knowledge and the  
Intention to Invest in the Pakistan Stock Market**

A Thesis Presented to

**Bahria University Islamabad**

In partial fulfilment

of the requirement for the degree of

**MBA Finance**

by

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Spring, 2021

# The Moderating Role of Perceived Risks in the Relationship between Financial Knowledge and the Intention to Invest in the Pakistan Stock Market

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A Post Graduate Thesis submitted to Department of Business Studies as partial fulfillment of the requirement for the award of Degree of MBA (Finance)

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Intention to Invest in the Pakistan Stock Market

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## DEDICATION

This thesis is dedicated to my parents, who have raised me to the person I am today. You have been with me every step of the day, through good time and bad. Thank you for all the unconditional love, guidance and support you have given me, helping me to succeed and instilling in me the confidence that I am capable of doing anything I put my mind to. Thank you for everything.

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**Zohaib Ali Khan (01-222192-023)**

## ABSTRACT

### The Moderating Role of Perceived Risks in the Relationship between Financial Knowledge and the Intention to Invest in the Pakistan Stock Market

The purpose of this study is to look into the effects of objective financial knowledge, subjective financial knowledge, and financial attitude on the intention to invest in the stock market, as well as the moderating role of perceived risk in the relationship between financial knowledge and intention to invest in the stock market in Pakistan. The quantitative approach has been used for data collection from the investors and 209 sample responses have been retrieved from the respondents. The results have showed that financial attitude has a positive and significant effect on intention to invest. The objective financial knowledge has a positive but insignificant effect on intention to invest. The perceived risk has a negative but insignificant effect on intention to invest. The subjective financial knowledge has a negative and significant effect on intention to invest. Additionally, moderation results have showed that perceived risk has an insignificant moderation effect between all the relationships. Furthermore, decision-makers in firms whose stock is listed on the Pakistani Stock Exchange must try to lessen the perceived risks that investors face when trading their stock. Aside from dealing with investors with openness, there is a need to monitor and forecast risks throughout time, as well as look for measures to lessen the possibility of their occurring and the consequent losses.

*Keywords: Objective Financial Knowledge, Financial Attitude, Perceived Risk,  
Intention to Invest, Subjective Financial Knowledge.*



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## **LIST OF ABBREVIATIONS**

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$\alpha$	Alpha
$\beta$	Beta
$\mu$	Micro
ANN	Artificial Neural Network
AMOS	Asset Management Operating System
AVE	Average Variance Extracted
CR	Composite Reliability
FA	Financial Attitude
FK	Financial Knowledge
HTMT	Heterotrait-Monotrait (ratio of correlation)
ItISM	Intention to Invest in Stock Market
MSMEs	Micro, Small and Medium Enterprises
OFK	Objective Financial Knowledge
PFM	Perception Formation Model
PKR	Pakistani Rupee
PLS	Partial Least Squares
PR	Perceived Risk
PSX	Pakistan Stock Exchange
SEM	Structural Equation Modeling
SFK	Subjective Financial Knowledge
SPSS	Statistical Package for the Social Sciences
TPB	Theory of Planned Behavior
TRA	Threat and Risk Assessment