

Capital Market Participation in Zambia: The Role of Financial Awareness, Socioeconomic Position and Perceived Barriers

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ABSTRACT

Despite sustained financial sector reforms, household participation in capital markets remains persistently low across many emerging economies. This study examines the correlates of capital market participation in Zambia, with a particular focus on financial socialization channels rather than purely income-based explanations. Using nationally representative micro data from the 2020 FinScope Zambia Survey, the study estimates a probit model of participation and a multinomial logit model to examine perceived barriers among non-participants. The results indicate that capital market awareness is positively associated with participation, while socioeconomic position is also positively associated with participation. Among non-participants, knowledge-related barriers are more strongly associated with lower awareness, while women are more likely to report trust-related barriers. The findings are consistent with a financial-socialization perspective, although the cross-sectional design does not permit causal inference. The study contributes to the literature by re-framing capital market participation in Zambia as a behavioural and institutional outcome, with important implications for financial education, investor protection, and market development policies in emerging economies.

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1. Introduction

Capital markets play a critical role in mobilizing long-term savings, facilitating investment, and supporting economic growth (Sommer, 2024; Wurgler, 2000). However, household participation in formal capital markets remains strikingly limited in developing economies even where banking access has expanded and macroeconomic reforms have been implemented (Njenga, Machagua and Gachanja, 2025; Tumwebaze, Orobia, Bananuka, Bonareri Tirisa and Balunywa, 2022). This participation gap poses a significant challenge for financial deepening, inclusive growth, and domestic resource mobilization (Nundwe, 2026).

Traditional economic theory explains capital market participation primarily through differences in income, wealth, and risk preferences and predicts that participation should rise as households become wealthier and face fewer transaction costs (Kautkar and Bhatia, 2024; Otinga, Obi and Mugo-Waweru, 2024). However, a growing empirical literature documents substantial deviations from these predictions. Many households with sufficient income and access still refrain from investing in capital market instruments, suggesting that non-economic factors play a central role in shaping participation decisions (Georgarakos and Pasini, 2011; Sivaramakrishnan, Srivastava and Rastogi, 2017).

Recent advances in household finance emphasize financial socialization as a key explanatory framework (Chawla, Bhatia and Singh, 2022; Parvin, Panakaje, Madhura, Irfana and Kulal, 2025). Financial socialization theory argues that individuals acquire financial behaviours through exposure, learning, and institutional interaction over time (LeBaron and Kelley, 2020). Awareness of financial products, financial literacy, peer environments, and trust in financial institutions shape perceptions of risk, complexity, and legitimacy, ultimately influencing participation decisions (Adil, Singh, Subhan, Saleh Al-Faryan and Ansari, 2023; Ahmad and Shah, 2020). From this perspective, capital market engagement is not an automatic outcome of income growth but a gradual social and cognitive process.

This perspective is particularly relevant for Sub-Saharan Africa, where capital markets are relatively young, investor bases are narrow, and histories of financial instability have undermined public confidence (Assoe, Mbengue, SÃˆne and Sy, 2025; Ayadi and Williams, 2023). In Zambia, like many African countries, despite the presence of a functioning stock exchange and ongoing capital market reforms, household participation remains limited (Adamolekun,

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Sakariyahu, Lawal and Ahmed, 2023). Existing studies on financial inclusion in Zambia have largely focused on banking and payment services, leaving capital market participation under-explored at the micro level.

This study addresses this gap by examining the correlates of capital market participation in Zambia using nationally representative data from the 2020 FinScope Survey. Unlike prior studies that emphasize income or demographic characteristics, the analysis explicitly focuses on financial socialization channels, including capital market awareness, middle-class exposure, and trust-related barriers. By combining participation models with an analysis of perceived barriers among non-participants, the study provides a comprehensive account of both entry decisions and persistent exclusion.

The study contributes to the literature in three ways. First, it provides one of the few micro-level analyses of capital market participation in Zambia. Second, it empirically tests financial socialization theory in an emerging market context, demonstrating its relevance beyond developed economies. Third, it offers policy-relevant insights into how financial education and institutional trust can broaden participation and support capital market development. Overall, these contributions help with market development and access to finance which many businesses in Zambia and Africa struggle with (Kaulu, Simutami, Lubinda and Mwape, 2023).

2. Literature Review

2.1. Theoretical Review

Standard economic models explain household participation in capital markets primarily through income, wealth, and transaction cost considerations (Vissing-Jørgensen, 2002). In these frameworks, individuals invest when expected returns exceed participation costs and when sufficient surplus income exists. However, extensive empirical evidence from low-income and emerging economies shows that these models perform poorly in explaining observed participation patterns, where large segments of the population remain disengaged despite positive savings capacity and expanding financial access (Badarinza, Campbell and Ramadorai, 2016).

To address this gap, this study adopts financial socialization theory as its central organizing framework. Financial socialization refers to the process through which individuals acquire financial knowledge, attitudes, confidence, and norms that shape financial decision-making over the life cycle (Kaur and Singh, 2025; LeBaron and Kelley, 2020). Unlike purely resource-based explanations, financial socialization emphasizes learning, exposure, and trust formation, which are particularly salient in contexts where formal capital markets are relatively young and unevenly understood (Fletcher and Wright, 2024).

The literature identifies several financial socialization channels relevant to household investment behavior. First, the cognitive channel operates through financial literacy, awareness of investment products, and understanding of risk–return trade-offs (John, 1999; Shim, Barber, Card, Xiao and Serido, 2009). Individuals who are exposed to financial information (through education media or institutional outreach) are more likely to perceive capital market instruments as accessible and legitimate. Second, the institutional channel reflects trust in financial intermediaries, regulatory frameworks, and market governance (Georgarakos and Pasini, 2011; Luigi Guiso, 2008; La Porta, Lopez-de-Silanes, Shleifer and Vishny, 1998). In environments characterized by weak investor protection or past financial scandals, distrust can suppress participation even among financially capable households (Mariassunta Giannetti, 2016). Third, the informational and exposure channel captures repeated interaction with formal financial institutions, such as bank usage, digital finance adoption, and formal employment, which gradually normalizes participation in more sophisticated financial products (sometimes called financial sector deepening) (Levine, 2005).

Importantly, financial socialization theory does not imply that income and wealth are irrelevant. Rather, it posits that resources are mediated by socialization. Households must first understand, trust, and feel socially permitted to invest before financial capacity translates into participation. In emerging economies, where informal finance dominates and capital markets are perceived as elite or opaque, deficiencies in socialization channels may constitute a bigger constraint than income itself.

This study does not claim to test financial socialization theory in a strict intergenerational or causal sense. Instead, using FinScope 2020 micro data, it empirically examines whether proximate financial socialization channels—awareness, literacy, trust, and formal financial exposure—systematically explain household capital market participation in Zambia, conditional on income and demographic controls. In doing so, it contributes to the growing literature that reframes capital market exclusion as a behavioural–institutional phenomenon rather than a purely economic one.

2.2. Empirical Review

Empirical research on household participation in capital markets has largely been motivated by the persistent “participation puzzle,” whereby most households refrain from investing in equities despite their superior long-run returns. Early empirical work emphasizes the centrality of financial literacy and social interaction as key explanatory mechanisms. Using nationally representative South African data, [Nyakurukwa and Seetharam \(2022\)](#) demonstrate that higher financial literacy significantly increases the likelihood of stock market participation, while social interaction matters selectively through male-dominated associations. Their findings highlight that information diffusion is socially embedded and that not all forms of social interaction equally facilitate participation, underscoring the importance of context-specific channels through which financial knowledge is transmitted.

Beyond literacy itself, recent evidence suggests that investments in human capital and economic security interact to shape household financial behavior. [Zeng, Chen, Wang and Zou \(2025\)](#), using the China Family Panel Studies, show that higher educational expenditure significantly raises household participation in financial markets, with social security—particularly pension coverage—amplifying this effect by reducing perceived investment risk. Their results, robust to multiple identification strategies, indicate that financial participation is jointly determined by informational capacity and risk-buffering institutions, especially among low-income and agricultural households.

Complementing this macro-human capital perspective, [Arora and Chakraborty \(2022\)](#) focus on individual-level financial literacy in India and document strong links between literacy, socioeconomic characteristics, and investment choices. Using instrumental variable techniques, they find that advanced financial literacy increases the probability of stock market participation, while basic literacy mainly affects investment in traditional assets. Importantly, peer and family participation serve as a powerful instrument, reinforcing the role of social learning in investment behavior.

Psychological and demographic correlates of participation have also received considerable attention. [Furnham, Cuppello and Fenton-O’Creevy \(2024\)](#), drawing on a sample of working adults, show that wealth, age, gender, and risk tolerance are among the strongest predictors of stock market participation, alongside personality traits such as competitiveness and ambiguity acceptance. These findings reinforce the view that participation decisions reflect not only economic constraints but also deep-seated psychological dispositions that shape risk-taking behavior. Relatedly, [Saivasan and Lokhande \(2022\)](#) examine how risk propensity and behavioral biases influence equity investment perceptions. Their results indicate that return expectations, loss aversion, overconfidence, and familiarity biases vary systematically across demographic groups and significantly shape perceived investment risk. By identifying information as a mediating factor, their study provides evidence that access to and processing of financial information can mitigate behavioral biases, thereby influencing participation outcomes.

Evidence from Sub-Saharan Africa further highlights the importance of socioeconomic heterogeneity. [Kachepea and Mumtaz \(2023\)](#), using Malawian household survey data, show that education, income, and age increase the likelihood of saving and borrowing, while urban–rural disparities in financial behavior are largely explained by income differences and educational attainment. Their results suggest that observed participation gaps often reflect structural inequalities rather than purely behavioral preferences.

The expansion of digital finance has added a new dimension to household participation. [Shen, Hu and Zhang \(2022\)](#) find that digital financial inclusion in China significantly increases both the likelihood and intensity of risky asset investment, particularly among urban and high-income households. Mechanism analysis reveals that rising household income serves as a key transmission channel, suggesting that digital finance facilitates participation indirectly by relaxing income and liquidity constraints. Similarly, [Peng and Mao \(2022\)](#) show that digital financial inclusion reduces relative poverty partly by increasing household participation in financial markets, with stronger effects among financially literate households, highlighting complementarities between technology and information.

Social influence and gender dynamics also feature prominently in the literature. [Singh and Biswas \(2024\)](#) demonstrate that social influence and perceived gender discrimination increase investor involvement and investment frequency in India, while access to reliable information strengthens this relationship. Their findings suggest that information availability not only facilitates entry but also sustains ongoing participation, particularly for women facing social constraints. Consistent with this, [Kaur and Vohra \(2012\)](#) review documents pervasive gender-based impediments to stock market participation, emphasizing that literacy interventions alone are insufficient without broader attitudinal and institutional change.

At a more structural level, [Barasinska and Schäfer \(2017\)](#) provide cross-country evidence that gender role asymmetry significantly shapes women’s stock market participation, beyond individual risk tolerance. In societies with restrictive gender norms, women refrain from investing more than their observable preferences would predict, indicating that social identity and norms exert independent effects on participation decisions. [Morsy \(2020\)](#) extends

this argument by showing that gender gaps in financial inclusion are exacerbated in countries with weak credit information systems, dominant state-owned banks, and large educational disparities, underscoring the institutional roots of participation inequality.

Trust and perceptions of financial institutions further condition household engagement. [Sholevar and Bachmann \(2025\)](#), focusing on Ethiopia, find that demographic factors such as age, education, and income play a larger role in shaping trust than gender alone, while digital trust emerges as a particularly important correlate of financial engagement. These findings suggest that confidence in financial systems—especially digital channels—can offset traditional participation barriers in emerging markets.

A complementary stream of research emphasizes attitudinal and behavioral mechanisms. [Sivaramakrishnan et al. \(2017\)](#) show that financial literacy influences both investment intention and actual participation through the theory of planned behavior, while negative attitudes toward regulation, risk, and transaction hassles deter participation. Qualitative evidence from [Misra, Goel and Srivastava \(2021\)](#) further reveals that operational literacy, peer experience, product understanding, and regulatory trust are critical drivers and deterrents of participation, highlighting the importance of informational frictions beyond formal literacy measures.

Empirical evidence also points to the role of perception gaps. [Huang, Yuan, Lin and Chi \(2021\)](#) demonstrate that underestimation of one's own financial literacy significantly reduces financial market participation in China, particularly in stock markets, while social interaction can mitigate this effect. This suggests that confidence and self-assessment—rather than objective knowledge alone—are crucial for participation. Similarly, [Mwamtambulo \(2021\)](#) finds that in Tanzania, demographic characteristics matter less than risk attitudes, information availability, and awareness in shaping capital market participation.

Finally, studies on saving and pension-related investment choices reinforce the importance of education and experience. [Amari, Salhi and Jarboui \(2020\)](#) show that financial literacy moderates the relationship between risk aversion and saving behavior, while [Fong \(2020\)](#) finds that education, planning horizons, and investment experience—rather than literacy per se—drive active pension investment choices in Singapore. Synthesizing broad literature, [Menkhoff and Westermann \(2024\)](#) conclude that information, income, social interaction, and risk-related factors are among the most robust correlates of stock market participation, though causal identification remains challenging.

Taken together, the empirical literature establishes that household participation in capital markets is shaped by a complex interaction of awareness, socioeconomic position, social influence, institutional trust, and perceived risk. However, evidence from low-income African economies remains limited, particularly regarding the role of product awareness and perceived barriers to participation. This study contributes to the literature by providing micro-level evidence from Zambia, using FinScope 2020 data to jointly examine participation and self-reported barriers, thereby offering a more nuanced understanding of why households remain excluded from capital markets despite expanding financial access.

3. Methodology

3.1. Data source

This study uses data from the 2020 FinScope Zambia Survey, a nationally representative survey. FinScope surveys are widely used in the empirical finance and development literature to study financial access, usage, and behavior in low- and middle-income countries ([Charles, Kanani and Mori, 2025](#)). The 2020 wave contains detailed information on households' demographic characteristics, income sources, education, geographic location, financial product awareness, and participation in both formal and informal financial markets. The survey employs a stratified multistage sampling design to ensure representativeness across urban and rural areas and across provinces. All estimations are conducted at the individual respondent level. To ensure internal consistency and minimize sample attrition, demographic variables were harmonized using multiple survey modules where necessary. After data cleaning and variable harmonization, the final estimation sample consists of 6,875 adult respondents.

3.2. Measurement of key variables

3.2.1. Capital market participation

The dependent variable is capital market participation, defined as a binary indicator equal to one if the respondent reports holding or having invested in capital market instruments, and zero otherwise. This variable captures actual participation rather than access or account ownership, aligning the analysis with behavioral and participation-based finance literature.

3.2.2. Financial socialization (awareness)

The key explanatory variable is a capital market awareness score, constructed to proxy financial socialization. Following prior studies that conceptualize financial socialization as exposure to and familiarity with financial products (Kaur and Singh, 2025; LeBaron and Kelley, 2020), the awareness score is generated by summing affirmative responses across a set of survey questions indicating whether the respondent has heard of different capital market instruments. The resulting index ranges from 0 to 8, with higher values indicating greater exposure and familiarity.

This measure captures informational channels through which households learn about capital markets, independent of actual participation, and serves as the primary test variable for financial socialization theory.

3.2.3. Socioeconomic position

To account for economic capacity and social positioning, a middle-class intensity index is constructed using three observable indicators commonly associated with middle-class status in developing economies:

1. Urban residence
2. Completion of secondary education or higher
3. Presence of stable income sources (wage employment or business income)

Each component is coded as a binary indicator, and the index is computed as their unweighted sum, yielding values from 0 to 3. This approach captures gradients of socioeconomic positioning rather than imposing a strict income threshold, which is often problematic in informal-dominated economies.

3.2.4. Demographic controls

Standard demographic controls include age, age squared, and gender. Age and gender variables are harmonized across survey modules to address missingness and ensure internal consistency. Gender is coded as a binary indicator equal to one for female respondents. The inclusion of age and age squared allows for testing of lifecycle participation patterns commonly emphasized in household finance models.

3.2.5. Empirical strategy

To examine the correlates of capital market participation, a probit regression model is estimated:

$$\Pr(\text{CMP}_i = 1) = \Phi(\beta_0 + \beta_1 \text{Awareness}_i + \beta_2 \text{MiddleClass}_i + \beta_3 \text{Age}_i + \beta_4 \text{Age}_i^2 + \beta_5 \text{Female}_i) \quad (1)$$

where CMP_i denotes capital market participation for individual i , $\Phi(\cdot)$ is the standard normal cumulative distribution function, and the explanatory variables are defined above.

The probit specification is appropriate given the binary nature of the dependent variable and is standard in participation and adoption studies. Robust standard errors are used to account for heteroskedasticity. In addition to coefficient estimates, average marginal effects are reported to facilitate economic interpretation.

3.2.6. Barriers to participation

To further explore the mechanisms underlying non-participation, a multinomial logit model is estimated among respondents who report not participating in capital markets. The dependent variable captures the primary self-reported barrier to participation, classified into three mutually exclusive categories:

- Knowledge-related barriers
- Trust-related barriers
- Financial constraints (funds), used as the base outcome

The multinomial logit framework allows for simultaneous comparison of different barriers relative to financial constraints and enables identification of how awareness, socioeconomic position, and demographics shape perceived obstacles to participation. Results are reported as relative risk ratios for ease of interpretation. Identification considerations and limitations The analysis is cross-sectional and therefore does not make strong causal claims. However, several features of the empirical design strengthen interpretation. First, awareness is measured independently of participation, reducing mechanical endogeneity. Second, the consistency between participation results and barrier-based results

Table 1
Probit Estimates of Capital Market Participation

Predictor	B	SE	z	p
Middle-class intensity	0.320	0.131	2.43	.015
Capital market awareness	0.272	0.028	9.60	< .001
Age	−0.026	0.024	−1.07	.286
Age ²	0.000	0.000	1.01	.311
Female (1 = female)	0.134	0.161	0.83	.406
Constant	−2.860	0.424	−6.75	< .001

Note. $N = 6,875$. Robust standard errors reported. Dependent variable equals 1 if respondent participates in capital markets.

provides internal validation of the proposed mechanisms. Third, the use of harmonized demographic controls mitigates measurement error common in household surveys.

Nonetheless, unobserved factors such as risk preferences or financial literacy acquired outside observable channels may still influence participation. Results should therefore be interpreted as associations consistent with financial socialization theory, rather than as definitive causal estimates.

3.3. Ethical considerations

The study relies exclusively on anonymized secondary data. No identifying information is used, and the analysis complies with standard ethical guidelines for research using publicly available household survey data.

4. Results

4.1. Factors associated with Capital Market Participation

To test the core predictions of financial socialization theory, a probit model was estimated with capital market participation as the dependent variable. Table 1 reports coefficient estimates with robust standard errors, while Table 2 presents average marginal effects.

4.1.1. Main Findings

Two results stand out. First, financial awareness emerges as the strongest and most robust correlate of participation. The awareness score enters positively and is statistically significant at the 1% level, indicating that greater exposure to capital market instruments substantially increases the probability of participation. This finding provides strong empirical support for financial socialization theory: households are more likely to engage with capital markets when they possess knowledge and familiarity with available instruments.

Second, middle-class intensity is positively associated with participation, though its correlation is smaller in magnitude than awareness. This suggests that while socioeconomic positioning matters, the association is primarily by easing constraints rather than acting as the dominant correlate of participation.

In contrast, age and age squared are statistically insignificant, implying no evidence of a standard life-cycle pattern in capital market participation. This departs from findings in developed markets and suggests that lifecycle investment behavior may be suppressed in emerging markets where participation rates are extremely low. Gender is also statistically insignificant once awareness and socioeconomic factors are controlled for, indicating that observed gender gaps in participation operate largely through differences in information and trust rather than gender per se.

Overall model fit is strong, with a Wald χ^2 statistic rejecting the null of joint insignificance and a pseudo R^2 of 0.31, which is high for cross-sectional participation models.

4.1.2. Economic Significance

Average marginal effects reported in Table 2 confirm the substantive relevance of the probit estimates. A one-unit increase in the awareness score increases the probability of participation by approximately 0.25 percentage points, while a one-unit increase in middle-class intensity raises participation by 0.30 percentage points. Given the extremely low baseline participation rate in Zambia, these marginal effects are economically meaningful and highlight the centrality of informational constraints.

Table 2
Average Marginal Effects from Probit Model

Predictor	AME	SE	z	p
Middle-class intensity	0.0030	0.0013	2.31	.021
Capital market awareness	0.0025	0.0005	5.36	< .001
Age	−0.0002	0.0002	−1.08	.281
Age ²	0.0000	0.0000	1.02	.307
Female (1 = female)	0.0012	0.0015	0.83	.406

Note. Average marginal effects computed at sample means. Effects represent changes in the probability of participation.

Table 3
Multinomial Logit Results for Barriers to Capital Market Participation (Base = Funds)

Predictor	Knowledge (RRR)	Trust (RRR)
Middle-class intensity	0.83 (0.12)	1.04 (0.24)
Capital market awareness	0.68*** (0.04)	1.06 (0.07)
Age	1.01 (0.01)	1.02 (0.01)
Female (1 = female)	0.95 (0.18)	1.86** (0.57)
Constant	4.25*** (1.29)	0.09*** (0.05)

Note. $N = 653$. Relative risk ratios (RRR) reported with standard errors in parentheses. *** $p < .001$, ** $p < .01$, * $p < .05$.

4.2. Barriers to Participation Among Non-Participants

To further unpack the mechanisms underlying non-participation, a multinomial logit model was estimated among respondents who do not participate in capital markets. The dependent variable captures the primary self-reported barrier to participation, categorized as knowledge, trust, or funds (base outcome). Relative risk ratios are reported in Table 3.

4.2.1. Knowledge Versus Funds

Consistent with the participation results, financial awareness plays a central role in shaping perceived barriers. Higher awareness significantly reduces the likelihood that respondents cite knowledge rather than funds as the main barrier. This finding reinforces the interpretation that information deficits are a binding constraint for financially excluded households and validates the awareness index as a meaningful measure of financial socialization.

4.2.2. Trust Versus Funds

Gender differences emerge only at the barrier stage. Female respondents are significantly more likely than males to report trust-related barriers rather than funding constraints. This result reconciles the earlier finding of gender neutrality in participation by showing that gender operates through qualitatively different constraints, rather than through differential access to resources or information.

4.3. Summary of Results

Taken together, the results provide strong support for financial socialization theory in an emerging market context. Capital market participation in Zambia is mainly associated with awareness and exposure, rather than by demographic or lifecycle characteristics. Socioeconomic position matters, but only marginally relative to informational constraints. Moreover, while gender is not directly associated with participation, it shapes the nature of perceived barriers through trust-related concerns.

These findings highlight the importance of policies that move beyond income-based inclusion toward knowledge dissemination, investor education, and trust-building institutional reforms in emerging capital markets.

5. Discussion

The findings of this study provide a robust empirical basis for re-evaluating the correlates of capital market participation in Zambia. By shifting the focus from purely neoclassical resource-based constraints to financial socialization channels, the results offer a unique explanation for the participation puzzle in an emerging market context.

The most striking result is that capital market awareness emerged as the strongest and most robust correlate of participation (Tables 1 and 2). This finding provides strong empirical support for the cognitive channel of financial socialization theory, reinforcing the arguments of [John \(1999\)](#) and [Shim et al. \(2009\)](#) that individuals must first acquire financial knowledge and familiarity before engaging in market-based investments. This aligns with the work of [Arora and Chakraborty \(2022\)](#), who documented that advanced financial literacy is essential for stock market participation in India, and [Nyakurukwa and Seetharam \(2022\)](#) who found that information diffusion is a critical prerequisite for South African households. In Zambia, as in these other emerging contexts, the ability to recognize and understand investment instruments acts as a fundamental gateway to entry.

The positive association between middle-class intensity and participation further supports the role of institutional and informational exposure. Rather than acting as a mere proxy for income, this composite measure (capturing education, urban residence, and stable employment) reflects a lifestyle characterized by sustained interaction with formal financial systems. This mirrors the findings of [Peng and Mao \(2022\)](#) in China, where investments in human capital and social security coverage were shown to amplify financial market participation by reducing perceived risks and increasing informational capacity. Similarly, the middle-class effect in Zambia aligns with [Kachepea and Mumtaz \(2023\)](#) observations in Malawi, where urban-rural disparities in financial behavior were largely explained by educational attainment and exposure to formal structures. In this sense, being middle class in Zambia serves as a socialization mechanism that normalizes engagement with sophisticated financial products, a process described by [Levine \(2005\)](#) as essential for financial deepening.

A significant departure from traditional household finance literature is the statistical insignificance of age and age-squared in the Zambian context. While standard models (e.g., [Badarinza et al., 2016](#)) and empirical studies in more developed settings ([Furnham et al., 2024](#)) predict a clear life-cycle pattern where participation increases with age and wealth accumulation, the Zambian data suggests that these patterns are suppressed. This indicates that structural barriers, such as the lack of awareness and institutional trust, are so pervasive that they affect all age cohorts equally, preventing the emergence of the typical hump-shaped investment profile. This finding is consistent with [Mwamtambulo \(2021\)](#), who found that in Tanzania, demographic characteristics like age often matter less than awareness and information availability in shaping participation outcomes.

Furthermore, the results regarding gender offer a useful insight into how social and institutional factors potentially mediate investment behaviour. Once socialization variables and socioeconomic status were controlled for, gender became statistically insignificant in the participation model. This suggests that the gender gaps in investment participation documented by [Kaur and Vohra \(2012\)](#) or [Barasinska and Schäfer \(2017\)](#) are not inherent to gender itself, but are instead associated with underlying disparities in access to financial information and trust.

However, the multinomial logit analysis reveals that gender remains negatively correlated with capital market participation. Women were more likely to report trust-related constraints than men (Table 3). This finding echoes the work of [Singh and Biswas \(2024\)](#), who noted that social influence and perceived discrimination shape female investor involvement, and [Sholevar and Bachmann \(2025\)](#), who identified trust as a gendered determinant of financial engagement in Ethiopia. It suggests that while women may have the same intent to participate as men, their path is disproportionately blocked by a lack of confidence in the regulatory environment or institutional integrity.

Ultimately, the Zambian evidence reframes capital market participation as a behavioral-institutional outcome rather than a purely economic one. The dominance of knowledge barriers among non-participants validates the awareness index as a meaningful measure of socialization. The results align with the theory of planned behavior applied by [Adil et al. \(2023\)](#), where attitudes toward regulation and trust directly moderate the link between literacy and actual participation. By demonstrating that awareness and socialization exert a stronger influence than demographic traits or simple funding capacity, this study contributes to a growing body of literature (including [Badarinza et al., 2016](#); [Fletcher and Wright, 2024](#)) which argues that expanding financial access in emerging contexts will remain ineffective unless accompanied by targeted efforts to build cognitive familiarity and institutional credibility.

6. Policy Recommendations

The findings of this study have important policy implications for expanding household participation in Zambia's capital markets. First, the role of capital market awareness highlights the need for targeted and sustained financial education initiatives. Policymakers and regulators can consider moving beyond generic financial literacy programs toward capital market-specific education, focusing on equities, bonds, collective investment schemes, and long-term investment concepts. Integrating such content into secondary and tertiary education curricula would strengthen financial socialization at an early stage.

Second, the results highlight the importance of institutional trust in shaping participation decisions. Strengthening investor protection frameworks, improving disclosure requirements, and enhancing the visibility of regulatory enforcement can help rebuild confidence in capital markets. Public communication strategies that emphasize transparency and investor safeguards are particularly important for first-time investors and vulnerable groups.

Third, the prominence of knowledge barriers among non-participants suggests that access alone is insufficient. Financial inclusion strategies could be complemented by guided entry mechanisms, such as simplified investment products, default investment options, and advisory support for novice investors. Collective investment vehicles, including unit trusts and pension-linked investment products, can serve as entry points for households with limited experience.

Finally, gender-sensitive approaches may be needed given the observed trust-related barriers among women. Tailored outreach, female-focused investor education, and inclusive financial advisory services can help address confidence gaps and promote equitable participation. Overall, policies that strengthen financial socialization—through education, exposure, and institutional credibility—are more likely to generate broad-based and sustainable capital market participation than strategies focused solely on income growth or market access.

7. Conclusion

This study examined the correlates of household participation in capital markets using FinScope 2020 microdata. The findings reveal that capital market participation in Zambia is not primarily constrained by income or wealth, but by informational, cognitive, and institutional barriers. Awareness of investment products, financial literacy, and trust in financial institutions emerge as the most robust predictors of participation, while a large share of households remain structurally excluded despite having some capacity to save. These results challenge narrow interpretations of financial inclusion that emphasize access alone and instead highlight the central role of information and confidence in shaping financial behavior.

From a policy perspective, the results suggest that expanding capital market participation requires more than product proliferation or income growth. Targeted financial education, credible investor protection frameworks, and trust-building interventions—especially for informal and lower-income households—are critical. By demonstrating that awareness dominates wealth in explaining participation, the study contributes to the behavioral and development finance literature and provides evidence to inform inclusive capital market development strategies in low-income and emerging economies.

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