

ABSTRACT

The main focus of study was to establish the relationship between financial literacy and derivative market participation of Pakistan. This study uses descriptive design targeting population was 55,679 investors of Pakistan. As a sample 700 investors were selected from both the market of Pakistan (PSX, PMEX) because financial derivatives are traded in the PSX and only commodity based derivatives are traded in the PMEX. Data has been collected through questionnaire and presented in the form of charts and tables. The study reaches a point to say that investors are financially literate. This study find out that financial literacy is effected by different factors like money management and saving, credit and loan management, financial investment and planning, insurance and retirement planning, age, education and gender which help to choose to participate in the derivative market. This study finds the strong relationship between financial literacy and derivative market of Pakistan.