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The Impact of Audit Quality Factors on Investor Confidence in Vietnamese Capital Markets: The Moderating Role of Financial Literacy

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Abstract - **This research examines the effects of audit quality characteristics and the moderating effect of financial literacy on the investor confidence in the capital market in Vietnam. This study fills the gap in the existing literature by analyzing perceptions of financially sophisticated investors on attributes of audit quality like Reputation of the Audit Firm, Timeliness of the Audit, Transparency of the Audit, and Compliance with the Rules and Standards of Auditing. The primary objective of the study is to determine whether investors, particularly those with financial literacy, lower their confidence due to perceived lack of control over finances and whose perceptions are shaped by financial literacy. Using quantitative techniques, data was gathered via questionnaires from 315 individual and institutional investors in the Vietnamese financial market which using three step hierarchical regression analysis (MRA) to explore the relationship between the variables. The findings indicated that audit quality attributes are critical to enhancing investor confidence, while the enhanced knowledge of finance mitigated the adverse influence of the Reputation of the Audit Firm, Transparency of the Audit, and Compliance with Rules and Standards of Auditing. The finding of this study, however, is that there was no significant moderation effect discovered on the timeliness of the audit. Based on the findings it can be concluded that although audit quality is fundamental to trust in the financial information of the company, it is clear that financially literate investors do not tend to repose much trust in the assurance of the results of the audit, but rather, on another financial analysis conducted their own analyses independently. For auditing firms and regulators in Vietnam, this statement highlights the need to bolster the credibility of audits while enhancing transparency and timeliness of reporting in order to retain investor trust. This research helps in understanding the relationships between the quality of audits and the actions of investors, giving useful insights for developing financial markets which have comparable circumstances as Vietnam.**

Keywords: **Audit Quality, Investor Confidence, Capital Market, Financial Knowledge, Vietnam**

I. INTRODUCTION

The quality of auditing plays a crucial role in ensuring transparency and financial accountability in the capital market. Audit quality is often associated with the honesty and reasonableness of financial reports, providing reliable and accurate information that aids investors in making sound economic decisions (DeFond & Zhang, 2014), reducing information asymmetry, and fostering trust among stakeholders

In the context of developing countries like Vietnam, auditing quality is of paramount importance due to incomplete legal frameworks and relatively new institutional structures that do not fully support effective governance. Reliable financial reports can promote investment and economic growth, while a lack of trust may lead to capital flight and market instability as investors seek safer havens for their funds.

In recent years, the Vietnamese capital market has demonstrated strong growth potential due to stable macroeconomic conditions. Robust economic growth, stable exchange rates, well-controlled inflation, and stable capital structures have led to significant growth in the period 2014-2024, with the stock market growing from 46% to 55% of GDP, government bond market from 10% to 23% of GDP, and corporate bond market surging from 2% to 15% of GDP (Pham et al., 2025). Despite catching up with other regional markets in terms of scale, Vietnam's capital market has yet to fully perform its crucial functions for the economy. Despite a large market capitalization, the average annual capital raised through equities over the past five years has only reached 88 trillion VND (approximately 4 billion USD). Bonds dominate, with an annual average of 244 trillion VND (10 billion USD) in government bonds and 386 trillion VND (16 billion USD) in corporate bonds issued. However, corporate bonds mainly focus on two key sectors: real estate and banking (Spence, 1973). Savings mobilization through institutional investors remains limited, with Vietnam's total institutional investor scale reaching only 18% of GDP in 2023, lower compared to other countries, indicating untapped potential in Vietnam's capital market. This limitation hinders long-term capital provision, especially for infrastructure, which would require approximately 2-4% of GDP annually, particularly from the private sector. The low participation rate of institutional investors also restricts opportunities for less experienced investors to engage in the market through

professional intermediaries. To attract individual and institutional investors domestically and internationally, improvements in market accessibility and transparency are needed. In this scenario, the trust a reliance on audited financial reports is critical for fostering trust in the capital markets, especially among investors. Although that goal can undoubtedly be achieved using high quality audited reports, audit quality alone does not determine its adequacy, it is also dependent upon the investor's comprehension and assessment capabilities on audit reports. The stock market in comparison to other markets has a lesser voluntary participation rate. Studies show that knowledgeable individuals are more likely to participate in the stock market because they are capable of handling the financial information at hand. In the same spirit, (Verma & Pillai 2023) showed that high levels of financial literacy will increase the ability of the person to comprehend elaborate and sophisticated financial data thus, decreasing the requirement for external confirmation such as quality of audit. Hence, it is assumed that financial literacy strengthens confidence among investors and influence how they perceive the relationship between factor(s) of audit quality and investor confidence in the capital market in Vietnam.

Numerous studies, both within Vietnam and globally, have been conducted regarding the association of trust and the quality of auditing. It is widely accepted that trust is influenced by the quality of the audit provided. For instance, the study by DeFond and Zhang (2014) indicates that a high level of an audit's quality mitigates the problem of asymmetric information regarding the probed financial statements. Other industries, such as insurance, banking (Pham et al., 2025), along with other industries, seem to have received more focus than the capital market. The quality of audits in capital markets have more complexities compared to other sectors due to the intricate legal context and regulatory environment that surrounds capital markets as well as the higher risks involved. Hence, we try to address this problem by looking at how different aspects of the quality of an audit affects trust of investors in the capital market of Vietnam.

Despite the overwhelming amount of available literature focussing on the impact of quality of audit on investor confidence, very little attention has been given on the extent to which an investor's knowledge of finance alters or mediates this relationship. This gap is particularly important because an investor's financial knowledge, which can significantly shape their understanding of audit quality, remains overlooked. Furthermore, audit quality incorporates different dimensions which are the reputation of audit firm, audit timeliness, audit transparency, compliance with auditing international standards policies set by international bodies (Knechel et al, 2013). These factors have been studied individually in some contexts, yet tend to be neglected in aggregate with regards to trust in emerging markets such as Vietnam. Thus, our study examining the moderating role of financial knowledge on the relationship between factors of audit quality and investor trust within the Vietnam capital market bears important theoretical relevance.

We aim to clarify the extent of the impact of these variables, and notably, this is the first study to explore this issue in the context of Vietnam's capital market. Our research aims to achieve the following objectives:

(i) First, evaluate the impact of audit quality factors such as the reputation of the audit firm, timeliness of auditing, transparency of auditing, and adherence to international standards on investor trust in Vietnam's capital market.

(ii) Second, examine the moderating role of financial knowledge in the relationship between audit quality factors and investor trust.

(iii) Third, based on the research results, propose detailed recommendations that stakeholders can implement to enhance investor trust.

Our study uses regression analysis with a sample of 315 individual and institutional investors in Vietnam's capital market to test the hypotheses Bamber et al. (1993). The results have significant implications for stakeholders in contributing to the stability and growth of Vietnam's capital market. Subsequent sections will provide an overview of the literature and hypothesis development, research methodology, results, discussion and conclusion, contributions, and limitations.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Theoretical Basis

Audit Quality

Auditing services are specific and highly specialized services. Therefore, unlike the services of other professions, the quality of auditing services is not easy to observe or evaluate. There is often a certain gap in the opinion or level of satisfaction between users and service providers about audit quality, which affects the perception and evaluation of audit quality.

For users of financial statements they believe, high audit quality means no material misstatement on the financial statements (Okolie, 2007). Meanwhile, auditors conducting audits can determine that high quality audit means satisfactory completion of all assigned tasks and compliance with audit methods and procedures prescribed by the auditing firm. In addition, audit firms may assess a high quality audit as one that avoids the risks of inspection or litigation. From the above analysis, it can be seen that for each subject involved in the audit process, the views on audit quality will be different (Watkins et al., 2004).

For investors, the primary aim of using an audit's results is to make informed economic decisions. For this reason, an audit report directly impacts the economic advantages or losses of

these subjects. Research indicates that audit report users set expectations beyond what auditors consider is within their responsibility bounds; such as: (i) providing an opinion about the accuracy and reasonableness of the financial statements, (ii) expressing an opinion about fraud that may arise, and (iii) passing judgment as to non-compliance. Such an unreasonable expectation furthers the requirements that users have to the service's quality from the audit profession, which some studies claim includes, from this group's perspective, the auditing quality and the credit rating of publicly traded companies (Johnstone-Zehms et al., 2015); or the capacity of audit opinions to deliver sufficient information to investors (DeFond & Zhang, 2014); or the capacity of auditors not to issue unqualified reports on the financial statements with material misstatements (Lee et al., 1998); or the accuracy of financial information included in the financial statements after audit (Maijoor & Vanstraelen, 2006; Jia & Zhang, 2013; Hassan & Oladipupo, 2019); or the competence of the auditors in detecting and preventing frauds on the financial statements (Krishnan, 2003; DeFond & Zhang, 2014). Hence, in the viewpoint of the investors, a quality audit is performed when the investors are content with the trustworthiness of the financial statements with respect to its figures, cleansing narrative, and overall judgment, therefore guarantees fraud in the financial statements will be found and prevented. As a result, such investors would be able to make informed economic decisions—whether to invest or enter into a business partnership (Ball et al., 2000; Boiral et al., 2020)

Investor Confidence

Investor confidence is an important determinant of capital market stability and growth, reflecting the confidence and optimism that investors have for the fairness, efficiency, and reliability of the financial system in the market. It is defined as the level of confidence investors hold pertaining the safety of investments, credibility of provided financial data, and the smooth functioning of the market free of conspiracies. Investor trust is subjective and relates both to emotions and cognition. The cognitive aspect contains trust in the adequate and reliable financial information and its disclosure, the functioning of the market, and action of the regulators. The emotional aspect shows the degree of relief experienced by the investors while trading in such markets that are regarded as calm and resolvable.

Financial Literacy

Financial literacy has been defined as the knowledge and skills an individual possesses to understand, interpret, and utilize effectively finance-related concepts to make decisions (Lusardi & Mitchell, 2014). It includes awareness of basic financial elements such as investment, saving, interest, inflation, and risk as well as their application in real life. Financial literacy means going beyond personal finance; it embodies skills and actions aimed at analyzing available data and making informed decisions based on that data in different situations.

In research, financial literacy is frequently evaluated through standardized tests or survey instruments. For example, a survey including questions meant to gauge understanding about basic concepts like interest, inflation, and risk management. Some research explores more advanced concepts such as the risk-return trade-off, financial securities, and taxation. Depending on the context of the study, financial literacy can also be assessed through proxies like one's confidence in their financial knowledge or their financial self-management behaviors. For this study, financial literacy is assessed as a moderating variable on how investors perceive and respond to audit quality measures.

Some Foundational Theories

Agency theory as explained by Jensen & Meckling (1976) views relations between a company's owners and its managers. It suggests that issues of moral hazards and adverse selection stems from the fact that managers pursue self-service actions instead of seeking to maximize profit for the owners. Higher quality audits are more likely to protect the balance of management and investors' needs and therefore reduce the likelihood of misreporting (DeFond & Zhang, 2014). In this case, we rely on agency theory to highlight quality of audits determining factors such as company image, punctuality, clarity, and following prescribed guidelines on trust by the investors. In Vietnam, as in many emerging markets with developing capital markets, where the level of enforcement of regulations and the level of corporate governance are at their infancy, the audit function helps resolve agency problems and enhance confidence in financial statements (Rabet & Mousavi 2017).

Signal theory, being the first of its kind (Galamić et al., 2022), explains the measures taken in a firm and auditor's relationship on how they convey their reputation and quality using signals that contain value information to an investor who has less information. In financial reporting, audits of high quality are considered as indicators of a firm's proprietary disclosure, reliability, and its willingness to be examined. It is generally accepted that these signals form the basis for estimating whether the financial risk is low or high, and thus leads to the correct economic decision. For instance, audits prepared by large accounting firms and specially the Big Four are more often than not perceived to be trustworthy owing to their strict internal standards and high discrimination power (Francis & Yu, 2009). This aids the enforcement of international standards as the compliance with International Standards on Auditing ISA is proof of adherence to international standards. In this research, we look at Vietnam's capital market from the perspective of signal theory in order to understand the investors' perception concerning the factors of audit quality.

Moderation theory. Baron and Kenny's (1986) moderation theory posits that a third parameter or moderating variable can change the strength or type of relationship between two other variables. This research aims to apply moderation theory to determine how financial knowledge affects the relationship between audit quality factors and trust of

investors. Audit of high quality usually enhances investor trust, but this effect may differ according to the investors' financial literacy levels. Financially literate investors can accurately interpret and evaluate financial information, including audit reports, thus deepening their trust in the reliability of financial statements prepared under audit. On the other hand, investors with low financial literacy may depend heavily on uneducated molds such as image and the advancement of the report to evaluate the rationality of the information that is given.

Hypothesis Development

The reputation of the auditing firm and it's impact on the capital market's investor confidence

An auditing firm's reputation can be defined as its dependability which encompasses its integrity, the quality of its services, auditing or assessment of any organization. A Francis report states that this can be attributed to the compliance to set standards, level professionalism of given, ethics, and proficient work (accuracy) in auditing (Yu, 2009). It has been argued that due to available resources, these well known firms are better positioned, due to available resources, these well known firms are better positioned, due to available resources, these well known firms are better positioned to offer reliable, high quality audits (Francis & Yu, 2009). This reputation is grounded on expected independence, integrity, and competency which makes investors trust audited finacial documents more. Reputable companies cause firms to have lower capital costs and greater trust from investors. This is because reputable auditing firms, as advanced in Choi et al. (2010), are less likely to risk their integrity for the sake of clients because they don't incur halting financial blunders, as Francis & Yu (2009) and Harymawan et al. (2017) stated. Trust is also derived from the fact that income and retrospective gaps are muzzled more heavily in firms supported by Big Four auditing companies, and as Choi et al. (2010) pointed out, increased perceived audit quality drives increased trust also emerging from greatly reduced information asymmetries.

In developing countries, enforcement of regulations is often weaker, Al-Ajmi (2009) found that investors place significant trust in firms audited by reputable auditing firms, using an audit firm's reputation as a signal of financial reporting reliability.

However, Lawrence et al. (2011) argue that the perceived advantage of Big Four audit firms does not always translate into higher audit quality or investor trust, especially in cases where firms engage in earnings manipulation even when overseen by reputable audit firms. In addition, some studies suggest that an audit firm's reputation can be considered a commodity, meaning that investors may not be able to distinguish audit firms if they rely primarily on regulatory compliance rather than internal audit quality (Knechel et al., 2013).

Despite evidence of contrary results, the majority of studies support a positive relationship, especially in the context of weaker investor protection or less transparent disclosure of financial information. Even when institutions report low or negative impacts, latter findings tend to shift dependent on context such as having a robust regulatory framework, or the existence of experienced capital market investors who do not depend on guides like an audit firm's reputation. Considering that Vietnam has a developing capital market, the reputation of the auditing firm remains a notable signal for investors. Thus, we state the following hypothesis:

H1: Audit firm reputation has a positive relationship with investor confidence in the Vietnamese capital market.

Timeliness Of Audits and Investor Confidence in the Capital Market

The timeliness of auditing is defined by how long it takes to finalize and issue audit reports in relation to the financial year's end. Investors' perception on the reliability of financial reports and value placed on risks and trust in financial information is enhanced by timely audit reports. It was further shown that audits are performed in a timely fashion are positively associated with higher market valuation which shows the effectiveness of the audit, along with the management, overseeing the operations of the enterprise. The findings illustrate how timely audits increase the confidence of the investor by diminishing the asymmetry gap of the information available. Some of the studies conducted on the quoted companies in Nigeria argued that timely audits do reduce the asymmetry gap of the information and enhance the confidence of investors, particularly in a comparatively regulated environment where the rules governing the financial reporting are weak. Knechel and Sharma (2012) also observe that a direct relation exists between timely auditing and higher quality audits due to the reason that the auditors' work is done on time and in a reasonable period, thus which indicates that he has the ability to deal with financial issues raised in the reports.

Coordination between the timeliness of the audit and the trust investors place in a company seems to go hand in hand, although other studies highlight some neutral-or-negative influences regarding audit completion timeliness being negatively impactful. Taking an approach from an industry perspective, Bamber et al. (1993) propose that… timeliness is needed, but not at the expense of quality. Investors do not perceive the rapid completion of the audit as an unequivocal advantage, particularly when the suspicion arises that the audit quality is being undermined. Furthermore, Habib & Bhuiyan (2011) point the issue suggesting that in intricate operations the significance of audit completion in regard to averting postponement is less critical; the investors more tend to focus on the precision and exhaustiveness of information rendered rather than time. Moreover, authority context shapes how strongly the importance to achieve a deadline is perceived. For example, less so in tightly regulated jurisdictions such as the United States – where one finds the other parts of the regulatory maze of rules in accounting, and

auditing – the effect of audit schedule incursion on the investor concentration appears to be weaker than in lightly governed systems. In summary, the bulk of the literature is consistent with the view that increased audit timeliness results in stronger investor trust. It follows that we can advance the subsequent hypothesis:

H2: The timeliness of auditing has a positive relationship with investor trust in the Vietnam capital market.

Audit Transparency and Investor Confidence in the Capital Market

In auditing, transparency pertains to the detail, clarity, and openness of an audit including the audit's reporting disclosure, methodology, and KAM (DeFond & Zhang, 2014). Research suggests that transparency in auditing improves investor confidence by increasing the reliability of the information provided, with uncertainty reduced. For instance, I was found in the United States that KAM disclosure enhanced investors' perceptions of audit quality as they explained how key risks were managed and addressed by the auditors. It was also shown that the European Union increased the perceived credibility of audit reports, particularly for high risk firms, due to increased reporting criteria that emphasized transparency by disclosing KAM. Alongside these findings, suggest that KAM disclosure audits increased investor confidence and lowered the cost of capital for shareholders, which is a sign of improved audit quality. International Standards on Auditing (ISA) mentioned by DeFond & Zhang (2014) observe the KAM principle supporting that global standards reduce the information gap and improve efficiency in the market, strengthening confidence in financial reporting. In countries like Vietnam regarded as developing markets, Pham et al.

As a result of their study, (2025) reported that transparent audits, most evidently KAM audits along with the relevant methodologies, enhanced investor trust by mitigating worries pertaining to corporate governance and the accuracy of the financial reports. Even so, some researchers note gaps pertaining to the lack of transparency within auditing. For example, Gutierrez et al. (2018) observed that because investors do not possess expert knowledge, they often cannot decipher the KAM disclosure's jargon which does little to sharpen their confidence. According to (Prabadevi et al., 2024) transparency taken too far can cause information overload which serves to confuse investors and obscure important facts, thereby becoming detrimental to trust-building. Additionally, in a study from Lawrence et al. (2011), it was shown that in developed countries with sound investor protection systems, the advantage of increased transparency of auditing greatly wanes as other methods, such as regulation. Most findings though have sustained that transparency relative to auditing increases trust which is why we construct the following hypothesis:

H3: The transparency of auditing has a positive relationship with investor trust in the Vietnam capital market.

Adherence to Global Norms and Trust of the Investors on the Capital Market

Following global auditing standards facilitates the maintenance of uniformity, dependability, and quality in audit operations within different legal frameworks, thereby facilitating jurisdictions, and financial confidence in the global capital market. These standards seek to integrate and harmonize the accounting and auditing systems to lower the information gap and improve confidence by investors.

Most suggested studies have shown that adherence to international standards increases investor confidence through improved quality and dependability of financial reports. Daske et al. (2008) noted that the adoption of IFRS improved the transparency and international comparability of the financial information which fostered investor confidence by enhancing the reliability of the financial information. Likewise, Chen et al. (2010) remarked that the adoption of IFRS in 15 EU countries enhanced the comparability of financial reports, reduced the level of earnings manipulation, and increased investor confidence Ball (2006); Chen et al. (2010). Mandatory adoption of IFRS in the EU positively impacted market liquidity and investor trust by minimizing information asymmetry.

However, some studies argue that mandatory adoption of IFRS in France, the United Kingdom, and Australia had minimal impact on earnings comparability due to institutional factors such as enforcement of regulations and existing practices limiting the benefits of compliance Similarly, (Huong & Dung 2023)emphasized that the effectiveness of IFRS depends heavily on enforcement, noting that weak regulatory environments can result in superficial compliance, inconsistencies in financial reporting, and reduced investor trust. Ahmed et al. (2013) observed that mandatory IFRS adoption sometimes led to increased income smoothing. It was further argued that the benefits of IFRS compliance were not uniform, with firms in mature markets or those with strong pre-existing reporting practices seeing limited additional advantages, thereby having minimal impact on investor confidence. Finally, Francis & Wang (2008) found that while ISA adoption in developing countries theoretically improved audit quality, inconsistent application due to limited resources and expertise often restricted its ability to enhance investor trust.

H4: Compliance with international standards has a positive relationship with investor confidence in the Vietnamese capital market.

The Regulatory Role of Financial Knowledge

Investors' confidence in capital markets depends heavily on financial data, which is often ensured through the quality of audits. High-quality audits - characterized by a firm's reputation, timeliness of audit reports, transparency of audits, and compliance with international standards - are designed.

Depending on the level of financial literacy possessed by the investors, the impact of different audit quality elements on investor trust may differ. Information analyzing capability enables financially literate and bound investors to have less dependency on audits. This shows financial literacy facilitates the relationship between audit quality and investor confidence by significantly acting as a weak moderating variable.

An audit that meets the set standards of a profession includes no material inaccuracies in the financial statements, and thus, an investor is assured that proper financial reporting has been done. According to Francis (2011), audit quality is crucial in addressing the problem of information asymmetry within the market and its functionality because of the caveats therein. It constitutes the primary advance indicator of the credibility of financial reports for those investors who do not know finance and who do not have the ability to carry out a rational appraisal of the financial data made public. For instance, Gul et al. (2013) showed f in the Chinese capital market that, the effect of audit quality is more beneficial for individual investors who have low financial literacy compared to institutional investors who have a higher level of financial literacy These results illustrate the importance of audit quality as a signal especially for financially illiterate investors appraising the accuracy of the reported information in relation to the financial statements.

Competences at a financial literacy level allow individuals to evaluate reports, estimate risks, and draw personal conclusions which reduces dependence on other assurance means such as audit quality. A survey conducted by accountants with investors in the Netherlands noted participants with higher financial literacy proportions displayed unassisted information evaluation confidence and therefore were less dependent on audit quality. Likewise, Agyei-Mensah (2019) noted in his survey Ghanaian investors had higher financial literacy levels and therefore better analyzable financial reports which lessened their dependence on the quality of audits performed. These findings are in alignment with, who claimed that among the reasons why there is less emphasis placed on the audit opinion in the works of experienced investors during financial data credibility checks is the analysis of the financial statements performed prior to the audit which they deem sufficient.

H5: Dollar amount is expected to decrease the magnitude of the effect that all the factors of audit quality have on trust in the capital market by investors.

H5a: Financial intelligence is presumed to act as moderator with a negative impact between reputation of the auditing firm and trust by investors.H5b: Knowledge of finances is postulated to weaken the effect trust exercised to timeliness of audits by investors.

H5c: Financial knowledge is expected to negatively modulate trust and transparency of relationship.

H5d: Financial intelligence is assumed to act as a moderating variable with detrimental effects on relation of international standards of auditing and investor trust.

III. RESEARCH METHOD

In this research, we applied a quantitative approach to assess the effects of audit quality factors on investor confidence in the Vietnamese capital market with particular attention to the moderating role of financial knowledge. The research used survey questionnaires to study the perceptions and behaviors of investors within the Vietnamese capital market. This research aimed at surveying both individual and institutional investors who are active or had been active in the Vietnamese capital market to gain useful understanding on how audit quality and financial literacy combine together to affect investor confidence. To determine the direct relation between the trust of investors and the factors on audit quality, we carried out multiple regression analyses in our study. Also, for moderation testing, interaction variables were employed to study the impact of financial knowledge as a moderator on the relationship being examined. Statistical analysis was done using SPSS 22 software for all computations to maintain precision and validity in our findings.

Research frame model is given in Fig. 1 below:

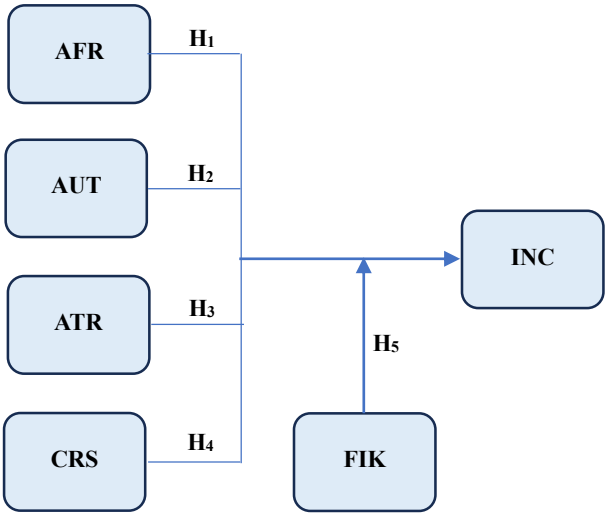

Fig. 1 Research Model

Variables in the quantitative model are measured using a 5-level Likert scale (Likert, 1932). Specifically, the scale is arranged from 1 to 5, where 1 indicates “complete disagreement,” 2 signifies “disagreement,” 3 represents a neutral viewpoint, 4 denotes “agreement,” and 5 corresponds to “strong agree-ment.” The number of items used to measure each construct is grounded in the study’s theoretical framework and literature review, as outlined in Table I.

TABLE I MEASUREMENT SCALES AND RESEARCH VARIABLES

No.	Code	Questionnaire content	Source
I	Audit Firm Reputation (AFR)		
1	AFR1	I trust financial statements audited by well-known audit firms.	DeAngelo (1981), Francis & Wang (2008).
2	AFR2	The reputation of an audit firm affects my confidence in the financial statements of companies.	Francis & Yu (2009).
3	AFR3	I believe that reputable audit firms are more likely to detect fraud or errors in financial reports.	Knechel & Sharma (2012).
II	Audit Timeliness (AUT)		
4	AUT1	Timely audit reports increase my confidence in the financial health of a company.	Habib & Bhuiyan (2011).
5	AUT2	Delays in audit reports make me question the reliability of financial statements.	Bamber et al. (1993).
6	AUT3	I believe that timeliness is a key indicator of audit quality.	Knechel & Sharma (2012).
III	Audit Transparency (ATR)		
7	ATR1	I prefer financial statements where the audit process is clearly disclosed.	García-Blandón & Argilés-Bosch (2018).
8	ATR2	Transparent audit reports help me understand the financial risks of a company.	Christensen et al. (2012), Bal et al. (2012).
9	ATR3	I believe audit transparency reduces the likelihood of financial misstatements.	Bushman & Smith (2001), Boiral (2013).
IV	Compliance with rules and standards (CRS)		
10	CRS1	I trust companies that comply with international auditing standards (e.g., ISA)	Knechel et al. (2013).
11	CRS2	Compliance with international standards ensures consistent and high-quality audits.	Choi et al. (2010).
12	CRS3	I am more confident in companies audited by firms adhering to global standards.	Ball & Shivakumar (2005).
V	Financial knowledge (FIK)		
13	FIK1	I understand how to evaluate the quality of financial statements audited by reputable firms.	Chen et al. (2010)
14	FIK2	I can interpret audit findings and disclosures to assess the transparency of a company's financial position.	Christensen et al. (2012).
15	FIK3	I am familiar with international auditing standards (e.g., ISA) and how they ensure the reliability of financial audits.	Knechel et al. (2013).
16	FIK4	I feel confident in analyzing financial reports to identify potential risks or misstatements.	Lusardi & Mitchell (2014).
VI	Investor Confidence (INC)		
17	INC1	I trust the financial statements of companies listed in the Vietnamese capital market.	Choi et al. (2010).
18	INC2	I am confident in the Vietnamese capital market due to the quality of financial audits.	Knechel et al. (2013).
19	INC3	I am confident in the Vietnamese capital market due to the quality of financial audits.	Ball et al. (2012).
20	INC4	I am more likely to invest in companies with audited financial statements.	Choi et al. (2010).
21	INC5	I believe external audits reduce the risk of financial fraud in companies.	DeAngelo (1981).

The model consists of six scales, with a total of twenty-one observed variables.

In addition, to ensure the study sample size in linear regression analysis, based on the recommendation of Harrell (2015) proposed a ratio of 10 to 15 surveys for each survey question. According to Tabachnick & Fidell (2019) it is recommended that the sample size should follow the general principle for regression analysis of $N \geq 50 + 8m$ (where m is the number of predictors). Accordingly, the minimum sample size in this study is n = 10*i (i is the number of observed variables in the model), corresponding to this study, the sample size will be 10*21 = 210 votes. To further enhance the reliability of the collected data, the largest possible sample within the suggested range was selected.

This study applies quantitative research methodology to examine the impact of audit quality factors on investor confidence in Vietnam's capital markets, focusing on the regulatory role of financial literacy. This study is particularly targeted at individual and institutional investors who are actively involved in Vietnam's capital markets, in order to provide empirical insights into how audit quality and financial insights interact to influence investor confidence.

The study is directed at both individual and institutional investors who are actively participating in the Vietnamese capital market. The stratified random sampling technique is used to ensure adequate representation of diverse groups of investors, including individual investors and institutional investors (fund managers, financial analysts, corporate investors). The following criteria have been applied in the selection process: (i) Time to participate in the market - Investors must have engaged in trading securities or investing in Vietnam's capital markets within the past 12 months to ensure that their response reflects the current situation and experience of the market; (ii) Investment experience - To capture a diverse range of perspectives, investors with varying levels of experience (e.g., novice, intermediate, and experienced investors) were included; (iii) Financial knowledge - Respondents are assessed based on self-reported financial knowledge or professional background in finance, accounting, or investment. This is important to assess the regulatory role of financial knowledge in the relationship between audit quality and investor confidence.

Key data will be collected using a structured questionnaire, designed to measure audit quality factors, financial literacy, and investor confidence. The questionnaire will include: Demographic information (e.g. Type and experience of investors, financial education & knowledge, evaluation of audited financial statements, etc.); and observed variables in the model.
First, the questionnaire will undergo a pre-test with a small sample of two individual investors and two fund managers who meet the survey criteria to ensure the clarity, relevance, and reliability of the questions. The questionnaires will be distributed through online and in-person platforms at key investor events and stock exchanges in Ho Chi Minh City and Hanoi to maximize response rates.

The steps to conduct the online survey are as follows:
Step 1: Build a list of targeted emails through cooperation with SSI, VNDirect, HSC securities companies to distribute the survey to their customers. Aimed at institutional investors, fund managers and financial analysts through the Vietnam Securities Business Association.

Step 2: Write the survey invitation email in a clear, concise and attractive way.

Step 3: Use the appropriate survey distribution strategy.

Step 4: Monitor and optimize response rates.

To distribute the direct survey, we approached many securities brokerage companies such as SSI Securities Joint Stock Company, VNDirect Securities Joint Stock Company, Ho Chi Minh City Securities Joint Stock Company, Ban Viet Securities Company, MB Securities, BIDV Securities Company and Vietcombank Securities Company. In addition, we also reach out to institutional investors who attend investment-focused events to gain insights and connections. Some important events in Vietnam include: Vietnam Investor Conference – Organized by leading securities companies, attended by fund managers and corporate investors; Vietnam Economic Forum – Discussion of capital markets and institutional investment. In addition, investors regularly participate in trading at stock exchanges, so we select stock exchanges to distribute questionnaires for this study, including: Hanoi Stock Exchange (HNX) – Focusing on government bonds and small and medium enterprises; Ho Chi Minh City Stock Exchange (HOSE) – The largest stock exchange, where large transactions of organizations take place; and Vietnam Securities Depository (VSD) – Managing securities clearing and settlement activities for investors.

Data collection period from November 10, 2024 to February 17, 2025. The research results are based on 315 valid responses, ensuring sufficient data to conduct statistical analysis. We conducted data cleaning, entering survey data into an excel spreadsheet before running the model using SPSS 22 software to ensure accuracy and reliability in the findings.

IV. RESULTS AND DISCUSSION

Descriptive Statistical Analysis

The descriptive statistics show that, the survey sample consists of 315 investors in Vietnam’s capital markets, with 56.8% male and 43.2% female respondents. The majority of participants (35.6%) fall within the 35-44 age group, followed by 28.3% aged 45-54, while fewer investors are under 25 (5.1%) or 55 and above (10.8%). Regarding investor type, 63.8% are individual (retail) investors, while 36.2% are institutional investors, including fund managers, financial analysts, and corporate investors. Most investors have substantial experience, with 31.1% investing for 8-10 years, 30.8% for 4-7 years, and 23.8% for more than 10 years, while only 14.3% have 1-3 years of experience. The sample also reflects a range of financial literacy levels, with 42.5% reporting advanced knowledge, 32.7% at an intermediate level, and 24.8% at a beginner level. A significant proportion of investors (49.8%) always review audited financial statements before making investment decisions, while 30.2% do so regularly (monthly or quarterly). In contrast, 9.2% rarely and 10.8% occasionally review financial statements. Details are shown in Table II below.

TABLE II CHARACTERISTICS OF SURVEY SUBJECTS

No.	Demographic Information		Amount	%
1	Gender	Male	179	56.8
		Female	136	43.2
2	Age Group	Under 25	16	5.1
		25-34	54	17.1
		35-44	112	35.6
		45-54	89	28.3
		55 and above	34	10.8
3	Investor Type	Individual Investor (Retail Investor)	201	63.8
		Institutional Investor (Fund Manager, Financial Analyst, Corporate Investor)	114	36.2
4	Investment Experience (Years of Investing in Capital Markets)	1 – 3 years	45	14.3
		4 – 7 years	97	30.8
		8 – 10 years	98	31.1
		More than 10 years	75	23.8
5	Financial Literacy Level (Self-Reported)	Beginner (Basic understanding of financial concepts)	78	24.8
		Intermediate (Can analyze financial reports, but not in-depth)	103	32.7
		Advanced (Highly knowledgeable in finance, regularly evaluates financial statements and audit reports)	134	42.5
6	Frequency of Reviewing Audited Financial Statements	Rarely (Only when necessary)	29	9.2
		Occasionally (A few times per year)	34	10.8
		Regularly (Monthly or quarterly)	95	30.2
		Always (Before making any investment decisions)	157	49.8

Source: Authors synthesized from survey results

The Scale Assessment

To assess the reliability, convergence, and differentiation of the scales of factors, we conducted the Cronbach's alpha and EFA tests. Cronbach's alpha results show that all scales have Cronbach's Alpha greater than 0.7. Variables in all scales have a Corrected Item – Total Correlation coefficient greater than 0.3. The EFA results show that the scale of all factors in the study model with KMO is greater than 0.5 and less than 1, Sig is less than 0.05, the cumulative % of the total extract of the squared load is greater than 50% with a eigenvalue greater than 1, all factor load factors are greater than 0.749. Therefore, the scales in this study are reliable, convergent and distinguishable. Detailed results are shown in Table III below.

TABLE III SCALE EVALUATION RESULTS

Factors and observed variables in the scales	Corrected ItemTotal Correlation	Factor loadings
Audit Firm Reputation (Cronbach's Alpha=0.872); (KMO=0.766; Sig.=0.000; Cumulative %=74.414%; Eigenvalues=1.168)		
AFR3	.758	.878
AFR1	.791	.866
AFR2	.716	.749
Audit Timeliness (Cronbach's Alpha=0.777); (KMO=0.766; Sig.=0.000; Cumulative %=74.414%; Eigenvalues=1.168)		
AUT1	.614	.812
AUT2	.645	.811
AUT3	.584	.806
Audit Transparency (Cronbach's Alpha=0.748); (KMO=0.766; Sig.=0.000; Cumulative %=74.414%; Eigenvalues=1.168)		
ATR1	.603	.840
ATR3	.573	.757
ATR2	.552	.755
Compliance with rules and standards		

(Cronbach's Alpha=0.906); (KMO=0.766; Sig.=0.000; Cumulative %=74.414%; Eigenvalues=1.168)		
CRS3	.846	.915
CRS1	.795	.906
CRS2	.798	.871
Financial knowledge (Cronbach's Alpha=0.845); (KMO=0.766; Sig.=0.000; Cumulative %=74.414%; Eigenvalues=1.168)		
FIK3	.720	.856
FIK2	.704	.854
FIK1	.697	.826
FIK4	.608	.751
Investor Confidence (Cronbach's Alpha=0.823); (KMO=0.771; Sig.=0.000; Cumulative %=65.631%; Eigenvalues=2.625)		
INC1	.736	.874
INC2	.666	.828
INC3	.600	.770
INC4	.592	.763
INC5	.590	.754

Hypothesis Testing

Check the direct impact

To test hypotheses H1, H2, H3, and H4, we conduct multiple linear regression model tests where Investor Confidence (INC) is a dependent variable and the independent variables are: Audit Firm Reputation (AFR); Audit Timeliness (AUT); Audit Transparency (ATR); Compliance with Rules and Standards (CRS).

Thus, the first regression model:
$INC = \beta0 + \beta1*AFR + \beta2* AUT + \beta3*ATR + \beta4*CRS + \epsilon$
Based on the results of the EFA analysis, we found that the multiple regression model did not change, the independent and dependent variables remained the same as at the beginning. Table IV below shows the regression results, specifically as follows:

TABLE IV REGRESSION RESULTS FOR DIRECT EFFECTS

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	Constant	-.124	.205		-.605	.545		
	AFR	.192	.043	.205	4.486	.000	.666	1.501
	AUT	.229	.042	.227	5.495	.000	.817	1.224
	ATR	.252	.047	.226	5.370	.000	.786	1.273
	CRS	.364	.035	.421	10.478	.000	.862	1.161
Model summary		Adjusted R Square		Durbin-Watson	ANOVA analysis		F	Sig.
		.563		1.897			102.140	.000

a. Dependent Variable: INC

The results of the regression analysis in Table IV show that the adjusted R^2 value (Adjusted R^2) reaches 0.563, that is, the model explains 56.3% of the volatility of Investor Confidence (INC). The ANOVA test shows a value of F = 102.140 with a significance level of Sig. = 0.000, demonstrating a highly statistically significant regression model ($p < 0.05$), meaning that at least one of the independent variables has a significant impact on INC. In addition, a Durbin-Watson coefficient of 1,897 shows no serious autocorrelation in the model.

Considering each independent variable, all the variables AFR (Audit Firm Reputation), AUT (Audit Timeliness), ATR (Audit Transparency) and CRS (Compliance with Rules and Standards) have a positive and statistically significant impact on Investor Confidence ($p < 0.05$). In particular, the CRS variable has the strongest influence with a normalized Beta coefficient of 0.421 (B = 0.364, t = 10.478, p = 0.000), followed by ATR (Beta = 0.226, B = 0.252, t = 5.370, p = 0.000), AUT (Beta = 0.227, B = 0.229, t = 5.495, p = 0.000) and AFR (Beta = 0.205, B = 0.192, t = 4.486, p = 0.000). This shows that the level of compliance with regulations and standards (CRS) has the greatest impact on investor confidence, while the auditor's reputation (AFR) has the lowest impact of the four factors studied.

Besides, multicollinearity testing shows that all independent variables have Tolerance values > 0.1 and VIF < 10, which proves that the model does not have serious problems of multicollinearity.

Thus, it can be seen that the regression model is statistically significant and well explains the dependent variable. All independent variables positively affect investor confidence, with compliance with international standards having the strongest impact. There are no serious problems with autocorrelation or multicollinearity. Therefore, all four hypotheses H1, H2, H3 and H4 are accepted with the standardized regression model as follows:

$$INC = 0.205*AFR + 0.227* AUT + 0.226*ATR + 0.421*CRS$$

Regulatory Effect Test

To assess whether financial literacy plays a role in regulating the impact of audit quality attributes on investor confidence, we use a three-step hierarchical regression analysis (MRA) with the following accreditation standards:

Step 1: Baseline model (direct effect test without throttling variables)

$$INC = \beta0 + \beta1*X + \epsilon \quad (1)$$

(In which: X is the independent variable, β1,... is the regression coefficient, β0 is the intercept coefficient, ε is the residual)

According to Cohen et al. (2003), independent variables (AFR, AUT, ATR, CRS) must have a significant impact on the dependent variable (INC) in the base model ($p < 0.05$ for β1, β2, β3, β4). The model should have a reasonable R^2 value, indicating a good fit.

Step 2: Add a throttling variable as an independent variable

$$INC = \beta0 + \beta1*X + \beta5*FIK + \epsilon \quad (2)$$

According to (Bhatia & Bansal 2024), the addition of FIK will improve the suitability of the model (When adding FIK, the model will show a significant increase in R^2 and R^2 correction will have to be statistically significant). At the same time, the coefficient of FIK (β5) is not statistically significant ($p > 0.05$); the coefficient of variance magnification (VIF) must be < 10 or no multicollinearity occurs to ensure that the addition of FIK does not cause instability in the model Aiken & West (1991).

Step 3: Regulatory effect test

$$INC = \beta0 + \beta1*X + \beta5*FIK + \beta6*(X\times FIK) + \epsilon \quad (3)$$

According to Hayes (2017), the interaction terms (AFR × FIK, AUT × FIK, ATR × FIK, CRS × FIK) must be statistically significant ($p < 0.05$ for β6, β7, β8, β9); The model relevance will be significantly improved (R^2 correction will be statistically significant when compared to Step 2); The interaction coefficients (β6, β7, β8, β9) show that, if these coefficients are positive, the FIK will strengthen the relationship, whereas if these coefficients are negative, the FIK will weaken the relationship; The coefficient of variance magnification (VIF) must be maintained < 10 to avoid the problem of multicollinearity (Huston, 2010).

Thus, there are 12 regression models that need to be tested corresponding to 4 hypotheses H5a, H5b, H5c and H5d. The results are presented in Table V.

TABLE V RESULTS OF TESTING THE MODERATING RELATIONSHIP

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std, Error	Beta			Tolerance	VIF
	Test hypothesis H5a							
1	Constant	1.889	.167		11.284	.000		
	AFR	.510	.044	.546	11.524	.000	1.000	1.000
2	Constant	2.005	.200		10.003	.000		
	AFR	.508	.044	.544	11.471	.000	.998	1.002
	FIK	-.080	.047	-.085	-1.702	.090	.998	1.002
3	Constant	2.193	.214		10.250	.000		
	AFR	.475	.046	.508	10.297	.000	.907	1.102
	FIK	-.120	.048	-.115	-2.500	.109	.939	1.064
	AFR*FIK	-.155	.065	-.130	-2.390	.017	.865	1.156
	Test hypothesis H5b							
4	Constant	2.117	.197		10.753	.000		
	AUT	.441	.051	.437	8.585	.000	1.000	1.000
5	Constant	2.301	.221		10.392	.000		
	AUT	.445	.051	.440	8.682	.000	.998	1.002
	FIK	-.089	.050	-.091	-1.793	.074	.998	1.002
6	Constant	2.306	.222		10.381	.000		
	AUT	.443	.051	.439	8.620	.000	.993	1.007
	FIK	-.090	.050	-.091	-1.797	.073	.998	1.002
	AUT*FIK	.028	.073	.020	.384	.701	.994	1.006

	Test hypothesis H5c							
7	Constant	1.709	.212		8.064	.000		
	ATR	.545	.055	.488	9.898	.000	1.000	1.000
8	Constant	1.750	.251		6.980	.000		
	ATR	.543	.055	.486	9.778	.000	.986	1.014
	FIK	-.081	.049	-.075	-.1632	.105	.986	1.014
9	Constant	1.874	.243		7.705	.000		
	ATR	.480	.054	.421	8.889	.000	.964	1.037
	FIK	-.0120	.047	-.110	-.2553	.011	.977	1.023
	ATR*FIK	-.251	.079	-.188	-3.165	.002	.966	1.035
	Test hypothesis H5d							
10	Constant	1.861	.153		12.166	.000		
	CRS	.508	.040	.587	12.836	.000	1.000	1.000
11	Constant	1.864	.194		9.607	.000		
	CRS	.508	.040	.587	12.717	.000	.985	1.015
	FIK	-.001	.045	-.001	-.025	.780	.985	1.015
12	Constant	2.201	.198		11.094	.000		
	CRS	.450	.041	.490	10.530	.000	.874	1.145
	FIK	-.122	.044	-.110	-2.727	.007	.973	1.028
	CRS*FIK	-.200	.052	-.180	-3.846	.000	.883	1.133

Based on the results of the regression analysis in Table V, a total of 12 regression models were tested to assess the regulatory role of Financial Knowledge (FIK) in the relationship between independent variables (AFR, AUT, ATR, CRS) and Investor Confidence (INC).

For hypothesis H5a, models 1 and 2 show that Audit Firm Reputation (AFR) has a positive and significant effect on INC with standardized Beta coefficients of 0.546 and 0.544 ($p = 0.000$), respectively. However, when the FIK regulatory variable in model 2 was added, the impact of FIK was not statistically significant ($p = 0.090$). In model 3, when the AFR × FIK interaction variable was added, the interaction coefficient had the value B = -0.155, Beta = -0.130, $p = 0.017$, showing that FIK had a negative regulatory effect on the relationship between AFR and INC. For hypothesis H5b, models 4 and 5 assert that Audit Timeliness (AUT) has a positive effect on INC (Beta = 0.437 and 0.440, $p = 0.000$). When the FIK variable in model 5 was added, the impact of FIK was not statistically significant ($p = 0.074$). In model 6, the interaction variable AUT × FIK was not significant ($p = 0.701$), suggesting that FIK does not regulate the relationship between AUT and INC. For hypothesis H5c, models 7 and 8 confirming Audit Transparency (ATR) have a positive impact on INC with Beta of 0.488 and 0.486 ($p = 0.000$), respectively. However, the FIK variable in model 8 was not statistically significant ($p = 0.105$). In model 9, the ATR × FIK interaction coefficient had a value of B = -0.251, Beta = -0.188, $p = 0.002$, showing that FIK has a negative regulatory effect on the relationship between ATR and INC. For the H5d hypothesis, models 10 and 11 showed that Compliance with Rules and Standards (CRS) had the strongest effect on INC with Beta = 0.587 ($p = 0.000$). The FIK variable in model 11 is not significant ($p = 0.780$), but when adding the CRS × FIK interaction variable in model 12, the interaction coefficient has a value of B = -0.200, Beta = -0.180, $p = 0.000$, indicating that FIK has a negative regulatory effect on the relationship between CRS and INC.

The results of this study indicate that financial knowledge (FIK) negatively moderates the relationship between the reputation of the auditing firm (AFR), audit transparency (ATR), compliance with rules and standards (CRS), and investor trust (INC). However, FIK does not significantly moderate the relationship between the timeliness of audits (AUT) and INC. This implies that with the increasing levels of an investor's financial literacy, the positive effects of AFR, ATR, and CRS on INC tend to lessen.

This study's results confirmed that AFR, ATR, CRS, and AUT have considerable positive effects on INC. BURD identifies that investors seem to have considerable faith regarding the credibility of audit firms concerning the timeliness of financial reporting, the openness of audit processes, and the degree of adherence to given rules. Among these factors, CRS has the strongest impact on INC, demonstrating how greatly regulatory compliance affects the perception of investors. It is also correct to state that RAT and AUT have an equally considerable effect on INC, suggesting that proper and prompt financial reporting increases the confidence on the financial market. While it is also true that AFR affects INC, it is rather less in comparison to other factors. This shows that although reputation matters, investors lean toward actual audit conditions rather than prevailing exerted credibility.

The moderating role of financial knowledge is equally important in this case. FIK contradicts the positive impacts of AFR, ATR, CRS on INC which means that more financial knowledge an investor has, the less they rely on audit results towards their investment decision. FIK diminishes the impact of financial knowledge on investors and assuming risks as well as financial efficiency on credibility of audits. But he

does not moderate significantly the impact of AUT on INC suggesting that regardless of financial knowledge, investors value equally timely audited financial reports to some extent. It can be concluded that the quality of audits is still important when considering lower financial knowledge but becomes the most dominant factor for INC when the audit's attribute lies in dependence, while for higher knowledge becomes the most elementary factor alongside financial indicators. Prüfer suggests that highly financially literate investors shift their focus when assessing potential investments

These studies correspond with prior literature on compliance using regulations and audit quality as primary drivers of investor confidence. Likewise, the association of AFR, ATR, CRS, and INC is consistent with prior literature on the reputation of the auditing firm and its impact in the financial market. DeAngelo (1981) noted that an auditor's reputation greatly affects the credibility of financial reporting which influences trust from the market. Furthermore, Francis & Wang (2008) showed that there is greater trust from the market towards companies to audited by reputable firms, confirming the theory that audit reputation impacts the confidence placed on financial information. In addition, Bushman & Smith (2001) verified that the degree of financial information disclosed diminishes the level of asymmetrical information which results to increased confidence from the market, thus supporting the relationship of ATR and INC under this study.

In addition, previous studies have indicated the influence of a firm's commitment to transparency in financial reporting as a significant trust factor to investors, asserting that organizations with well-defined governance and compliance cultures enjoy lower capital costs and high trust from the market, demonstrating that the adherence to audit standards is critical for the stability of finances. These findings underline the importance of appropriate corporate governance relative to compliance with regulations regarding investor confidence.

These moderating role of FIK findings in relation to other studies are conflicting in the context where high financial knowledge is thought to enhance the factors' relation with trust in the audit quality. It was found that greater financial knowledge received positively increases the interpretation of financial information and audit quality factors leading to the trust by the investor. In the same manner, Defond and Zhang 2014 argued sophisticated investors are likely to appreciate high quality audits and thus use them, in theory gaining trust in the audited financial statements which enhances their credibility. In contrast, our findings indicate that knowledge of finance leads to the lesser dependence on AFR, ATR, and CRS for trust in the financial market, which is contrary to what is expected. This may be accounted for by a number of reasons with respect to Vietnam.

To start with, Vietnam's capital market is still nascent and primarily served by small sized auditing companies that do not provide any uniform standards of audit quality to firms. Hence, informed investors might disregard audit firm reputation (AFR) and audit transparency (ATR) as pertinent factors in evaluating audited financial reports and prefer, instead, to look at other pertinent information s, such as the performance of the company, the market, and the reputation of the individual audited firms that were placed under scrutiny . Secondly, the trust that exists towards the auditing profession in Vietnam also impacts the influence that financial knowledge has on shaping trust for the investor. Such investors are more willing to overlook concepts like the relation of audit firms with clients, non-audit services offered, and regulatory issues which tend to shift their reliance from published audit findings. These findings seem to confirm the conclusions drawn by Fan & Wong (2005).

One note that draws one's attention is that these findings of this study stand in contradiction with Al-Ajmi (2009) who found no significant moderating effect of financial knowledge on the interplay of audit quality and investor trust. While Knechel & Payne (2001) argued that financially knowledgeable investors set higher value on the timeliness of audit to their financial documents, this study appears to suggest no significant moderating effect which implies all other investors regardless of financial sophistication consider timeous auditing of financial documents to be important in fostering their trust. The study outcomes distinctly explain the relationship of the financial literacy regarding the constituents of audit quality and investor confidence which demonstrates how Vietnamese investors in the capital market evaluate auditing.

V. Conclusion and Contributions

The attributes of audit quality and its impact on investor trust has not received sufficient attention in literature and this study adds to practitioners' emphasis on the reputation of audits. Resolving the reputation of a firm as an audit institution, transparent audits alongside adherence to and not deviation from audit policies and norms is what every reasonable investor expect from an audit. In terms of financial information the level of audit quality has great effect on audit outcomes and audit results individually which is counter with a definitive and formal trust in analysis without any logic gaps. Casually, when an investor possesses adequate financial literacy, dependence on the outcomes of audits performed based on traditional methodologies is minimal Furthermore all investors have the same unsophisticated rebuttals to the claims in question regarding keeping within the bounds of benchmarks. Knowledge highly does not have significance where the question concerns the temporal aspect of audits relative to bearing faith.

In theory, this study depicts the impact of trust and the investor's belief concerning reliability and quality for audits. It shows the importance of an audit firm's reputation, audit punctuality, audit openness, adherence to set rules and regulations, and trust in the capital market. Also, the absence of moderation because of lack of financial acumen on the timeliness of the audit implies that, regardless of financial knowledge, most investors appreciate timely audits.

These research findings contribute to expanding the theoretical framework on audit quality and investor behavior by integrating how financial knowledge influences the perceived credibility of audit quality attributes.

In fact, the results of this study will assist managers at auditing firms in Vietnam to recognize the importance of maintaining the reputation of the auditing firm, ensuring audit transparency and strict compliance with regulations to build investor confidence. This shows that auditing firms need to enhance their reputation by improving the quality and independence of audits, strengthening corporate governance activities and applying international auditing standards to meet the expectations of seasoned investors. Furthermore, the study found that Audit Timeliness is always important for all investors highlighting the need for audit firms to prioritize timely financial reporting. Regulators and policymakers can also use these insights to refine audit regulations, ensure they are in line with investor expectations, and promote financial market stability.

While our research provides valuable insights into the role of financial literacy in shaping investor confidence and provides practical implications for auditing firms, regulators and investors in emerging markets in general and financial markets in Vietnam in particular. Additionally, this study only uses four attributes of audit quality - Reputation of the Audit Firm, Timeliness of Audit, Transparency of Audit, Compliancy to Rules and Standards, ignoring factors such as independence of the auditor, costs of the audit, and governance of the corporation which also influence investor confidence either directly or indirectly. Other studies may seek to expand these supporting factors to provide a deeper scope on the relation of audit quality and investor confidence.

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