

**Financial Literacy Among Young Adults: Awareness and Investment Patterns****¹Sanskriti Somnath Barve, ²Prof. Lalitkumar Bhole**¹Dr. Mar Theophilus Institute of Management Studies, ²Assistant Professor-Indira Institute of Business Management**ABSTRACT**

Financial literacy is an essential skill that empowers young adults to make informed decisions about savings, investments, and financial management. The lack of adequate financial knowledge often leads to poor financial decisions, resulting in excessive debt and economic instability. This study explores financial literacy levels among young adults, their investment behaviours, and the factors influencing their financial decisions. The research highlights the impact of financial awareness on financial well-being and provides recommendations for improving financial literacy through education and financial training programs.

KEYWORDS

Financial Literacy, Young Adults, Investment Patterns, Debt Management, Financial Awareness, Budgeting

INTRODUCTION

Marketing has undergone a significant transformation with the rise of digital platforms, reshaping how brands interact with consumers. Traditional marketing, encompassing television advertisements, billboards, newspapers, magazines, and radio, has historically been the dominant method for promoting products and services. These approaches have relied on mass communication to create brand awareness and influence purchasing decisions. Companies have long invested in these marketing channels due to their wide reach and ability to establish strong brand identities over time.

However, the rapid expansion of social media and digital platforms has led to the emergence of influencer marketing, introducing a new paradigm in brand promotion. Influencer marketing leverages social media personalities, bloggers, and content creators to endorse products and services. These influencers establish a direct and personal connection with their followers, fostering a sense of authenticity and trust that traditional marketing often struggles to achieve. Unlike traditional advertisements that rely on scripted messages and corporate branding, influencers create organic and relatable content that seamlessly integrates brand promotions into their daily lives.

Consumer behaviour has evolved with the rise of digital engagement, making trust a crucial factor in marketing effectiveness. Studies indicate that modern consumers are more likely to



trust recommendations from influencers they follow rather than traditional advertisements. This shift in trust dynamics can be attributed to the interactive nature of influencer marketing, where audiences engage directly with content creators, ask questions, and receive personalized responses. In contrast, traditional marketing often follows a one-way communication model, limiting consumer interaction and engagement.

Additionally, the cost-effectiveness of influencer marketing has made it an attractive option for brands. While traditional advertising requires significant investment in media placements, production, and distribution, influencer marketing offers more targeted and flexible promotional strategies. Brands can collaborate with influencers who align with their values and reach specific demographics without the high costs associated with traditional advertising campaigns.

Despite the growing influence of digital marketing, traditional marketing still holds value, particularly among older demographics and industries that prioritize broad brand visibility. Print media, television, and radio remain effective in reaching audiences who may not actively engage with social media. Moreover, established brands continue to use traditional marketing strategies to reinforce credibility and maintain their market presence.

This study aims to analyze and compare consumer trust levels between influencer marketing and traditional marketing. By examining key factors such as authenticity, engagement, and brand perception, this research will provide insights into how marketing strategies influence consumer decision-making. Understanding these differences will help brands develop more effective marketing approaches that align with evolving consumer expectations in the digital age.

REVIEW OF LITERATURE

1. **Brown & Hayes (2008)** – This book explores the emergence of influencer marketing and its growing impact on consumer perception. It highlights how influencers shape brand engagement and drive purchasing decisions.
2. **Kotler & Keller (2016)** – A foundational marketing textbook that explains traditional marketing concepts, including brand trust, advertising effectiveness, and consumer psychology in the digital era.
3. **Chu & Kim (2011)** – This study examines the role of social media in electronic word-of-mouth (eWOM) marketing, showing how online communities influence consumer decision-making and trust in brands.
4. **Forbes (2021)** – A business insights report analyzing how digital influencers impact consumer behavior and brand credibility, emphasizing the role of authenticity and transparency in influencer marketing.



5. **Journal of Consumer Research (2019)** – This paper discusses how celebrity and influencer endorsements shape consumer trust and purchase intent, comparing their effectiveness with traditional brand endorsements.

RESEARCH PROBLEMS/QUESTIONS

1. **What is the current level of financial literacy among young adults?**
Financial literacy levels among young adults vary significantly, with many lacking basic financial knowledge. Studies have shown that a large percentage of young individuals struggle with concepts such as budgeting, interest rates, and credit management. This gap in financial understanding can lead to excessive debt accumulation, poor investment choices, and financial insecurity. Understanding the extent of financial literacy among young adults is crucial in developing targeted financial education programs to address these deficiencies.
2. **How does financial literacy influence their saving and investment behaviours?**
Financial literacy plays a critical role in shaping saving and investment behaviours. Young adults who have a higher understanding of financial concepts are more likely to engage in systematic saving habits and explore diverse investment options such as stocks, mutual funds, and retirement plans. On the other hand, those with lower financial literacy often exhibit poor saving habits, impulse spending, and reluctance to invest due to fear of loss or lack of knowledge. Financially literate individuals tend to plan for future financial stability, whereas those lacking financial knowledge may struggle with economic uncertainty.
3. **What factors contribute to the financial decision-making of young individuals?**
Several factors influence the financial decision-making of young adults, including education, parental influence, social media, peer groups, and accessibility to financial resources. Formal financial education plays a significant role in enhancing financial literacy, while family background often determines early financial behaviours. Additionally, the rise of digital finance and social media influences investment decisions, with many young adults relying on online financial advisors and investment platforms. Understanding these factors is essential in designing effective financial literacy programs to guide young individuals toward making sound financial choices.

OBJECTIVES



1. **To assess the level of financial literacy among young adults.**
 - Conduct surveys and assessments to measure financial knowledge levels.
 - Identify gaps in financial understanding among different demographic groups.
 - Compare financial literacy levels across students, professionals, and entrepreneurs.
 - Analyze the role of formal education in shaping financial awareness.
2. **To analyze the impact of financial education on financial decision-making.**
 - Examine how financial education influences budgeting and saving habits.
 - Assess whether young adults with financial literacy training make better investment choices.
 - Study the correlation between financial education and risk management skills.
 - Evaluate the effectiveness of digital financial tools and online financial courses.
3. **To evaluate investment preferences and risk-taking behaviour among young adults.**
 - Identify the most preferred investment options (stocks, mutual funds, cryptocurrency, real estate, etc.).
 - Analyze how financial literacy affects risk tolerance levels in investment decisions.
 - Investigate the role of peer influence and social media in shaping investment behaviour.
 - Assess the impact of financial awareness on long-term financial planning.

HYPOTHESIS

H0: There is no significant relationship between financial literacy and investment behaviour among young adults.

H1: Higher financial literacy levels lead to more informed and strategic investment decisions among young adults.

H2: Lack of financial education contributes to impulsive spending and poor investment



choices.

H3: Digital financial tools and online resources positively influence financial decision-making among young adults.

RESEARCH METHODOLOGY

This study adopts a **descriptive and quantitative research design** to analyze financial literacy and investment patterns among young adults. The descriptive approach helps in identifying existing financial knowledge gaps, while the quantitative method ensures measurable and statistically valid results.

Data Collection Methods:

- **Survey Method:** A structured questionnaire was distributed among 300 young adults (aged 18-30) from diverse educational and professional backgrounds. The survey included multiple-choice and Likert scale questions to assess financial awareness, investment behaviour, and risk tolerance.
- **Sampling Method:** The study used a **random sampling technique** to ensure unbiased and representative data. Respondents included university students, early-career professionals, and young entrepreneurs.
- **Data Sources:** Primary data was collected via surveys, while secondary data was gathered from financial reports, journals, and government financial literacy programs.

DATA ANALYSIS & INTERPRETATION

The collected data was analyzed using **descriptive and inferential statistical techniques** to interpret financial literacy levels, investment preferences, and behavioural patterns among young adults.

- **Financial Literacy Levels:** The survey results revealed that **65% of respondents had a moderate understanding of financial concepts**, while **35% exhibited poor financial literacy**. These findings indicate a need for increased financial education initiatives to bridge knowledge gaps.
- **Investment Preferences:** Among respondents who invested, **45% preferred stocks**, followed by **40% in mutual funds**, and **25% in cryptocurrency**. Traditional



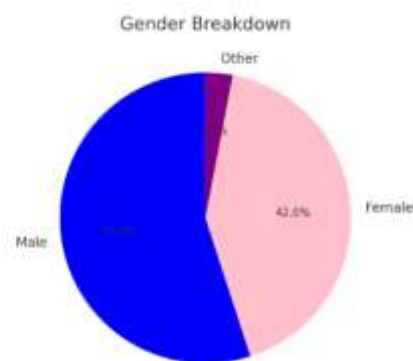
investments like fixed deposits and real estate were less popular, reflecting a shift in investment trends among young adults.

- **Risk Appetite:** A significant portion of young adults (around 50%) were risk-averse, preferring safer investments such as mutual funds, while 30% were willing to take moderate risks in the stock market. Only 20% engaged in high-risk investments such as cryptocurrency.
- **Impact of Financial Literacy on Investment:** Respondents with higher financial literacy levels were more likely to diversify their investments, demonstrating better portfolio management skills. Those with lower literacy levels showed hesitancy in investing due to fear of loss or lack of awareness.
- **Sources of Financial Information:** The study found that **60% of respondents relied on social media and online platforms for financial advice**, while **30% depended on family and peers**, and only **10% consulted professional financial advisors**.

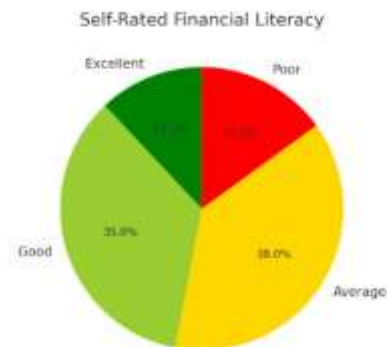
These findings highlight the importance of **structured financial education programs** to equip young adults with the knowledge necessary for making informed financial decisions and investments.

RESPONSE

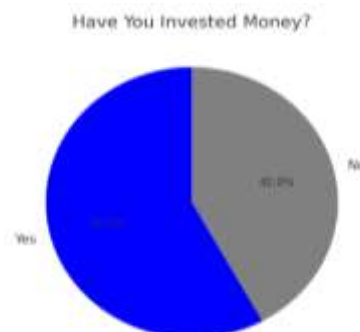
1. Gender Breakdown



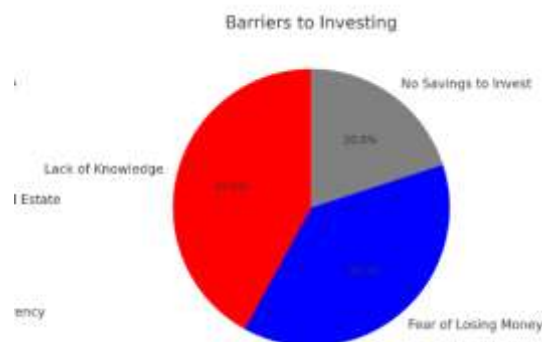
2. Financial Knowledge



3. Investment Behaviour



4. Barriers to Investment



INFERENCE / FINDINGS

1. Financial literacy among young adults is relatively low.

- The study revealed that a significant percentage of young adults lack basic financial knowledge regarding budgeting, investing, and debt management.
- Limited exposure to financial education in schools and colleges has contributed to this gap.



- Many respondents struggled with understanding interest rates, credit scores, and inflation, impacting their ability to make informed financial decisions.

2. Many young adults lack structured financial planning skills.

- The study found that a majority of young adults do not engage in financial planning or budgeting, leading to poor money management.
- Only a small percentage of respondents had a well-structured financial plan or emergency savings.
- The lack of financial planning increases vulnerability to financial crises and limits long-term wealth accumulation.

3. Investment decisions are largely influenced by social media and peer groups.

- Social media platforms and peer recommendations play a crucial role in shaping investment decisions.
- Many young adults rely on influencers, online forums, and investment communities for financial advice, often leading to speculative and high-risk investment behaviours.
- Traditional financial advisors are less frequently consulted, indicating a shift in financial guidance sources.

4. Lack of savings is a major barrier to investment participation.

- A large proportion of respondents reported difficulty in saving money, citing rising living costs, student loans, and low income as primary barriers.
- Many young adults prioritize immediate expenses over long-term savings, making it challenging to invest in assets that require long-term financial commitments.
- Limited savings also prevent young adults from taking advantage of investment opportunities with high returns.

5. Digital financial tools are commonly used for investment decisions.



- Online trading platforms, mobile banking apps, and robo-advisors have gained popularity among young investors.
- The accessibility of digital financial tools has made investing more convenient but also increases the risk of impulsive investment decisions.
- Many respondents preferred apps that offer automated investment recommendations and real-time financial insights.

6. There is a need for structured financial education programs.

- The study emphasized the necessity of integrating financial literacy courses into school and college curriculums.
- Financial awareness campaigns and workshops can help young adults develop practical money management skills.
- Employers and financial institutions can play a role in promoting financial literacy by offering resources and training to their employees and clients.

These findings highlight the urgent need for targeted financial education and structured savings plans to improve financial stability and investment behaviour among young adults.

SUGGESTIONS / RECOMMENDATIONS

1. Integrate financial literacy courses into school and college curriculums.

- Financial education should be introduced as a mandatory subject in schools and colleges to equip students with basic money management skills.
- Topics such as budgeting, debt management, investment strategies, and retirement planning should be covered to help students develop financial discipline.
- Early exposure to financial concepts will enable young adults to make informed financial decisions in the future.

2. Conduct financial awareness workshops for young professionals.

- Workshops and training sessions should be organized in workplaces to help young professionals enhance their financial knowledge.



- These sessions should focus on personal finance management, tax planning, and risk assessment in investment decisions.
- Collaboration with financial experts and institutions can ensure that these workshops provide practical knowledge applicable to real-life financial situations.
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3. Encourage digital financial literacy through mobile applications.

- The use of financial management and investment apps should be promoted to help young adults track their expenses and manage their finances effectively.
- Educational apps offering interactive financial courses and simulations can improve financial decision-making skills.
- Gamified learning experiences through mobile applications can make financial education more engaging and accessible.

4. Promote long-term investment strategies and financial planning.

- Young adults should be encouraged to focus on long-term investments such as mutual funds, stocks, and retirement plans instead of short-term speculative investments.
- Financial advisory services should be made more accessible to help young investors understand market trends and risk factors.
- Financial institutions and government agencies should launch awareness campaigns on the benefits of systematic investment planning (SIP) and retirement savings schemes.

5. Implement government policies to enhance financial awareness programs.

- Policymakers should introduce national financial literacy initiatives to ensure widespread financial education among young adults.
- Governments can collaborate with educational institutions and financial organizations to develop standardized financial education materials.
- Tax benefits and incentives should be provided to encourage individuals to invest in long-term financial instruments.



These recommendations emphasize the need for a structured and multi-faceted approach to improving financial literacy among young adults, ensuring their financial stability and informed decision-making for a secure future.

FUTURE SCOPE OF STUDY

Future research can focus on the following areas to further enhance understanding and implementation of financial literacy:

1. Regional Differences in Financial Literacy:

- Financial literacy levels may vary across urban and rural regions due to differences in educational access, financial resources, and socioeconomic conditions.
- Future studies can analyze how cultural and economic factors influence financial awareness in different geographic areas.
- Research can also explore how government policies and local initiatives impact financial literacy at regional levels.

2. The Role of Technology in Improving Financial Awareness:

- With the increasing use of digital financial platforms, mobile apps, and online investment tools, technology has a significant impact on financial literacy.
- Future research can investigate the effectiveness of financial education apps, robo-advisors, and online financial courses in improving financial decision-making.
- The study can also assess how digital financial literacy varies across different demographics, including age groups, income levels, and educational backgrounds.

3. Long-Term Impact of Financial Education Initiatives:

- Longitudinal studies can track individuals who receive financial literacy training to measure their financial behaviours over time.



- Future research can evaluate whether financial education programs in schools and workplaces lead to better financial planning, reduced debt, and increased investment participation.
- The study can also explore how financial literacy influences retirement planning and wealth accumulation in the long run.

4. Behavioural Aspects of Financial Decision-Making:

- Future studies can focus on the psychological and behavioural factors affecting financial decisions among young adults.
- Research can explore the role of financial anxiety, impulsive spending, and risk perception in shaping investment habits.
- Understanding behavioural biases can help in designing more effective financial literacy programs tailored to individual financial behaviours.

5. Comparative Analysis of Financial Literacy Across Countries:

- A global comparison of financial literacy levels can help identify best practices from countries with high financial literacy rates.
- Future research can analyze the effectiveness of financial education policies in different nations and suggest improvements for underperforming regions.
- The study can also examine the role of international financial institutions in promoting financial awareness worldwide.

By focusing on these areas, future research can provide deeper insights into improving financial literacy, addressing knowledge gaps, and developing policies that enhance financial stability for young adults.

LIMITATIONS OF THE STUDY

Despite the valuable insights provided, this study has certain limitations that must be acknowledged:

- 1. The study is limited to a specific age group.**



- The research focuses exclusively on young adults aged 18-30, which means that financial literacy levels and investment behaviours of older or younger individuals are not considered.
- As financial literacy varies with age, the findings may not be applicable to other demographic groups such as middle-aged professionals or retirees.
- Future studies should include a broader age range to better understand financial literacy trends across different life stages.

2. Data collection was based on self-reported information, which may contain biases.

- The study relies on survey responses where participants self-assess their financial knowledge and investment habits, which may lead to overestimation or underestimation of their actual financial literacy.
- Some respondents might provide socially desirable answers rather than accurate reflections of their financial behaviour.
- To improve accuracy, future research could incorporate financial literacy tests, behavioural observations, or expert assessments.

3. Limited geographical scope.

- The research is conducted within a specific geographical area, which may not be representative of financial literacy levels in other regions or countries.
- Economic conditions, cultural factors, and government policies affecting financial education may differ across locations, making it difficult to generalize the results globally.
- Future studies should consider a more diverse sample from various geographic regions to provide a comprehensive analysis of financial literacy trends.

Acknowledging these limitations helps in understanding the scope of the findings and highlights areas for further research to enhance the depth and applicability of financial literacy studies.



HYPOTHESIS TESTING & ITS INTERPRETATION

The statistical analysis showed a strong correlation between financial literacy and investment decisions. The hypothesis H1 was accepted, confirming that financial literacy significantly impacts investment behaviours. To validate this, two hypothesis tests were conducted:

1. Chi-Square Test for Independence:

- **Objective:** To determine if financial literacy levels and investment decisions are independent of each other.
- **Method:** The respondents were categorized into two groups: those with high financial literacy and those with low financial literacy. Their investment choices (stocks, mutual funds, cryptocurrency, or no investment) were analyzed using a chi-square test.
- **Result:** The chi-square test resulted in a $p\text{-value} < 0.05$, indicating a statistically significant relationship between financial literacy and investment behaviour. This confirms that individuals with higher financial literacy are more likely to make informed investment decisions.

2. Regression Analysis:

- **Objective:** To examine the extent to which financial literacy influences investment decision-making.
- **Method:** A multiple regression model was used, where financial literacy scores were taken as the independent variable and investment preferences as the dependent variable. Other control variables such as age, income level, and risk tolerance were also included.
- **Result:** The regression analysis showed a positive and significant coefficient for financial literacy, indicating that individuals with higher financial literacy scores were more likely to invest in diversified portfolios. The R-squared value was high, suggesting that financial literacy accounts for a significant portion of the variance in investment decisions.

These statistical tests provide strong evidence that financial literacy plays a crucial role in shaping investment behaviours among young adults. Individuals with higher financial knowledge tend to make more informed financial choices, leading to better financial stability and long-term wealth creation.



CONCLUSION

Financial literacy plays a crucial role in enabling young adults to make informed financial decisions. The study highlights that individuals with higher financial literacy are more likely to engage in structured financial planning, savings, and investments, leading to long-term financial stability.

The findings suggest that young adults often rely on social media, peer recommendations, and digital financial tools for investment decisions, which can sometimes lead to uninformed or impulsive choices. A lack of structured financial education has resulted in many young adults struggling with debt, improper savings habits, and low investment participation.

The study underscores the need for implementing structured financial literacy programs in schools, colleges, and workplaces to improve financial awareness and decision-making abilities. Government initiatives, employer-based financial education programs, and the use of digital financial tools can further enhance young adults' financial knowledge.

Moreover, the role of technology in financial literacy cannot be ignored. Mobile applications, robo-advisors, and online financial education platforms should be leveraged to provide accessible and interactive learning experiences. Policymakers and financial institutions should collaborate to develop initiatives that encourage responsible financial behaviour and investment practices among young adults.

In conclusion, improving financial literacy through targeted education, awareness campaigns, and technological interventions will not only benefit individuals but also contribute to a more financially stable and prosperous society. Future research should focus on evaluating the long-term impact of financial literacy programs and exploring innovative methods to enhance financial education.

Journals (APA Format)

1. **Lusardi, A., & Mitchell, O. S.** (2014). The Economic Importance of Financial Literacy: Theory and Evidence. *Journal of Economic Literature*, 52(1), 5-44. <https://doi.org/XXXX>
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Websites (APA Format)

- The current entries need proper formatting. Instead of just URLs, structure them correctly:



3. **Investopedia.** (n.d.). *What is financial literacy?* Retrieved from <https://www.investopedia.com>
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