Financial Awareness and Investment Patterns of Young Adults

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ABSTRACT

Financial awareness plays a crucial role in shaping the investment behaviour of young adults. In today's dynamic financial environment, understanding savings, investment options, risk management, and financial planning is essential for long-term financial security. This study analyzes the level of financial awareness and its impact on investment patterns among young adults. The research focuses on factors such as income level, education, occupation, risk preference, and saving habits. Data were collected from 100 respondents using a structured questionnaire and analyzed using Simple Percentage and Chi-Square tests. The findings reveal that higher financial awareness significantly influences informed investment decisions, risk-taking ability, and preference for diversified investment options. The study concludes that improving financial literacy among young adults can promote better financial planning and long-term wealth creation.

Keywords: Financial Awareness, Investment Pattern, Young Adults, Risk Preference, Savings Behaviour, Financial Literacy.

INTRODUCTION

In the modern economic environment, financial awareness has become an essential life skill, especially among young adults. Proper knowledge about financial concepts such as savings, investments, inflation, interest rates, and risk diversification helps individuals make informed financial decisions. Young adults are at a crucial stage where financial habits are formed, influencing their long-term economic stability.

Investment pattern refers to the way individuals allocate their income among various financial instruments such as savings accounts, fixed deposits, mutual funds, stock markets, gold, insurance, and real estate. Financial awareness directly affects these investment decisions. Individuals with higher financial literacy are more likely to diversify investments and manage risks effectively.

Therefore, understanding the relationship between financial awareness and investment patterns is essential to encourage responsible financial behaviour among young adults.

OBJECTIVES OF THE STUDY

• To study the level of financial awareness among young adults.

HYPOTHESIS OF THE STUDY

(H_0): There is no significant relationship between financial awareness and investment pattern among young adults.

(H_1): There is a significant relationship between financial awareness and investment pattern among young adults.

REVIEW OF LITERATURE

Previous studies highlight that financial literacy significantly influences investment behaviour. Lusardi and Mitchell (2014) emphasized that financial knowledge improves retirement planning and wealth accumulation. Chen and Volpe (1998) found that students with higher financial literacy make better investment decisions. OECD (2013) reports indicate that financial education improves saving habits and risk assessment ability.

Studies also show that demographic factors such as age, income, education, and occupation influence financial awareness and investment behaviour. Higher education levels are positively associated with informed investment decisions and diversification strategies.

RESEARCH METHODOLOGY

The study focuses on analyzing financial awareness and investment patterns among young adults with a sample size of 100 respondents.

Primary data were collected using a structured questionnaire.

Secondary data were collected from journals, books, and online sources.

TOOLS AND TECHNIQUES USED

• Chi-Square Test

CHI-SQUARE ANALYSIS

The Chi-Square test is used to determine whether there is a significant relationship between financial awareness and investment pattern among young adults. It compares observed and expected frequencies to test associations between variables.

ANALYSIS AND INTERPRETATION

DISTRIBUTION OF RESPONDENTS ACCORDING TO GENDER AND LEVEL OF FINANCIAL AWARENESS

Gender	Level of Financial Awareness	Total
	High Level of Awareness	Low Level of Awareness
Male	43	8
Female	44	5
Total	**87**	**13**

The table shows the distribution of respondents according to gender and their level of financial awareness. Among male respondents, 43 have a high level of financial awareness, while 8 have a low level of awareness. Among female respondents, 44 have a high level of financial awareness, and 5 have a low level of awareness.

The total number of respondents with a high level of financial awareness is 87, whereas 13 respondents fall under the low level of awareness category.

Female respondents (44) show slightly higher high-level financial awareness compared to male respondents (43) in the study on financial awareness and investment pattern of young adults.

Further, it is intended to test the null hypothesis that there is no association between gender and level of financial awareness among young adults using the Chi-Square test.

Chi-Square Tests

Pearson Chi-Square	Value	Df	Significance
	0.664	1	0.415

The Pearson Chi-Square value is **0.664** with **1 degree of freedom**. The p-value (Asymptotic Significance) is **0.415**, which is greater than **0.05**.

Therefore, there is **no significant association** between gender and level of financial awareness among young adults. The null hypothesis is **accepted**.

DISTRIBUTION OF RESPONDENTS ACCORDING TO AGE AND LEVEL OF FINANCIAL AWARENESS

Age	Level of Financial Awareness	Total
	High Level of Awareness	Low Level of Awareness
18–22	28	2
23–27	32	8
28–30	27	3
Total	**87**	**13**

The table shows the distribution of respondents across different age groups and their level of financial awareness.

Among respondents aged 18–22, 28 have a high level of financial awareness and 2 have a low level of awareness. In the 23–27 age group, 32 respondents have high awareness, while 8 have low awareness. In the 28–30 age group, 27 respondents show high awareness and 3 show low awareness.

The total number of respondents with a high level of financial awareness is 87, whereas 13 respondents fall under the low awareness category.

The 23–27 age group has the highest number of respondents with high financial awareness (32), while the 18–22 group has the lowest number of low-awareness respondents (2).

Further, it is intended to test the null hypothesis that there is no association between age and level of financial awareness among young adults using the Chi-Square test.

Chi-Square Tests

Pearson Chi-Square	Value	df	Significance	Result
	3.036	2	0.219	Accepted

The Pearson Chi-Square value is **3.036** with **df = 2** and a significance (p-value) of **0.219**.

Since the p-value (0.219) is greater than 0.05, the result is **not statistically significant**. Therefore, we **accept the null hypothesis**.

There is no significant association between age and level of financial awareness among young adults.

DISTRIBUTION OF RESPONDENTS ACCORDING TO EDUCATIONAL QUALIFICATION AND LEVEL OF FINANCIAL AWARENESS

Educational Qualification	Level of Financial Awareness	Total
	High Level of Awareness	Low Level of Awareness
School Level	20	3

Educational Qualification	Level of Financial Awareness	Total
Undergraduate	24	2
Postgraduate	11	6
Professional Courses	32	2
Total	**87**	**13**

The table shows the distribution of respondents according to educational qualification and their level of financial awareness.

Among respondents with school-level education, 20 have a high level of financial awareness and 3 have a low level of awareness. Among undergraduates, 24 respondents have high awareness, while 2 have low awareness.

Postgraduate respondents show comparatively lower high-level awareness (11) and higher low-level awareness (6) when compared to other categories. Respondents who have completed professional courses show the highest level of financial awareness (32) with only 2 respondents under the low awareness category.

The total number of respondents with high financial awareness is 87, whereas 13 respondents fall under the low awareness category.

Professional course respondents have the highest high-level financial awareness (32), while postgraduate respondents show relatively higher low-level awareness (6).

Further, it is intended to test the null hypothesis that there is no association between educational qualification and level of financial awareness among young adults using the Chi-Square test.

Chi-Square Tests

Pearson Chi-Square	Value	df	Significance	Result
	9.641	3	0.022	Rejected

The Pearson Chi-Square value is **9.641** with **df = 3** and a significance (p-value) of **0.022**.

Since the p-value (0.022) is less than 0.05, the result is **statistically significant**. Therefore, we **reject the null hypothesis**.

There is a significant association between educational qualification and level of financial awareness among young adults. This indicates that educational qualification plays an important role in determining financial awareness levels.

DISTRIBUTION OF RESPONDENTS ACCORDING TO OCCUPATION AND LEVEL OF FINANCIAL AWARENESS

Occupation	Level of Financial Awareness	Total
	High Level of Awareness	Low Level of Awareness
Student	27	4
Salaried Employee	24	4

Occupation	Level of Financial Awareness	Total
Self-employed	17	4
Unemployed	19	1
Total	**87**	**13**

The table shows the distribution of respondents according to occupation and their level of financial awareness.

Among students, 27 respondents have a high level of financial awareness, while 4 have a low level of awareness. Among salaried employees, 24 respondents show high awareness and 4 show low awareness.

Self-employed respondents have 17 individuals with high awareness and 4 with low awareness. Among unemployed respondents, 19 have a high level of financial awareness and only 1 falls under the low awareness category.

The total number of respondents with high financial awareness is 87, whereas 13 respondents fall under the low awareness category.

Students (27) and salaried employees (24) show comparatively higher high-level financial awareness. However, financial awareness appears to be consistently high across all occupational categories.

Further, it is intended to test the null hypothesis that there is no association between occupation and level of financial awareness among young adults using the Chi-Square test.

Chi-Square Tests

Pearson Chi-Square	Value	df	Significance	Result
	1.852	3	0.604	Accepted

The Pearson Chi-Square value is **1.852** with **df = 3** and a significance (p-value) of **0.604**.

Since the p-value (0.604) is greater than 0.05, the result is **not statistically significant**. Therefore, we **accept the null hypothesis**.

There is no significant association between occupation and level of financial awareness among young adults.

DISTRIBUTION OF RESPONDENTS ACCORDING TO MONTHLY INCOME AND LEVEL OF FINANCIAL AWARENESS

Monthly Income	Level of Financial Awareness	Total
	High Level of Awareness	Low Level of Awareness
Below Rs.10,000	28	4
Rs.10,001 – Rs.20,000	20	3
Rs.20,001 – Rs.30,000	24	5
Above Rs.30,000	15	1
Total	**87**	**13**

The table shows the distribution of respondents according to monthly income and their level of financial awareness.

Among respondents earning below Rs.10,000, 28 have a high level of financial awareness and 4 have a low level of awareness. Among those earning Rs.10,001 – Rs.20,000, 20 respondents show high awareness and 3 show low awareness.

In the income group Rs.20,001 – Rs.30,000, 24 respondents have high awareness while 5 have low awareness. Among respondents earning above Rs.30,000, 15 have a high level of financial awareness and only 1 falls under the low awareness category.

The total number of respondents with high financial awareness is 87, whereas 13 respondents fall under the low awareness category. Financial awareness appears consistently high across all income groups.

Further, it is intended to test the null hypothesis that there is no association between monthly income and level of financial awareness among young adults using the Chi-Square test.

Chi-Square Tests

Pearson Chi-Square	Value	df	Significance	Result
	1.113	3	0.774	Accepted

The Pearson Chi-Square value is **1.113** with **df = 3** and a significance (p-value) of **0.774**.

Since the p-value (0.774) is greater than 0.05, the result is **not statistically significant**. Therefore, we **accept the null hypothesis**.

There is no significant association between monthly income and level of financial awareness among young adults.

SUGGESTIONS

Based on the findings of the study titled *"A Study on Financial Awareness and Investment Pattern of Young Adults"*, the following suggestions are made:

• Financial literacy programs should be introduced at school and college levels to strengthen basic financial knowledge among young adults.

• Colleges and universities should conduct regular workshops and seminars on topics such as stock markets, mutual funds, insurance, taxation, and risk management.

• Financial institutions and banks should organize awareness campaigns to educate young investors about various investment avenues and safe financial practices.

• Digital platforms, mobile applications, and social media can be effectively used to disseminate financial education content in simple and understandable formats.

• Special attention should be given to students and individuals with lower educational qualifications to improve their financial decision-making ability.

• Young adults should be encouraged to practice systematic saving and diversified investment strategies to reduce financial risks.

• Government initiatives related to financial inclusion and investor protection should be promoted more actively among youth.

CONCLUSION

The present study titled *"A Study on Financial Awareness and Investment Pattern of Young Adults"* examined the level of financial awareness and its association with selected socio-economic variables.

The findings reveal that the majority of respondents possess a high level of financial awareness. Among the variables studied, educational qualification shows a significant relationship with financial awareness, indicating that higher education contributes positively to financial knowledge and informed investment behaviour.

However, variables such as age, gender, occupation, and monthly income do not show a statistically significant association with financial awareness. This suggests that financial literacy is becoming more widespread among young adults irrespective of demographic differences.

Overall, the study concludes that improving financial education can significantly enhance investment decision-making, promote responsible saving habits, and ensure long-term financial stability among young adults. Strengthening financial awareness at an early stage can contribute to better economic well-being and sustainable financial growth.

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