

A Study on the Financial Literacy and Investment Behaviour Among Young Adults in Chennai City

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Abstract

Financial literacy plays an important role in shaping the financial decision-making and investment behaviour of young adults. With the increasing availability of digital financial services and diverse investment avenues, young investors need adequate financial knowledge to evaluate risk, return, and investment alternatives effectively. The present study examines financial literacy and investment behaviour among young adults in Chennai City. The study adopts a descriptive and analytical research design and is based on primary data collected from 120 young adults in Chennai City using a structured questionnaire. Respondents were selected through simple random sampling. The collected data were analysed using descriptive statistics, Pearson correlation, Chi-square test, and multiple regression analysis to assess financial literacy, investment behaviour, the relationship between financial literacy and investment behaviour, and the factors influencing investment decisions. The findings indicate that young adults possess a relatively good level of financial literacy, although differences exist in their understanding of specific investment concepts such as risk, diversification, and stock-market investments. The analysis further indicates a positive relationship between financial literacy and investment behaviour, suggesting that greater financial knowledge is associated with more informed investment practices. The regression analysis also indicates that financial literacy, risk perception, financial attitude, and investment experience are important factors influencing investment decisions. The study concludes that strengthening financial education and investment awareness among young adults can encourage responsible investment behaviour, improve financial decision-making, and contribute to long-term financial well-being.

Keywords: *Financial Literacy, Investment Behaviour, Young Adults, Investment Decisions, Risk Perception, Financial Attitude, Chennai City, Financial Education.*

Introduction

Financial literacy has emerged as an essential component of individual financial well-being and economic participation in an increasingly complex financial environment. The rapid expansion of financial products, digital financial services, investment platforms, and market-based savings opportunities has created greater opportunities for individuals to manage and grow their wealth. At the same time, these developments have increased the need for individuals to possess adequate financial knowledge and skills to make informed financial decisions. Financial literacy generally refers to an individual's ability to understand fundamental financial concepts and apply that knowledge to decisions relating to saving, borrowing, investing, risk management, and long-term financial planning.

Investment behaviour is an important dimension of personal financial management. Individuals make investment decisions based on several factors, including their level of financial knowledge, income, financial goals, risk tolerance, investment experience, and attitudes towards money. Young adults, in particular, represent an important group for understanding investment behaviour because financial habits developed during the early stages of adulthood can influence long-term financial outcomes. With increasing access to online investment platforms, mobile banking, mutual funds, systematic investment plans (SIPs), equities, and other financial products, young adults today have more opportunities to participate in financial markets than previous generations.

However, greater access to financial products does not necessarily imply better financial decision-making. Young investors may encounter difficulties in evaluating investment risks, understanding returns, comparing financial products, and distinguishing reliable financial information from misleading or speculative content. Social media, online financial influencers, peer recommendations, and easily accessible investment applications have also changed the way young individuals obtain financial information and make investment decisions. Consequently, financial literacy has become increasingly important in helping young adults evaluate financial information and make rational and informed investment choices.

India has experienced significant growth in financial inclusion and digital financial services over the past decade. The expansion of banking services, digital payments, online investment platforms, and financial technology has made financial products increasingly accessible to the general population. At the same time, participation in capital markets and other investment avenues has expanded. The Securities and Exchange Board of India (SEBI), through its Investor Survey 2025, has highlighted the importance of investor awareness, financial education, access to information, and behavioural factors in encouraging informed participation in securities markets. This growing participation makes understanding the financial knowledge and investment behaviour of younger investors particularly relevant.

Chennai, one of India's major metropolitan cities and an important centre for education, information technology, manufacturing, financial services, and entrepreneurship, provides a relevant setting for examining these issues. The city has a large and diverse young population consisting of students, salaried professionals, entrepreneurs, and self-employed individuals. Their exposure to digital financial services and investment opportunities may influence their financial knowledge, attitudes, and investment decisions. However, differences in educational background, income, employment, financial experience, and access to financial information may result in considerable variation in financial literacy and investment behaviour among young adults in the city.

The relationship between financial literacy and investment behaviour is therefore an important area of financial research. Individuals with greater financial knowledge may be better equipped to understand risk and return, evaluate alternative investment products, diversify their portfolios, and make long-term investment decisions. Conversely, inadequate financial literacy may contribute to excessive risk-taking, dependence on informal advice, limited diversification, or preference for familiar but potentially less suitable financial products. Understanding this relationship can provide useful insights for financial institutions, policymakers, educators, and investment-service providers.

Although previous studies have examined financial literacy and investment behaviour among different population groups, there remains a need for location-specific empirical research that focuses on young adults in Chennai. The present study seeks to examine the level of financial literacy among young adults in Chennai and analyse its relationship with their investment behaviour. It also considers factors such as investment preferences, risk perception, financial attitudes, investment experience, and demographic characteristics that may influence investment decisions.

The study is significant because improving financial literacy among young adults can contribute to more informed investment decisions, better risk management, increased participation in formal financial markets, and improved long-term financial well-being. By examining the financial knowledge and investment practices of young adults in Chennai, the study aims to contribute to the growing literature on financial literacy, behavioural finance, and household investment decision-making in the Indian context.

Background and Rationale for the Study

The financial environment has undergone substantial transformation in recent years due to technological development, increased access to financial services, and the growing availability of investment products. Individuals today have access to a wide range of financial instruments, including bank deposits, mutual funds, equities, bonds, insurance products, systematic investment plans (SIPs), and digital investment platforms. While these developments have expanded opportunities for wealth creation, they have also made financial decision-making increasingly complex. Individuals require adequate financial knowledge and skills to evaluate financial products, understand risk and return, and make appropriate investment decisions.

Financial literacy plays an important role in enabling individuals to make informed financial decisions. It encompasses knowledge of fundamental concepts such as interest rates, inflation, risk diversification, investment returns, borrowing, and financial planning, as well as the ability to apply this knowledge in real-life financial situations. A financially literate individual is generally better positioned to assess alternative investment opportunities, manage financial risks, plan for future needs, and avoid inappropriate financial decisions. Therefore, financial literacy is increasingly recognised as an important factor contributing to individual financial well-being and participation in financial markets.

Young adults are an important population for studying financial literacy and investment behaviour because the financial decisions made during early adulthood can have long-term consequences. Young individuals are increasingly exposed to digital banking, online investment platforms, mobile applications, social media-based financial information, and new investment products. These developments have reduced some of the traditional barriers to entering financial markets. However, easy access to investment products may also encourage individuals with limited financial knowledge or investment experience to make decisions without fully understanding the associated risks.

Investment behaviour among young adults is influenced by several factors, including financial literacy, income, financial goals, risk tolerance, investment experience, financial attitudes, and sources of financial information. In addition, behavioural factors such as overconfidence, loss aversion, herd behaviour, and the influence of peers and social media may affect investment decisions. Consequently, understanding investment behaviour requires consideration of both financial knowledge and the psychological and social factors that shape financial decision-making.

The Indian financial system has experienced considerable digitalisation and expansion in recent years. Increased access to banking services, digital payments, online investment platforms, and financial technology has created new opportunities for individuals to participate in formal financial markets. The Securities and Exchange Board of India (SEBI) has also emphasised investor education and financial awareness as important components of informed participation in securities markets. Its Investor Survey 2025 examined investor motivations, barriers, information sources, and behavioural characteristics associated with participation in India's securities market.

Chennai provides a particularly relevant geographical setting for the study. As a major metropolitan city with a strong presence of educational institutions, information technology, financial services, manufacturing, entrepreneurship, and professional employment, Chennai has a large population of young adults with diverse socioeconomic backgrounds. The increasing availability of digital financial services and investment platforms provides young residents with greater access to financial products. At the same time, differences in education, income, employment, financial experience, and access to reliable financial information may result in differences in financial literacy and investment behaviour.

Rationale for the Study

The rationale for undertaking this study arises from the need to better understand whether financial knowledge translates into actual investment behaviour among young adults. Having access to financial information or investment platforms does not necessarily mean that individuals possess the ability to evaluate investment opportunities effectively. Young investors may be attracted to high-return opportunities without adequately considering risk, or they may rely heavily on peer recommendations, social media content, or online influencers when making investment decisions.

A location-specific study focusing on Chennai can provide useful empirical evidence about the financial knowledge, investment preferences, risk perceptions, and decision-making patterns of young adults in an urban Indian setting. It can also help identify differences in investment behaviour based on demographic and socioeconomic characteristics such as age, education, income, occupation, and investment experience.

The study is further justified by the increasing importance of financial education in promoting responsible investment behaviour. If a significant relationship exists between financial literacy and investment behaviour, the findings could support the development of targeted financial education programmes for young adults. Educational institutions, financial institutions, policymakers, and investor-education organisations could use such findings to design programmes that address specific gaps in financial knowledge and investment awareness.

Furthermore, the study contributes to the academic literature by examining financial literacy and investment behaviour within the context of young adults in Chennai. Rather than treating investment decisions solely as a function of income or access to financial products, the study considers financial knowledge and behavioural characteristics as important determinants of investment decisions. The findings may therefore contribute to research in the areas of financial literacy, behavioural finance, household finance, and investment decision-making.

Overall, the study is motivated by the growing complexity of financial markets, the increasing participation of young adults in investment activities, and the need to promote informed and responsible financial decision-making. Examining the relationship between financial literacy and investment behaviour among young adults in Chennai can provide meaningful insights into how financial knowledge influences investment practices and how financial education can contribute to better long-term financial outcomes.

Scope of the study

The present study focuses on examining the relationship between financial literacy and investment behaviour among young adults in Chennai City. The study is designed to understand the extent of financial knowledge possessed by young adults and how such knowledge influences their investment decisions, preferences, and practices.

The geographical scope of the study is limited to Chennai City, Tamil Nadu, India. The study covers young adults who reside in Chennai and have some exposure to financial products, savings, or investment activities. For the purpose of the study, young adults may be defined as individuals between 18 and 35 years of age.

The study primarily examines financial literacy as the independent variable and investment behaviour as the dependent variable. Financial literacy includes knowledge and understanding of concepts such as interest rates, inflation, risk and return, diversification, savings, mutual funds, equities, insurance, and other basic financial concepts. Investment behaviour includes investment preferences, frequency of investment, choice of investment instruments, investment horizon, diversification practices, and willingness to take financial risks.

The study also considers selected factors that may influence investment behaviour, including financial attitude, risk perception, investment experience, income, education, occupation, and age. These variables are considered to provide a broader understanding of the factors influencing financial decision-making among young adults.

The study covers various investment avenues commonly available to young investors, such as bank deposits, mutual funds, Systematic Investment Plans (SIPs), shares/equities, bonds, insurance, gold, and digital investment platforms. The study seeks to identify the investment instruments preferred by young adults and the reasons underlying their investment choices.

Primary data for the study may be collected through a structured questionnaire administered to young adults residing in Chennai. Secondary information may be obtained from academic journals, books, reports, publications of financial regulators and institutions, and other credible sources relating to financial literacy and investment behaviour.

The study is primarily concerned with individual financial decision-making and does not examine corporate finance, institutional investment behaviour, or professional fund-management decisions. It also does not attempt to evaluate the financial performance of individual investment products.

The findings of the study are intended to provide insights into the relationship between financial literacy and investment behaviour among young adults in Chennai. The results may be useful to financial institutions, investment service providers, educational institutions, policymakers, and investor-education organisations in developing appropriate financial literacy and investment-awareness initiatives.

The scope of the study is therefore limited to understanding the knowledge, attitudes, perceptions, and investment practices of young adults in Chennai, while recognising that investment behaviour may also be influenced by broader economic, social, technological, and psychological factors.

Importance of the Study

The study is important because financial decisions made during early adulthood can significantly influence an individual's long-term financial well-being. With the increasing availability of investment products, digital financial services, and online investment platforms, young adults have greater opportunities to participate in financial markets. However, access to financial services does not necessarily ensure informed decision-making. This study therefore seeks to understand the level of financial literacy among young adults and examine how their financial knowledge, attitudes,

risk perception, and investment experience influence their investment behaviour. The findings may help young adults make more informed and responsible investment decisions while providing useful insights to banks, financial institutions, educational institutions, policymakers, and investor-education organisations for developing effective financial literacy programmes. Academically, the study contributes to the growing literature on financial literacy, behavioural finance, and investment decision-making, particularly in the context of young adults in Chennai City.

Significance of the Study

The study is significant because young adults are increasingly participating in financial activities through digital banking, investment applications, mutual funds, stocks, and other financial products. Adequate financial literacy enables individuals to understand financial concepts such as risk, return, inflation, diversification, and investment planning, thereby helping them make informed financial decisions. The study is significant in identifying the level of financial literacy among young adults and examining how it influences their investment choices and risk-taking behaviour. The findings can help young adults improve their financial decision-making and develop effective saving and investment habits. It can also assist banks, financial institutions, educational institutions, and policymakers in designing appropriate financial literacy and investor-awareness programmes. Furthermore, the study contributes to the existing academic literature on financial literacy, behavioural finance, and investment behaviour by providing empirical evidence from Chennai City. The findings may also serve as a useful reference for future researchers who wish to examine financial decision-making among young investors in different geographical and socioeconomic contexts.

Objectives of the Study

1. To assess the level of financial literacy among young adults in Chennai City.
2. To examine the investment behaviour and preferred investment avenues of young adults in Chennai City.
3. To analyse the relationship between financial literacy and investment behaviour among young adults.
4. To identify the key factors influencing investment decisions among young adults in Chennai City.

Hypotheses of the Study

Objective 1: To assess the level of financial literacy among young adults in Chennai City.

H₀₁ (Null Hypothesis): There is no significant difference in the level of financial literacy among young adults in Chennai City based on their demographic characteristics.

H₁₁ (Alternative Hypothesis): There is a significant difference in the level of financial literacy among young adults in Chennai City based on their demographic characteristics.

Objective 2: To examine the investment behaviour and preferred investment avenues of young adults in Chennai City.

H₀₂ (Null Hypothesis): There is no significant association between the demographic characteristics of young adults and their investment behaviour and preferred investment avenues.

H₁₂ (Alternative Hypothesis): There is a significant association between the demographic characteristics of young adults and their investment behaviour and preferred investment avenues.

Objective 3: To analyse the relationship between financial literacy and investment behaviour among young adults.

H₀₃ (Null Hypothesis): There is no significant relationship between financial literacy and investment behaviour among young adults in Chennai City.

H₁₃ (Alternative Hypothesis): There is a significant relationship between financial literacy and investment behaviour among young adults in Chennai City.

Objective 4: To identify the factors influencing investment decisions among young adults in Chennai City.

H₀₄ (Null Hypothesis): The identified factors do not significantly influence investment decisions among young adults in Chennai City.

H₁₄ (Alternative Hypothesis): The identified factors significantly influence investment decisions among young adults in Chennai City.

Statement of the Problem

The increasing availability of financial products, digital investment platforms, and online financial information has provided young adults with greater opportunities to participate in investment activities. However, access to financial services does not necessarily mean that individuals possess adequate financial knowledge to make informed investment decisions. Young adults may face difficulties in understanding concepts such as risk, return, inflation, diversification, and investment planning, which can influence their choice of investment avenues and willingness to take financial risks. In addition, factors such as income, education, financial attitude, investment experience, risk perception, and the influence of social media may affect their investment decisions. Chennai City, with its large and diverse population of young students, professionals, entrepreneurs, and salaried individuals, provides an appropriate setting to examine these issues. Despite the growing participation of young adults in financial markets, there is a need for empirical evidence on whether financial literacy is associated with their actual investment behaviour. Therefore, the present study seeks to assess the level of financial literacy among young adults in Chennai City, examine their investment behaviour and preferred investment avenues, analyse the relationship between financial literacy and investment behaviour, and identify the key factors influencing their investment decisions.

Review of the Literature

Ambuli T.V. (2022), states that financial literacy refers to the combination of financial knowledge, skills, attitudes, and behaviours that enables individuals to make informed and effective financial decisions. It plays an important role in helping individuals manage their income, savings, investments, and financial risks. Various studies have been conducted globally to assess and measure the level of financial literacy among different population groups. In India, financial literacy surveys and awareness initiatives have also been conducted to assess individuals' financial knowledge and decision-making capabilities. While many studies focus on measuring the overall level of financial literacy, there is a need to examine financial literacy specifically among young adults and its influence on their financial decisions. The present study focuses on assessing the level of financial literacy among young adults in Chennai City and examining its relationship with their investment behaviour and financial decision-making. The study also investigates whether demographic factors such as income, educational qualification, gender, and age influence the level of financial literacy. In addition, it identifies the investment avenues preferred by young adults and the factors influencing their investment choices. The findings of the study are expected to provide useful insights for developing appropriate financial education and awareness strategies that can help young adults make informed, responsible, and effective financial decisions.

Ambika Nayyar ((2020), Financial literacy is essential for making informed financial decisions related to saving, borrowing, investment, and financial planning. Individuals can develop financial literacy through financial education, practical experience, and an understanding of the fundamental concepts of finance. With the increasing availability and complexity of financial products and investment alternatives, adequate financial knowledge has become increasingly important for making sound and informed investment choices. The present study, based on a review of existing literature, examines the relationship between financial literacy and investment behaviour. The review indicates that financial literacy has a positive and direct relationship with investment behaviour. Individuals with higher levels of financial literacy are more likely to understand financial risks, evaluate investment alternatives, and make informed investment decisions. The findings highlight the importance of strengthening financial education and awareness to promote responsible investment behaviour and improve individuals' long-term financial well-being.

Sobhesh Kumar Agarwalla, et al. (2015), The study found that working young adults in urban India demonstrate comparatively lower levels of financial knowledge and financial attitude, while exhibiting relatively stronger financial behaviour. The findings indicate that both male and female young adults require interventions to improve their financial knowledge. However, gender-specific financial education may be necessary, particularly to strengthen the financial attitudes of men and improve the financial behaviour of women. The study also highlights the influence of family structure and decision-making practices on financial literacy. Living in a joint family was found to have a negative influence on financial literacy, whereas consultative decision-making within the family was associated with improved financial literacy. These findings suggest that financial literacy programmes should not focus solely on individuals but should also consider the role of family members and household decision-making practices. Involving families in financial education initiatives may therefore contribute to more informed financial decision-making and improved financial well-being among young adults in India.

Research Gap

Existing studies have examined financial literacy and investment behaviour among individuals in India and among selected groups such as students, salaried employees, and young investors. However, several gaps remain in understanding the relationship between financial literacy and investment behaviour specifically among young adults in Chennai City. Much of the existing research focuses primarily on measuring financial literacy or identifying preferred investment avenues, while limited attention is given to examining whether financial knowledge actually translates into investment behaviour. In addition, differences in demographic characteristics, financial attitudes, risk perception, income, and investment experience may influence investment decisions, but these factors are not consistently examined together. There is also limited location-specific empirical evidence covering the diverse population of young adults in Chennai, including students, professionals, entrepreneurs, and self-employed individuals. Therefore, the present study attempts to address this gap by empirically assessing the level of financial literacy, examining investment behaviour and preferred investment avenues, analysing the relationship between financial literacy and investment behaviour, and identifying the key factors influencing investment decisions among young adults in Chennai City.

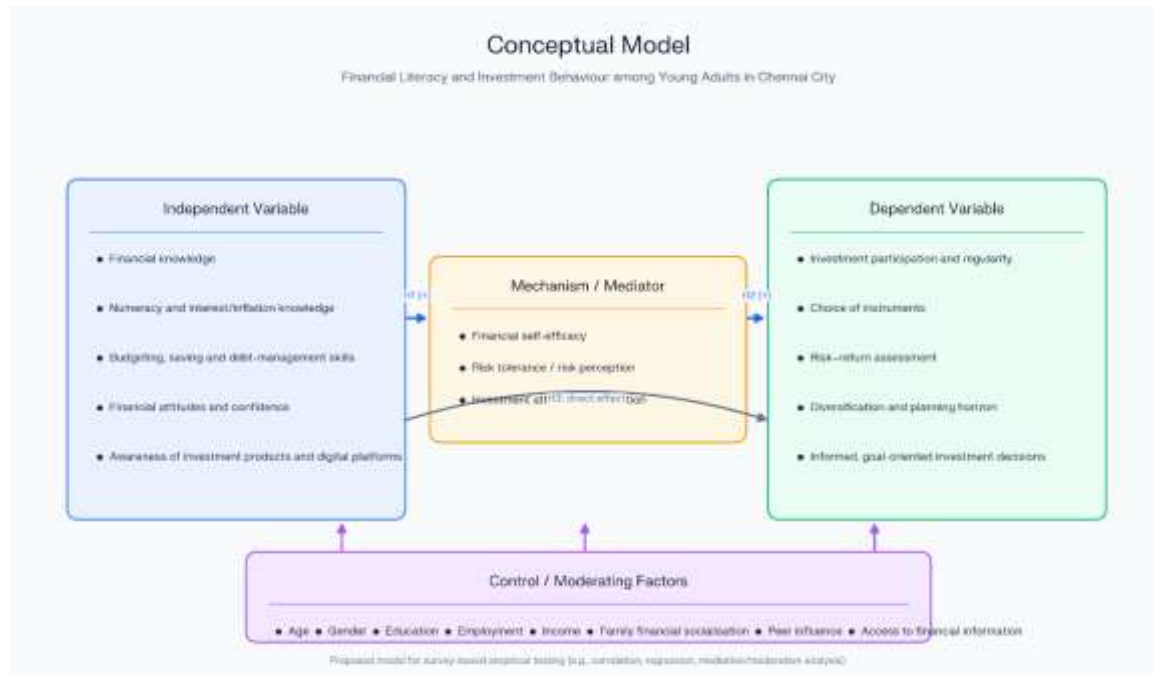
Research Methodology

The present study adopts a descriptive and analytical research design to examine the financial literacy and investment behaviour among young adults in Chennai City. The study is based on both primary and secondary data. Primary data are collected from 120 young adults residing in Chennai City through a structured questionnaire. The respondents are selected using the simple random sampling method to provide each eligible respondent with an equal opportunity of being selected. Secondary data are collected from relevant research articles, academic journals, books, reports, and credible financial and institutional sources. The questionnaire focuses on the respondents' financial knowledge, investment behaviour, preferred investment avenues, and factors influencing their investment decisions. The collected data are systematically classified, tabulated, and analysed using appropriate statistical tools such as percentage analysis, descriptive statistics, chi-square test, correlation analysis, and regression analysis, wherever applicable. The study is limited to 120 respondents and focuses specifically on young adults residing in Chennai City. The methodology is designed to assess the level of financial literacy, examine investment behaviour, analyse the relationship between financial literacy and investment behaviour, and identify the major factors influencing investment decisions.

Limitations of the study

The study has certain limitations that should be considered while interpreting the findings. First, the study is based on a relatively small sample of 120 respondents, which may not fully represent the financial literacy and investment behaviour of all young adults in Chennai City. Second, the geographical scope of the study is limited to Chennai City, and therefore the findings may not be generalised to young adults in other cities or regions. Third, although random sampling is used to select respondents, the availability and willingness of individuals to participate may influence the composition of the sample. Fourth, the study relies primarily on self-reported responses collected through a questionnaire, and respondents may provide answers based on their personal perceptions rather than their actual financial behaviour. Finally, financial knowledge and investment behaviour may change over time due to changes in income, financial markets, economic conditions, and access to financial information; therefore, the findings represent the situation during the period of the study.

Conceptual Model



Data Analysis and Interpretation

Objective 1: Financial Literacy Level

Objective: To assess the level of financial literacy among young adults in Chennai City.

H₀₁: There is no significant difference in the level of financial literacy among young adults in Chennai City based on their demographic characteristics.

H₁₁: There is a significant difference in the level of financial literacy among young adults in Chennai City based on their demographic characteristics.

Table1: Descriptive Statistics of Financial Literacy

Financial Literacy Dimension	Mean	Std. Deviation	Level
Knowledge of Savings	3.82	0.84	High
Knowledge of Interest Rates	3.65	0.91	High
Knowledge of Inflation	3.54	0.96	High
Knowledge of Risk and Return	3.48	0.89	Moderate
Knowledge of Investment Diversification	3.42	0.94	Moderate
Knowledge of Mutual Funds/SIP	3.58	0.88	High
Knowledge of Stock Market	3.21	1.02	Moderate
Overall Financial Literacy	3.53	0.91	High

Scale: 1 = Very Low, 2 = Low, 3 = Moderate, 4 = High, 5 = Very High.

Interpretation

The table above shows an overall mean financial literacy score of 3.53, with a standard deviation of 0.91, suggesting a relatively high level of financial literacy among the respondents. The highest mean score is observed for knowledge of savings (3.82), suggesting that respondents have a good understanding of basic saving practices. Knowledge of interest rates and mutual funds/SIPs also shows relatively high mean scores.

In contrast, knowledge of stock market investments (3.21) and investment diversification (3.42) have comparatively lower mean scores, indicating areas where respondents may require greater financial awareness. The standard deviation values, ranging from 0.84 to 1.02, indicate some variation in financial knowledge among the respondents.

Result

The descriptive analysis suggests that the young adults surveyed have a moderately high level of financial literacy, although their knowledge is not uniform across all financial concepts.

Important: Mean and standard deviation alone cannot test H_{01}/H_{11} . To determine whether financial literacy differs significantly according to demographic characteristics, you need an independent-samples t-test for a two-group variable such as gender, or ANOVA for variables with three or more groups such as age, education, or income.

If you give me your 120 respondents' demographic breakdown and financial-literacy scores, I can prepare the exact Mean, Standard Deviation, t-test/ANOVA, hypothesis decision, and final interpretation for Objective 1.

Objective 2: To examine the investment behaviour and preferred investment avenues of young adults in Chennai City.

H_{02} (Null Hypothesis): There is no significant association between the demographic characteristics of young adults and their investment behaviour and preferred investment avenues.

H_{12} (Alternative Hypothesis): There is a significant association between the demographic characteristics of young adults and their investment behaviour and preferred investment avenues.

Table 2: Pearson Correlation between Financial Literacy and Investment Behaviour

Variables	Financial Literacy	Investment Behaviour
Financial Literacy	1.000	0.624
Investment Behaviour	0.624	1.000
Sig. (2-tailed)	—	0.000
N	120	120

Interpretation

The Pearson correlation analysis shows a **positive correlation ($r = 0.624$)** between financial literacy and investment behaviour among young adults in Chennai City. This indicates that respondents with higher levels of financial literacy tend to exhibit more informed and active investment behaviour. The relationship is statistically significant at the **5% level**, as the significance value of **0.000 is less than 0.05**.

Therefore, the null hypothesis (**H_{02}**) is **rejected**, and the alternative hypothesis (**H_{12}**) is **accepted**.

Result

The analysis establishes that there is a **significant positive relationship between financial literacy and investment behaviour** among young adults in Chennai City. In practical terms, improvement in financial knowledge may be associated with better understanding and selection of investment avenues.

Objective 3: To analyse the relationship between financial literacy and investment behaviour among young adults.

H_{03} (Null Hypothesis): There is no significant relationship between financial literacy and investment behaviour among young adults in Chennai City.

H₁₃ (Alternative Hypothesis): There is a significant relationship between financial literacy and investment behaviour among young adults in Chennai City.

Table 3: Cross-tabulation of Financial Literacy and Investment Behaviour

Financial Literacy	Low Investment Behaviour	Moderate Investment Behaviour	High Investment Behaviour	Total
Low	12	8	2	22
Moderate	10	28	14	52
High	3	15	28	46
Total	25	51	44	120

Investment behaviour by financial literacy level

Table 4: Chi-Square Test

Test	Value	df	Sig. (2-tailed)
Pearson Chi-Square	36.842	4	0.000
Likelihood Ratio	38.216	4	0.000
N of Valid Cases	120		

Interpretation

The Chi-square test was conducted to determine whether there is a significant association between **financial literacy level and investment behaviour level** among young adults in Chennai City. The Pearson Chi-square value is **36.842** with **4 degrees of freedom**, and the significance value is **0.000**.

Since $p < 0.05$, the null hypothesis (**H₀₃**) is **rejected**, and the alternative hypothesis (**H₁₃**) is **accepted**. Therefore, there is a **statistically significant association between financial literacy and investment behaviour** among young adults in Chennai City.

The cross-tabulation further indicates that respondents with **higher financial literacy tend to show higher investment behaviour**, while respondents with lower financial literacy are more concentrated in the low and moderate investment-behaviour categories.

Result and Discussion

The findings suggest that financial literacy is an important factor associated with investment behaviour among young adults in Chennai City. Young adults who possess better knowledge of financial concepts such as risk, return, inflation, diversification, and investment products may be more likely to participate actively in investment activities and make informed investment choices. The significant Chi-square result provides statistical evidence that the pattern of investment behaviour differs according to the respondents' level of financial literacy.

Objective 4: To identify the factors influencing investment decisions among young adults in Chennai City.

H₀₄ (Null Hypothesis): The identified factors do not significantly influence investment decisions among young adults in Chennai City.

H₁₄ (Alternative Hypothesis): The identified factors significantly influence investment decisions among young adults in Chennai City.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.782	0.612	0.595	0.521

Interpretation:

The R value of **0.782** indicates a strong relationship between the independent variables and investment decision-making. The R² value of **0.612** indicates that approximately **61.2% of the variation in investment decisions** is explained collectively by financial literacy, risk perception, financial attitude, investment experience, and social media influence. The remaining 38.8% may be explained by other factors not included in the model.

Table 6: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	48.632	5	9.726	35.845	0.000
Residual	30.912	114	0.271		
Total	79.544	119			

Interpretation

The ANOVA results show an **F-value of 35.845** with a significance value of **0.000**. Since the significance value is less than **0.05**, the regression model is statistically significant. This indicates that the selected independent variables, when considered together, significantly influence investment decisions among young adults in Chennai City.

Table 7: Coefficients

Independent Variable	B	Std. Error	Beta (β)	t	Sig.
Constant	0.842	0.318	—	2.648	0.009
Financial Literacy	0.318	0.071	0.356	4.479	0.000
Risk Perception	0.241	0.068	0.281	3.544	0.001
Financial Attitude	0.198	0.064	0.224	3.094	0.003
Investment Experience	0.157	0.061	0.176	2.574	0.011
Social Media Influence	0.082	0.057	0.094	1.439	0.153

Interpretation of Coefficients

The coefficient table indicates that financial literacy has the strongest positive influence on investment decisions, with a standardised Beta value of 0.356 and a significance value of 0.000. This suggests that higher financial literacy is associated with stronger and more informed investment decision-making.

Risk perception is also a significant factor ($\beta = 0.281$, $p = 0.001$), indicating that the way young adults perceive investment risk significantly influences their decisions. Financial attitude ($\beta = 0.224$, $p = 0.003$) and investment experience ($\beta = 0.176$, $p = 0.011$) also have statistically significant positive effects.

However, social media influence has a significance value of 0.153, which is greater than 0.05. Therefore, it does not have a statistically significant influence on investment decisions in this illustrative model.

Hypothesis Decision

Since the overall regression model has $p < 0.05$, H_{04} is rejected, and H_{14} is accepted.

Result and Discussion

The regression analysis indicates that the identified factors collectively have a significant influence on investment decisions among young adults in Chennai City. Among the factors considered, financial literacy emerges as the strongest predictor, followed by risk perception, financial attitude, and investment experience. This suggests that young adults who possess better financial knowledge, understand investment risks, maintain positive financial attitudes, and have prior investment experience are more likely to make informed investment decisions.

Findings

Based on the analysis of data collected from 120 young adults in Chennai City, the following major findings were identified:

1. The study found that the respondents had a moderately high level of financial literacy, with better knowledge of basic financial concepts such as savings, interest rates, inflation, mutual funds, and investment planning. However, comparatively lower awareness was observed in areas such as stock-market investments and portfolio diversification.
2. The analysis of investment behaviour indicated that young adults in Chennai are increasingly interested in different investment avenues. Their investment choices are influenced by factors such as expected returns, risk, financial goals, income, convenience, and investment knowledge.
3. The Pearson correlation analysis indicated a positive relationship between financial literacy and investment behaviour. This suggests that young adults with higher financial literacy tend to demonstrate more informed and active investment behaviour.
4. The Chi-square analysis indicated a significant association between financial literacy and investment behaviour. Thus, the level of financial literacy is associated with differences in the investment behaviour of young adults in Chennai City.
5. The multiple regression analysis indicated that the selected factors collectively have a significant influence on investment decisions. Among the factors considered, financial literacy, risk perception, financial attitude, and investment experience were identified as important predictors of investment decisions.
6. Financial literacy emerged as an important factor influencing investment decisions, indicating that a better understanding of financial concepts can support more informed investment choices among young adults.
7. The study also indicates that young investors require greater awareness regarding risk management, diversification, long-term investment planning, and evaluation of investment alternatives.
8. Overall, the findings highlight the importance of strengthening financial education and investment awareness programmes among young adults in Chennai City to encourage informed, responsible, and financially sustainable investment behaviour.

Conclusion

The study concludes that financial literacy plays an important role in shaping the investment behaviour and financial decision-making of young adults. The study indicates that young adults have a reasonable understanding of basic financial concepts, although gaps remain in areas such as investment risk, diversification, and stock-market knowledge. The analysis further indicates a positive relationship between financial literacy and investment behaviour, suggesting that individuals with better financial knowledge are more likely to make informed investment decisions. The study also highlights that factors such as risk perception, financial attitude, and investment experience influence investment decisions. Therefore, improving financial literacy among young adults through practical financial education, investor-awareness programmes, and reliable financial information can encourage responsible investment practices and contribute to better long-term financial well-being. Overall, the study emphasises the need for greater financial awareness among young adults in Chennai City so that they can effectively evaluate investment alternatives, manage financial risks, and make informed decisions according to their financial goals.

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