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A Study on the Saving and Investment Patterns of College Students and Young Employees

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Abstract

The financial behaviour of young individuals has become an important area of study due to increasing financial independence and access to diverse investment opportunities. This research paper focuses on analysing the saving and investment patterns of college students and young employees, aiming to understand how they manage income, allocate savings, and make investment decisions.

In recent years, the availability of digital financial platforms, mobile banking, and online investment tools has significantly transformed the way young individuals interact with money. Despite this increased accessibility, financial behaviour among youth is influenced by several factors such as income level, financial literacy, lifestyle choices, peer influence, and risk perception.

This study is based on primary data collected from 159 respondents aged between 18 and 30 through a structured questionnaire . The findings indicate that while most respondents acknowledge the importance of saving, their ability to save consistently is limited, especially among college students due to low or irregular income. Young employees, on the other hand, demonstrate relatively better saving discipline.

The research further reveals that traditional saving methods like bank deposits remain widely preferred, while modern investment options such as mutual funds, SIPs, and digital investment platforms are gradually gaining popularity. However, a major limitation observed is the lack of deep financial knowledge, which leads to cautious investment behaviour and avoidance of high-risk instruments like stocks and cryptocurrency.

The study concludes that improving financial literacy, promoting practical financial education, and encouraging early investment habits can significantly enhance financial stability among youth. These findings are useful for educators, policymakers, and financial institutions aiming to strengthen financial awareness among young individuals.

Keywords: Financial Behaviour; Saving Patterns; Investment Decisions; Financial Literacy; Young Adults; Personal Finance.

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Introduction

Saving and investment are essential components of personal financial management, particularly for young individuals who are at the beginning of their financial journey. College students and young employees represent a critical demographic group transitioning from financial dependence to independence. The financial habits developed during this stage have long-term implications on future financial stability and wealth creation.

In today's digital era, financial services have become more accessible than ever before. The rise of digital payment systems such as UPI, mobile wallets, and online investment platforms has simplified financial transactions and investment processes. Young individuals are increasingly exposed to various financial instruments including savings accounts, fixed deposits, mutual funds, stocks, and even cryptocurrency.

Despite this exposure, many young individuals face challenges in managing their finances effectively. Factors such as limited income, lack of financial literacy, peer pressure, and lifestyle spending significantly influence their saving and investment decisions. College students, in particular, often rely on pocket money or part-time income, which limits their ability to save and invest consistently. On the other hand, young employees have relatively stable income but may face financial responsibilities such as rent, EMIs, and family expenses.

Another important aspect is financial anxiety, which is increasingly observed among youth due to rising living costs, job uncertainty, and lack of proper financial planning . This often leads to cautious financial behaviour and avoidance of investment risks.

This research aims to analyse the financial behaviour of young individuals by studying their saving habits, investment preferences, and the factors influencing their decisions. The study also seeks to highlight the importance of financial literacy and provide insights into improving financial decision-making among youth.Literature Review

The study of saving and investment behaviour among young individuals has gained significant attention in recent years due to increasing financial independence, rising financial responsibilities, and the rapid growth of financial products and digital platforms. College students and young employees represent a critical stage in the financial lifecycle where habits related to saving, spending, and investing are formed and carried forward into adulthood. Understanding these patterns is essential for improving financial stability and long-term wealth creation among youth.

One of the most widely discussed factors influencing financial behaviour is financial literacy. Lusardi and Mitchell (2014) emphasized that financial literacy is a fundamental determinant of saving and investment decisions. Their research indicates that many young individuals lack a clear understanding of basic financial concepts such as compound interest, inflation, and risk diversification. This lack of knowledge results in poor financial planning and limited participation in investment activities. Individuals with higher financial literacy are more likely to save consistently, invest in diversified financial instruments, and make informed decisions regarding risk and return. Financial literacy not only improves decision-making but also increases confidence in managing personal finances.

In addition to knowledge, financial socialization plays a crucial role in shaping financial behaviour. Shim, Xiao, Barber, and Lyons (2009) highlighted that financial habits are often developed through early exposure to financial discussions and practices within families and educational environments. Individuals who receive guidance from parents regarding saving, budgeting, and financial planning tend to develop disciplined financial behaviour. Peer influence also significantly affects financial decisions, especially among college students, where spending habits and lifestyle choices are often influenced by social groups. This social environment can either promote responsible financial behaviour or encourage unnecessary spending and financial indiscipline.

Another important dimension of financial behaviour is the role of psychological and behavioural factors. Mandell and Klein (2007) found that even when young individuals possess financial knowledge, they often hesitate to invest due to fear of financial loss and lack of confidence. This indicates that financial decisions are not purely rational but are also influenced by emotions and perceptions. Xiao and Porto (2017) further explained that financial self-efficacy, or the belief in one's ability to manage finances effectively, has a strong positive impact on saving and investment behaviour. Individuals with higher self-confidence are more likely to engage in long-term financial planning and investment activities.

Research Methodology

Research Design

This study adopts a descriptive research design, as it aims to describe and analyse the existing financial behaviour of respondents without manipulating any variables. The descriptive approach is suitable for this research because it helps in understanding patterns related to saving habits, investment preferences, financial awareness, and decision-making factors among youth.

The study also follows a quantitative approach, as numerical data is collected and analysed to identify trends and relationships. The use of quantitative methods allows for objective analysis and easy interpretation of results through percentages and graphical representation

Nature and Type of Study

The research is both **analytical and empirical** in nature. It is analytical because it examines the relationship between variables such as income, financial literacy, and investment behaviour. It is empirical because it is based on real data collected directly from respondents.

The study focuses on comparing two major groups:

- College students
- Young employees

This comparison helps in understanding how financial behaviour differs based on income level, financial responsibilities, and exposure to financial tools.

Data Collection Methods

The study is based on both primary and secondary data.

Primary Data

Primary data was collected through a **structured questionnaire** designed using Google Forms. The questionnaire included:

- Multiple-choice questions
- Likert-scale questions
- Close-ended questions

The questions were focused on:

- Saving habits
- Investment behaviour
- Financial awareness
- Factors influencing financial decisions

The questionnaire was distributed online to college students and young working individuals.

Secondary Data

Secondary data was collected from:

- Research papers
- Academic journals
- Financial reports
- Online articles and websites

This data was used mainly for the literature review and to support the findings of the study.

Limitations of the Study

Despite providing useful insights, the study has certain limitations:

1. Limited Sample Size
The study is based on 159 respondents, which may not fully represent the entire population.

2. Convenience Sampling
Since respondents were selected based on availability, there may be sampling bias.

3. Self-Reported Data
The data depends on responses provided by individuals, which may not always be fully accurate. Analysis and Results

The analysis and interpretation of data collected from 159 respondents provide valuable insights into the saving and investment behaviour of college students and young employees. The findings highlight patterns related to income, saving habits, investment preferences, and financial awareness among young individuals..

The demographic profile of respondents indicates that a majority belong to the younger age segment. Around 45.8% of respondents fall within the 18–21 age group, followed by 31.2% in the 22–25 age category . This suggests that the study is largely representative of youth who are in the early stages of financial independence. In terms of gender distribution, females account for the highest proportion at 43.5%, while males and those who preferred not to disclose their gender each represent 28.3% . The employment status further shows that 41% of respondents are young employees, whereas 35.9% are college students, allowing for a balanced comparison between earning and non-earning individuals.

The income distribution of respondents reveals that most individuals fall within the low to moderate income category. A significant proportion earns less than ₹10,000 per month, reflecting the financial limitations of students and early-stage earners . This income pattern directly impacts saving behaviour, as individuals with lower income have limited capacity to save consistently. The data shows that approximately 25% of respondents do not save any portion of their income, indicating a lack of financial discipline among a section of youth. At the same time, around 18.8% save between 10–20% of their income, while another 25% save between 21–30%, reflecting moderate saving behaviour among a considerable number of respondents . These findings suggest that while awareness of saving exists, its implementation varies significantly depending on income and lifestyle factors.

The reasons for saving among respondents highlight a shift towards goal-oriented financial behaviour. The data indicates that 29.8% of respondents save primarily for investment and wealth creation, making it the most common reason. Additionally, 22.8% save for future education or career-related goals, while 15.8% save for emergencies . This distribution suggests that young individuals are increasingly recognizing the importance of long-term financial planning, although immediate financial needs and lifestyle expenses still influence their saving decisions.

Investment behaviour among respondents shows encouraging trends, with 70% of individuals having invested their savings at least once . This indicates a growing awareness and willingness to explore financial opportunities beyond traditional saving methods. However, the type of investment chosen reflects a cautious approach. Gold and silver emerge as the most preferred investment options, followed by the stock market and fixed deposits. Mutual funds and cryptocurrency attract moderate interest, indicating a gradual shift towards modern financial instruments. The preference for gold and fixed deposits highlights a strong inclination towards safety and stability rather than high returns.

Discussion

The findings of this study provide important insights into the saving and investment behaviour of college students and young employees, highlighting both positive trends and existing gaps in financial decision-making. The results indicate that while young individuals are increasingly aware of the importance of saving and investing, their actual financial behaviour is influenced by multiple factors such as income level, financial literacy, psychological attitudes, and social environment.

One of the key observations from the study is the difference in financial behaviour between college students and young employees. College students generally have limited or irregular income, which restricts their ability to save consistently. Their financial decisions are often short-term and influenced by lifestyle choices, peer pressure, and immediate needs. As a result, many students either do not save or save very small portions of their income. On the other hand, young employees benefit from relatively stable income sources, which enables them to save more regularly and participate in investment activities. However, despite having higher income, their investment behaviour remains cautious and conservative.

Another important aspect highlighted in the findings is the strong preference for low-risk investment options. Most respondents prefer traditional investment instruments such as gold, fixed deposits, and other safe financial products. This reflects a risk-averse attitude among young individuals, where safety of money is prioritized over higher returns. Even though modern investment options such as mutual funds and the stock market are gaining attention, their adoption is still limited due to lack of confidence and fear of financial loss. This behaviour aligns with the concept of loss aversion in behavioural finance, where individuals tend to avoid risks even if potential returns are high.

The study also reveals that financial decisions among youth are not purely based on logical analysis but are significantly influenced by psychological and social factors. Many young individuals rely on advice from family, friends, or social media rather than conducting proper financial research. This dependence on external influence often leads to biased or uninformed investment decisions. Social comparison and the desire to maintain a certain lifestyle also affect saving behaviour, especially among college students, where spending on entertainment, travel, and social activities often takes priority over saving.

Another critical issue identified in the study is the gap between financial awareness and actual financial behaviour. Although respondents demonstrate basic knowledge about saving and investment concepts, their practical application remains limited. This gap is mainly due to lack of confidence, insufficient practical exposure, and fear of making financial mistakes. The findings suggest that knowledge alone is not enough; individuals also require guidance and real-world experience to develop effective financial habitsRecommendations

Based on the findings and discussion of the study, several recommendations can be made to improve the saving and investment behaviour of college students and young employees. These recommendations focus on enhancing financial literacy, promoting disciplined financial habits, and encouraging informed investment decisions among young individuals.

One of the most important recommendations is to strengthen financial literacy among youth. Educational institutions should introduce financial education as a part of their curriculum, focusing on practical aspects such as budgeting, saving strategies, investment basics, and risk management. Many young individuals possess basic awareness but lack in-depth understanding and practical application. Conducting workshops, seminars, and training sessions can help bridge this gap and equip students with essential financial skills from an early stage.

Another key recommendation is to encourage early saving and investment habits. Young individuals should be motivated to start saving and investing even with small amounts. Financial institutions and educators can promote simple and accessible investment options such as Systematic Investment Plans (SIPs), recurring deposits, and digital savings tools. Early exposure to investment practices helps in building long-term financial discipline and allows individuals to benefit from compounding over time.

The study also suggests the need to promote awareness about modern financial instruments. While traditional saving methods like bank deposits and gold are widely preferred, awareness about options such as mutual funds, stock markets, and diversified portfolios remains limited. Providing clear and simplified information about these instruments can help reduce fear and encourage young individuals to explore better investment opportunities.

Another important recommendation is to provide practical exposure and guidance. Financial knowledge alone is not sufficient unless individuals are confident in applying it. Institutions and organizations can introduce simulation-based learning, investment games, or demo platforms where students and young employees can practice financial decision-making in a risk-free environment. Additionally, access to financial advisors or mentorship programs can help individuals make informed and personalized financial decisions.

The influence of digital platforms on financial behaviour highlights the need to promote responsible use of fintech and digital tools. While digital applications have made investing easier, they also increase the risk of impulsive decisions. Awareness programs should educate users about verifying information, understanding risks, and avoiding decisions based solely on social media trends or peer influence

Conclusion

The present study on the saving and investment patterns of college students and young employees provides a comprehensive understanding of the financial behaviour of young individuals. The findings reveal that while there is a growing awareness about the importance of saving and investing, the actual financial practices of youth are influenced by several factors such as income level, financial literacy, psychological attitudes, and social environment.

The study highlights that college students generally face limitations in saving and investing due to low or irregular income, which results in inconsistent financial habits. In contrast, young employees demonstrate relatively better financial discipline as a result of stable income, enabling them to save and invest more regularly. However, despite having better financial capacity, even young employees tend to adopt a cautious approach toward investments, preferring safe and traditional options over high-risk, high-return instruments.

One of the key observations of the study is the strong preference for low-risk investment options such as gold and fixed deposits. This indicates that safety of money is a major concern among young individuals, often outweighing the objective of earning higher returns. The study also reveals that financial decisions are not purely rational but are influenced by psychological factors such as fear of loss, lack of confidence, and peer influence. Additionally, the role of digital platforms has made financial services more accessible, but it has also increased the risk of impulsive and uninformed decision-making.

Another important finding is the gap between financial awareness and actual financial behaviour. While many respondents possess basic knowledge about saving and investment, they lack practical experience and confidence to implement effective financial strategies. This gap highlights the need for structured financial education and practical exposure to financial tools.

Despite these challenges, the study also reflects a positive trend, as a significant number of young individuals have already started investing and are willing to improve their financial knowledge. This indicates that with proper guidance, awareness, and support, it is possible to enhance financial behaviour among youth.

In conclusion, developing strong saving and investment habits at a young age is essential for achieving long-term financial stability and security. By improving financial literacy, encouraging disciplined financial practices, and providing access to reliable financial information, young individuals can make informed decisions and build a strong financial foundation for the future. The study emphasizes the need for continuous efforts from educational institutions, financial organizations, and policymakers to create a financially aware and responsible generation.

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