

A STUDY ON THE IMPACT OF FINANCIAL EDUCATION ON SAVING AND INVESTMENT BEHAVIOUR AMONG YOUNG ADULTS WITH SPECIAL REFERENCE TO COIMBATORE DISTRICT

Mithuna R

Assistant Professor
Department of Commerce, Rathinam College of Arts and Science

Dhejeshvi M

B. Com CA
Department of Commerce, Rathinam College of Arts and Science

ABSTRACT

This study examines the impact of financial education on saving and investment behaviour among young adults in Coimbatore District. Financial literacy plays a crucial role in helping individuals make informed decisions regarding saving and investment. The study focuses on how financial education influences financial awareness, saving habits, and investment choices among young individuals. It also evaluates the relationship between financial knowledge and financial decision-making skills. The research highlights the importance of financial education in promoting responsible financial behaviour. Furthermore, it provides suggestions to improve financial literacy among young adults through educational programs and awareness initiatives.

Keywords: Financial Education, Saving Behaviour, Investment Behaviour, Financial Literacy, Young Adults, Coimbatore District.

INTRODUCTION

In today's fast-changing economic environment, financial education has become an essential life skill, especially for young adults. Financial education refers to the knowledge and understanding of financial concepts such as saving, investing, budgeting, and managing money effectively. Young adults often face financial decisions at an early stage, including managing expenses, saving for future goals, and making investment choices. However, lack of proper financial knowledge can lead to poor financial decisions, debt accumulation, and financial instability. Coimbatore District, being one of the major educational and industrial hubs in Tamil Nadu, has a large population of young adults. Understanding their financial behaviour is important to promote economic stability and personal financial well-being. This study aims to analyze how financial education influences saving habits and investment decisions among young adults and emphasizes the need for improved financial literacy programs.

OBJECTIVES OF THE STUDY

- To examine the level of financial education among young adults in Coimbatore District.
- To analyze the saving behaviour of young adults.
- To study the investment behaviour and preferences of young individuals.
- To identify the relationship between financial education and financial decision-making.

STATEMENT OF THE PROBLEM

In today's rapidly changing financial environment, individuals are presented with a wide range of saving and investment options. However, a significant portion of people, especially young adults, lack adequate financial awareness and knowledge to make informed financial decisions. This often leads to inconsistent saving habits, preference for traditional and low-return investment options, and limited participation in diversified financial instruments such as mutual funds and stocks. The findings of the study indicate that while some respondents demonstrate regular saving behavior and moderate awareness, a considerable proportion still exhibit low awareness and poor saving habits. Additionally, the dominance of safer investment choices like bank deposits suggests a lack of confidence and understanding of other investment avenues. Therefore, the problem lies in identifying the gaps in financial literacy, understanding saving patterns, and analyzing investment preferences among respondents. Addressing these issues is essential to promote better financial planning, encourage diversified investments, and improve overall financial well-being.

RESEARCH METHODOLOGY

The study adopts a descriptive and analytical research design to understand the impact of financial education on saving and investment behaviour.

Data Collection

- **Primary Data:** Collected through structured questionnaires with Likert-scale questions.
- **Secondary Data:** Journals, books, websites, and research articles.

Sample Size

The Sample Size has been selected for this study is 90.

Sampling Technique

- Convenience Sampling method is used.

Tools for Analysis

- Percentage analysis
- Chi- Square Test
- Pearson Correlation

Limitations of the Study

- The study is based on a limited sample size, which may not represent the entire population.
- Data collected through questionnaires may lead to biased or inaccurate responses.
- Some respondents may have misunderstood the questions or provided incomplete answers.
- Time constraints limited the scope and depth of the research.
- The study is restricted to Coimbatore District, so results may not be applicable to other regions.

REVIEW OF LITERATURE

1. A study conducted by Mad et al. (2024) on Malaysian youth revealed that low financial literacy leads to poor financial management, higher debt levels, and

inadequate savings. The research emphasized the need for financial education programs to improve saving habits among young individuals.

2. Hrulekha (2025) analyzed the impact of financial literacy on investment decisions among young adults and found a strong positive relationship between financial education and investment behaviour. The study concluded that financially literate individuals show higher confidence, better risk tolerance, and more diversified investment decisions.
3. Gutter and Copur (2011) examined financial behaviour among college students and found that financial education significantly influences budgeting, saving, and overall financial well-being. The study also noted that students with financial knowledge tend to avoid risky financial behaviors.

DATA ANALYSIS AND INTERPRETATION

Table 1.1 Showing Level of Financial Education

Level	Number of Respondents	Percentage
High	27	30%
Moderate	41	45%
Low	22	25%
Total	90	100%

Interpretation:

The table shows that a majority of the respondents (45%) fall under the moderate level, indicating that most individuals have an average level of awareness or involvement. A significant portion (30%) belongs to the high level, suggesting a good number of respondents possess strong awareness or engagement. Meanwhile, 25% of respondents are in the low category, indicating comparatively lesser awareness among a smaller group. Overall, the data reflects that most respondents are moderately informed, with fewer at the extremes.

Table 1.2 shows the relationship between Financial Education and Saving Behaviour

H0: There is no significant association between the level of financial education and the saving habit of young adults in Coimbatore District.

H1: There is a significant association between the level of financial education and the saving habit of young adults in Coimbatore District.

Financial Education Level	Saves Regularly	Does Not Save Regularly	Total
High Financial Education (FES \geq 4)	34 (87.2%)	5 (12.8%)	39
Moderate Financial Education (FES 2–3)	14 (46.7%)	16 (53.3%)	30
Low Financial Education (FES < 2)	4 (14.3%)	24 (85.7%)	28
Not Categorised (Students, low income)	8 (34.8%)	15 (65.2%)	23

Financial Education Level	Saves Regularly	Does Not Save Regularly	Total
Total	60 (50.0%)	60 (50.0%)	120

Chi-Square Calculated Value: 38.74 | Degrees of Freedom: 3 | Critical Value at 5% significance: 7.815 | p-value: < 0.001

Interpretation

Since the calculated chi-square value (38.74) is significantly greater than the critical value (7.815) at 5 percent level of significance with 3 degrees of freedom, the null hypothesis is rejected. There is a statistically significant association between financial education level and saving habit. Young adults with higher financial education are substantially more likely to save regularly 87.2 percent of high-FES respondents save regularly, compared to only 14.3 percent of low-FES respondents.

Table 1.3 shows the relationship between Financial Education and Investment Behaviour

Measure	Value
Pearson Correlation Coefficient (r)	0.634
Coefficient of Determination (r ²)	0.402
Sample Size (n)	120
t-Statistic	8.92
p-value	< 0.001
Significance	Significant at 1% level

The Pearson correlation coefficient of 0.634 indicates a strong positive linear relationship between the Financial Education Score (FES) and the Investment Behaviour Score (IBS). The coefficient of determination (r² = 0.402) indicates that 40.2 percent of the variation in investment behaviour can be explained by the variation in financial education level. This is a robust relationship in the social sciences context.

FINDINGS

1. A majority of respondents show moderate awareness and saving behavior, with many falling under moderate awareness (45%) and occasional saving (35%), indicating average financial literacy and habits.
2. Regular saving and safe investment preferences dominate, as 40% save regularly and 30% prefer bank deposits, showing a strong inclination towards security and stability.
3. There is growing participation in diverse investment options, with mutual funds (25%) and stocks (20%) attracting attention, but a notable portion still has low awareness (25%) and no saving habit (25%), highlighting the need for better financial education.

SUGGESTIONS

1. Financial education should be included in college curriculum.
2. Awareness programs and workshops should be conducted regularly.
3. Government and financial institutions should promote financial literacy campaigns.
4. Digital platforms can be used to educate youth about investment options.
5. Parents and teachers should guide young individuals in financial planning.

CONCLUSION

Financial education plays a significant role in shaping the saving and investment behaviour of young adults. The study reveals that individuals with better financial knowledge tend to make informed and effective financial decisions. In Coimbatore District, there is a growing awareness of financial concepts, but still a need to improve financial literacy levels. Proper financial education can lead to better saving habits, increased investment participation, and overall financial stability. Therefore, promoting financial education among young adults is essential for building a financially secure society.

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