

SAVINGS AND INVESTMENT BEHAVIOUR OF YOUNG ADULTS: EXPLORING THE ROLE OF FINANCIAL LITERACY AND PARENTAL FINANCIAL BEHAVIOUR

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ABSTRACT

This article investigates the savings and investment behaviour of young adults and explores the influence of financial literacy and parental financial behaviour on their financial decision-making. Utilizing a mixed-methods approach, the study combines quantitative surveys and qualitative interviews to gather comprehensive data from a sample of young adults. The findings highlight the relationship between financial literacy, parental financial behaviour, and savings and investment behaviours. The study underscores the importance of promoting financial literacy among young adults and emphasizes the impact of parental financial role modeling on their financial habits and choices.

KEYWORDS

Savings behaviour, investment behaviour, young adults, financial literacy, parental financial behaviour, financial decision-making.

INTRODUCTION

The Young adulthood is a crucial stage for individuals to develop financial habits and make important financial decisions that can significantly impact their long-term financial well-being. Understanding the savings and investment behaviour of young adults is essential for promoting financial literacy and guiding them towards responsible financial practices. This article aims to explore the role of financial literacy and parental financial behaviour in shaping the savings and investment behaviour of young adults.

Financial literacy plays a crucial role in equipping individuals with the knowledge and skills necessary to make informed financial decisions. It encompasses understanding concepts such as budgeting, saving, investing, and risk management. Financially literate individuals are more likely to adopt prudent financial habits and engage in long-term financial planning. However, the influence of financial literacy on the savings and investment behaviour of young adults needs to be further explored.

Furthermore, parents play a significant role in shaping the financial behaviours of their children. Parental financial behaviour serves as a model for young adults and can influence their attitudes and practices regarding savings and investment. Positive role modeling by parents, including effective money management, budgeting, and saving practices, can have a lasting impact on the financial decision-making of young adults. Understanding the interplay between parental financial behaviour and the savings and investment behaviour of young adults is crucial for developing strategies to promote positive financial habits

METHOD

The study utilizes a mixed-methods approach, combining quantitative surveys and qualitative interviews, to gather comprehensive data on the savings and investment behaviour of young adults. This approach allows for a deeper understanding of the factors influencing their financial decision-making and provides insights into their experiences, attitudes, and perceptions.

A representative sample of young adults is selected using stratified random sampling techniques to ensure diversity in terms of income levels, educational backgrounds, and geographic locations. The sample includes individuals within a specific age range who are either employed or enrolled in educational institutions.

Quantitative data are collected through self-administered surveys, capturing information on financial literacy, savings behaviour, investment behaviour, and demographic characteristics. The surveys are designed to measure the level of financial literacy among young adults and gather data on their savings and investment habits. The data collected through surveys are analyzed using statistical software, employing descriptive statistics, correlation analysis, and regression analysis to examine the relationships between financial literacy, parental financial behaviour, and savings and investment behaviours.

Qualitative data are gathered through in-depth interviews with a subset of participants from the quantitative survey sample. The interviews provide an opportunity for participants to share their experiences, attitudes, and perceptions regarding financial literacy and parental financial behaviour. The qualitative data are analyzed thematically, identifying key themes and patterns that provide rich contextual information to complement the quantitative findings.

By combining quantitative and qualitative data, this study aims to provide a comprehensive understanding of the savings and investment behaviour of young adults and the influence of financial

literacy and parental financial behaviour on their financial decision-making. The findings will contribute to the development of effective strategies for promoting financial literacy and fostering positive financial habits among young adults.

RESULTS

The study's results shed light on the savings and investment behaviour of young adults and highlight the role of financial literacy and parental financial behaviour in shaping their financial decision-making. The quantitative analysis of survey data revealed the following key findings:

Financial Literacy:

The study assessed the level of financial literacy among young adults. Results indicated that a significant portion of young adults had gaps in their financial knowledge and understanding of basic financial concepts such as budgeting, saving, and investing.

Savings Behaviour:

The analysis revealed that young adults with higher levels of financial literacy demonstrated better savings habits. They were more likely to set financial goals, regularly contribute to savings accounts, and maintain emergency funds.

Investment Behaviour:

Young adults with higher financial literacy showed a greater propensity to engage in investment activities. They were more likely to explore various investment options, such as stocks, mutual funds, and real estate, and make informed investment decisions based on their risk tolerance and financial goals.

Parental Financial Behaviour:

The study found a strong correlation between parental financial behaviour and the savings and investment behaviour of young adults. Participants whose parents exhibited positive financial habits, such as budgeting, saving, and investing, were more likely to emulate similar behaviours.

DISCUSSION

The findings of this study have important implications for promoting financial literacy and shaping the savings and investment behaviour of young adults. The discussion revolves around the following key points:

Importance of Financial Literacy:

The results underscore the significance of enhancing financial literacy among young adults. Strengthening their knowledge and understanding of financial concepts and practices can empower them to make informed financial decisions and develop healthy savings and investment habits.

Role of Parental Financial Behaviour:

The study highlights the influential role of parental financial behaviour in shaping the financial habits of young adults. Parents' positive financial role modeling serves as a powerful tool in promoting responsible financial behaviours among their children.

Need for Interventions:

The findings emphasize the need for targeted interventions to improve financial literacy among young adults. Educational institutions, policymakers, and financial institutions should collaborate to develop comprehensive financial literacy programs that provide young adults with the necessary skills and knowledge to manage their finances effectively.

Parental Education Programs:

Recognizing the impact of parental financial behaviour, the study suggests the implementation of parental education programs. These programs can equip parents with the necessary knowledge and skills to be effective financial role models for their children.

CONCLUSION

In conclusion, this study demonstrates the importance of financial literacy and parental financial behaviour in shaping the savings and investment behaviour of young adults. The findings highlight the positive relationship between financial literacy and responsible financial habits among young adults. Additionally, the study emphasizes the significant influence of parental financial behaviour on the financial decision-making of young adults.

To promote positive financial behaviours among young adults, it is crucial to focus on enhancing financial literacy through targeted educational programs. These programs should not only target young adults but also include initiatives to educate parents and foster positive financial role modeling.

By empowering young adults with financial knowledge and skills and encouraging positive parental financial behaviours, society can support the development of responsible financial habits and

contribute to the long-term financial well-being of young adults.

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