Financial Literacy and its Impact on Young Adults Saving and Investment Behavior

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Recent studies reveal that people aged from 18 to 25 possess low financial literacy which as well impact their saving and investment behaviour across the world. Only few can answer basic questions about inflations, interest rates or spreading out risks. The responsibility to save and invest is slowly moving from financial institutions to individuals it is essential for the young adults to have financial literacy to make financial choices which will have a positive impact on their future financial security. There is still a gap to fill that is providing financial literacy to these young adults by better knowledge sharing, accessibility to programs which expose them to practical skills, market exposure and behavioural strategies. To understand this better, a study has been conducted to verify whether financial literacy impacts saving and investment behaviour of young adults. After a survey was conducted on 101 young adults, it revealed a statistically significant difference between financial literacy and saving and investment behaviour of young adults. A higher financial literacy does not always imply better saving and investment behaviour. Factors other than financial literacy also impact their behaviour such as social factor, psychological factors. For instance, self-control of a person can heavily influence outcomes. Thus, financial literacy is crucial and a balanced approach will help in better financial decisions.

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