

Role of Personal Financial Literacy in Investment Choice of Young Adult

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Abstract: *Personal financial literacy plays a crucial role in shaping the investment choices of young adults, particularly in an increasingly complex and dynamic financial environment. This study explores the relationship between financial knowledge, attitudes, and behaviors, and how these factors influence the selection of investment avenues among young individuals. It highlights that financially literate young adults are more likely to make informed decisions, diversify their portfolios, and exhibit a higher tolerance for calculated risks compared to those with limited financial understanding. The research also examines the impact of formal education, digital financial platforms, and social influences on enhancing financial literacy levels. Furthermore, it identifies gaps in awareness regarding emerging investment options such as mutual funds, stocks, and digital assets. The findings suggest that improving financial literacy through structured education and awareness programs can significantly enhance the quality of investment decisions, promote financial independence, and contribute to long-term economic stability among young adults.*

Keywords: Personal Financial Literacy, Investment Decisions, Young Adults, Financial Behavior, Risk Tolerance, Financial Education, Portfolio Diversification, Digital Finance, Wealth Management

I. INTRODUCTION

1.1 Background of the Study

Personal financial literacy means having the knowledge, skills, attitude, and awareness needed to make sound financial decisions. It covers a range of concepts — saving, budgeting, interest rates, inflation, risk, return, taxation, insurance, borrowing, and investment planning. In today's economic environment, this kind of literacy has become a basic life skill, particularly for young adults who are starting to earn, save, borrow, and invest on their own. Young adulthood matters financially because the habits formed during this period tend to shape long-term wealth and financial security. How young adults invest has changed considerably in recent years. Earlier generations leaned on traditional instruments — bank deposits, recurring deposits, post office schemes, gold, or whatever the family recommended. Now, with digital platforms, mobile banking, trading apps, mutual fund services, and financial influencers on social media, the options are far wider. These include:

- Equity shares
- Mutual funds
- Systematic Investment Plans (SIPs)
- Fixed deposits
- Gold and digital gold
- Bonds and debentures
- Cryptocurrency and other high-risk digital assets
- Insurance-linked investment products

Investment behavior is also shaped by income, educational background, family influence, social media exposure, employment status, risk tolerance, and financial goals. But financial literacy is what helps a person evaluate those



influences rather than just react to them. Two young adults with identical incomes can end up making very different investment choices depending on how well they understand financial planning and risk management. Studying the role of financial literacy in investment choice matters because it helps determine whether young adults are genuinely prepared to manage their financial futures.

1.2 Significance of the Study

Young adults are increasingly participating in financial markets, but having access to investment platforms is not the same as knowing how to use them well. Digital tools have made investing faster and easier, but speed and ease can work against someone who lacks the knowledge to make informed choices. Without financial literacy, investment decisions often get driven by trends, peer pressure, advertisements, or social media — not by careful analysis.

This study matters because it examines financial literacy as a direct influence on investment behavior. Young adults with stronger financial knowledge are more likely to:

- Set realistic financial goals
- Understand investment risk
- Compare different investment options
- Plan for long-term wealth creation
- Avoid fraudulent schemes
- Manage savings and expenses effectively
- Make independent and informed financial decisions

For students and young professionals, this study draws attention to something that often gets skipped: developing financial understanding before making investment decisions. Many young adults start earning without ever receiving formal instruction in money management. The result is that they either delay investing or go in without understanding what they're actually doing. The findings here can help young adults see why budgeting, saving, diversification, and long-term thinking matter.

Schools, colleges, and universities also stand to benefit. If research shows that young adults lack foundational knowledge about investment concepts, institutions can use that as a basis for introducing financial literacy programs — workshops, seminars, or curriculum-integrated modules that prepare students for real financial decisions.

Banks, mutual fund companies, insurance providers, and fintech platforms can use these findings too. Understanding the financial literacy levels and investment preferences of young adults helps these institutions design better awareness campaigns, simpler products, and educational tools suited to first-time investors.

1.3 Statement of the Problem

Young adults are more financially active than ever. Digital technology, investment platforms, online banking, and financial content on social media have placed a large number of investment opportunities within easy reach. But availability is not the same as readiness. Many young investors don't have a working understanding of concepts like risk, return, diversification, inflation, compounding, liquidity, and long-term financial planning.

The central problem this study addresses is the gap between the availability of investment options and the actual financial literacy of young adults. Many are interested in investing, but their decisions may be driven by incomplete knowledge, peer recommendations, family advice, advertisements, or whatever is trending online. Some choose high-risk products without understanding the potential for loss. Others stay out of the market entirely because they lack confidence or awareness.

This matters because investment decisions made in young adulthood carry long-term consequences. Poorly informed choices can lead to financial losses, debt, low savings, and delayed financial goals. More informed choices can do the opposite — help young adults build wealth, gain financial independence, and prepare for future responsibilities.

The study focuses on the following questions:

- Whether young adults possess adequate financial literacy



- Whether financial literacy influences their investment choices
- Which investment options financially literate young adults tend to prefer
- Whether limited financial knowledge leads to poor or excessively risky decisions
- How demographic factors like education, income, occupation, and age relate to investment behavior
- Whether young adults rely more on their own understanding or on external sources when investing

There is also the question of how financial literacy is acquired in the first place. Most young adults don't receive formal financial education. They pick up what they know from family, friends, the internet, or experience — sources that are often incomplete or unreliable.

1.4 Objectives of the Study

The central aim of this study is to examine how personal financial literacy influences the investment choices of young adults — specifically whether those with stronger financial knowledge make more informed, planned, and appropriate decisions compared to those with weaker literacy. Since young adulthood is a critical point in the development of financial independence, understanding awareness, preferences, and behavior around investment at this stage is worth examining in depth.

Financial literacy, as used here, includes knowledge of saving, budgeting, risk, return, inflation, interest, diversification, and financial planning. Investment choice refers to the range of options a person might select from — fixed deposits, mutual funds, equity shares, gold, insurance products, bonds, and digital investment instruments. The study connects both to understand how knowledge shapes financial action.

The specific objectives are:

1. To assess the level of personal financial literacy among young adults.
2. To identify the investment options preferred by young adults.
3. To examine the relationship between financial literacy and investment choice.
4. To understand the factors influencing investment decisions among young adults.
5. To study the role of risk awareness in selecting investment avenues.
6. To analyze whether financially literate young adults prefer diversified investment portfolios.
7. To examine the influence of income, education, occupation, and family background on investment behavior.
8. To identify the sources from which young adults receive financial information.
9. To suggest measures for improving financial literacy among young adults.

These objectives go beyond asking whether young adults invest — they dig into why certain investment options are chosen over others. For instance, one young adult might prefer mutual funds because they understand professional fund management and diversification. Another might prefer fixed deposits because they value safety and guaranteed returns. Both choices reflect different levels of financial understanding.

1.5 Research Questions and Hypotheses

The research questions and hypotheses here give the study its analytical structure. They frame what the study is trying to find out — particularly around the relationship between financial literacy levels and investment behavior among young adults.

The major research questions are:

1. What is the level of personal financial literacy among young adults?
2. What types of investment options are most preferred by young adults?
3. Does personal financial literacy influence the investment choices of young adults?
4. Are financially literate young adults more likely to invest in market-linked instruments such as mutual funds and equity shares?
5. What are the major factors affecting investment decisions among young adults?



Based on these questions, the following hypotheses are proposed:

H₀1: There is no significant relationship between personal financial literacy and investment choice among young adults. H₁1: There is a significant relationship between personal financial literacy and investment choice among young adults.

H₀2: Financial literacy does not significantly affect the risk-taking behavior of young adults when making investment decisions. H₁2: Financial literacy significantly affects the risk-taking behavior of young adults when making investment decisions.

H₀3: There is no significant difference in investment choices based on the financial literacy level of young adults. H₁3: There is a significant difference in investment choices based on the financial literacy level of young adults.

H₀4: Demographic factors such as income, education, and occupation have no significant influence on investment choice. H₁4: Demographic factors such as income, education, and occupation have a significant influence on investment choice.

These questions and hypotheses together give the study a testable direction. They allow the researcher to assess whether financial literacy actually drives more systematic and goal-based investment decisions — or whether other factors are more determinative. The hypotheses can be tested through statistical methods once data is collected from respondents, giving this section its role as the analytical foundation of the research.

1.6 Scope of the Study

This study is specifically concerned with the relationship between personal financial literacy and investment choice among young adults. The respondents considered are those in the young adult age group — students, newly employed professionals, self-employed individuals, or people in the early stages of earning. This group is selected because it is at this stage that independent financial decisions begin. The choices made now tend to have a long reach into future savings habits, investment behavior, and financial security.

Financial literacy in this study is understood in terms of basic knowledge and awareness. The concepts covered include:

- Saving and budgeting
- Interest rates and compounding
- Inflation
- Risk and return
- Investment diversification
- Tax-saving investment options
- Liquidity

Both traditional and modern investment avenues fall within the study's scope. These include fixed deposits, recurring deposits, savings accounts, mutual funds, SIPs, equity shares, gold, bonds, insurance-linked products, and digital assets. The study tries to understand which options young adults prefer and whether those preferences track with their financial literacy levels.

Geographically, the study may be limited to a particular city, college, institution, or region, depending on respondent availability. Both male and female respondents from different educational, occupational, and income backgrounds may be included, allowing comparisons across different categories of young adults.

Primary data will be collected through a structured questionnaire covering demographic profile, financial knowledge, investment awareness, preferred investment options, risk attitude, and sources of financial information. Secondary data from books, journals, reports, and articles will be used to support the theoretical and conceptual background.

1.7 Limitations of the Study

No research study is without limitations, and this one is no different. The findings may be affected by constraints related to sample size, study area, respondent honesty, available time, and data access. These should be kept in mind when interpreting the results.



The sample size is one obvious constraint. Since the study focuses on young adults within a specific group — students, young professionals, or individuals from a particular city or institution — the findings may not fully represent young adults across the country.

The study also depends mainly on self-reported data. Respondents may answer based on how they perceive their own financial behavior rather than what they actually do. Some may overestimate their knowledge; others may withhold information about their actual investment habits for privacy reasons. Either way, accuracy can be affected.

Additional limitations include:

- Time available for data collection may be restricted.
- Respondents may not have equal exposure to investment products.
- Some young adults may not currently invest due to limited income.
- Financial literacy levels may vary based on educational background and family environment.
- Not all possible investment avenues may be covered in the study.
- Market conditions at the time of data collection may influence respondent preferences.
- Findings may shift over time as economic, technological, and regulatory conditions change.

Investment choice is also shaped by factors beyond financial literacy — income, risk appetite, family advice, peer influence, social media, employment status, economic conditions, and personal goals all play a role. It is therefore not possible to attribute investment behavior to financial literacy alone.

The study also does not measure actual investment performance. It looks at preference and decision-making behavior, not at returns, losses, or portfolio outcomes. Nor does it recommend any specific investment products.

II. REVIEW OF LITERATURE

2.1 Introduction

A literature review gives any research study its academic grounding. It maps what earlier scholars have already examined, what theories and concepts have been developed, what findings have emerged, and where gaps remain. In this study, the review is focused specifically on how personal financial literacy shapes the investment choices of young adults.

Financial literacy, broadly speaking, is a person's ability to understand and apply financial knowledge in everyday life. It covers awareness of saving, budgeting, borrowing, interest rates, inflation, insurance, taxation, risk, return, and investment planning. For young adults, this matters more than it might for other groups, because this is the stage when people start managing income, expenses, savings, and investments independently for the first time. The decisions made early in this period can have a long reach into future financial security and wealth.

Investment choice, as used here, refers to how an individual selects investment avenues based on their income, goals, risk tolerance, knowledge, and time horizon. Young adults today have a wide range of options available to them, including:

- Savings accounts
- Fixed deposits
- Recurring deposits
- Mutual funds
- Systematic Investment Plans (SIPs)
- Equity shares
- Gold and digital gold

Prior research consistently shows that people with stronger financial literacy tend to be more confident in their financial decisions. They are more likely to compare investment options, plan around specific goals, understand the relationship between risk and return, and steer clear of unsuitable products. Those with weaker financial literacy, by contrast, tend to rely more heavily on family, friends, advertisements, social media, or informal advice — rather than their own informed judgment.



2.2 Review of Previous Studies

1. Bihari and Shukla (2012)

Bihari and Shukla looked at financial literacy among mutual fund investors and found that it connects meaningfully with education, age, and investment experience. Investors who had stronger financial knowledge were better equipped to understand mutual fund schemes, assess risk factors, interpret returns, and work through fund-related information. Their study concluded that financial literacy builds investor confidence.

2. Chen and Volpe (1998)

Chen and Volpe focused on personal financial literacy among college students and found that the general level was low — students correctly answered only about 53 percent of the financial literacy questions posed to them. The gaps were more pronounced among non-business students, women, younger students, and those with less work experience. Their conclusion was that weak financial literacy directly affects how students form financial opinions and make decisions.

3. Volpe, Chen and Pavlicko (1996)

Volpe, Chen and Pavlicko examined personal investment literacy among college students specifically. Their findings pointed to inadequate knowledge of basic investment concepts, and this problem was not limited to any particular gender, academic background, or experience level — it cut across the board. They concluded that college students need stronger investment education if they are going to make effective investment decisions later on.

4. Mandell (2008)

Mandell used data from the Jump\$tart Coalition survey to assess financial literacy among young American adults. High school students scored poorly, and the 2008 average was actually lower than scores from earlier survey rounds. The study found that a large share of young adults were not adequately prepared to make sound financial decisions. Financial education at the school and college level, the study argued, is not optional — it is necessary.

5. Lusardi, Mitchell and Curto (2010)

Lusardi, Mitchell and Curto studied financial literacy in young adults and found it to be consistently low. Many young individuals had gaps in their understanding of even basic concepts like interest, inflation, and risk diversification. Their research found that young adults with higher financial literacy were better positioned to save and invest wisely, while those with weaker literacy struggled to plan their financial futures in any coherent way.

6. Van Rooij, Lusardi and Alessie (2011)

Van Rooij, Lusardi and Alessie investigated how financial literacy relates to stock market participation. People with low financial literacy were considerably less likely to invest in stocks. They were also more likely to lean on family and friends for financial guidance rather than drawing on their own knowledge. The study concluded that financial literacy is a real factor in whether someone enters the stock market at all.

7. Lusardi and Mitchell (2014)

Lusardi and Mitchell reviewed the broader economic significance of financial literacy and framed financial knowledge as a form of human capital. Their analysis found that financially literate individuals plan more effectively, save more consistently, invest with greater confidence, and handle financial risk more competently. They concluded that financial literacy has a measurable effect on personal financial behavior and matters for long-term financial.

8. Klapper, Lusardi and Panos (2013)

Klapper, Lusardi and Panos studied financial literacy during the financial crisis in Russia. Individuals with higher financial literacy were more likely to have unspent income and stronger spending capacity during a period of economic difficulty — in other words, they were better at absorbing financial shocks. The study concluded that financial literacy helps people make more stable decisions when economic conditions become uncertain.

9. Müller and Weber (2008)

Müller and Weber examined the role of financial literacy in mutual fund investment decisions. Financial literacy did have some influence on how investors chose between funds — particularly in distinguishing active from passive funds. However, the study noted that financial literacy alone did not fully explain investors' product choices. Other behavioral factors also came into play, which means financial knowledge is one piece of the puzzle, not the whole picture.



10. Bhushan (2014)

Bhushan studied financial literacy and investment behavior among salaried individuals. The findings showed that financial literacy affects both awareness of financial products and the actual preferences that people develop. Those with stronger financial knowledge were more aware of the investment options available to them and better able to match products to their risk and return expectations. The study concluded that financial literacy improves investment decision-making in this demographic.

11. Jorgensen (2010)

Jorgensen examined financial literacy among young adults with a specific focus on parental influence. The study found that family plays a meaningful role in shaping how young adults understand money, even when those young adults don't always recognize that influence themselves. Financial socialization at home — how money is discussed and handled within the family — affects attitudes toward money management and investment decisions later on.

12. Hilgert, Hogarth and Beverly (2003)

Hilgert, Hogarth and Beverly investigated the link between financial knowledge and actual financial behavior in daily life. The connection was strong: people with higher financial knowledge were more likely to practice better financial habits — budgeting regularly, saving consistently, managing credit responsibly, and making plans. The study concluded that financial knowledge translates into better practical behavior, not just better opinions.

13. Arathy, Nair, Sai and Pravitha (2015)

Arathy, Nair, Sai and Pravitha studied what drives retail investors toward mutual funds and what shapes their preferences. Return expectations, risk perception, liquidity, safety, and awareness of mutual fund schemes all came up as influential factors. The study concluded that financial awareness and investor education are critical for increasing mutual fund participation among retail investors — people tend not to invest in what they don't understand.

14. Fachrudin and Fachrudin (2016)

Fachrudin and Fachrudin looked at how education and investment experience affect investment decisions, with financial literacy treated as a moderating variable. Both education and experience had an effect on decision-making, but financial literacy was what allowed investors to use those advantages more effectively — it strengthened their ability to evaluate investment alternatives. Financially literate investors, the study found, get more out of their education and experience when making investment choices.

2.3 Thematic and Chronological Review of Literature

Research on financial literacy and investment behavior has developed in fairly clear stages. The earliest studies were mainly concerned with measuring how much financial knowledge students and young adults actually had. Later work shifted toward understanding what that knowledge — or the lack of it — means for investment participation, risk-taking, and financial decision-making more broadly.

Chen and Volpe (1998) and Volpe, Chen and Pavlicko (1996) were among the first to look at this seriously, both finding that college students had weak financial and investment literacy. Their work established an uncomfortable baseline: young adults often enter financial life without the foundational knowledge they need. Mandell (2008) reinforced this pattern, showing that young adults lacked even basic financial awareness, which got in the way of sound financial choices.

A recurring thread across the literature is the link between financial knowledge and actual financial behavior. Hilgert, Hogarth and Beverly (2003) found that people who know more about finance tend to practice better financial habits — they budget, save, and plan more consistently. Lusardi, Mitchell and Curto (2010) added that young adults with stronger financial literacy are more likely to grasp core concepts like interest, inflation, and diversification, which are essential for making investment decisions.

The connection between financial literacy and investment participation is another consistent theme. Van Rooij, Lusardi and Alessie (2011) found that people with low financial literacy are significantly less likely to invest in stocks, and tend to rely on family and friends for guidance rather than their own judgment. Bihari and Shukla (2012) observed



something similar in the mutual fund context — financially literate investors understood the products better and participated with more confidence.

Taken together, the major patterns across the literature are:

- Financial literacy among young adults is often low.
- Higher financial literacy improves confidence in investment decisions.
- Financially literate individuals are more likely to diversify investments.
- Education and experience improve investment awareness.
- Low financial literacy increases dependence on informal advice.

2.4 Research Gap

The existing literature covers financial literacy in relation to saving behavior, budgeting, stock market participation, mutual fund investment, and general financial decision-making. Yet despite the volume of research, some gaps remain — particularly when it comes to young adults and the specific investment choices they make.

Several of the foundational studies, including Chen and Volpe (1998), Volpe, Chen and Pavlicko (1996), and Mandell (2008), were focused primarily on measuring how financially literate students are. They established that the level was generally low, but they didn't go much further into how that literacy — or the lack of it — actually affects which investment products young adults choose. The jump from "students know little" to "here is how that shapes their decisions about mutual funds, equity, fixed deposits, or digital assets" is one the earlier literature largely didn't make.

A second gap is geographic. Much of the prominent research — Lusardi, Mitchell and Curto (2010), Van Rooij, Lusardi and Alessie (2011), Klapper, Lusardi and Panos (2013) — was conducted in Western or European contexts. Their findings are valuable, but economic conditions, cultural norms, family structures, financial education systems, and market access differ enough across countries that the results don't automatically translate to the Indian context or to other developing economies.

Some Indian studies do exist. Bihari and Shukla (2012) and Bhushan (2014) both explored financial literacy and investment behavior, but their samples were mutual fund investors and salaried individuals respectively — not young adults as a distinct group. Young adults today face a different set of influences and constraints than these earlier samples captured, including:

- Online trading applications
- Social media financial influencers
- Peer recommendations
- Digital payment habits
- Easier access to mutual funds and stock markets
- Interest in high-risk assets such as cryptocurrency
- Income limitations typical of early career stages

2.5 Conceptual Framework and Theoretical Framework

The conceptual framework of this study is built around one central relationship: that financial literacy influences how young adults make investment decisions. Personal financial literacy is the independent variable; investment choice is the dependent variable. The premise is that the more a young adult understands about financial concepts, the better equipped they are to evaluate investment options, assess risk, and act with confidence.

Financial literacy here covers knowledge and awareness of saving, budgeting, interest, inflation, compounding, risk, return, diversification, taxation, and long-term financial planning. A young adult with stronger financial literacy is expected to understand investment products more clearly and make more considered decisions. One with weaker literacy is more likely to depend on family, friends, social media, or informal advice — not because they are incapable, but because they don't have the knowledge base to evaluate options independently.

Investment choice, as the dependent variable, covers the full range of avenues a young adult might select from:



- Fixed deposits
- Recurring deposits
- Mutual funds
- Systematic Investment Plans (SIPs)
- Equity shares
- Gold

The framework also accounts for factors that sit between financial literacy and investment choice and can influence how that relationship plays out. These include age, gender, education, income, occupation, family background, risk appetite, investment experience, and where someone gets their financial information from. Two young adults with similar financial literacy levels might still choose different investments because one earns more or has a higher tolerance for risk.

The chain of influence the framework proposes runs like this:

Personal Financial Literacy → Financial Awareness → Risk Understanding → Investment Confidence → Investment Choice

III. RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is the structured process a researcher follows to collect, analyze, interpret, and present data on a given problem. In this study, the methodology has been designed to examine how personal financial literacy shapes the investment choices of young adults. Because the study is concerned with financial awareness, investment preferences, risk attitudes, and decision-making behavior, a clear and organized methodology is essential.

This chapter walks through the procedures used to conduct the research — the research design, data sources, data collection tools, sampling approach, sample size, pilot study, analysis techniques, and ethical considerations. Together, these elements ensure the study is systematic and tied to its objectives.

The primary data comes from a structured questionnaire containing 15 multiple-choice questions. These questions cover demographic profile, financial literacy level, investment preferences, sources of financial information, risk attitude, and difficulties respondents face while investing. The questionnaire was built around the objectives of the study and the literature reviewed in Chapter 2.

The methodology matters because it provides answers to some practical questions that any research process must address:

- Who are the respondents?
- What type of data is collected?
- How is the data collected?
- What sample size is used?
- Which statistical tools are applied?
- How are the findings interpreted?

Investment choice is shaped by many forces — income, education, family background, social media, and risk perception, among others. The methodology keeps the study focused specifically on personal financial literacy and how it connects to investment behavior, rather than trying to account for everything at once. This focused structure sets up the data analysis carried out in Chapter 4.

3.2 Research Design

Research design is the overall plan for how a study is conducted — how the problem is investigated, how data is gathered, and how it is analyzed. This study uses a descriptive research design, which is appropriate because the goal is to describe the level of financial literacy among young adults and understand how it relates to their investment choices.



No variables are manipulated here. The study simply observes and analyzes existing financial knowledge, attitudes, and investment behavior. The descriptive approach is well suited to identifying patterns — for instance, whether young adults with higher financial literacy gravitate toward mutual funds, SIPs, or equity shares, while those with lower literacy tend to prefer fixed deposits or avoid investing altogether.

The research is primarily quantitative, since data is collected through multiple-choice questions and expressed numerically through frequencies and percentages. These figures are used to produce tables and bar graphs. Alongside the numerical analysis, descriptive interpretation is used to explain what the data actually means in plain terms.

The key features of the research design are:

- The study is descriptive in nature.
- It is based on the survey method.
- Primary data is collected through a structured questionnaire.
- The respondents are young adults.
- The sample size is 100 respondents.
- Responses are analyzed using tables, percentages, and graphical presentation.
- The study focuses on financial literacy and investment choice.

A survey-based descriptive design works well here because young adults vary considerably in income, education, occupation, and investment experience. The survey method allows the researcher to gather data from a diverse group within a limited time. It also supports comparison across variables — financial literacy level, investment preference, risk-taking capacity, and source of financial knowledge — which is exactly what the study's objectives require.

3.3 Sources of Data

This study draws on both primary data and secondary data. Using both strengthens the research and makes it more academically complete.

Primary data is collected directly from respondents. Here, it comes from young adults who completed the structured questionnaire. The questionnaire has 15 multiple-choice questions covering financial literacy, investment preferences, income level, risk-taking ability, sources of financial knowledge, and difficulties faced while investing. Since the study is about the actual investment choices of young adults, this first-hand information is the most important data source in the study.

The primary data covers the following areas:

- Age group of respondents
- Gender of respondents
- Occupation of respondents
- Monthly income or pocket money
- Level of personal financial literacy
- Understanding of financial concepts
- Current investment habits

Secondary data comes from already published sources and is used primarily to develop the introduction, literature review, conceptual background, and theoretical framework. It connects the current research to earlier academic work and provides context for the findings.

Secondary sources used in the study include:

- Books on financial management and investment
- Research papers and journal articles
- Previous studies on financial literacy
- Reports from financial institutions
- Government and regulatory publications
- Finance and investment awareness websites



3.4 Data Collection Tools

The main tool used to collect data in this study is a structured questionnaire. A questionnaire is well suited to this kind of research because it allows the researcher to gather information from a large number of respondents in a systematic, efficient way. For young adults specifically, it lets respondents answer according to their own knowledge, opinions, and investment habits without pressure.

The questionnaire contains 15 multiple-choice questions, developed in line with the study's objectives and the literature covered in Chapter 2. Multiple-choice questions are practical because they give respondents clear options and make it straightforward to classify and tabulate responses.

The questionnaire covers the following areas:

- Demographic profile — age, gender, occupation, and income level
- Self-rated financial literacy level
- Understanding of financial concepts
- Current investment status
- Preferred investment options
- Main purpose of investment
- Risk-taking capacity
- Source of financial knowledge
- Habit of comparing investment alternatives

The language throughout the questionnaire is kept clear and direct. Technical financial terms appear only where necessary, and the options are framed so that respondents across different educational and occupational backgrounds can answer without confusion. The aim is for anyone in the target group to be able to complete it without difficulty.

The questionnaire format has clear advantages for this study. It produces standardized responses that can be converted into frequencies and percentages, then displayed through tables and bar graphs in Chapter 4. That said, there are limitations too — respondents may not always answer accurately.

3.5 Sampling Design

Since studying every young adult in the population is neither practical nor feasible within the time and resource constraints of this study, a sample is selected to represent the broader group. The sampling design here targets young adults who are students, salaried employees, self-employed individuals, unemployed individuals, or job seekers — people who are either already making financial decisions or are at a stage where they soon will be. Their responses shed light on how financial literacy connects to investment choices during the early phase of financial independence.

Data is collected by distributing a structured questionnaire among selected young adults and recording their responses. The sample draws from respondents with different age groups, occupations, income levels, and educational backgrounds, which helps capture a wider picture of financial awareness and investment behavior among young adults.

The main elements of the sampling design are:

- Target population: Young adults
- Sample unit: Individual respondent
- Sample size: 100 respondents
- Sampling method: Convenience sampling
- Data collection tool: Structured questionnaire
- Type of data collected: Primary data
- Nature of questions: Multiple-choice

Convenience sampling is used because respondents are selected based on their availability and willingness to participate. For an academic project with limited time and resources, this approach allows data to be collected efficiently from an accessible group. Even respondents who are not currently investing are included, since the study also looks at financial awareness, intention to invest, and the barriers that get in the way.



3.5.1 Population / Universe

The population of this study consists of young adults who are capable of making — or planning to make — financial and investment decisions. For practical purposes, this means individuals broadly in the 18 to 30 age group. People in this range are typically students, early earners, recently employed professionals, self-employed individuals, or job seekers. Many are already managing their own expenses, savings, bank accounts, and digital payments; some are investing; others are thinking about it.

The population includes young adults from a range of backgrounds:

- College and university students
- Salaried employees
- Self-employed young individuals
- Unemployed or job-seeking young adults
- Individuals managing pocket money
- Part-time or full-time earners
- Young adults with an interest in saving and investing

Importantly, the population is not limited to people who are already investing. Financial literacy also affects those who haven't started yet — someone may stay out of the market not because they have no interest, but because they lack knowledge, confidence, or income. Including both investors and non-investors gives a fuller picture of how financial literacy operates at this stage of life.

Young adults in this age group are increasingly exposed to investment options through digital platforms, mobile apps, banking services, mutual fund advertisements, and social media. Whether they can actually make informed decisions with those options depends on their financial knowledge. That is what makes this population relevant to the research problem.

For practical purposes, a smaller sample is drawn from this broader population. Those selected respondents represent the views of young adults on personal financial literacy and investment choices.

3.5.2 Sampling Method

This study uses convenience sampling, a non-probability technique in which respondents are selected based on their availability, accessibility, and willingness to take part. Given that the study is academic in nature and constrained by time and resources, this approach makes sense. The researcher can gather data from readily available young adults — college students, classmates, young employees, friends, and relatives — who fall within the relevant age group. This makes data collection faster and more manageable.

Convenience sampling fits the study's purpose. The goal is not to make precise inferences about all young adults in a country or region; it is to understand general patterns in financial literacy and investment choice among a selected group. The responses are useful for identifying trends, preferences, and behaviors connected to the research problem.

The main reasons for choosing convenience sampling are:

- It is simple and easy to apply.
- It saves time and cost.
- It is well suited to student research projects.
- It allows quick distribution of questionnaires.
- It works when the population is large and difficult to access fully.

The limitations of this method are worth acknowledging. Because respondents are not chosen randomly, the sample may not fully represent the larger population. If most respondents happen to be students, the findings will reflect student behavior more than the behavior of working professionals. The results should be read with this in mind. Despite this, convenience sampling is acceptable here because the study's objective is to examine the relationship between financial literacy and investment choice in a practical and workable way across 100 respondents.



3.5.3 Sample Size

The sample size for this study is 100 respondents. These are young adults who either currently invest, plan to invest, or are involved in some form of personal financial decision-making.

A sample of 100 is appropriate for an academic research project. It is large enough to reveal general patterns and trends among young adults, while being manageable enough for data collection, tabulation, and interpretation. With 15 multiple-choice questions and 100 respondents, calculating frequencies and percentages is straightforward. If, for example, 31 respondents prefer mutual funds or SIPs, that translates directly to 31% — clear and easy to present.

The sample includes respondents from different categories:

- Students
- Salaried employees
- Self-employed individuals
- Unemployed or job-seeking young adults

This variety allows the researcher to look at financial literacy and investment choice from different angles. Some respondents may have regular income and investment experience; others may be working with pocket money or haven't started investing yet.

The sample is useful for examining:

- Financial literacy level of young adults
- Preferred investment options
- Investment purpose
- Risk-taking ability
- Source of financial knowledge
- Barriers to investment
- Need for financial literacy programs

A sample of 100 also supports simple, readable tables and bar graphs. Since the study uses descriptive analysis, the data can be presented in Chapter 4 through frequency distribution and percentage analysis in a way that is easy to follow.

The limitation is that 100 respondents cannot represent all young adults. Results might look different with a larger sample, or with respondents from different cities, institutions, or income levels. The findings should be understood within those boundaries.

3.6 Pilot Study

A pilot study is a small-scale trial run conducted before the main data collection begins. Its purpose is to test the questionnaire, catch errors, check whether questions are clearly worded, and find out whether respondents can answer them without difficulty. In this study, a pilot study may be conducted before the final questionnaire is distributed to the full sample of 100 respondents.

The pilot questionnaire can be tested on a small group of 10 to 15 young adults — students, young employees, or others who match the target population. Their responses and feedback help the researcher refine the questionnaire before wider distribution.

Since the questionnaire includes questions about financial concepts like diversification, risk, and compounding, it is important to check whether respondents without a finance background can understand the questions. A pilot study helps identify exactly where the language needs to be simplified or clarified.

Specifically, the pilot study checks:

- Whether the questions are clear and simple
- Whether the answer options are suitable and complete
- Whether respondents understand the financial terms used
- Whether any question is confusing or repetitive
- Whether the questionnaire can be completed in a reasonable time



- Whether questions align with the research objectives
- Whether the collected data can be tabulated easily

If problems emerge, adjustments can be made before the final round. For instance, if "diversification" confuses respondents, it might be explained in simpler language or listed as part of a financial concepts question. If income-related questions feel intrusive, income ranges can replace requests for exact figures.

Running a pilot study improves the reliability of the final questionnaire and reduces the chance of avoidable errors in data collection and analysis. Given that respondents in this study come from varied educational and occupational backgrounds and therefore varying levels of financial knowledge making sure the questionnaire works for all of them is worth the extra step.

3.7 Data Analysis Techniques

Once all responses are collected from the 100 respondents, the data is organized, classified, and analyzed to draw meaningful conclusions. Since the questionnaire uses multiple-choice questions, the primary analysis methods are frequency distribution and percentage analysis.

The process starts by counting how many respondents chose each option for each question. Those counts are then expressed as percentages of the total sample. Because the sample size is 100, percentage calculation is direct — a count of 31 responses for a given option equals 31%. This makes the data easy to understand and present.

The major data analysis techniques used in the study are:

- Frequency analysis
- Percentage analysis
- Tabular presentation
- Bar graph presentation
- Comparative interpretation
- Descriptive analysis

Each of the 15 questionnaire items is presented in a table, followed by an interpretation that explains what the data shows and how it connects to the research topic. If most respondents indicate that financial literacy strongly influences their investment decisions, for example, that directly supports the study's main objective.

The analysis also enables comparisons across different dimensions of financial behavior:

- Financial literacy level and investment participation
- Risk-taking ability and investment preference
- Source of financial knowledge and investment confidence
- Income level and investment capacity

The study does not use advanced statistical tools such as correlation, regression, or hypothesis testing. The objective is to understand general trends and patterns, not to build complex statistical models.

3.8 Ethical Considerations

Conducting research responsibly means protecting the people who participate in it. Since this study collects personal information from young adults — including income range, financial awareness, and investment behavior — respecting respondents' privacy and dignity is a basic requirement.

Participation is entirely voluntary. No one is pressured to complete the questionnaire. Respondents are informed about the purpose of the study before they participate, and the data collected is used exclusively for academic analysis.

Respondent identity is kept confidential. The questionnaire does not ask for highly personal details — no bank account numbers, exact income figures, investment account information, or identification numbers. Income is collected in broad ranges, and investment preferences are gathered in general categories. This protects privacy while still generating the information the study needs.

The ethical principles followed in this study are:



- Participation is voluntary.
- The purpose of the study is clearly explained to respondents.
- Personal identity of respondents remains confidential.
- Data is used only for academic research purposes.
- Respondents are not asked for sensitive financial details.
- Responses are presented in aggregate form, not individually.
- No misleading or false information is given to respondents.
- The researcher avoids bias while interpreting data.

Respondents are free to skip any question they are uncomfortable answering. The questionnaire is designed to be respectful and non-intrusive.

Honesty in data presentation is another ethical obligation. The responses must be reported accurately — tables, percentages, graphs, and interpretations must reflect actual survey results. If sample data is assumed for academic practice purposes, that must be stated clearly.

IV. DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter takes the raw survey responses and turns them into actual findings. The data was collected from 100 young adult respondents through a 15-question multiple-choice questionnaire on the topic "Role of Personal Financial Literacy in Investment Choice of Young Adults." The questionnaire covered demographic background, income level, financial literacy self-assessment, understanding of financial concepts, current investment habits, preferred investment avenues, investment purpose, risk preference, sources of financial knowledge, and barriers to investing.

All responses have been analyzed using frequency and percentage analysis. The tools used to present the findings are:

- Tables showing frequency and percentage for each question
- Question-wise written interpretation
- Comparative analysis across related questions
- Bar graph-based presentation in MS Word

Because the sample size is exactly 100, frequency values and percentage values are numerically identical, which keeps the analysis clean and easy to follow.

The chapter is structured in two main parts. The first covers the demographic profile of respondents — age, gender, occupation, and income. The second analyzes data according to the study's objectives, moving through financial literacy levels, investment preferences, investment purpose, risk attitude, sources of financial knowledge, decision-making habits, influence of financial literacy, and barriers to investing. Taken together, the analysis answers the central question: does personal financial literacy shape investment behavior among young adults?

4.2 Demographic Profile of Respondents

Understanding who the respondents are matters because background factors like age, gender, occupation, and income can influence both financial knowledge and investment behavior. The demographic data sets the context for everything that follows.

Table 4.1: Age Group of Respondents

Age Group	No. of Respondents	Percentage
18–20 years	22	22%
21–23 years	38	38%
24–26 years	28	28%
27–30 years	12	12%
Total	100	100%



Interpretation: The 21–23 age group is the largest, making up 38% of the sample. This is the stage when financial awareness begins to take shape and when many young adults first start thinking seriously about saving and investing. The 24–26 group follows at 28% — respondents who may already be earning and more actively involved in financial decisions. The 18–20 group accounts for 22%, and only 12% fall in the 27–30 range. Overall, the age distribution fits the study well: it is dominated by respondents who are just entering the financial decision-making phase of their lives.

Table 4.2: Gender of Respondents

Gender	No. of Respondents	Percentage
Male	54	54%
Female	44	44%
Other	2	2%
Total	100	100%

Interpretation: Male respondents make up 54% of the sample, female respondents 44%, and 2% selected other. The gap between male and female participation is small, which means the data reflects investment attitudes and financial awareness across genders fairly well. This is useful because risk tolerance, financial confidence, and investment exposure can vary by gender — having roughly balanced representation allows for a more complete picture.

Table 4.3: Occupation of Respondents

Occupation	No. of Respondents	Percentage
Student	42	42%
Salaried employee	36	36%
Self-employed	12	12%
Unemployed / Job seeker	10	10%
Total	100	100%

Interpretation: Students form the largest group at 42%, which makes sense for a study on young adults — many people begin developing financial awareness during their student years. Salaried employees come in at 36% and likely bring more direct experience with income management and investment. Self-employed respondents account for 12%, and unemployed or job-seeking respondents for 10%. This occupational mix is helpful because it allows the study to look at financial literacy and investment behavior across different income and employment situations rather than from a single category.

Table 4.4: Monthly Income or Pocket Money

Monthly Income / Pocket Money	No. of Respondents	Percentage
Below ₹10,000	34	34%
₹10,001–₹25,000	31	31%
₹25,001–₹50,000	24	24%
Above ₹50,000	11	11%
Total	100	100%

Interpretation: The largest income group is below ₹10,000, representing 34% of respondents — a figure that reflects the high proportion of students and early-stage earners in the sample. The ₹10,001–₹25,000 bracket accounts for 31%, and ₹25,001–₹50,000 for 24%. Only 11% earn above ₹50,000.

4.3 Analysis of Data as per Objectives

The objective-wise analysis examines whether the survey responses support the study's central purpose: to understand how personal financial literacy shapes investment choices among young adults. Across all six objectives, the data from 100 respondents consistently shows that financial literacy has a measurable connection to investment awareness, risk attitude, preferred investment options, and decision-making confidence.



Objective 1: Assessing the level of personal financial literacy among young adults

The self-assessment results show that most young adults have a moderate grasp of financial matters. Forty-six percent rated themselves at the moderate level, while 30% rated themselves low or very low. Only 24% considered their financial literacy high or very high. The pattern becomes more specific when respondents were asked which financial concept they understand best. Saving and budgeting was selected by 39% — by far the most comfortable area. Diversification was chosen by only 12%, and tax-saving investments by just 10%. The gap between basic money management and investment-specific knowledge is wide, and it matters when it comes to making informed investment decisions.

Objective 2: Identifying the investment options preferred by young adults

Investment participation among respondents is higher than one might expect. Twenty-four percent invest regularly and 36% invest occasionally — meaning 60% are already involved in investment in some form. Another 28% haven't started yet but plan to, and only 12% have no interest in investing at all. Investment awareness among young adults is growing, though the habit of investing regularly is still developing for many.

The breakdown of preferred investment options is:

- Mutual funds / SIP — 31%
- Fixed deposit / Recurring deposit — 23%
- Equity shares — 19%
- Gold / Digital gold — 13%
- Cryptocurrency / Digital assets — 8%
- Insurance-linked investment — 6%

Mutual funds and SIPs lead the preferences, suggesting that young adults are increasingly comfortable with systematic, market-linked products. That said, fixed deposits and recurring deposits still attract nearly a quarter of respondents — safety and guaranteed returns continue to matter to a substantial group.

Objective 3: Understanding the purpose and risk attitude behind investment choices

Wealth creation is the primary investment motivation, cited by 34% of respondents. Other reasons include emergency fund creation, future education or career goals, tax saving, retirement planning, and short-term profit. Long-term financial growth is clearly on many young adults' minds, but retirement planning and tax saving are not yet priorities for most.

On risk tolerance, the picture is balanced rather than aggressive. Thirty-nine percent are willing to take moderate risk, 45% prefer low or very low risk, and only 16% are comfortable with high or very high risk. Young adults in this sample want reasonable returns but are clearly wary of significant losses — a caution that appears connected to income limitations, investment experience, and the depth of their financial knowledge.

Objective 4: Examining sources of financial knowledge

The main sources through which respondents learn about finance are:

- Social media / YouTube — 29%
- Family members — 24%
- Friends / Peers — 15%
- Teachers / College courses — 14%
- Books and articles — 10%
- Financial advisors / Professionals — 8%

Digital and informal channels dominate. Professional financial advisors are consulted by only 8% of respondents — the least-used source in the list. Young adults are largely teaching themselves about finance through unverified platforms and personal networks rather than through structured or professional guidance.



4.4 Table-wise / Chart-wise Interpretation

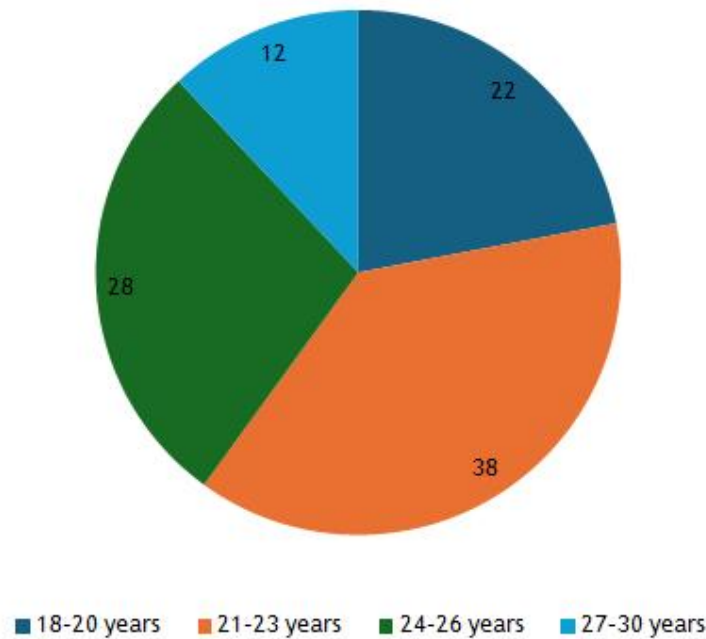
Q1. What is your age group? Option

18–20 years

21–23 years

24–26 years

27–30 years



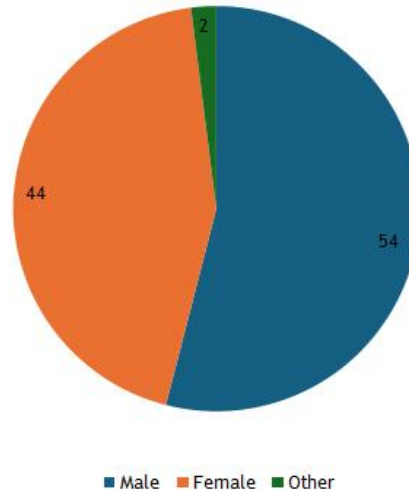
Interpretation:

The majority of respondents belong to the age group of 21–23 years, representing 38% of the total sample. This shows that most respondents are at the early stage of adulthood, where financial awareness and investment habits are still developing. The second-largest group is 24–26 years, with 28%, indicating participation from young adults who may have started earning and making independent financial decisions. The lower percentage of respondents in the 27–30 years group shows that the study is mainly focused on younger adults.



Q2. What is your gender? Option

- Male
- Female
- Other

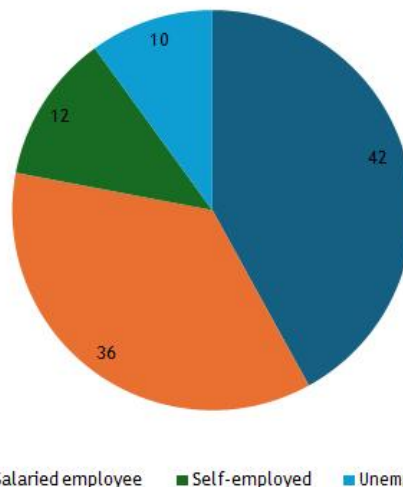


Interpretation:

The sample consists of 54% male respondents and 44% female respondents, while 2% selected other. This shows that the survey includes participation from different gender groups. The slightly higher male participation may indicate greater interest or availability among male respondents, but female participation is also significant. Therefore, the responses can provide a balanced understanding of financial literacy and investment choices among young adults.

Q3. What is your current occupation? Option

- Student
- Salaried employee
- Self-employed
- Unemployed / Job seeker



Interpretation:

The highest number of respondents are students, forming 42% of the sample. This is suitable for the study because young adults often begin learning about savings and investment during their student life. Salaried employees form 36%, indicating that a large portion of respondents may already have regular income and investment experience. Self-employed and unemployed respondents together form 22%, showing that the study includes different economic backgrounds.

Q4. What is your monthly income or pocket money?

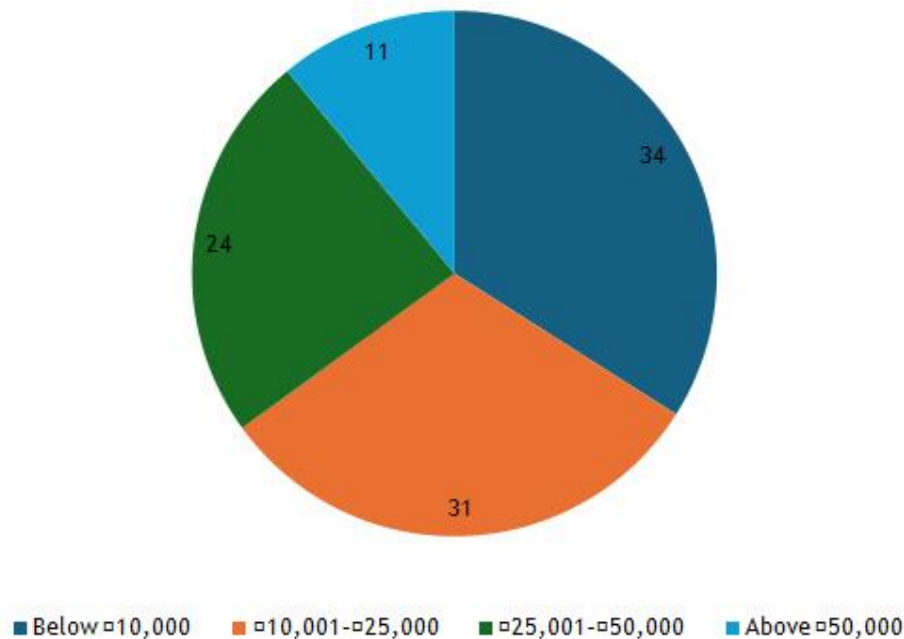
Option

Below 10,000

10,001– 25,000

25,001– 50,000

Above 50,000



Interpretation:

Most respondents fall under the below 10,000 income or pocket money category, with 34%. This may be because many respondents are students or early-stage earners. About 31% earn between 10,001 and 25,000, while 24% earn between 25,001 and 50,000. Only 11% earn above 50,000. This shows that income level may influence investment capacity among young adults, as lower-income respondents may save and invest smaller amounts.



Q5. How would you rate your personal financial literacy?

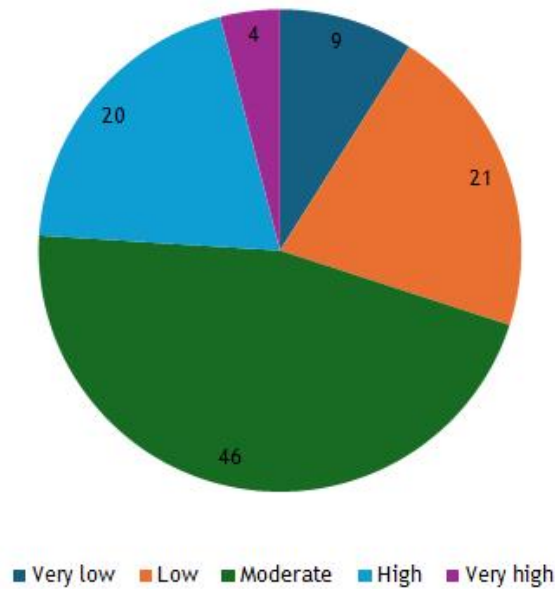
Option

Very low

Low

Moderate High

Very high



Interpretation:

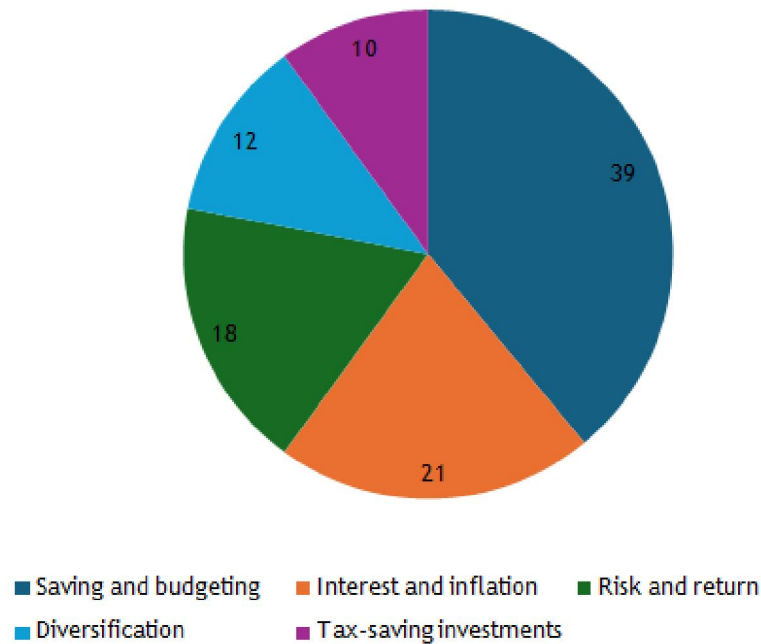
The majority of respondents, 46%, rated their financial literacy as moderate. This indicates that many young adults have some basic understanding of financial concepts but may not have advanced financial knowledge. Around 30% of respondents rated their financial literacy as low or very low, showing a need for better financial education. Only 24% rated their financial literacy as high or very high. This suggests that financial literacy among young adults still requires improvement.



Q6. Which financial concept do you understand the best?

Option

- Saving and budgeting
- Interest and inflation
- Risk and return
- Diversification
- Tax-saving investments



Interpretation:

The most understood financial concept among respondents is saving and budgeting, selected by 39%. This shows that young adults are more familiar with basic money management than advanced investment concepts. Interest and inflation were understood by 21%, while risk and return were understood by 18%. Only 12% understood diversification, and 10% understood tax-saving investments. This indicates that young adults may need more awareness regarding investment-related concepts.



Q7. Do you currently invest your money?

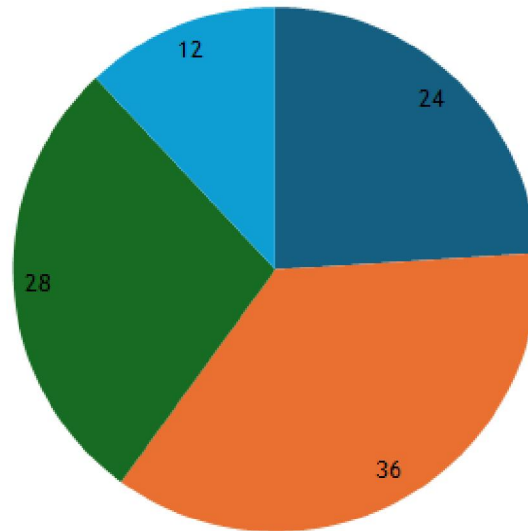
Option

Yes, regularly

Yes, occasionally

No, but planning to invest

No, not interested



■ Yes, regularly ■ Yes, occasionally ■ No, but planning to invest ■ No, not interested

Interpretation:

The data shows that 24% of respondents invest regularly, while 36% invest occasionally. This means that 60% of young adults are already involved in investment activities to some extent. Another 28% are not currently investing but are planning to invest in the future. Only 12% are not interested in investing. This shows that investment awareness among young adults is increasing, but regular investment habits still need to be strengthened.



Q8. Which investment option do you prefer the most?

Option

Fixed deposit / Recurring deposit

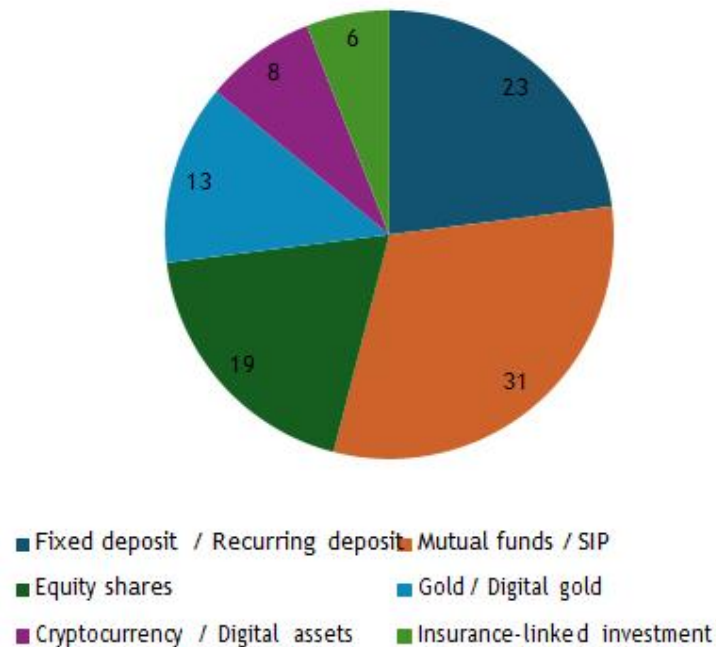
Mutual funds / SIP

Equity shares

Gold / Digital gold

Cryptocurrency / Digital assets

Insurance-linked investment



Interpretation:

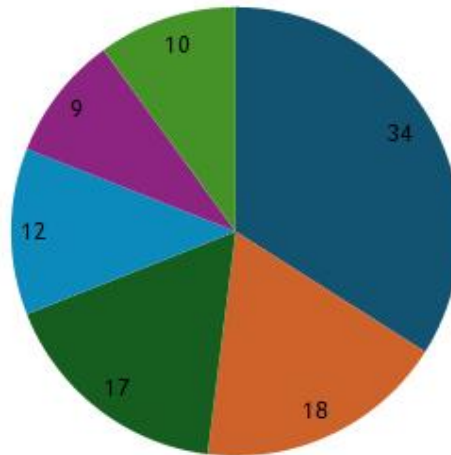
The most preferred investment option is mutual funds or SIP, selected by 31% of respondents. This shows that many young adults are becoming aware of market-linked investment options with systematic investment benefits. Fixed deposits and recurring deposits are preferred by 23%, indicating that safety is still important for many respondents. Equity shares are preferred by 19%, while cryptocurrency and digital assets are preferred by only 8%, showing limited but present interest in high-risk investments.



Q9. What is your main purpose for investing?

Option

- Wealth creation
- Emergency fund
- Future education / career goals
- Tax saving
- Retirement planning
- Short-term profit



- Wealth creation
- Emergency fund
- Future education / career goals
- Tax saving
- Retirement planning
- Short-term profit

Interpretation:

The main purpose of investment among respondents is wealth creation, selected by 34%. This shows that young adults are becoming more aware of long-term financial growth. Emergency fund creation was selected by 18%, while education and career goals were selected by 17%. Tax saving and retirement planning received lower responses, suggesting that young adults may not yet prioritize long-term retirement needs or tax planning. Short-term profit was selected by 10%, showing that some respondents are attracted to quick returns.



Q10. What level of investment risk are you willing to take?

Option

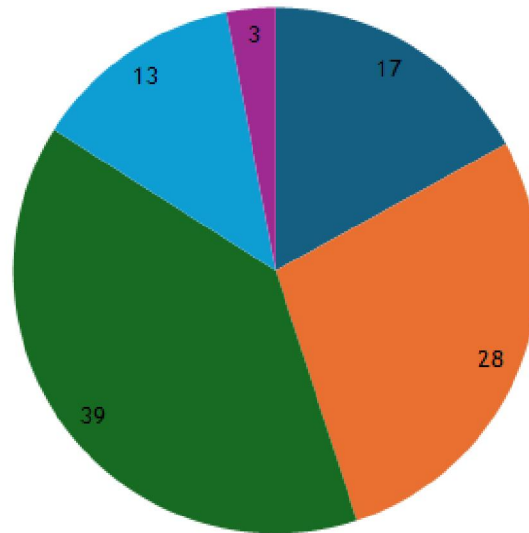
Very low risk

Low risk

Moderate risk

High risk

Very high risk



■ Very low risk ■ Low risk ■ Moderate risk ■ High risk ■ Very high risk

Interpretation:

Most respondents, 39%, are willing to take moderate risk while investing. This shows that young adults are neither completely risk-averse nor highly aggressive in their investment approach. Around 45% prefer very low or low risk, indicating that safety remains an important factor. Only 16% are willing to take high or very high risk. This suggests that young adults generally prefer balanced investment options where risk and return are both considered.



Q11. What is the main source of your financial knowledge?

Option

Family members

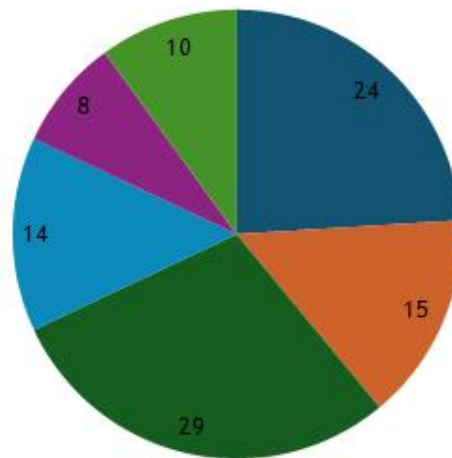
Friends / Peers

Social media / YouTube

Teachers / College courses

Financial advisors / Professionals

Self-study through books/articles



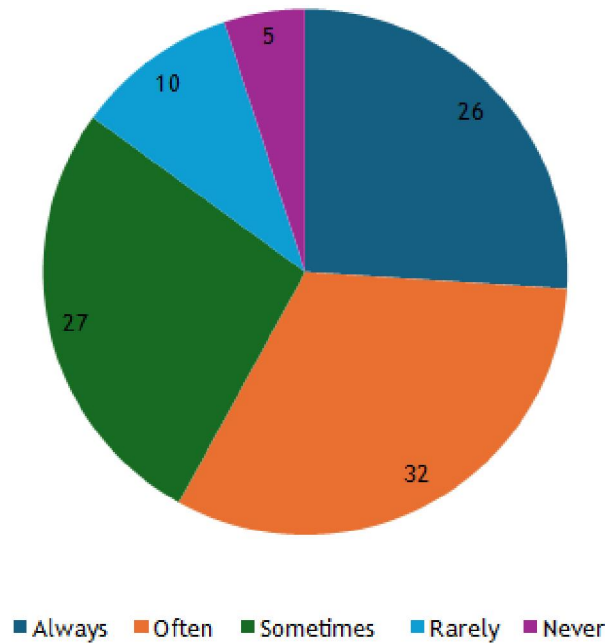
Interpretation:

The main source of financial knowledge is social media and YouTube, selected by 29% of respondents. This shows that digital platforms play a major role in shaping financial awareness among young adults. Family members are the second major source, with 24%. Friends and peers account for 15%, while teachers and college courses account for 14%. Only 8% receive knowledge from financial advisors, suggesting that young adults rely more on informal and digital sources than professional guidance.



Q12. Before investing, do you compare different investment options?

- Option
- Always
- Often
- Sometimes
- Rarely
- Never



Interpretation:

The data shows that 26% of respondents always compare investment options, while 32% often compare them. This means that 58% of young adults usually evaluate alternatives before investing. However, 27% compare only sometimes, and 15% rarely or never compare investment options. This indicates that although many young adults are becoming careful investors, a considerable number still need to develop the habit of comparing risk, return, liquidity, and time period before investing.



Q13. How much does financial literacy influence your investment decision?

Option

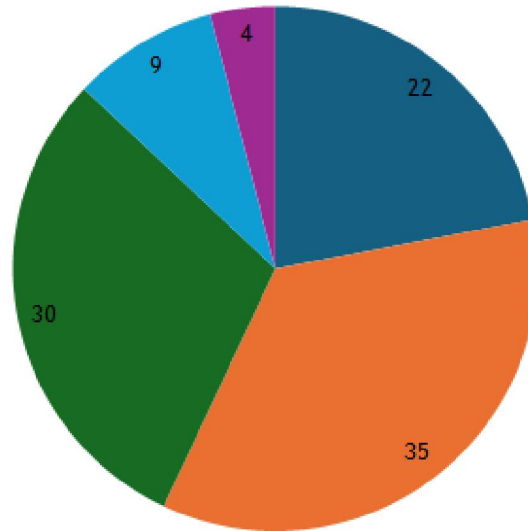
Very high influence

High influence

Moderate influence

Low influence

No influence



■ Very high influence ■ High influence ■ Moderate influence ■ Low influence ■ No influence

Interpretation:

The majority of respondents believe that financial literacy influences their investment decisions. About 35% reported high influence, while 22% reported very high influence. This means that 57% of respondents strongly agree that financial literacy affects investment choice. Another 30% reported moderate influence. Only 13% reported low or no influence. This clearly indicates that personal financial literacy plays an important role in shaping the investment behavior of young adults.



Q14. What difficulty do you face while making investment decisions?

Option

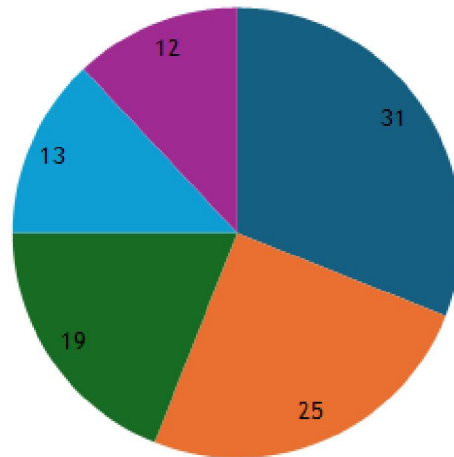
Lack of financial knowledge

Fear of loss

Lack of income

Too many investment options

Lack of trustworthy guidance



Interpretation:

The biggest difficulty faced by respondents is lack of financial knowledge, selected by 31%. This directly supports the importance of financial literacy in investment choice. Fear of loss was selected by 25%, showing that risk perception affects investment decisions. Lack of income was selected by 19%, which is understandable because many young adults are students or early earners. The presence of too many investment options and lack of trustworthy guidance also create confusion among respondents.



Q15. Do you think financial literacy programs should be introduced for young adults?

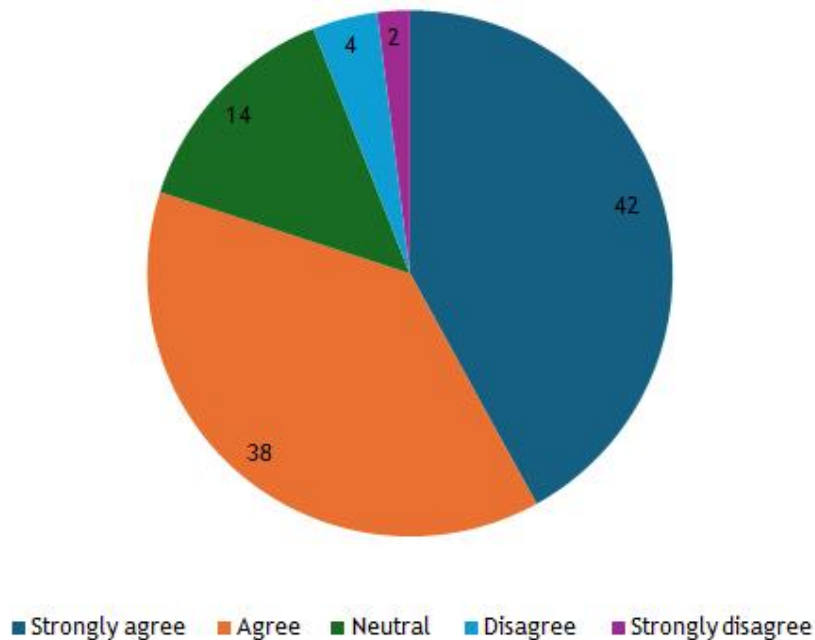
Option

Strongly agree

Agree

Neutral Disagree

Strongly disagree



Interpretation:

A large majority of respondents support the introduction of financial literacy programs for young adults. About 42% strongly agree and 38% agree, making a total of 80% positive responses. This shows that young adults recognize the importance of financial education in improving investment decisions. Only 6% disagree or strongly disagree. The result suggests that colleges, universities, and financial institutions should organize financial literacy workshops, seminars, and awareness programs.

4.5 Discussion of Findings

The survey results consistently point in one direction: personal financial literacy shapes how young adults invest, and the current level of that literacy leaves considerable room for improvement.

The self-assessment data makes this clear. Forty-six percent of respondents rated their financial literacy as moderate — a level that suggests basic familiarity with money management but not the deeper knowledge needed for informed investment decisions. Only 24% rated themselves as high or very high. Advanced concepts like risk management, diversification, investment planning, and tax-saving instruments remain poorly understood by a significant share of respondents.

The demographic profile adds context. Many respondents are students or early-stage earners, and the largest income group earns below ₹10,000 per month. Limited income directly limits the ability to invest regularly, which helps explain why more respondents invest occasionally rather than on a consistent schedule. That said, 60% of respondents are already investing in some form — which is not a small number. Young adults in this sample are genuinely interested in financial planning; the issue is more about depth and regularity than basic willingness.



On investment preferences, mutual funds and SIPs came out on top at 31%, followed by fixed deposits and recurring deposits at 23%, and equity shares at 19%. The popularity of SIPs is worth noting — a systematic, small-amount approach suits young adults who may not have large sums to invest but want to participate in market-linked growth. At the same time, the continued preference for fixed deposits shows that safety and predictability still carry real weight among this group.

Risk attitude follows a similar pattern. Most respondents — 39% — are willing to take moderate risk, and 45% prefer low or very low risk. Only 16% are comfortable with high or very high risk. This is not a group of aggressive investors. Risk tolerance here appears to be shaped by a combination of financial knowledge, income constraints, and genuine concern about losing money. Respondents who compare investment options more carefully before deciding tend to be those with stronger financial awareness.

The sources of financial knowledge are a concern. Social media and YouTube are the leading source, used by 29% of respondents, while family members come in second at 24%. Teachers and college courses account for only 14%, and professional financial advisors for just 8%.

V. FINDINGS AND DISCUSSION

This chapter brings together the major findings from the survey of 100 young adult respondents. The research was designed to understand how personal financial literacy shapes investment choices among young adults, and the findings are discussed in relation to each of the study's objectives.

The broad picture that emerges is this: young adults are increasingly interested in investing, but their financial literacy is mostly at a moderate level. They are comfortable with everyday financial concepts like saving and budgeting. Where they fall short is in the more investment-specific territory — diversification, tax-saving instruments, risk management, and long-term financial planning. Interest in investment is there; the knowledge to act on it well is still developing.

The major findings of the study are:

- Most respondents fall in the 21–23 age group, placing the sample squarely in the early young adult stage.
- A large share are students or young salaried employees, which reflects the typical demographic of this age range.
- Most respondents have limited monthly income or pocket money, which directly constrains how much and how often they can invest.
- The majority rated their own financial literacy as moderate — neither very weak nor particularly strong.
- Saving and budgeting is the best-understood financial concept, while diversification and tax-saving investments are the least understood.
- Mutual funds and SIPs are the most preferred investment option, chosen by 31% of respondents.
- Fixed deposits and recurring deposits remain popular among those who prioritize safety and predictable returns.
- Wealth creation is the primary motivation for investing among young adults.
- Most respondents prefer moderate risk — neither completely risk-averse nor aggressive.

VI. CONCLUSION AND RECOMMENDATIONS

This chapter draws together the conclusions of the study and offers practical recommendations based on the findings. The research examined how personal financial literacy shapes investment choices among young adults, using responses from 100 respondents collected through a structured questionnaire. The survey covered financial literacy levels, investment preferences, investment purpose, risk attitude, sources of financial knowledge, and the barriers respondents face while investing.

The findings make a consistent case: financial literacy directly influences how young adults approach investment decisions. Those with stronger financial awareness are more likely to compare options, understand the relationship between risk and return, and make considered choices. Those with weaker literacy tend to rely on family, friends, social media, or informal advice rather than their own judgment — not out of indifference, but because they lack the knowledge base to evaluate options independently.



The dominant picture across the sample is moderate financial literacy. Most respondents are comfortable with saving and budgeting but struggle with more advanced concepts — diversification, tax-saving instruments, risk management, and long-term financial planning. That gap matters. Interest in investing is not the problem; the knowledge to invest well is what needs to be built.

The major conclusions of the study are:

- Personal financial literacy has a significant influence on investment choice.
- Most young adults have moderate financial literacy.
- Young adults understand saving and budgeting better than advanced investment concepts.
- Mutual funds and SIPs are the most preferred investment options.
- Fixed deposits and recurring deposits are still preferred due to safety and stability.
- Most young adults prefer moderate risk while investing.
- Wealth creation is the primary investment purpose among respondents.
- Social media and YouTube are the leading sources of financial knowledge.

Young adults in this sample are not disinterested in investing — many are already invested occasionally, and a large share plan to start. The intention is there. What many of them lack is the confidence and knowledge to invest regularly and purposefully rather than sporadically. That distinction matters: occasional investing driven by incomplete information is very different from consistent, goal-oriented investing driven by understanding.

The study also concludes that financial literacy is not the only factor shaping investment behavior. Income level, occupation, family background, risk appetite, social media influence, and peer advice all play a role. But financial literacy is the foundation that allows a person to weigh those influences rather than simply be carried by them. Without it, even well-intentioned investment decisions can go wrong.

Recommendations

Based on the findings and conclusions, the following recommendations are proposed:

- Financial literacy programs should be introduced in colleges and universities.
- Core financial concepts — saving, budgeting, interest, inflation, risk, return, and diversification — should be formally taught to young adults.
- Investment awareness workshops should be organized for students and young professionals.
- Financial education should include practical, product-level examples — mutual funds, SIPs, fixed deposits, equity shares, insurance products, and tax-saving schemes.
- Young adults should be encouraged to begin investing early, even with small amounts.
- Clear, honest guidance on the risk and return profiles of different investment options should be made accessible.
- Social media financial content should be approached with caution, and young adults should be encouraged to verify information through reliable and authoritative sources before acting on it.
- Financial institutions should design simple, youth-friendly awareness campaigns rather than product-heavy promotions.
- Parents and teachers should actively encourage responsible money management habits among young adults.

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