

Financial Literacy & It's Correlation with Saving and Investment Patterns Among Youth in Mumbai

Ms. Priya Chinkate¹, Ms. Amruta Muchhala²

¹Student, Department of B.Com.(Banking & Insurance), Chikitsak Samuha's Patkar-Varde College

²Assistant Professor, Department of B.Com.(Banking & Insurance), Chikitsak Samuha's Patkar-Varde College.

ABSTRACT

This study, titled “ Financial Literacy and its correlation with saving and investment patterns among youth in Mumbai.” This explores how well young people understand financial concepts and how thus understanding shapes their real life money decisions. The research is based on primary data collected through a Google form survey from 111 young respondents across Mumbai, including college students and working individuals aged between 18 and 30 years. The question focused on areas such as saving habits, budgeting behaviour, and awareness of different investment options. In addition, secondary information from journals, financial articles, and government reports helped strengthen the study. The results show that while most respondents believe saving is important, many still lack proper knowledge of investment tools such as SIPs, mutual funds and shares. The findings clearly shows that those with higher financial literacy tend to save more consistently and make smarter investments decisions. The study highlights the need for stronger financial education to help youth build secure and confident financial futures.

Keywords: Financial literacy, Youth In Mumbai , Saving & Investment Decisions, Personal Finance.

INTRODUCTION

An example of modern fast-paced and globalised lifestyles is one in which financial decisions mean very much to present and future individuals and to the economy as a whole. The most dynamic part of society consists of the youth because this group is an active participant in the present financial system and future decision-makers, entrepreneurs, and leaders. The ability of young people to understand, manage, save, and invest their money will have a direct influence on their financial security and, on a larger note, the economic welfare of a country.

Financial literacy can, in the simplest terms, be defined as the knowledge, awareness, and skills necessary for the effective management of one's finances. Financial literacy involves understanding such concepts as budgeting, saving, investing, borrowing, and the responsible use of financial products and services. It is not merely about knowing definitions; rather, it is about developing the ability to make sound financial decisions in various real-life situations. For the youth, especially those from metropolitan cities like Mumbai, financial literacy is destined to become much more prominent. Nothing tempers the potential of the youth more than the silver spoon money opportunities serving with

temptations—a range from high-paying jobs, start-up culture, and investment platforms to consumerism, lifestyle pressures, and digital spending habits.

It's a very Interesting area of study that examines the relationship between literacy in financial terms and saving and investment behaviour. The financially literate young person is more likely to save normally, invest wisely, and secure his future than someone with no knowledge about finances. However, the paradox is that, even with increased exposure to banking applications, online trading platforms, and financial advertisements, many youths do not know how to plan their finances in a basic way. The so-called unstructured nature of financial education at school or college leaves one learning how to manage money through trial and error, which may lead, in the long run, to experiences of financial stress or bad choices.

Students, fresh graduate employees, young entrepreneurs, as well as gig economy workers represent the sharpest, liveliest youth mix of Mumbai. Each of these faces challenges and opportunities in dealing with money. For instance, college students have a tough time trying to transform what was once their pocket money or part-time earnings into a budget, while first-time young professionals easily become bogged down by all the choices available when investing their first salary. Meanwhile, peer pressure, lifestyle aspirations, and easy access to credit generally pressurise them to consume wastefully than saving meticulously. In contrast, financially aware youth engage themselves in sound financial habits, such as creating a fund for emergencies, identifying safe-and-high-yield investment options, and earmarking income for future wealth accumulation.

This study, therefore, intends to explore the depth of financial literacy among the youth of Mumbai and its impact on their saving and investment patterns. With a focus on awareness, attitudes, and behaviours, the project will assess whether financial literacy acts as a motivating factor in encouraging young people to develop healthy financial practices. It also aims to identify gaps that do not allow youth to take informed financial decisions – whether it is lack of knowledge, lack of access, or psychological barriers. The relevance of this study Is practical. Thus, understanding financial literacy has ceased to be merely an academic venture; it has become a life skill at a time when real phenomena such as financial scams, skyrocketing borrowing levels, and erratic job markets confront society. If the youth can develop good financial habits today, they would pave the way for securing their futures but would also ensure the stability of finances in society in general. Insights from this study will also assist educators, policymakers, and financial institutions in formulating better strategies toward financial awareness in youth with respect to creating a culture of disciplined saving and investment.

Financial Literacy is the first concrete building block of smart saving and investment patterns. Young adult Mumbaikars who have access to opportunities and obstacles of gigantic proportions may find financial awareness in the form of a guiding compass. This project aims to take a human-centred view of financial behaviour-not merely numbers and theories but the lived experiences, struggles, and aspirations of young people. The study seeks to unveil how financial literacy gets converted into action and allows today's youth to be empowered in building a financially secure tomorrow by linking financial literacy with everyday choices.

NEED OF FINANCIAL LITERACY

Financial literacy is no longer a luxury; it is a necessity. In a world where digital payments, online trading platforms, and credit cards have become a part of everyday life, the ability to make wise financial decisions is as important as earning money itself. There is a great role acceptance of the

concept of financial literacy for the youth in Mumbai, who are at the beginning of their financial journey. The financial ways in which they save, spend, and invest will determine their financial future. Their financial behaviour will, in the long run, determine the general well-being of society as well.

This study holds significance for the fact that it is not only theoretical but actual behaviours that happen in real life. A youth, very often, finds himself at a difficult balance-even while enjoying his present life, keeping up with the trends of lifestyle, he finds a little more time to secure his future. Most of the youth make over-expenditures and take debts unnecessarily or invest in schemes without even knowing much about them due to less knowledge about finance. Hence, this project will be giving grounds to diffuse how financial literacy could serve as a guide to helping youths strike the balance between present enjoyment and planning for tomorrow.

It finds significance In another dimension of financial literacy, that is not taught in most schools or colleges. Yes, mathematics, economics, or even business studies would mention a money-related concept-they would not prepare students for real challenges like budgeting, tax planning, mutual funds investment, or saving for emergencies. In gender-neutral terms, most of the youth are unprepared to manage their first salary and find their way through the complicated avenues of banking and investment. At this point, this project analysis would focus on financial literacy and consumption patterns. More than that, this also emphasises the urgency for structured awareness courses, workshops, and practical training.

The main reason for the Importance of this study is, on time. Mumbai is, without a doubt, the financial capital of India. It is now buzzing with new ventures, stock markets, real estate, and digital finance. Meanwhile, Mumbai's hectic lifestyle and the social pressure added to it make various temptations for impulse buying tempt even more. Especially in youth, the conflict is often "Live today; plan tomorrow." This study, however, intends to understand the possibility that financial literacy enables youth to withstand such pressure, instead inspiring them to make disciplined financial decisions.

This study does not only revolve around individual development but above all, around collective development. When a group of young people invest wisely and develop saving strategies, they contribute towards the economic stability of a nation. Ultimately, a financially strong generation will propel entrepreneurship, lesser dependency on loans, and reduced stress within society. On the contrary, they put themselves into debt traps, leading to much worse economic and social problems in the long run. Personally, in a nutshell, the importance of this study is human influence. There is a human story behind every number-the numbers of savings and those of investment. Be it a college student working around with his pocket money or a young professional trying to save from his first job, or someone aspiring to be an entrepreneur looking for a perfect place to invest. This makes this projection value-able, also by putting stories together with the levels of financial awareness. It humanises financial literacy-the fact that it is not just about numbers but choices, dreams, and security.

It Is also important for policymakers, educators, and financial institutions. If financial literacy gaps were identified, they would formulate the better modules of training, youth-friendly bank products, and awareness campaigns. It can also spearhead the incorporation of financial education into the curriculum as part of the life skills of schools, colleges, and community organisations so that every youth can manage money wisely.

In conclusion, the importance of this study lies in connecting financial literacy with the actual behavioural aspect of the youth in Mumbai. Money management is not only about making wealth; it is about being confident, reducing stress, and bringing a brighter future. This research

will examine how financial awareness translates into patterns of saving and investing to empower today's youth as financially responsible adults contributing to a better society in the future.

OBJECTIVE OF RESEARCH

1. To assess the current level of financial literacy among youth in Mumbai
2. To understand the saving habits of young individuals.
3. To examine investment preferences and patterns among the youth.
4. To analyse the correlation between financial literacy and saving behaviour.
5. To explore the impact of financial literacy on investment decisions.

RESEARCH DESIGN

This project had a descriptive and analytical research design. With the descriptive part helping in understanding and presenting the existing levels of financial literacy among youth in Mumbai, the analytical section focused on studying how these literacy levels correlate with saving and investment patterns.

The design was purposefully chosen since the study aimed not just to collect facts but to capture real experiences and behaviours of youth. The numbers alone cannot explain why one young professional saves a percentage of his salary and another spends most of it on lifestyle expenses. By combining description and analysis, this research allows us to look beyond statistics at the reasons, feelings, and motivations behind financial decisions.

1. Target Population

The target population for this study included young individuals in the age group of 18-30 years residing in Mumbai. This age group was chosen because it is the most crucial phase in forming financial habits. Students (18 to 22) are at the initial stage of managing money, which is mostly pocket money and some income from part-time jobs.

Fresh graduates and job seekers (22 to 25) begin independent earning and spend most of their early savings in deciding how much to save, where to spend, and in what to invest.

Working professionals and entrepreneurs (from age 25 to 30) comprise a financially stable group but need to create plans for bigger responsibilities like housing, keeping a family, and wealth creation in the long run.

The study of this diverse set helps in understanding the various stages of financial awareness and behaviour among the youth of Mumbai.

2.. Sampling Method and Size

Since it was not feasible to cover all of the youth across Mumbai, a convenience and purposive sampling technique were utilised. The study majorly relied on Google Forms as a medium of data collection. The link of the form was shared among students, friends, colleagues, and working professionals through WhatsApp, e-mail, and various social media platforms.

The sampling method was practical for a student project and allowed the outreach of respondents all over Mumbai within a short period and without much face-to-face interaction.

111 valid responses had been collected in total. Though the sample size may not represent the entire population of Mumbai's youth, this certainly gave a good dataset with which to evaluate patterns and draw conclusions.

3.. Data Collection

a)Primary Data

The primary data of the research was collected from structured Google Form surveys which incorporated a mix of open-ended and closed questions for numerically measured findings as well as personal opinions. Closed questions presented easy measurable information like talking about the percentage of the respondents' monthly savings through investments such as fixed deposits, mutual funds, stock market, or digital gold, while open-ended questions led individuals to share experiences regarding their inspiration to save or invest and the challenges experienced while managing their finances. Thus, a well-rounded and rich mixture of responses was obtained.

b)Secondary Data-

This research also involved collecting secondary data from other credible sources to corroborate and complement primary data gained from the survey. It included scholarly research articles on financial literacy in India, reports produced by financial education programs, and articles in financial newspapers and magazines on saving and investing trends in youth. Findings were also supplemented by blogs and case studies on financial awareness for an in-depth grasp of the issue. With this secondary data, the primary findings are now viewed against previous research and official perspectives, making the overall analysis better and credible.

4.Scope of the Study

The scope of the project lies in understanding how financial literacy affects saving and investment patterns among youth in Mumbai.

It focuses on the 18–30 age group, covering students, fresh graduates, and working professionals.

It examines knowledge, attitudes, and practices related to money management.

It captures real data from 111 respondents, supported by literature review and secondary sources.

It provides insights that can be useful for educators, policymakers, and financial institutions in designing youth-oriented financial literacy programs.

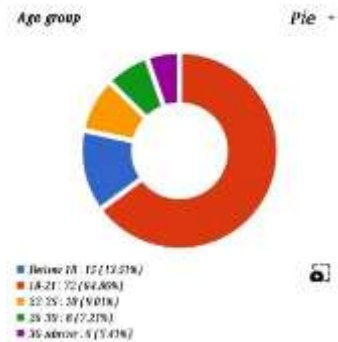
5. Limitations of the Study

Some limitations were seen despite various advantages of this research:

1. The study comprised a total of 111 respondents which may not entirely reflect the diversity of youth in Mumbai.
2. Data was collected using surveys, and thus, the responses may have been biased towards what respondents thought to be the right answers, rather than representing their actual behaviour.
3. Although respondents were from Mumbai, the findings cannot be generalised to rural or semi-urban youth.
4. The project was conducted within limited academic deadlines, which restricted the possibility of undertaking in-depth interviews in the field.

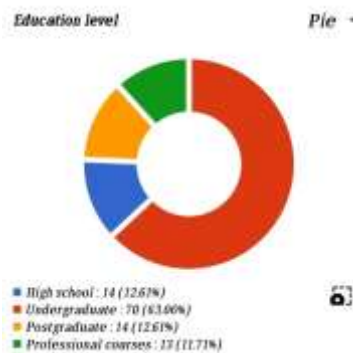
ANALYSIS OF DATA

1. Age group



Analysis: The majority of respondents (around sixty-five percent) belong to the 18-21 age group, contingent upon the next group, which is below 18. Very few are above 25. This shows that the responses are dominated by a youth population, either in college or having just started their careers. Their financial behaviour is still in a learning stage, and saving patterns reflect their early exposure to money management.

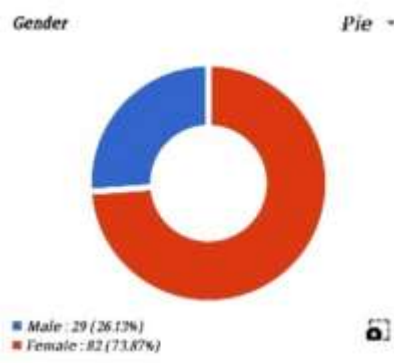
2. Education Level



Analysis: At 63%, the undergraduates account for the majority of the respondents. A smaller proportion comes from the high school, postgraduate, and professional courses. This shows that the data are greatly populated by students still dependent on allowances or part-time income.

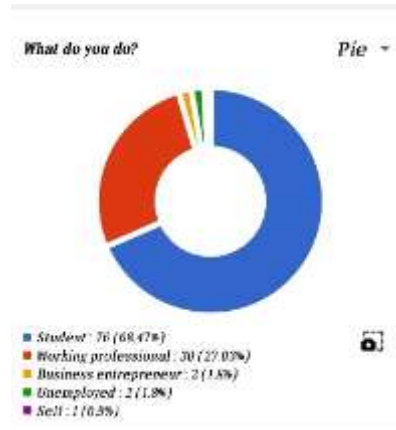
Their financial knowledge and savings behaviour are influenced by their level of education.

3. Gender



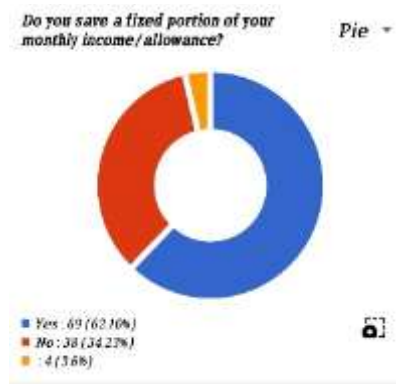
Analysis: Larger gender imbalance respondents are slightly higher in females (about 74%) than the male ones (26%) meaning more active participation among women in this survey respondents whose perspective on saving and investing appears to significantly impact the result of this survey.

4. What do you do?



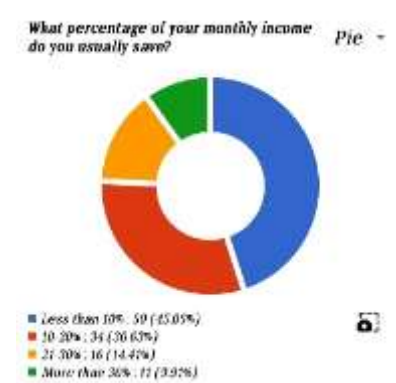
Analysis: Students make up a clear majority (more than 75%), while working professionals or self-employed persons are just a small fraction. Most of the respondents thus do not have a full-time income and rely on either pocket money, the allowance from parents, or very little part-time earnings.

5. Do you save a fixed portion of yours monthly income/allowance?



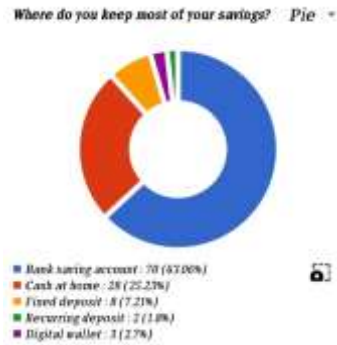
Analysis : Around three-quarters of respondents affirmed this position. It indicates that students are growing in financial awareness and discipline that even small incomes would be set aside.

6. What percentage of your monthly income do you usually save?



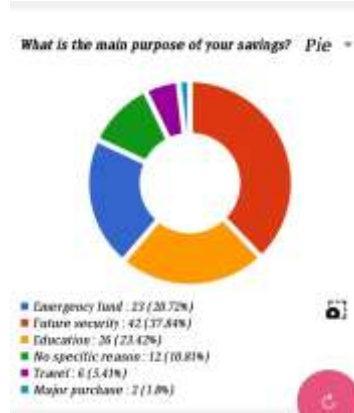
Analysis: Almost half (45%) saves less than 10% of their income, while nearly 30% save between 10–20%. Only a small minority save more than 20%. This shows, therefore, that there exist saving habits, but due to limited income, the amounts saved are very minimal.

7. Where do you keep your most of the savings



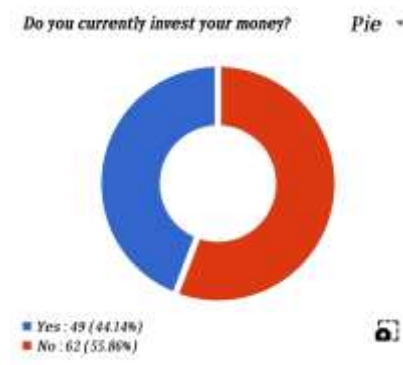
Analysis: Most people have a preference for saving their money by keeping it into bank savings accounts (63% of respondents), while a quarter keeps cash at home (25%). Others are fixed deposit accounts as well as digital wallets, but these are fewer in number. One is safe to say that the old-fashioned banking system is still trusted; a good number, however, save money in cash, which reflects limited awareness of modern investment options.

8. What is the main Purpose of your savings?



Analysis: The most common reasons listed for saving money are future security (38%) and education (23%), followed by emergency funds (21%). Only a small percentage of people are saving for travel or a large purchase. This reflects a mature financial behaviour where students are saving up with more gradual, long-term needs in mind rather than attaining fun short-term ones.

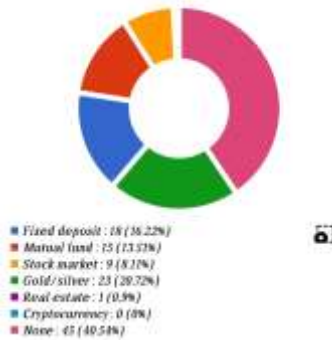
9. Do you currently invest your money?



Analysis: Currently, more than half of students (56%) do not invest at all and 44% invest, which implies that many are still unsure or unaware of investments, though a growing number are breaking into it.

10. If yes, which investment options do you use?

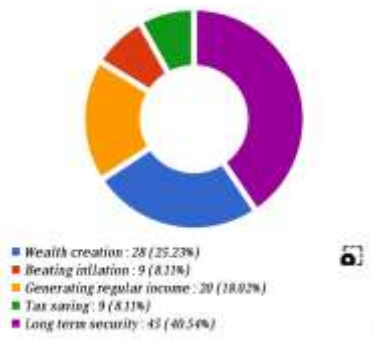
If yes which investment option do you use? Pie



Analysis: Gold and silver (21%), and Fixed Deposits (16%), are the most common, followed by Mutual Funds. Very few people invest in stocks, real estate, or cryptocurrencies, suggesting that the youth prefer traditional and low-risk options with a very minimal appetite for risk-taking.

11. What is your primary goal for investing?

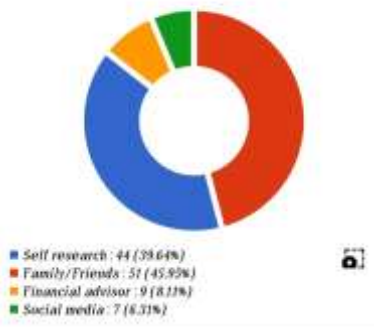
What is your primary goal for investing? Pie



Analysis: 41% of respondents consider the investment mainly for long-term security, while wealth creation and generation of regular income follow next. Hence, students seem to be forward-thinking about stability and security, however small their current investments may be.

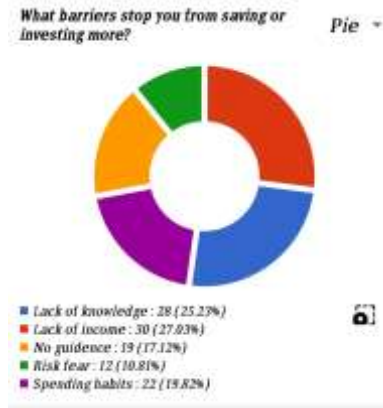
12. Who influences your investment decisions the most?

Who influences your investment decisions the most? Pie



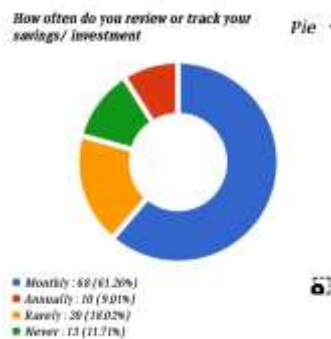
Analysis: The two major influence are self-research and family/friends; very few rely on professional advisors. This indicates that most of the youth often tend to rely on their self-learning and close networks for decision making, rather than seeking expert help. Occasional limit of exposure to better opportunities.

13. What barriers stop you from saving or investing more?



Analysis: With lack of income accounting for 27% and lack of knowledge for 25%, these are the leading barriers. Spending habits and lack of guidance also impact decisions. Therefore, if one were to analyse the challenges of youth today, financial literacy and awareness seem to be the predominant gaps whereas practically the impediment of low income.

14. How often do you review or track your savings/ investments?



Analysis: Most respondents (61%) have a monthly record of money spent, while some rarely or never trace it. This indicates that most young people are inquisitive and careful over their finances, but consistency in tracking it needs to improve.

OBSERVATION OF RESEARCH

A majority of students (61.26%) review their savings and investments on a monthly basis, which shows that young people are becoming more aware of their finances. However, a small-group (11.71%) never tracks their savings, which highlights a gap in financial discipline among some students.

The biggest barriers are lack of income (27.03%) and lack of knowledge (25.23%). This is understandable since most respondents are students or early earners. Many also mentioned spending habits (19.82%) and fear of risk (10.81%) showing that financial literacy and awareness about safe investment options need to be improved.

Almost half of the respondents (43.24%) rely on self-research before investing, which is a good sign. Still, a huge chunk depends on family/friends (35.13%), which indicates that peer and family guidance quite strongly shape financial behaviour at this age.

Interestingly, 55.86% of students do not invest their money at all. Among those who do, the most preferred options are gold/silver (20.72%), fixed deposits (16.22%), and mutual funds (13.51%). This exhibits a cautiousness in that students would prefer safer or more conventional methods

over riskier investments such as stocks (8.11%). None reported investing in cryptocurrency, which shows lack of confidence or awareness.

The main goals of investing are wealth creation (23.72%) and long-term security (41.44%). When it comes to savings, most students save for future security (37.84%), followed by education (23.42%) and emergency funds (20.72%). This reflects a sense of responsibility among youth towards their future stability.

Most of the respondents belong to the 18-21 age group (64.86%) and are pursuing undergraduate studies (63.06%). Female students (73.87%) formed the larger part of the survey sample, which shows active female participation in financial discussions. Majority 68.46% are students, with very few being working professionals.

While 73.87% save a fixed portion of their income/allowance, nearly 26.13% do not save regularly, which points towards irregular financial discipline. About 45.05% save less than 10% of their income, suggesting that low income or spending habits counteract their saving. Only a small proportion (9.91%) succeed in saving more than 30%.

Most of the students have their savings in savings accounts (63.06%), while 25.23% prefer cash at home. Only a few use fixed deposits (7.21%) or digital wallets (2.7%). This indicates a strong preference for traditional and safe options, with less exposure to modern or digital financial tools.

RESULT & CONCLUSION

Result

It is clear from this survey that the most respondents given are students of a young age between 18-21, most of whom are likely undergraduates. Since they are students, they are still learning and do not earn much, if anything at all, hence limited capacity to save and invest.

Most of the students (almost three-fourths) try to save a fixed amount from their allowance or earnings, but usually less than 10%. The savings mostly go into bank accounts, followed by under-the-mattress cash savings. Investments are not quite common-more than half of the students have never invested. Those who actually put money in investments prefer safe and conventional options such as gold, fixed deposits or mutual funds; only a few go for the stock market or other modern approaches.

The biggest barriers As lack of income and lack of financial knowledge put together with spending habits and no proper guidance, students now show maturity in their intentions-the main purposes of savings are future security, education and emergency needs rather than just leisure spending.

The survey overall indicates young peoples' financial knowledge but not very well in literacy and experience regarding investment.

Conclusion

Given that students are enjoying and knowing that the youth today understand the importance of saving, their practical ability to save and invest is also limited due to low income and lack of knowledge. Safe and conventional methods are preferred to diverse financial options available.

This entails that financial literacy programs need to be strongly established in colleges and schools to enable young people to know how they can manage money, invest, and save for the future.

The study also proved that saving even in small amounts early-on could build a good basis into the future. As students, we can understand from this Study that if we do not go slowly with our funds but are

consistent in saving, we improve our knowledge and explore various opportunities to invest over time, which will lead us to achieve freedom and stability financially.

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