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SAVINGS HABITS AND FINANCIAL PLANNING AWARENESS AMONG YOUNG ADULTS IN ALAPPUZHA DISTRICT, KERALA

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ABSTRACT

Saving behaviour and financial planning play a vital role in ensuring the economic security of young adults. The present study aims to examine the savings habits and financial planning practices of young adults in the Alappuzha district of Kerala. The study is descriptive in nature and is based on primary data collected through a structured questionnaire. A sample of 200 respondents aged between 18 and 35 years was selected using the convenient sampling method. The collected data were analyzed using percentage analysis, tables, and charts to understand savings patterns, preferred saving instruments, and factors influencing financial decision-making. The study shows that many young adults have limited awareness of financial planning and rely mainly on basic saving methods, with low engagement in organized investment options. Insufficient knowledge and guidance hinder effective long-term financial planning. These findings highlight the need for targeted financial literacy programmes for youth, especially during college and early employment, and offer insights for policymakers, educators, and financial institutions. As the study is limited to a single district, further research across broader regions is recommended.

KEYWORDS: Saving habits, financial planning, young adults, Kerala, financial awareness

INTRODUCTION

Saving and financial planning are essential components of individual financial well-being and long-term economic stability. Savings help individuals meet future financial needs, manage emergencies, and achieve personal goals such as higher education, home ownership, and retirement security. Financial planning involves systematic decision-making regarding income, expenditure, savings, and investments to ensure effective utilisation of financial resources over time. For young adults, developing sound saving habits at an early stage plays a crucial role in building a secure financial future.

In recent years, young adults have been exposed to increased income opportunities, digital banking services, and a wide range of financial products. At the same time, they also face rising living costs,



changing lifestyles, and easy access to credit facilities. These factors significantly influence their saving behaviour and financial decision-making. Despite the availability of various organised investment options such as mutual funds, insurance products, pension schemes, and market-linked instruments, awareness and understanding of these options among young adults remain limited. As a result, many individuals continue to depend on basic or informal saving methods without adequate knowledge of the long-term benefits of systematic financial planning.

Kerala is known for its high literacy rate and social development; however, financial literacy and effective financial planning among young adults continue to be areas of concern. Many young individuals prioritise short-term consumption over long-term financial security, which may affect their ability to meet future financial obligations. Limited financial knowledge and lack of proper guidance further contribute to inadequate planning and irregular saving behaviour.

In this context, the present study attempts to analyse the savings habits and financial planning practices of young adults in the Alappuzha district of Kerala. The study seeks to understand their preferred saving methods, level of financial awareness, and the factors influencing their financial decisions. The findings of the study are expected to provide useful insights for educators, financial institutions, and policymakers in designing effective financial literacy and awareness programmes aimed at encouraging systematic saving and improved financial planning among young adults.

OBJECTIVES OF THE STUDY

The present study is undertaken with the following objectives:

1. To examine the savings habits of young adults in the Alappuzha district of Kerala.
2. To analyse the financial planning practices adopted by young adults.
3. To identify the level of awareness regarding various saving and investment options among young adults.
4. To study the factors influencing saving behaviour and financial decision-making.

REVIEW OF LITERATURE

Saving behaviour and financial planning have been widely studied due to their importance in ensuring financial stability and future security. Several researchers have examined the saving habits, financial awareness, and investment behaviour of individuals, particularly young adults.



Usardi and Mitchell (2014) highlighted that financial literacy significantly influences saving and investment behaviour, particularly during early adulthood

Basu and Gupta (2017) found that saving decisions among young households are shaped not only by income but also by behavioural and socio-economic factors such as family influence

Reddy (2018) conducted a study on the saving patterns of young earners and found that although most respondents recognised the importance of savings, their saving behaviour was often irregular and lacked proper planning. The study highlighted that limited financial knowledge and absence of guidance were key reasons for poor financial management among young individuals.

The OECD (2018) emphasised the role of early financial education in promoting responsible financial behaviour among youth, while the **Reserve Bank of India (2020)** stressed that improving financial awareness and access to guidance is essential for encouraging systematic saving and long-term financial stability.

Sharma and Kaur (2019) analysed the level of financial literacy among college students and observed that awareness regarding organised investment options such as mutual funds, insurance products, and pension schemes was relatively low. The study emphasised the need for early financial education to promote disciplined saving and informed financial decision-making.

Patel (2020) examined saving behaviour in relation to income levels and concluded that higher income does not always lead to effective financial planning. The study revealed that lifestyle expenses and consumption-oriented behaviour often reduce the capacity of young adults to save systematically, even when their earnings increase.

Kumar and Babu (2021) studied the influence of financial awareness on investment behaviour and found that individuals with better financial knowledge were more likely to plan their finances and use diversified investment options. In contrast, respondents with limited awareness depended mainly on traditional saving methods such as bank deposits.

The review of earlier studies suggests that lack of financial awareness, insufficient guidance, and consumption-oriented behaviour are the key factors affecting saving habits and financial planning among young adults. However, **most of the existing studies focus on broader regions or specific population groups. There is limited empirical evidence at the district level, particularly in the context of Kerala. This research gap provides the basis for the present study**, which seeks to examine the saving behaviour and financial planning practices of young adults in the Alappuzha

district.

RESEARCH METHODOLOGY

The present study adopts a descriptive research design to examine the savings habits and financial planning practices of young adults in the Alappuzha district of Kerala. The descriptive approach was considered appropriate as the study aims to analyse existing patterns of saving behaviour, financial awareness, and planning practices among young adults.

The study is based on primary data collected through a structured questionnaire. The questionnaire was designed to gather information relating to the demographic profile of respondents, saving habits, preferred saving and investment options, level of awareness regarding financial planning, and factors influencing financial decision-making.

The target population comprised young adults aged between 18 and 35 years, including students, employed, and unemployed individuals. This age group was selected as financial habits and awareness often begin to develop during early adulthood, even before individuals enter full-time employment. A sample of 200 respondents was selected using the convenience sampling method to ensure adequate representation of young adults within the study area.

The collected data were analysed using simple statistical tools, mainly percentage analysis. The results were presented in the form of tables and charts to facilitate clear understanding and meaningful interpretation of the findings.

DATA ANALYSIS

The data collected through the questionnaire were analysed using percentage analysis and presented in the form of tables and figures with brief interpretations

TABLE 1: Age-wise distribution of respondents

Age group (Years)	Number of Respondents	Percentage
18-22	36	18%
23-27	72	36%
28-32	58	29%
33-35	34	17%
TOTAL	200	100

Table 1 shows that Most respondents belong to the 23-27 age group (36 per cent) followed by those aged 28-32 years (29 per cent)

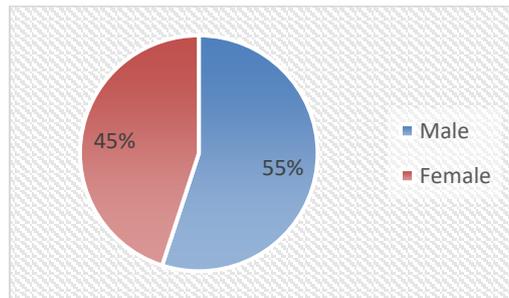


Figure 1: Gender-wise Distribution of respondents (Percentage)

Figure 1 shows that male respondents slightly outnumber female respondents, providing a balanced sample for analysis

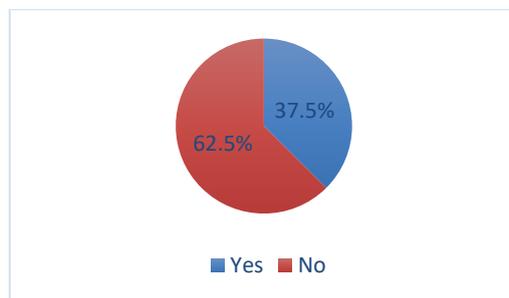


Figure 2: Systematic saving practice among respondents (Percentage)

Figure 2 reveals that Only 37.5 per cent of respondents follow systematic saving practice, while 62.5 per cent do not save in a systematic manner, indicating the need to promote financial awareness and disciplined saving habits among young adults.

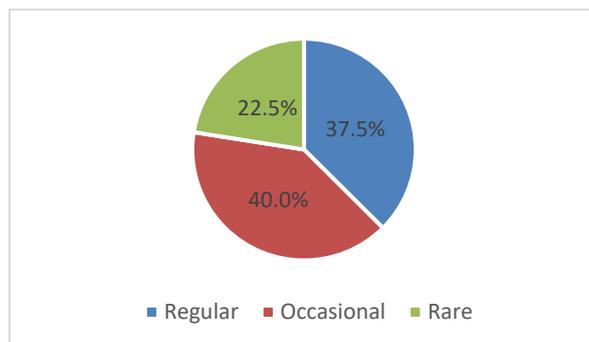


Figure 3: Regularity of saving behaviour among respondents

A majority of respondents save either occasionally or rarely, highlighting the lack of consistency in saving behaviour among young adults.

Table 2: Percentage of income saved

percentage of income saved	Number Respondents	Percentage
Less than 10%	70	35%
10%-20%	85	42.5%
20%-30%	30	15%
Above 30%	15	7.5%
Total	200	100%

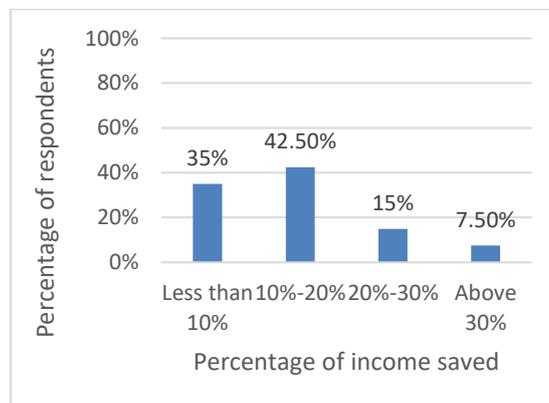


Figure 4: income saved by respondents (Percentage)

Most respondents save between 10-20% of their income, suggesting moderate savings but room for improvement in financial planning.

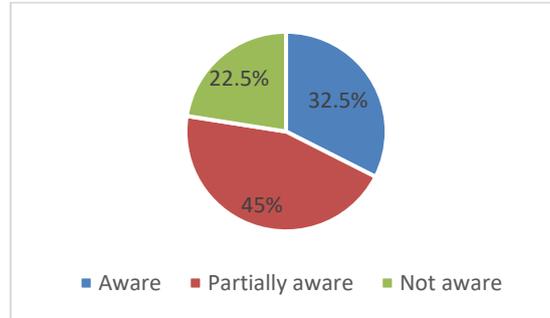


Figure 5: Awareness of financial planning among respondents

Only 32.5 per cent of respondents are fully aware of financial planning concepts, while the majority remains partially aware or unaware, indicating a gap in financial knowledge.

Table 3: Primary Investment option known to respondents (single response)

Primary investment option known	No of respondents	Percentage
Bank deposit	75	37.5%
Gold	45	22.5%
Post office schemes	20	10%
Insurance	15	7.5%
Pension scheme	20	10%
Mutual fund	15	7.5%
Share	10	5%
Total	200	100%

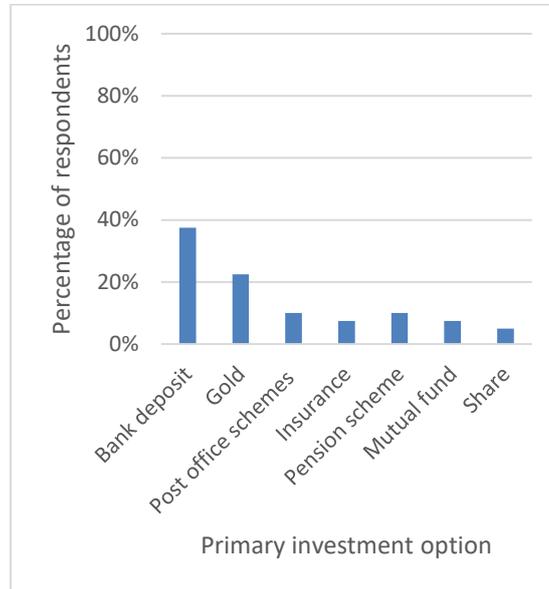


Figure 6: Percentage distribution of primary investment option known to respondents

Young adults are mainly aware of Bank deposit, Gold and Post office schemes, while awareness of Insurance, mutual funds, pension schemes, and shares is low, highlighting a need for improved financial education.

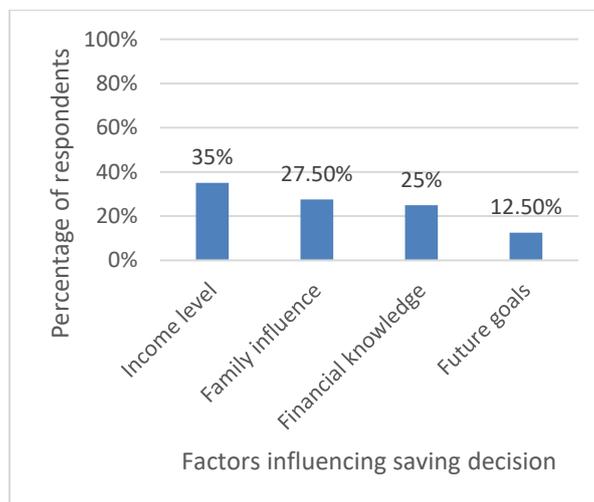


Figure 7: Factors influencing saving decision (single response)

Income level is the most influential factor in saving decisions followed by family influence and financial knowledge. Limited emphasis on future financial goals indicates a need for greater focus on structured financial planning among young adults.

Table 4: Problems faced in financial planning

Problem	Number of Respondents	Percentage
Lack of knowledge	75	37.5%
Lack of guidance	60	30%
Low income	45	22.5%
High expense	20	10%
Total	200	100%

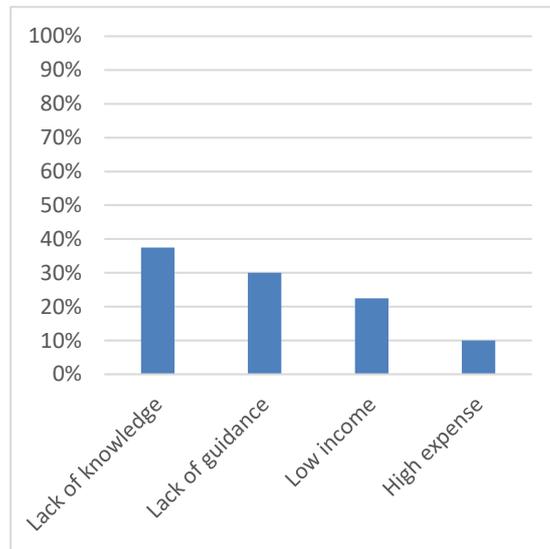


Figure 8: Percentage distribution of problems faced in financial planning

Lack of awareness and guidance are the top obstacles, suggesting the importance of targeted financial education for young adults.

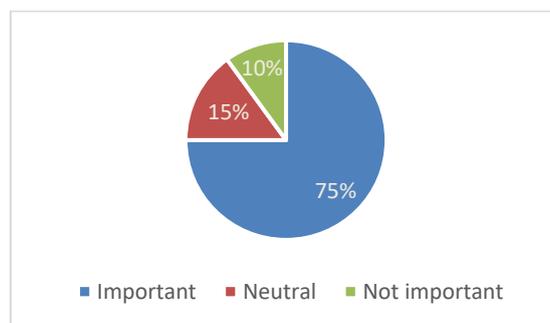


Figure 9: Importance of financial planning

A majority (75 per cent) believe financial planning is important, indicating a positive attitude among young adults, though practical implementation remains limited

FINDINGS OF THE STUDY

Based on the analysis of primary data collected from 200 young adults in the Alappuzha district of Kerala, the following major findings are derived in line with the objectives of the study:

1. The age-wise distribution shows that the majority of respondents belong to the 23–27 age group, indicating that the study largely reflects the saving behaviour of young adults in their early working and career-building stage.
2. The gender-wise distribution of respondents is relatively balanced, with male respondents slightly outnumbering female respondents, ensuring fair representation for analysis.
3. A significant proportion of respondents do not follow systematic saving practices, with only a small percentage saving in a planned and regular manner, highlighting the absence of disciplined saving behaviour among young adults.
4. The frequency of saving among respondents is generally low, as most save only occasionally or rarely, indicating irregular saving behaviour even among those who recognise the importance of saving.
5. The analysis of savings habits indicates the most respondents save only a moderate portion of their income, with a majority saving between 10 and 20 per cent, reflecting limited financial planning and low emphasis on long term savings.
6. Awareness of financial planning concepts among respondents is relatively low, with only a minority being fully aware, while the majority remain partially aware or unaware of financial planning practices.
7. Bank deposits emerge as the most commonly known investment option among respondents, followed by gold and post office schemes, suggesting a strong preference for traditional and low-risk saving instruments.
8. Awareness of organised and market-linked investment options such as mutual funds, pension schemes, insurance products, and shares is comparatively low, indicating limited exposure to diversified investment avenues.
9. Income level is identified as the most influential factor affecting saving decisions, followed by family influence and financial knowledge, while future financial goals receive relatively less consideration in saving behaviour.
10. Lack of financial knowledge and lack of proper guidance are reported as the major problems faced by respondents in financial planning.



11. Despite limited awareness and irregular saving practices, a large majority of respondents consider financial planning to be important, reflecting a positive attitude towards financial planning among young adults.

SUGGESTIONS / RECOMMENDATIONS

Based on the findings of the study, the following suggestions are made to improve saving behaviour and financial planning practices among young adults:

1. Young adults should be encouraged to adopt systematic and regular saving habits by setting aside a fixed portion of their income to promote financial discipline.
2. Financial literacy programmes should be introduced at the college level and during early employment to improve awareness of budgeting, saving, and long-term financial planning.
3. Banks and financial institutions should actively promote awareness of organised investment options such as mutual funds, pension schemes, insurance products, and market-linked instruments, as reliance on traditional saving methods remains high.
4. Since income level strongly influences saving decisions, saving and investment plans suitable for different income groups should be developed to encourage wider participation.
5. As family influence plays an important role in shaping saving behaviour, financial awareness initiatives should involve families to create a supportive environment for positive saving habits.
6. Given that lack of financial knowledge and guidance are major constraints, access to simple and professional financial counselling services should be improved for young adults.
7. Although most respondents recognise the importance of financial planning, practical training programmes and awareness campaigns focusing on real-life applications are needed to translate this awareness into effective practice.

CONCLUSION

The present study analysed the saving behaviour and financial planning practices of young adults in the Alappuzha district of Kerala. The findings indicate that while a majority of young adults acknowledge the importance of financial planning, systematic saving behaviour and awareness of organised investment options remain inadequate. Savings are largely concentrated in traditional instruments, and financial decisions are primarily influenced by income level, family influence, and limited financial knowledge. The lack of proper guidance further constrains effective long-term financial planning. The study underscores the importance of strengthening financial literacy and providing practical financial guidance during early adulthood to promote disciplined saving behaviour and informed financial decision-making. Enhancing financial awareness at this stage can play a crucial role in improving long-term financial stability among young adults.



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