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AN ANALYTICAL STUDY ON FINANCIAL LITERACY AND FINANCIAL BEHAVIOUR OF GEN Z IN KOLAR DISTRICT

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ABSTRACT

The study's primary goal is to evaluate Gen Z's level of financial literacy knowledge, to study the financial behaviour of Gen Z in terms of spending, saving, budgeting, and investment practices and to identify the challenges faced in managing personal finance by Gen z. The sample size of the study is 166 and sampling technique is purposive sampling technique. The statistical tools applied are percentage and descriptive statistics. The findings of the research are furthermost of the respondents are moderately aware about the concept "Retirement planning" with the mean value of 2.72, also moderately aware about the concept "Insurance policies" with the mean value of 2.59, "Online loan services" with the mean value of 2.49. Utmost of the Gen Z are moderately aware about the concept "Post office savings schemes" with the mean value of 2.48 and "Long-Term Saving Perspective" with the mean value of 2.46.

KEYWORDS: Financial Literacy, Financial Behaviour, Gen Z

INTRODUCTION

In today's fast-paced world, financial decision-making has become one of the most significant life skills. For the younger generation, especially Gen Z, handling personal finances is both a necessity and a challenge. Born roughly between the middle of the 1990s and the beginning of the 2010s, Gen Z is coming of age during a time of growing financial complexity and opportunity. With calm contact to digital payment systems, online banking, mutual funds, credit cards, and mobile investment platforms, financial decisions have become more accessible but also more complicated. Despite this access, many young individuals lack sufficient financial information to accomplish their income, savings, and investments effectively. Financial literacy is the skill to recognize and apply financial perceptions such as budgeting, saving, investing, credit management, and financial planning. It enables people to make wise choices that can enhance their long-term financial security. A person who is financially educated can make better investment decisions, avoid needless debt, and plan for future requirements. On the other hand, bad financial judgments, impulsive spending, insufficient savings, and exposure to financial hazards are frequently caused by a lack of financial literacy. For

Gen Z, these consequences can be significant, as early financial habits often shape long-term behaviour.

STATEMENT OF THE PROBLEM

Despite increased access to financial information through digital platforms, Gen Z individuals often face challenges in handling their personal finances effectively. Limited knowledge about savings, investments, budgeting, and financial planning may result in poor financial behaviour such as inadequate savings, impulsive spending, and lack of future financial preparedness. The problem addressed in this research paper is to understand whether Gen Z possesses adequate financial literacy and how this knowledge influences their financial behaviour. The study aims to investigate the Connection between Gen Z's financial decision-making and financial awareness.

OBJECTIVES OF THE STUDY

- To measure the financial awareness level among Gen Z individuals.
- To study the financial behaviour of Gen Z in terms of spending, saving, budgeting, and investment practices.
- To identify the difficulties faced in managing personal finance by Gen z.

SCOPE OF THE STUDY

The study's objective is limited to examining the financial behaviour and degree of financial literacy of Gen Z respondents in Coimbatore. The research emphasizes on understanding awareness related to savings, investments, budgeting, and financial planning, along with behavioural aspects such as spending habits and saving patterns. The findings will be useful for students, educators, and policy makers in identifying the need for financial education programs targeted at Gen Z. However, the study does not include an analysis of corporate finance, stock market performance, or financial recital of companies.

RESEARCH METHODOLOGY

Source of the Data: Both primary data and Secondary Data

Area of Study: Coimbatore

Sampling Method: Purposive sampling

Sample Size: The sample size consists of 166 number of respondents.

Period of Study: The period of the study covers four months from December 2025– March 2026.

Statistical Tools: Simple Percentage, Descriptive Analysis

REVIEW OF LITERATURE

R. Karthikeyan (2020), in his research “Financial Literacy and Saving Behaviour of Middle-Income Households in India” at Annamalai University. The study was founded on original data that was gathered from middle-income households using a questionnaire focusing on income, expenditure, and savings. The foremost objective was to analyse the financial awareness and its influence on saving behaviour. Appropriate statistical tools were applied to examine saving patterns and literacy levels. The findings revealed that financially literate households followed regular and disciplined saving habits, while respondents with low literacy relied mainly on informal saving methods. The study also identified education level as a significant factor influencing financial literacy and concluded that financial literacy promotes financial stability and disciplined saving behaviour.

V. Nithya (2020), in her study titled “A Study on Financial Literacy and Financial Behaviour of Young Adults in India” at Bharathiar University. The research was based on primary data collected from young adults using structured questionnaires. The objective was to assess financial literacy and financial behaviour. The findings showed that respondents had moderate financial knowledge but poor financial discipline and weak long-term planning skill. The study concluded that financial literacy programs targeting young adults are necessary.

ANALYSIS & INTERPRETATION

Table No.1 Descriptive Statistics for Awareness Level of Financial Concept of Gen Z

Statement	Number	Mean	Std. Deviation
Concept of financial literacy	166	2.23	1.007
Savings and Budgeting	166	2.34	.814
Concept of Investment options	166	2.54	.898
Banking Services	166	2.64	.948
Impact of inflation on money	166	2.67	1.064
Retirement Planning	166	2.72	.982

Source: Computed Data

The Table No.1 highlights that, most responders have a modest level of awareness about the concept “Retirement planning” with the mean value of 2.72, followed by “Impact of inflation on money” with the mean value of 2.67 and the majority of responders have a moderate understanding of the “Banking services” concept with the mean value of 2.64.

Table No.2 Descriptive Statistics for Awareness Level of Financial Products of Gen z

Statement	Number	Mean	Std. Deviation
Savings account	166	2.04	.981
Fixed deposits (FD)	166	2.36	.794
Recurring Deposit (RD)	166	2.49	.926
Insurance policies	166	2.59	.915
Mutual funds	166	2.54	1.036
Stock market investments	166	2.58	.889

Bonds & Debentures	166	2.58	.903
Pension and Retirement Schemes	166	2.54	.925

Source: Computed Data

The Table No.2 highlights that, most responders have a modest level of awareness. about the concept “Insurance policies” with the mean value of 2.59, followed by “Stock market investments” with the mean value of 2.58 and additionally, the majority of responders have a moderate understanding of the “Bonds & Debentures” concept with the mean value of 2.58.

Table No.3 Descriptive Statistics for Awareness Level of Digital Financial Services of Gen z

Statement	Number	Mean	Std. Deviation
Digital Wallets	166	2.06	.989
UPI payments	166	2.31	.799
Mobile / Internet banking	166	2.29	.922
Online Loan Services	166	2.49	.958
Online Bill payments	166	2.41	1.056
Online investment platforms	166	2.45	.957

The Table No.3 highlights that, most responders have a modest level of awareness about the concept "Online loan services" with the mean value of 2.49, followed by "Online investment platforms" with the mean value of 2.45 and furthermore, the vast majority of responders have moderate knowledge of the "Online bill payments" concept with the mean value of 2.41.

**Table No.4
Descriptive Statistics for Awareness Level of Savings Method of Gen z**

Statement	Number	Mean	Std. Deviation
Savings bank account	166	2.01	.918
Fixed deposit (FD)	166	2.28	.768
Recurring deposit (RD)	166	2.42	.861
Post office savings schemes	166	2.48	.919
Chit funds	166	2.46	.912
Piggy savings/ Informal savings	166	2.41	.867

Digital wallets for savings	166	2.33	.909
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Source: Computed Data

Table No.4 highlights that, most responses have a minimal level of awareness about the concept "Post office savings schemes" with the mean value of 2.48, followed by "Chit funds" with the mean value of 2.46 and also most of the respondents are moderately aware with the "Recurring deposit (RD)" concept with the mean value of 2.42.

FINDINGS

- With a mean score of 2.72, the majority of respondents have a modest considerate of the concept of retirement planning."
- With a mean score of 2.59, the majority of respondents have a moderate knowledge of the term"Insurance policies."
- The majority of respondents, with a mean score of 2.49, had a moderate comprehension of the term"Online loan services."
- The majority of respondents, with a mean score of 2.48, show a moderate comprehension of "Post office savings schemes."

SUGGESTIONS

- Make financial literacy a compulsory subject in undergraduate courses.
- Conduct workshops on budgeting, taxation, insurance, and investments.
- Organize seminars with financial advisors and banking professionals.
- Use simulation-based learning (mock investments).
- Raise awareness about SIPs, mutual funds, and retirement planning.
- Include educational modules in financial apps.
- Encourage personal budgeting and expense tracking.
- Promote the "Pay Yourself First" principle.
- Conduct financial literacy campaigns targeting Gen Z.
- Collaborate with financial institutions.

CONCLUSION

Financial literacy and financial behaviour are crucial determinants of long-term financial stability among Generation Z. This study analysed the financial awareness and its effect on financial behaviour among Gen Z individuals in Kolar. The findings reveal that while Gen Z possesses basic financial knowledge, there is a disconnect between awareness and actual application. Respondents demonstrate moderate understanding of savings and budgeting, but limited knowledge of investment options and long-term financial planning.

Income level, education, and occupation significantly influence financial behaviour. The study also highlights that financial literacy positively influences responsible financial behaviour. People who are more financially conscious show better saving discipline and rational decision making. However, many young individuals lack structured financial guidance, which affects their confidence in managing investments and planning for the future. In conclusion, improving financial literacy among Gen Z is essential for building a financially responsible and economically secure generation. Educational institutions, policymakers, and financial institutions must work together to provide structured financial education and practical exposure. Strengthening financial knowledge today will ensure better financial stability, reduce financial stress, and improve economic growth in the future. The study concludes that the level of financial literacy among Gen Z are moderate level, the financial behaviour in term of spending, saving, budgeting, and investment are moderate level and most of the respondents faced challenges towards impulsive spending habits.

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