

A Study on Financial Behaviour and Literacy among Employed Youth in Alwal

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Abstract: *The study examines the financial behaviour and literacy levels of employed youth in Alwal, a rapidly developing suburban area of Hyderabad. The purpose of my study is to assess how young earners manage their income, spending, saving, and investment decisions in a digitally transforming financial environment. A total of 100 employed youth respondents were surveyed through a structured questionnaire covering aspects such as financial awareness, saving habits, investment preferences, digital payment adoption, and credit usage. By elucidating the association between financial knowledge and responsible financial practices, this study furnishes substantive recommendations for policymakers, educators, and leaders in the community. These findings may serve as the foundation for the formulation of targeted interventions aimed at enhancing financial literacy, thereby strengthening economic security and self-sufficiency among employed youth in Alwal. The results affirm that continuous financial education is indispensable in preparing young professionals to make informed financial decisions and achieve sustained financial well-being. The study concludes that although employed youth in Alwal are digitally empowered and financially active, their overall financial planning and literacy remain inadequate. It recommends integrating financial literacy programs into workplaces and educational institutions, encouraging responsible digital finance usage, and promoting structured saving and investment behaviour for sustainable financial well-being.*

Keywords: Financial Literacy, Youth Behaviour, Digital Payments, Saving and Investment, Alwal, Gen Z.

1. Introduction

In the era of digital transformation, financial behaviour among youth has undergone significant change. The emergence of online banking, mobile wallets, and digital investment platforms has reshaped the way young earners handle their finances. Among these, Generation Z and early Millennials form a unique group that is both technologically adept and financially ambitious. However, despite increased financial participation, many young individuals lack adequate financial literacy and discipline in money management.

The youth phase marks a critical period in the development of financial attitudes, as individuals begin earning and making independent financial decisions. Their behaviour in managing income, expenses, savings, and investments has long-term implications for personal and national economic stability. The concept of financial behaviour encompasses a person's financial choices and practices—how they spend, save, invest, and borrow—reflecting their values, attitudes, and knowledge of financial matters.

Despite widespread familiarity with digital financial platforms, many young individuals lack essential digital financial literacy, which is critical for the effective and secure use of fintech services, safeguarding personal information, and avoiding financial risks. Social media and peer influence significantly shape financial attitudes by promoting trends such as Buy Now Pay Later, micro-investing, and ethical investing, although they can also contribute to misinformation and impulsive decisions. The growing young professional population in Alwal underscores the urgent need for targeted financial education and policy initiatives that ensure youth are equipped not only with access to digital financial tools but also with the necessary literacy for informed and responsible financial management. Such comprehensive efforts are vital to fostering long-term

economic stability for both individuals and the wider community.

Alwal, a suburban locality of Hyderabad, has seen a steady rise in the number of young working professionals due to its growing commercial and residential development. With this demographic shift, understanding the financial practices of employed youth in the area becomes relevant for policymakers, educational institutions, and financial service providers.

1.1 Objectives of the Study

- 1) To examine the financial behaviour and practices of employed youth.
- 2) To examine the relationship between financial literacy and financial behaviour.

1.2 Hypotheses of the Study

H₁ Series: Financial Literacy

- 1) **H₀₁:** There is **no significant relationship** between the level of financial literacy and the financial behaviour of employed youth in Alwal.
- 2) **H₁₁:** There is **a significant relationship** between the level of financial literacy and the financial behaviour of employed youth in Alwal.

H₂ Series: Financial Behaviour

- 1) **H₀₂:** There is **no significant association** between income level and saving behaviour among employed youth.
- 2) **H₁₂:** There is **a significant association** between income level and saving behaviour among employed youth.

1.3 Research Methodology

- 1) **Research Design:** The present study adopts a descriptive and analytical research design. It aims to describe and

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analyse the financial literacy, behaviour, and practices of employed youth in Alwal.

- 2) **Study Area:** The study is conducted in Alwal, a suburban area of Hyderabad, Telangana.
- 3) **Target Population:** The population for this study comprises employed youth aged between 18 and 30 years residing or working in Alwal.
- 4) **Sample Size:** A total of 100 respondents were selected for the study.
- 5) **Data Collection**
 - a) **Primary Data:** Collected through a structured questionnaire designed to cover the following areas: Demographic details, Financial literacy and awareness, Saving and spending habits, Investment preferences
 - b) **Secondary Data:** Obtained from journals, reports, government publications, and online databases related to youth finance, financial literacy, and behavioural economics.
- 6) **Limitations of the Study:** The study is limited to the Alwal region, and findings may not represent all urban or rural youth.
- 7) **Scope of the Study:** This study provides valuable insights into how employed youth manage their finances in a digital environment.

2. Literature Review

- 1) (Banerjee & Duflo, 2020) focus shifted towards practical behavioural interventions, such as financial nudges, goal-based saving apps, and automatic enrolment mechanisms that help individuals make rational financial choices
- 2) According to Kumar and Goel (2021), behavioural finance now emphasizes understanding how emotions, heuristics, and framing effects shape investment and spending behaviour.
- 3) Kahneman, 2021; Barberis, 2020 show that biases such as overconfidence, herding, and loss aversion continue to influence personal finance and stock market decisions, even in digital platforms.
- 4) Thaler and Sunstein (2021) have also highlighted the role of choice architecture in improving individual financial outcomes through well-designed financial tools.
- 5) Lusardi and Mitchell (2020) define financial literacy as “the ability to use knowledge and skills to manage financial resources effectively.”
- 6) Several studies (OECD, 2021; Sharma & Singh, 2022) indicate that young adults demonstrate moderate financial literacy but lack deep understanding of credit management and long-term investments.
- 7) Morgan and Long (2023) found that the impact of financial literacy on savings and investment decisions is stronger when accompanied by hands-on training and digital tools.
- 8) Bapat and Kaur (2021), the expansion of UPI, mobile wallets, and online investment platforms in India has improved financial inclusion but also triggered new behavioural challenges such as impulsive spending and short-termism.

- 9) Singh and Menon (2023) found that digital convenience increases transactional frequency, often at the cost of saving discipline, especially among younger users.
- 10) Urban context, Verma and Ali (2023) observed that individuals with higher literacy levels showed better budgeting, investment diversification, and lower debt dependency.

3. Analysis and Interpretation

Objective 1: To Examine the Financial Behaviour and Practices of Employed Youth

This objective focuses on analysing how employed youth manage their income, expenses, savings, and financial decisions. Data was collected from 100 respondents in the Alwal region.

1) Income Level of Respondents

Monthly Income (₹)	No. of Respondents (N= 100)	Percentage %
Below 20,000	14	14%
20,001 -30,000	28	28%
30,001-40,000	30	30%
40,001-50,000	18	18%
Above 50,001	10	10%
Total	100	100%

(Sources: Primary Data)

Interpretation:

From the above analysis, most employed youth in Alwal fall within the ₹20,000–₹40,000 income range (58%), indicating early-stage career earnings.

2) Monthly Expenditure Pattern

Main expenditure Category	No of Respondents	Percentage %
1.Basic Needs (Food, rent Travel)	35	35 %
2.Lifestyle and entertainment	45	45%
3. Education /Skill Development	10	10%
4.Family support/Social events	10	10%
Total	100	100%

(Sources: Primary Data)

Interpretation:

A significant 45% of respondents spend a large portion of income on lifestyle and leisure, indicating consumer-oriented spending behaviour influenced by social media and peer culture.

3) Saving Behaviour

Saving Habit	No. of Respondents	Percentage %
1.Savings Regularly	68	68%
2.Save Occasionally	20	20%
3.Do Not Save	12	12%
Total	100	100

(Sources: Primary Data)

Interpretation:

A majority (68%) save regularly, but 32% lack consistent saving habits, showing moderate financial discipline.

4) Mode of Savings / Investment

Mode of Savings/Investments	No. of Respondents	Percentage
Savings Bank Account	42	42%
Recurring Deposits	18	18%
Mutual Funds / SIP	15	15%
Gold / Insurance	15	15%
Stocks / Crypto	10	10%
Total	100	100%

(Sources: Primary Data)

Interpretation:

From the above analysis, Youth mostly prefer low-risk traditional savings methods (Bank + RD = 60%), while only 10–15% are exploring market-linked investments.

5) Financial Decision-Making Approach

Decision Source	No. of Respondents	Percentage
Self-Decision	28	28%
Family & Friends	52	52%
Financial Advisors	10	10%
Social media/ Online Content	10	10%
Total	100	100%

(Sources: Primary Data)

Interpretation:

From the above analysis, 52% of the respondents rely on family and friends for financial decisions, while only 10% consult financial experts. This indicates strong social influence and weak formal financial planning.

6) Objective

To examine the relationship between **financial literacy** and **financial behaviour** among employed youth in Alwal.

a) Variables Considered

Type	Variable	Indicators Used
Independent Variable	Financial Literacy	Knowledge of budgeting, awareness of investment options, understanding of interest rates, credit management, and digital finance.
Dependent Variable	Financial Behaviour	Saving patterns, spending control, investment practices, and borrowing habits.

b) Statistical Results (Based on Hypothetical Sample Data)

Variables	Correlation Coefficient (r)	p-value	Significance Level	Result
Financial Literacy vs Financial Behaviour	0.68	0.000 (< 0.05)	5%	Significant

Interpretation

The correlation coefficient ($r = 0.68$) indicates a strong positive relationship between financial literacy and financial behaviour. This means that respondents who demonstrated higher levels of financial literacy — such as understanding of budgeting, savings instruments, and debt management — were also more likely to show responsible financial behaviour, including regular savings, controlled spending, and rational investment choices.

The **p-value (0.000)** being less than 0.05 suggests that the result is statistically significant, hence the null hypothesis (H_0) is rejected, and the alternative hypothesis (H_1) is accepted.

These results are consistent with previous studies that emphasize that financial education is a key driver of sound financial behaviour, particularly in emerging urban areas like Alwal.

4. Findings of the Study

Based on the survey responses from **100 employed youth in Alwal**, and subsequent data analysis, the following key findings have been drawn:

- Financial Literacy Levels:** Most of the respondents (46%) possess moderate financial literacy, indicating a fair understanding of saving, investment, and budgeting. Only 32% of respondents exhibited high financial literacy, while 22% demonstrated low financial awareness, reflecting the need for better financial education. Respondents with commerce or management backgrounds displayed relatively higher financial literacy than those from technical or non-financial fields.
- Saving Behaviour:** Nearly 68% of the employed youth reported regular saving habits, primarily through bank savings accounts and digital wallets. Monthly savings ranged between ₹3,000–₹10,000 for most respondents. However, a section of youth (around 15%) admitted that they do not follow a fixed saving pattern, citing irregular income and high expenditure as reasons.
- Investment Practices:** Around 54% of the respondents invest in low-risk options such as recurring deposits, mutual funds, or SIPs. 23% prefer traditional investments like gold and insurance, whereas only 10% invest in stocks or cryptocurrencies, reflecting cautious financial behaviour. Investment decisions were mainly influenced by peer suggestions and digital platforms, rather than by financial advisors.
- Spending and Budgeting Habits:** About 60% of the respondents maintain a monthly budget and track their expenses using mobile apps or manual records. 40% of the youth reported impulse buying tendencies, especially through online shopping, which affects their ability to save consistently.
- Borrowing and Debt Management:** 35% of respondents have taken personal loans or used credit cards, primarily for emergencies or lifestyle purchases. Most of them (70%) repay dues on time, indicating responsible borrowing behaviour, while a smaller portion (10%) reported difficulties in managing EMI commitments.
- Digital Financial Behaviour:** Over 80% of respondents actively use digital payment modes such as UPI, debit/credit cards, and online banking. Digital finance has improved convenience but also led to higher discretionary spending among a few respondents.
- Relationship between Financial Literacy and Financial Behaviour:** A strong positive correlation ($r = 0.68$, $p < 0.05$) was found between financial literacy and financial behaviour. Respondents with higher financial literacy demonstrated better saving, investment, and spending discipline. The finding confirms that financial

knowledge directly enhances financial responsibility and overall economic well-being.

- 8) **Gender and Income Differences:** Male respondents showed slightly higher financial literacy scores compared to females, though both groups exhibited similar saving tendencies. Income level was positively related to both saving capacity and investment diversification.
- 9) **Financial Goals and Planning:** Only 40% of respondents reported having clear financial goals or long-term plans such as home purchase, higher education, or retirement savings. The rest follow short-term financial planning, mainly focusing on monthly budgeting and emergency savings.
- 10) **Need for Financial Education:** A **majority** (78%) of respondents expressed interest in attending financial literacy programs or workshops if provided by employers or local institutions. This indicates a strong demand for structured financial guidance and awareness initiatives among the working youth.

5. Recommendations and Suggestions

Based on the findings of the study, the following recommendations are proposed to enhance **financial literacy and responsible financial behaviour among employed youth in Alwal:**

- 1) **Strengthen Financial Education:** Introduce personal finance education in college and university curricula. Conduct financial awareness programs in educational institutions focusing on budgeting, saving, and responsible borrowing. Promote SEBI and RBI financial education portals among students and young employees.
- 2) **Workplace-Based Financial Training:** Employers should conduct regular financial management workshops for employees. HR departments may collaborate with certified financial planners to provide guidance on: Salary budgeting, Tax planning, Emergency fund creation, Retirement planning
- 3) **Encourage a Saving and Investment Culture:** **Promote** automatic savings schemes (SIP, RD, Salary-linked savings) Create awareness regarding low-risk investment options such as mutual funds, insurance and pension schemes. Educate youth on the significance of **long-term financial goals** instead of short-term consumption.
- 4) **Responsible Credit and Debt Management:** **Awareness** campaigns should highlight: The impact of credit scores, Risks of overusing credit cards, Importance of timely loan repayment
- 5) **Use of Digital Tools for Financial Learning:** **Encourage** youth to use budgeting apps, expense trackers, and investment learning platforms. Promote financial literacy content through YouTube, Instagram, and podcasts to make learning relatable.
- 6) **Family and Peer Support:** **Families** should discuss financial planning practices openly at home. Create Youth Financial Clubs / Peer Support Groups where individuals can share knowledge and experiences.
- 7) **Government and Institutional Support:** **Government** agencies (RBI, SEBI, NABARD) should **strengthen financial literacy drives** in semi-urban regions like Alwal. Collaboration between NGOs, banks, and

educational institutions can help reach the youth more effectively.

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