

A STUDY ON YOUTH PERCEPTION TOWARDS FINANCIAL PLANNING

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ABSTRACT

Financial planning is a methodical process for achieving one's objectives in life. A financial plan serves as a roadmap for your financial future. In essence, it assists you in maintaining control over your earnings, outlays, and assets so that you may manage your finances and accomplish your goals. Financial planning plays a crucial role in ensuring economic stability and well-being for individuals and society as a whole. However, studies show that young people frequently lack the necessary knowledge and awareness of financial planning strategies, potentially creating financial difficulties in later life. This study intends to examine how young people view financial planning and the variables that affect their attitudes and actions. Where saving and investing were once seen as crucial components of a young adult's income, today's society places more emphasis on asset acquisition than financial preparation. The newly hired youth's financial literacy is getting worse every day. The study ahead examines a number of topics, including the financial literacy of recently hired young people and the decisions they are making in the financial industry.

This research paper aims to analyse the perception of youth towards financial planning by examining the awareness, benefits, challenges, and scope for future investments among the youth. The study will focus on understanding the view and adaptation of financial planning by young adults. Research Methodology used is questionnaire. The questionnaire was developed to collect data from youth between the age of 18-30. The total responses were around 201 and the method used to select the samples was convenience random sampling. The results showed significant and positive response regarding the perception of youth towards investing and financial planning along with its benefits and challenges.

Jamovi was used to analyse the data and generate ANOVA for hypothesis testing. Through this the research will explore the potential benefits received through financial planning according to youth. The paper will also examine the obstacles that will come along with planning the investments. The study will provide us with an insight on awareness of youth towards different types of investment alternatives and their plan to invest in them at present and in near future.

Keywords:

Youth, Financial planning, Investment alternatives, Potential benefits, Managing finances

INTRODUCTION

Financial planning is the process of determining a person's life goals, taking an inventory of their finances and other assets, and taking the necessary actions to help them be accomplished within the allotted time frame. It is a technique for evaluating a person's financial need. To guarantee that people have stable and secure financial situations, financial planning is an essential part of personal finance. There are several tools available in the market that may be customized to meet the demands of various planning objectives. The degree of financial literacy and the perception of financial planning among the youth continue to be key concerns due to the expanding financial challenges and uncertainties that young people today confront.

The primary considerations in financial planning include the time horizon for reaching life goals, determining risk tolerance, one's need for liquidity, standard of living, and the requirement for growth or income. This research paper seeks to explore the perception of youth on financial planning and the factors that influence their financial decisions. The study aims to shed light on the financial behaviour of young people, their understanding of financial planning, and their attitudes towards financial management.

The aim of this research is to offer insights into the level of financial literacy among the youth and how the various factors like education, cultural background, socioeconomic status has an impact on their financial planning, through a thorough review of the literature and the use of surveys. The research paper will employ a mixed-method approach, combining both quantitative and qualitative research methods to gather and analyze data. This will involve conducting surveys with young people to gain insights into their attitudes towards financial planning, as well as their current financial behaviors and habits. Questionnaire with sample size of 201 respondents and the sampling method used here was convenient random sampling. The

secondary data was collected by reviewing the literature related to the topic of research Perception of Youth towards Financial Planning and also by referring to other related websites and articles.

LITERATURE REVIEWS

Mohd Rahin Ariffin, Zunaidah Sulong and Amalina Abdullah (2017). The researchers studied that the financial literacy is still low and many people failed to manage their finances effectively. The objective of this paper is to determine the financial literacy level and students' perception towards saving behavior. The findings showed that saving behavior, peer influence and parental socialization had positive correlation with financial literacy. The study found that financial literacy and perceived financial benefits explained 27.5% of the variance in saving behavior. The study found that gender, age, family income, and educational level were not significant predictors of saving behavior. Convenience sampling method was used. The sample consisted of 289 undergraduate students from a public university in Malaysia.

Martha Henn McCormick, the researchers studied that the current financial crisis, children and youth are uniquely impacted by household finance complexities. The research explores the state of youth financial education and policy, including definitions and measures of effectiveness. The study found that youth financial education is effective in improving financial knowledge, attitudes, and behaviors. The study also found that the effectiveness of financial education can be enhanced through various factors, including the quality of the financial education program, the teaching method, and the timing of the education.

Ganriela Topa, Montserrat Hernandez-Solis and Salvatore Zappala (2018) The study contributes to better understanding how and when investment literacy drives well informed and responsible financial behavior. The result

RESEARCH METHODOLOGY

Research Questions

- What are the different types of investment alternatives you are aware of?
- What are the main obstacles you face in managing your finances effectively?
- How do you think financial planning can benefit you?
- Do you have any financial goals for the future? If yes, what are they?

OBJECTIVES

- To study the current level of financial literacy among youth.
- To study the factors that influence youth financial decision-making, including family background, education level, and cultural values.
- To study the attitudes and beliefs of youth towards financial planning.
- To study the obstacles and difficulties that young people have when trying to engage in financial planning, such as knowledge gaps, resource access issues, or conflicting priorities.

RESEARCH DESIGN

The research design is divided into two stages where the first one is a qualitative method which includes reviewing the literature related to the topic youth perception on financial planning. Aids in understanding how young people see financial planning.

Whereas the quantitative method involves survey of the youths which gives real time data in numerical form. The parameters are then measured and assessed to find the relationship between the variables.

Sampling design

- Sampling method – Systematic sampling
- Sample size – 100 respondents

Data Collection

On the basis of the questionnaire, the perception of youth on financial planning will be identified. The techniques of qualitative and quantitative research can be used to collect and analyses the

data.

Analytical Design

Software used for the analysis of the primary data is Jamovi. Using this software statistical analysis such as Anova was conducted to find the relationship between the variables and predict the impact.

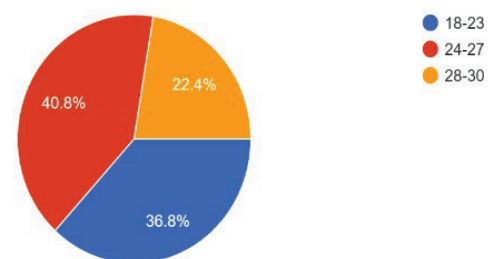
HYPOTHESIS

- H1: There is a significant difference between perception of youth on benefits received through financial planning.
- H2: There is a significant difference between the obstacles faced in managing the finances effectively by youth.

DATA ANALYSIS

The 24-27 age group accounts for 40.8% of all respondents. The 18-23 age group is the next largest, accounting for 36.8% of respondents. The overall data shows a relatively balanced distribution of respondents across the age groups, with the 24-27 age group having the largest number of respondents. This means that the survey captured the perspectives of young people at various stages of their early adulthood, allowing for a thorough understanding of youth attitudes towards financial planning.

201 responses

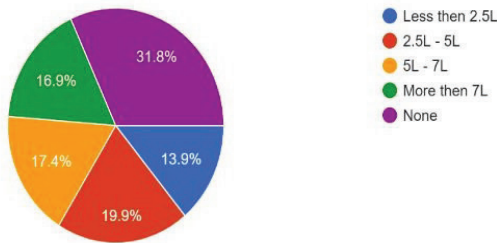


31.8% of respondents reported having no annual income due to being unemployed. About 16.9% of respondents reported an annual income of more than 7 Lakhs. Around 19.9% of respondents reported annual earnings of between 2.2 Lakhs and 5 Lakhs. According to the data, 13.9% of respondents have an annual income of less than 2.5 Lakhs.

According to the data 54.2% of respondents expressed an interest in investing in stocks and 23.4% of respondents are interested in investing in bonds. 63.7% of respondents indicated a desire to invest in mutual funds, 29.4% of respondents are interested in investing in cryptocurrency. 46.3% of respondents said they were interested in real estate and 62.2% of respondents are interested in investing in fixed deposits. 6% of respondents fell into the "Other" category.

Income per annum (if working)

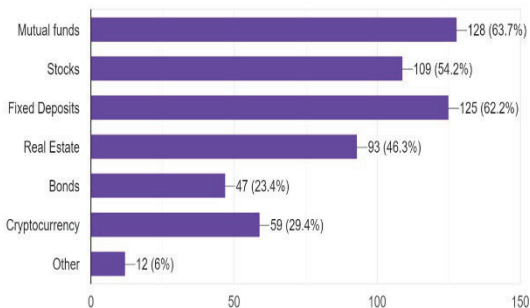
201 responses



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Which type of investment are you interested in?

201 responses

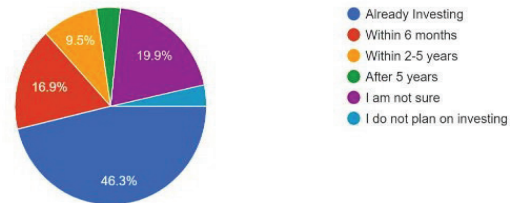


The majority of respondents (46.3%) stated that they are already investing. 16.9% of respondents stated that they intend to begin investing within the next six months. 9.5% of respondents intend to invest within the next 2-5 years.

Approximately 4% of respondents indicated a desire to invest after 5 years. 19.9% of respondents are unsure about their investment plans. According to the survey, 3.5% of respondents do not intend to invest.

From when are you planning to invest ?

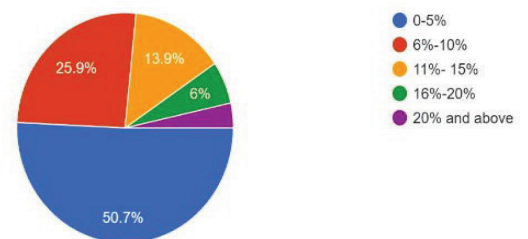
201 responses



The majority of respondents (50.7%) said they invest 0-5% of their income. Approximately 25.9% of respondents reported investing 6%-10% of their income. 13.9% of those polled invest 11%-15% of their income. About 6% of respondents said they invest 16%-20% of their income. This indicates that a smaller proportion of the surveyed youth invest a greater proportion of their income. 3.5% of respondents invest 20% or more of their income.

How much % of your income do you invest ?

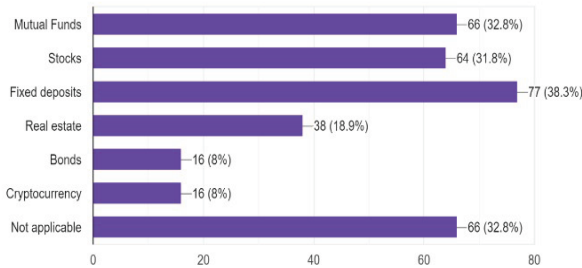
201 responses



According to the survey, approximately 32.8% are already investing have invested in mutual funds. 31.8% of those who have already started investing have chosen to invest in individual company stocks. Fixed deposits have been chosen by approximately 38.3% of respondents who are already investing. According to the data, 18.9% of those who are already investing have chosen to invest in real estate. Approximately 8% of those who are already investing have bonds in their portfolio. 8% of respondents who are already investing have invested in cryptocurrencies. "Not applicable" category

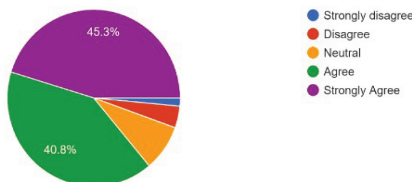
includes 32.8% of those who have already invested.

If already investing, what are the different types of investment you are investing in
201 responses



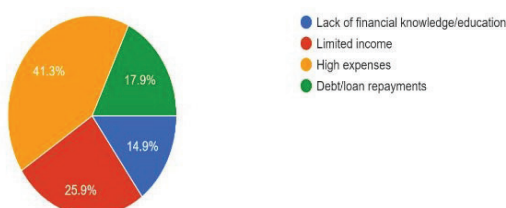
Approximately 40.8% of respondents agree with the statement. This indicates that a sizable proportion of the surveyed youth recognize the value of financial planning in providing them with control over their income, expenses, and investments. The majority of respondents (45.3%) strongly agree with the statement. This suggests that a sizable proportion of the surveyed youth firmly believe in the power of financial planning.

Financial planning helps you be in control of your income, expenses and invest such that you can manage your money and achieve your goals.
201 responses



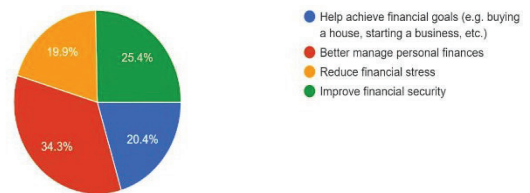
Approximately 14.9% of respondents identified a lack of financial knowledge or education as a significant barrier to effectively managing their finances. 25.9% of respondents cited limited income as a major impediment to effectively managing their finances. 41.3% of respondents, high expenses are the most difficult obstacle to effectively managing their finances. 17.9% of respondents cited debt or loan repayments as a significant impediment to effectively managing their finances.

What are the main obstacles you face in managing your finances effectively?
201 responses



Approximately 20.4% of respondents believe that financial planning can help them achieve financial goals such as purchasing a home, starting a business, or pursuing other significant aspirations. According to the data, 34.3% of respondents see financial planning as a way to better manage their personal finances. 19.9% of respondents, financial planning can reduce financial stress. According to the data, 25.4% of respondents see financial planning as a way to improve their financial security.

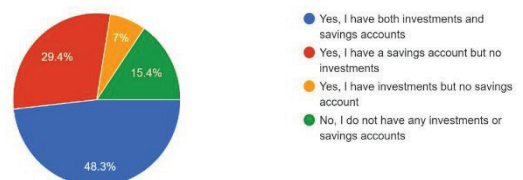
How do you think financial planning can benefit you?
201 responses



According to the data, 48.3% of those polled have both investment and savings accounts. This suggests that a sizable proportion of the youth polled actively engage in financial planning. Around 29.4% of those polled have a savings account but no investments. According to the data, 7% of respondents have investments but no savings account. 15.4% of respondents have no investments or savings accounts. 11]

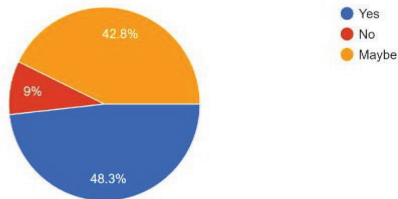
Approximately 85.6% of respondents said yes, it is important to plan for future expenses and saving. This indicates that the youth surveyed understand the importance of financial planning in preparing for future expenses, saving for financial goals, and establishing a solid financial foundation. Approximately 9% of respondents believe that financial planning is unnecessary for young adults. 5.5% of respondents are unsure of the importance of financial planning for young adults.

Do you currently have any investments or savings accounts?
201 responses



48.3% of respondents are confident in their financial decision-making abilities. According to the data, 9% of respondents are unsure of their ability to make financial decisions. Maybe: 42.8% of respondents gave a "maybe" response, indicating some level of uncertainty or mixed feelings about their ability to make financial decisions.

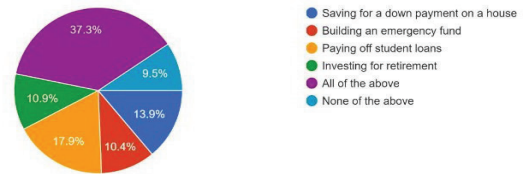
Do you feel confident in your ability to make financial decisions?
201 responses



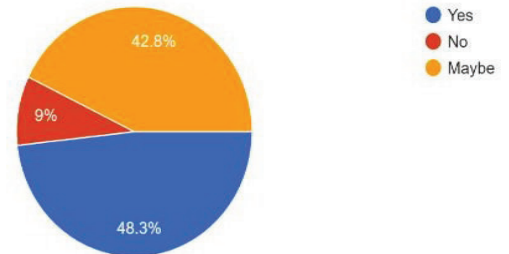
13.9% of respondents have the financial goal of saving for a down payment on a house. 10.4% of respondents have a financial goal of creating an emergency fund. Approximately 17.9% of respondents have a financial goal of repaying their student loans. According to the data, 10.9% of those polled have a financial goal of investing

for retirement. Approximately 37.3% of respondents said they have all of the financial goals listed above. This indicates that a sizable proportion of the surveyed youth have multiple financial goals and understand the value of a well-rounded financial plan, 9.5% of respondents do not have any of the aforementioned financial goals.

Do you have any financial goals for the future? If yes, what are they?
201 responses



Do you feel confident in your ability to make financial decisions?
201 responses



Hypothesis Testing

H0: There is no significant difference between perception of youth on benefits received through financial planning.

H1: There is a significant difference between perception of youth on benefits received through financial planning.

ANOVA - Age

	Sum Squares	df	Mean Square	F	P
Financial planning helps you be in control of your income, expenses and invest such that you can manage your money and achieve your goals.	6.96	4	1.740	3.16	0.015
Residuals	107.85	196	0.550		

INTERPRETATION:

- The above ANOVA test examines the relationship between age and the perception of benefits of financial planning among the participants.
- The p-value of 0.015 is below the commonly used significance level of 0.05, suggesting that there is a statistically significant difference between perception of youth on benefits received through financial planning. In other words, age appears to have an impact on how individuals

perceive financial planning.

- p-value < 0.05, therefore accept H1.

HYPOTHESIS TESTING

- H0: There is no significant difference between the obstacles faced in managing the finances effectively by youth.
- H1: There is a significant difference between the obstacles faced in managing the finances effectively by youth.

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