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A Study on Personal Finance Management Practices among Youngsters with Special Reference to Ernakulam District

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Abstract
Personal finance management is one of the problems faced by the present youth. The aim of this study is to know how young individuals manage their personal finances, to examine their financial behaviors, the challenges and strategies faced by them. In this digital era, the demand for financial literacy is growing, so it essential to understand how young people manage their money. The research explores into their methods of budgeting, saving, investing, and debt management. Also assessing the impact of digital tools and resources on their financial choices. Through surveys and interviews, the study focusses on providing insights into current financial management practices and identify various opportunities for enhancing and promoting healthier financial habits among the youth.

Keywords: Personal Finance, Budgeting, Savings, Investments, Financial Literacy

Introduction

The study focuses on evaluating how well young people manage their personal finances by emphasizing the importance of various skills needed for successfully steering their financial lives. Financial management include planning, organizing, directing, and controlling financial activities are required to achieve personal financial goals. The aim of a financial management system especially for youth is to equip them with the knowledge, tools, and strategies necessary for effective financial management and ultimately helping them build a strong and secure financial future.

The personal financial management skills of young individuals play a crucial role in personal finance education. Research shows that good financial management have connection with long-term financial stability, highlighting the necessity for young people to establish a strong foundation in managing their finances. Several studies showcase the importance of financial literacy and its connection to positive financial behaviors (Lusardi & Mitchell, 2014; Mandell, 2008). In order to secure better financial future, the behaviors like budgeting, saving, investing, and debt management, are vital for.

The financial management system for young people focuses on the vital role of establishing a solid credit history and handling debt wisely. It teaches them about various types of loans and credit cards, including their interest rates and repayment terms. Additionally, it offers practical advice on steering clear of debt pitfalls and managing debt effectively. Ultimately, this system aims to empower young individuals with the skills and knowledge they need to take charge of their financial futures, make informed decisions, and reach their financial goals.

Human wants are unlimited so if one want is satisfied, immediately other rises and we gets pursued to satisfy them.

Money is mostly spent to buy items such as for basic needs like bottled water, transport, food. Nowadays we can see that the living standards of the youngsters are changed. Most of the youngsters are attracted to the branded products which may incur higher prices. They will try to find some way to make money to buy the desired brand/product. As the young age could be the hardest stage in life, as it is the transition from childhood to adulthood. The wants and needs of the youngsters change. They become more brand conscious and try to copy down others' higher standard of lifestyle. As the young age is a highly spending stage of life, the dependence on the parents also reduces. Youngsters start finding part-time jobs which will help them to earn some pocket money to meet their basic needs.

Most of the youngsters have their own mode of transport like bikes, cars, etc. The basic expenses incurred are for finding money for the fuel, fast food, shopping, outings, etc. Like these, they spend a lot of money.

A number of studies have spotlighted how brand consciousness is the feature of the spending habits of young individuals. As they move from childhood to adulthood, youngsters begin to develop a strong desire to own branded products, which they associate with social status and prestige. This desire for branded items is not only a result of personal preference but also the influence of peers and social media (Alekam & Salleh, 2018). The pressure to conform to the lifestyles and standards of their peer groups or role models can drive youngsters to spend significantly on fashionable, branded goods even at the expense of more practical or basic needs (Chavali, 2020).

Objectives of the Study

1. To understand whether young individuals prioritize spending over investing.
2. To analyze the various modes of spending

Significance of the Study

The significance of this study stems from its potential to ameliorate the fiscal well-being of youthful individuals by identifying crucial factors that impact their financial decision-making and management practices. As young people encounter growing financial liabilities in an evolving economic landscape, understanding their approaches to budgeting, saving, investing, and managing debt is essential. This research emphasizes the importance of financial knowledge in empowering young individuals to make informed decisions that can contribute to greater long-term financial stability.

By exploring the financial actions and challenges faced by youth, this study can provide valuable insights for educational initiatives, policies, and tools designed to enhance financial awareness. Additionally, it will shed light on how digital technologies and financial tools are transforming the way young individuals manage their finances. Ultimately, the findings of this research can help promote healthier financial habits and improve financial outcomes for future generations.

Research Methodology

Structured questionnaire is used for collecting data, with a sample size of 50 respondents selected through convenience sampling. The data was analyzed using simple pie charts and tables to represent the responses and opinions of the respondents.

Review of Literature

Jeevitha and Kanya Priya (2019) conducted research on the banking and spending habits of college students in Coimbatore, India. The study manifested that college students often prioritize spending on leisure activities and socializing, with savings taking a backseat. Their findings project the importance of creating awareness Data Collection Methods about financial planning and the need for targeted financial literacy programs for young people, especially students (Jeevitha & Kanya Priya, 2019).

Ajeesh (2019) studied the saving and spending behaviors of youth in Thrissur District, Kerala. The study revealed that many young individuals, especially those in urban areas, exhibit a lack of financial discipline, with expenditures on lifestyle and material goods frequently surpassing their savings. The research disclosed that improving financial education and encouraging savings can help in reducing the tendency to spend impulsively (Ajeesh, 2019).

Chavali (2020) assessed the saving and spending patternsof youth in the Sultanate of Oman.The research concluded that young people in Oman spent more on consumer goods and entertainment, while savings were frequently regarded as less significant. The study suggests that young people need to be educated on the long-term benefits of saving and investing and that financial literacy programs should be adapted to the cultural context of the region (Chavali, 2020). Alekam and Salleh (2018) examined how family and peer group influences shape saving and spending behaviors among young individuals. Their study determined that family background and peer behaviour have significant effects on financial literacy and decision-making. Young individuals with financially literate families and peer groups tend to exhibit better financial management practices, such as saving regularly and avoiding impulsive spending (Alekam & Salleh, 2018).

Yumurtaci and Bagis (2020) conducted a study on university students in Turkey to examine their choices regarding savings and investments habit at individual and national levels. The study revealed that students displayed a moderate level of interest in investing but had little understanding about financial markets. It highlights the significance of promoting financial literacy to motivate better investment practices among the youth (Yumurtaci & Bagis, 2020).

Thobejane and Fatoki (2017) investigated budgeting and spending habits among university students in South Africa. The study concluded that many students know the importance of budgeting, they often struggle with sticking to their budget due to limited financial resources and the pressures of socializing. The study revealed that providing practical budgeting tools and strategies, along with financial education, can improve the financial habits of university students (Thobejane & Fatoki, 2017).

Ajide (2015) expiored the spending patterns of young people in Lagos, Nigeria. The results reveal that rather than savings, the youth in Lagos have a tendency to spend on luxury items and entertainment. This behaviour is due to the influence of peer pressure and the desire to maintain a certain social status. Ajide’s investigation suggests that promoting savings and teaching financial discipline are essential to improving the financial habits of the youth in Nigeria (Ajide, 2015).

Abawag et al. (2019) analysed the spending habit of management students at the University of Saint Louis in the Philippines. Their work focused the prominent role of peer influence and access to credit in influencing spending patterns. While many students expressed an interest in saving, they struggled with balancing their spending and saving due to limited income and high expenses. The research emphasizes the need for financial management training to help students manage their finances effectively (Abawag et al., 2019).

Fernandes, Lynch, and Netemeyer (2014) researched the relationship between financial literacy, financial education, and financial behaviours. Their study demonstrated that financial literacy is positively correlated with better financial behaviours, such as budgeting, saving, and investing. They examined that financial education plays an important role in improving financial decision-making, especially among youngsters who are starting to manage their finances independently (Fernandes et al., 2014).

Results and Interpretations

Objective 1 : To Identify Whether Youngsters Spend or Invest More

Table 1 Monthly Income

Particulars	No. of Years	Percentage (%)
Less than 500	21	42
500 -1000	8	16
1000 – 2000	8	16
Above 2000	13	26
Total	**50**	**100**

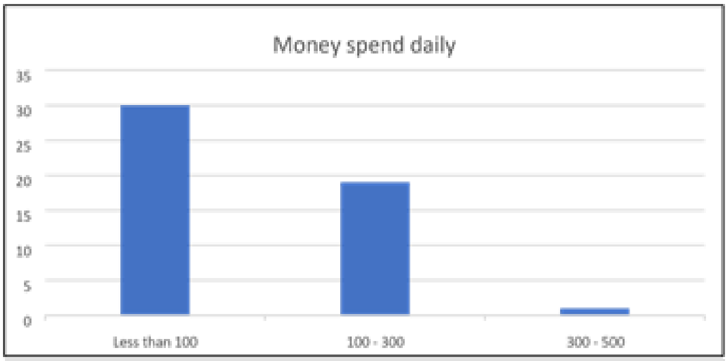
Interpretation

The table shows that out of 50 respondents, 21 are receiving less than 500 rupees as monthly income, 8 of them receive an amount between 500 and 1000 rupees, and 13 of them receive an income above 2000.

Table 2 Money Spend Daily

Particulars	No. of Years	Percentage (%)
Less than 100	30	60
100-300	19	38
300-500	1	2
Total	**50**	**100**

Chart 2



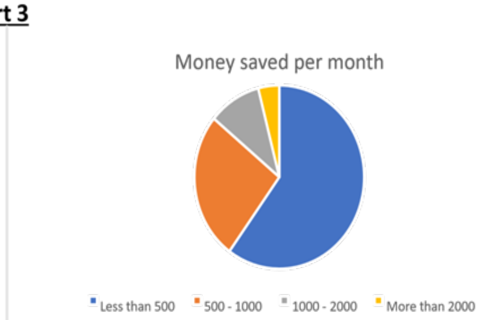
Interpretation

Most of the respondents have a daily expenditure of less than 100 rupees; some of them have an expenditure of 100 to 200 rupees. None of them spend 300 to 500 rupees per day. So it is clear that most of them has less spending expenditure.

Table 3 Money Saved Per Month

Particulars	No. of youth	Percentage(%)
Lessthan500	30	60
500 – 1000	13	26
1000 – 2000	5	10
More than 2000	2	4
Total	**50**	**100**

Chart 3



Interpretation

From the above chart it is clear that 60% of the youngsters have a savings of less than 500 rupees, about 26% of 500– 1000 rupees and 10% of them have a savings of 1000 – 2000 rupees. A few persons about 4% of the youngsters have a savings of more than 2000.Most of the youngsters have less investment status.

Objective 2 – To Analyse the Various Modes of Spending

Table 1 Spending Pattern

Particulars	No. of youth	Percentage(%)
Mobile Recharge	8	16
Fast Food	12	24
Transportation	10	20
Shopping	20	40
Total	**50**	**100**

Chart 1

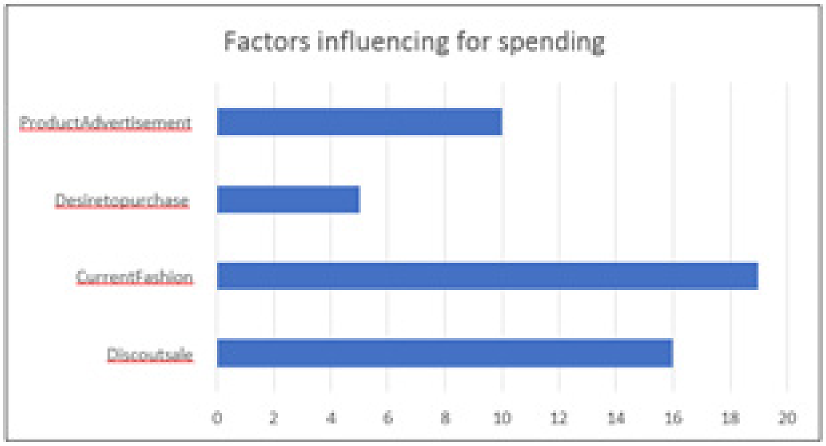
Interpretation

"Most of the respondents spend their money on shopping goods and fast food. Some others spend most of their money on transportation and mobile recharge."

Table 2 Factors Influencing Spending Behaviour

Particulars	No. of youth	Percentage(%)
Product Advertisement	10	20
Desire to purchase branded products	5	10
Current Fashion	19	38
Discount sale or promotion	16	32
Total	**50**	**100**

Chart 2



Interpretation

Most of the respondents spend their money to keep up with current fashion trends and stay updated with changing styles. Others are influenced by discount sales, promotional offers, and advertisements, which create a desire to purchase products.

Conclusion

The study was conducted to understand personal finance management among youngsters, with special reference to the Ernakulam district. It helps in understanding the spending and saving habits of the young generation and how they save for future purposes. The study also sheds light on the spending patterns of youngsters and identifies various factors that influence their spending and saving behavior. It was found that most youngsters tend to spend more than they save, although their areas of spending vary.

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