

CORRELATING THE FINANCIAL KNOWLEDGE WITH YOUNG ADULTS' SPENDING PATTERNS

Immaculate

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Abstract

As the internet affecting all the areas of finance as, continuous learning about financial literacy is essential. The growth of online banking and other macroeconomics changes young people often investigate financial education to manage their money it is very important that today's youngsters should understand the basic changes that takes place in the economy , and it is also not possible for them maintain a healthy lifestyle by relying Soley on their salaries this study basically talks about the several key points on financial literacy which includes review of literature and it also shows a clear pattern of formal education that is been given It also talks about the current issues related to education gap, such as random buying and cycles of debt, and highlights the positive effects of financial literacy, like improved budgeting and saving practices.

Keywords: Education, Young adults

Introduction

Financial literacy plays a vital role in changing spending behaviour, especially among young adults, a there is a rapid economic growth. Access to financial tools like digital payments, credit, and investments increases the complexity of financial decisions. However, many young adults lack financial Knowledge and struggle to manage their money in a proper way.

Financial literacy mostly involves about the skills like how to understand and balance debt, managing the credibility, budgeting,

investing, and saving. All these skills enable the youngsters to avoid mistakes when it comes to their investment pattern. Many young professionals struggle to balance their new income with expenses, falling into habits of premature borrowing and excessive credit card use, which puts their long-term financial health at risk. The transition from dependence to independence often comes with financial challenges. Therefore, assessing the level of financial literacy among young adults and its impact on their spending is crucial for improving their financial well-being.

A key aspect that affects financial literacy is the amount of financial education available in schools and homes. Only a few schools include personal finance in their curriculum. Most young adults learn about finance by talking to their parents, using social media, or through personal experience. All these gaps help in preparing a better educational policy and programs which helps in easy access to credit cards, zero down payments offer, online shopping and growing on digital banking which has made spending habits among young adults. Financial literacy is very essential for helping all individuals distinguish between needs and wants, make smart spending and purchasing choices, and create effective budgets. Without adequate financial knowledge, people may find themselves trapped in cycles of debt and financial problems.

Objectives

1. To know the exact condition of the financial literacy of every young adult
2. To Know the relationship between actual spending behaviour and their young adults' financial literacy.
3. To evaluate every individual education plan that they hold

Review of Literature

1. This study suggests that financial literacy substantially determines

financial behaviours, spending habits, and overall financial health of an individual. A study carried out by the Global Financial Literacy Excellence Centre found that most young adults do not have basic financial knowledge, with financial literacy found notably low among women, minorities, and individuals with limited income and/or educational levels. This inadequacy often results in poor financial decisions and money management. (Scheresberg, 2013)

2. According to the analysis, among the three main dimensions of finance, financial knowledge was found to have scored the lowest. The study also suggests that integrating financial literacy into the schooling curriculum is necessary to address this educational gap. (Gala, 2022)
3. This research emphasizes the importance of financial literacy in nurturing better financial habits and reducing debt accumulation. (A Bit Pricey: Young Adults' Financial Literacy, 2020)
4. This study highlights the financial literacy programs that can improve the financial knowledge and the behaviour in children and adolescents. There are few Important elements to developing financially literate individuals include thorough, age-

- appropriate financial education and has widespread societal outcomes. This helps in giving a adequate knowledge to the young adults to know what financial literacy all is about. (Stefania Mancone, 2024)
5. This study also talks about if an individual has a strong financial knowledge and who's also has a good saving habit it means they have a good positive attitude towards investment Accordingly, in the place of developing economies, financial literacy influences both the formal and informal sectors space the outcomes of the study also indicated a positive relationship between financial literacy in young adults and custodial Financial that majorly influence financial habits among young adults. (Matthew, 2022)
 6. The recent finding talks about the Gen Z population still depend on their parents to take care of their financial problems they cannot take care the expenses even not able to pay the rent on their own almost 57% of the population is depended on them for the monthly expenses (Goodwin, 2024)
 7. The findings also talk that. The findings of the study proved that there exists a positive relationship between the spending habits of students and their degree of financial literacy. The correlation of this study highlights the importance of integrating financial education into university curriculums. (Ahmad, 2024)
 8. Financial literacy is essential for young adults, particularly college students, to make wise decisions regarding their finances in today's challenging financial landscape. . (Ninan, 2021)
 9. The findings also tells that family/Friends also play a major role and influence especially Peer influence is also found to be statistically significant and very positively related to financial literacy. This indicates that Peer influence play an important role in the life of adults. (Alekam, 2018)
 10. According to this study is very important to acquire basic personal finance skills like having budget setting financial objectives which helps to boost one's financial self-esteem, and which also demonstrate stable financial behaviour. The unity of financial education states that teacher training behavioural impact verification and the expansion of discipline which expertise the involvement of all required actions. (Bhatt, 2021)
 11. This study also talks about college students which talks about long term success and financial stability which greatly impacts the ability to handle their money well. This also help in creating budget, tracking their

expenditure, saving money and receiving financial education and creating an emergency fund which also helps in creating plans to pay off their student loans which helps the college students effectively manage their finances and avoid costly mistakes. (S, 2023)

12. The findings also demonstrate that financial literacy has a significant impact on spending, meaning that increased financial literacy leads to more extravagant spending. It is crucial to cultivate sound financial habits in addition to financial knowledge since the findings also indicate that financial behaviour is a significant mediating factor for how financial literacy typically manifests itself in the context of spending decisions. Additionally, these advancements in financial behaviour are crucial for converting financial knowledge into real-world financial results, particularly for Gen Z. As a result, the data shows how Gen Z's financial behaviour is strongly influenced by financial literacy. Thus, educating Gen Z on sound financial habits will lead to efficient spending patterns and lead to shaping their financial well-being. (Rodriguez, 2024)
13. According to this study, young adults' investment behaviour is significantly influenced by their level of financial

literacy, which also affects their capacity to make wise financial judgments. This study emphasizes the necessity of thorough financial education initiatives that are interesting, approachable, and pertinent to the requirements of young adults. To overcome obstacles to financial literacy, financial institutions, schools, and policymakers must work together, utilizing technology to close gaps. (Malaiya, 2025)

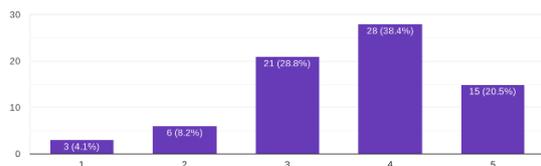
14. The study also explores the relationship between the university student's financial literacy and their spending habits. The findings showed that the students' spending patterns are influenced by their attitude toward money and their priority on what they want to spend. (Obagbuwa, 2020)
15. These findings also talk and highlight about a cautious, tech-savvy, and values-driven generation eager to explore new investment avenues. The research underlines that financial literacy is crucial for informed decision-making and urges educators and policymakers to close the existing knowledge gap (C, 2024)
16. According to this study financial literacy is very important as once you are educated and have basic knowledge about the cost that you will be spending this literacy also helps you out during

the time tax filing and other financial cost. Ultimately it was discovered that an optional financial education is insufficient and that is the only way to ensure all the advantages would create the required tested financial course, like algebra or English would be the only way to fully reap the benefits of financial literacy. (Madnaoui, 2020)

17. This paper also tells us the inadequacy of financial literacy for making major informal decisions in life which can also be opening of a bank account investment in assets etc financial literacy is also found very scarce and which also majorly among the vulnerable groups like women especially housewife's and low income individuals it's very important that you are financially literate which helps in take wise financial decisions which helps you to avoid being influenced and also a have a better understanding of the information and also other procedure . (Lusardi, 2023)

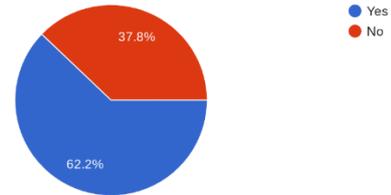
Analysis and Findings

On a scale of 1 to 5, how confident are you in your understanding of basic financial concepts such as budgeting, saving, and investing?
73 responses



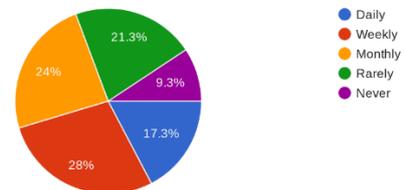
Around 38.45 of them have responded saying that they are confident in their budgeting saving and investment and the rest of they are not that much confident about their spending habits

Have you ever received formal financial education (Yes/No)
74 responses



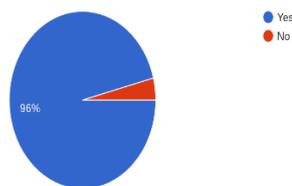
Majority of them that is around 62.2% of them tell that they have not received their formal education and another 37% of them tells that they have received a formal education

How often do you track your expenses and budget your finances?
75 responses



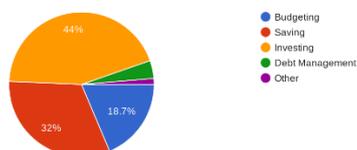
The majority, 33%, track their expenses monthly. This suggests they often review their finances at the end of each month. And other few of them do it very rarely and around 9.3% of tehm never track their expenses at all

Do you believe that having financial knowledge has helped you make better spending decisions?
75 responses



Most of them agree that financial knowledge help them for better understanding of spending behaviour and very few disagree with it

What areas of financial education do you think should be emphasized more in programs for young adults?
75 responses



Budgeting and expense tracking (27%) is the most suggested area. This shows that many young adults find it hard to manage their daily expenses and plan their finances well.

Conclusion

Financial education is one of the fundamental cornerstones for the development to have a healthy financial practice in this generation when we extract about growing financial platforms, economics and the fast global developments

It is very much evident from the study that is been carried out that majority of the component who are entering adulthood is having a sound financial knowledge. It's

very much in need regarding every young adult to have a proper knowledge about finance and how to spend them. Financial literacy is very much needed for every young adult who controls their purchasing habits, budgeting habits and making wise decisions

The surveys also indicate results showed that young people lacked formal education, structured financial education, which had serious long-term financial repercussions like debt cycles, impulsive purchasing, and unstable finances.

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