

FINANCIAL LITERACY AND INVESTMENT BEHAVIOUR AMONG COLLEGE STUDENTS: AN EMPIRICAL STUDY WITH REFERENCE TO THE MUMBAI REGION

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Abstract:

The purpose of this paper is to explore the financial literacy and investment behavior among college student in Mumbai region. The present study reveals that knowledge about different investment options, concept of risk and return, financial instruments significantly and positively influences the investment behavior and saving practices among college students. The study highlights that students should be encouraged to develop systematic saving and investment habits through awareness programs and practical exposure to financial planning tools. A structured questionnaire was administered on 55 higher education students in Mumbai region.

Key Words: *Financial Literacy, Investment Behaviour, systematic saving*

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Introduction:

The Cambridge Dictionary defines financial literacy as the ability to understand basic principles of business and finance. In today's world, financial literacy is crucial for individuals across all professions and households. A higher level of financial literacy enables individuals to develop sound financial plan for the future and participate effectively in financial markets.

On the other hand, Investment behavior reflects the attitudes, preferences, and decision-making patterns of individuals while allocating their financial resources into various investment instruments. It is influenced by several factors including financial knowledge, risk tolerance, income level, peer influence, and access to financial information. Among young individuals, particularly college students, investment behaviour is still evolving and is largely shaped by their level of financial awareness and exposure to financial education.

Review of Literature:

Kolge (M. S. S. S.) conducted an empirical study to examine the level of financial knowledge among female finance students regarding stock market participation in Mumbai city. The study highlighted that financial literacy significantly influences students' willingness and confidence to invest in the stock market. It further emphasized the need for enhanced financial education and awareness programs to improve investment decision-making among young female investors.

Bhosekar and Hasan (2024) examined the financial behaviour of university students in Mumbai city with respect to their saving, spending, and investment patterns. The study revealed that students' financial behaviour is influenced by their level of financial awareness, income sources, and exposure to financial education. It emphasized the importance of promoting financial literacy among university students to encourage responsible financial management and investment practices.

Jangid, Deshmukh, and Pareek conducted a study to examine the awareness of financial literacy among college students with reference to Kharghar, Navi Mumbai. The study found that although students possess basic knowledge about savings and banking services, their awareness regarding investment instruments and financial planning is relatively limited. The research highlighted the need for improved

financial education programs to enhance students' financial decision-making abilities.

Objectives of the Study:

1. To assess the level of financial literacy among college students in the Mumbai region.
2. To examine the investment behaviour and saving habits of college students.
3. To identify the preferred investment avenues among students.

Research Methodology:

Universe	Mumbai
Method of data collection	Primary and Secondary
Method of Primary Data Collection	Questionnaire (Open and close ended)
Method of sampling	Random Sampling / Convenience Sampling
No. of Sample Respondents	55

Analysis and Interpretation of Data:
Table 1: Demographic details of 55 Student Respondents

<i>Demographic Variables</i>		<i>Response Categories</i>				
		Gender	Male	Female		
	N	24	31			
Age		18 Years	19 Years	20 Years	21 Years	Above 21 Years
	N	3	15	18	8	11
Stream		Commerce	Management	Arts	Science & IT	
	N	17	16	13	9	
Monthly Pocket Money/Income		Below Rs.3,000	Rs.3,000 - Rs.5,000	Rs.5,000- Rs.10,000	Above Rs.10,000	
	N	8	23	19	5	

(Source: Primary Data)

The demographic profile of the respondents indicates that 56.36 per cent were female and 43.64 per cent were male. A majority of students belonged to the 20-year age group (32.73 per cent), followed by 19 years (27.27 per cent), representing predominantly undergraduate students. In terms of academic stream and financial exposure, most respondents were from commerce (30.91 per cent) and management (29.09 per cent), while 41.82 per cent reported a monthly pocket money between Rs.3,000 and Rs.5,000.

Table 2: Students' Awareness of Financial Literacy Concepts

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
I understand basic financial concepts such as saving and budgeting	29 (52.73%)	20 (36.36%)	2 (3.64%)	4 (7.27%)	0 (0%)	55 (100.00%)
I am aware of different investment options available in India	18 (32.73%)	20 (36.36%)	3 (5.45%)	5 (9.09%)	9 (16.37%)	55 (100.00%)
I understand the concept of risk and return in investments	15 (27.27%)	22 (40.00%)	5 (9.09%)	6 (10.91%)	7 (12.73%)	55 (100.00%)
I am aware of financial instruments such as mutual funds and shares	19 (34.55%)	16 (29.09%)	4 (7.27%)	6 (10.91%)	10 (18.18%)	55 (100.00%)
I know the importance of financial planning for the future	24 (43.64%)	24 (43.64%)	2 (3.64%)	3 (5.44%)	2 (3.64%)	55 (100.00%)
I have knowledge about inflation and its impact on savings	17 (30.91%)	26 (47.27%)	2 (3.64%)	6 (10.91%)	4 (7.27%)	55 (100.00%)

(Source: Primary Data)

Table 2 indicates that a majority of students possess awareness of basic financial literacy concepts. A significant proportion of 89.09 per cent respondents strongly agreed or agreed that they understand basic financial concepts such as saving and budgeting, while 87.28 per cent recognized the importance of financial planning for the future. Similarly, 69.09 per cent of respondents reported awareness of different investment options, and 67.27 per cent understood the concept of risk and return in investments. Furthermore, 78.18 per cent of students indicated knowledge about inflation and its impact on savings, reflecting a moderate to satisfactory level of financial literacy among the respondents.

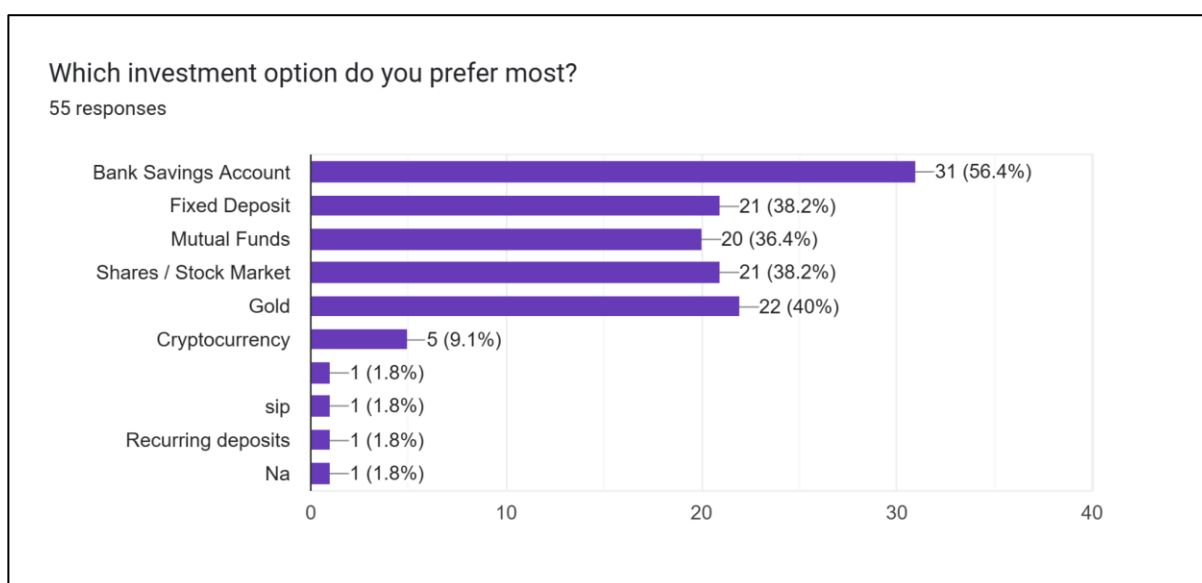
Table 3: Investment Behaviour and Saving Practices among Student Respondents

Support System	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
I regularly save a portion of my income/pocket money	21 (38.18%)	20 (36.36%)	0 (0%)	8 (14.55%)	6 (10.91%)	55 (100.00%)
I prefer investing rather than keeping money idle	19 (34.55%)	17 (30.91%)	2 (3.64%)	6 (10.90%)	11 (20.00%)	55 (100.00%)
I discuss investment decisions with family or friends	17 (30.91%)	16 (29.09%)	4 (7.27%)	8 (14.55%)	10 (18.18%)	55 (100.00%)
I prefer low-risk investment options	15 (27.27%)	15 (27.27%)	3 (5.45%)	8 (14.55%)	14 (25.46%)	55 (100.00%)
I plan investments for long-term financial goals	13 (23.64%)	23 (41.82%)	0 (0%)	11 (20%)	8 (14.54%)	55 (100.00%)

(Source: Primary Data)

Table 3 presents the investment behaviour and saving practices among student respondents. A majority of 74.54 per cent students either strongly agreed or agreed that they regularly save a portion of their income or pocket money, indicating positive saving habits. Similarly, 65.46 per cent of respondents preferred investing rather than keeping money idle, while 60 per cent reported discussing investment decisions with family or friends, highlighting the role of social influence in financial decision-making. Furthermore, 54.54 per cent of students preferred low-risk investment options, and 65.46 per cent indicated that they plan investments for long-term financial goals, reflecting a cautious and future-oriented investment approach among students.

Chart 1: Students' Preferences for various Investment Avenues



(Source: Primary Data)

Chart 1 illustrates the preferred investment avenues among the student respondents. The majority of 56.4 per cent students preferred investing in bank savings accounts, indicating a strong inclination toward safe and easily accessible financial instruments. This was followed by gold (40 per cent), fixed deposits (38.2 per cent), and shares/stock market (38.2 per cent), while 36.4 per cent of respondents preferred mutual funds as an investment option. In contrast, only 9.1 per cent of students showed interest in crypto currency, suggesting that students generally prefer low-risk and traditional investment avenues over relatively volatile financial instruments.

Findings of the Study:

1. The findings indicate that students possess a moderate level of financial literacy, with 89.09 per cent of respondents understanding basic financial concepts such as saving and budgeting.
2. 87.28 per cent respondent recognized the importance of financial planning, demonstrating awareness of long-term financial management.
3. With respect to investment preferences, the majority of students (56.40 per cent) preferred

bank savings accounts, followed by gold (40 per cent), fixed deposits (38.2 per cent), and shares/stock market (38.2 per cent), indicating a preference for relatively safe investment avenues.

Conclusion:

Financial literacy plays an important role in shaping the saving and investment behaviour of individuals, particularly among young adults who are at the early stage of financial decision-making. The findings demonstrate positive saving habits and cautious

investment behaviour, with a majority preferring traditional and low-risk financial instruments such as bank deposits and gold. However, awareness and participation in more sophisticated financial instruments such as mutual funds and stock markets remain comparatively limited.

The study highlights the importance of enhancing financial literacy among students in order to equip them with the knowledge and skills required for effective financial decision-making.

Recommendations:

- Financial education should be integrated into the college curriculum to enhance students' knowledge about financial planning, investment instruments, and risk management.
- Colleges should organize financial literacy workshops, seminars, and training programs in collaboration with financial institutions and experts.
- Students should be encouraged to develop systematic saving and investment habits through awareness programs and practical exposure to financial planning tools.
- Financial institutions and government agencies should undertake awareness campaigns to promote investment knowledge among youth, particularly regarding diversified investment options such as mutual funds and equity markets.

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