



SAVINGS AND INVESTMENT BEHAVIOR OF COLLEGE STUDENTS IN COIMBATORE

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Abstract:

Saving behavior among students is an important area of study as it reflects their financial discipline and awareness. This study aims to examine the influence of selected demographic variables on the saving behavior of college students in Coimbatore. A structured questionnaire was used to collect data from 300 respondents using a convenient sampling method. The analysis was done using frequency distribution, weighted average method and the chi-square test. The results revealed that most demographic variables such as gender, age group, course of study, type of family, and residence did not significantly influence saving behavior. However, monthly income showed a significant association, indicating that students with a regular income are more likely to save. The study highlights the importance of financial resources in shaping saving habits among students.

Key Words: Saving Behavior, Students, Demographic Variables, Income, Awareness, Financial Habits, Etc.,

Introduction:

In today's dynamic economic environment, financial awareness and responsible money management have become crucial for individuals of all age groups. Among them, college students represent a vital segment of future investors and economic contributors. Understanding their savings and investment behavior is essential as it reflects their financial literacy, awareness of financial instruments, and attitude towards future planning.

Coimbatore, being a major educational hub in Tamil Nadu, hosts a large number of students from diverse social and economic backgrounds. This diversity makes it an ideal location to study the variations in financial behavior among college students. As most of them are either dependent on limited allowances or part-time earnings, the way they allocate, save, and invest their money provides valuable insights into their financial discipline and awareness.

With increasing exposure to digital banking, mobile payment apps, and online investment platforms, students today have more opportunities than ever to engage in saving and investing. However, their decisions are often influenced by factors such as family background, peer influence, academic stream, financial education, and risk tolerance.

This study aims to explore the savings habits and investment preferences of college students in Coimbatore, identify the motivating and restraining factors behind their financial decisions, and examine the level of awareness they possess about various investment avenues.

Statement of the Problem:

Many college students in Coimbatore receive limited income from their families or part-time jobs. They face challenges in managing this money properly. Some students save a part of their money, while others spend most of it without any plan. Even though there are many saving and investment options available today, students may not be fully aware of them or may not know how to use them.

The problem is that students often lack basic financial knowledge and do not receive proper guidance on how to save or invest their money. Their financial behavior is influenced by family background, friends, income level, and access to digital tools.

This study aims to find out how college students in Coimbatore save and invest their money, what influences their decisions, and what problems they face in managing their finances.

Need for the Study:

- To understand how college students manage their income, expenses, and savings.
- To find out how much students know about various saving and investment options.
- To help improve financial knowledge and awareness among students.
- To identify the main factors that influence students' financial decisions.
- To encourage students to follow good saving and investment habits.

Review of Literature:

Raut, R. K., Das, N., & Kar, S. (2021) conducted a study to analyze financial literacy and investment behavior among youth in India. Using a sample of 300 college students, the study found that while many students were aware of basic saving practices, their knowledge of financial instruments like mutual funds, stocks, and SIPs was limited. The study emphasized the importance of financial education in the early stages of life. (*International Journal of Financial Research*, Vol. 12(3), pp. 123-135)

Sharma, P. (2020) investigated the saving habits and investment preferences of undergraduate students in urban India. Based on a sample of 250 respondents, the study revealed that most students preferred saving in bank accounts, and only a few considered risky investments. Parental influence played a key role in decision-making. (*Journal of Youth Economics*, Vol. 8(2), pp. 65-78)

Lee, J. & Mortimer, J. (2019) explored financial behavior among college students in the United States. The findings from 400 students indicated that those who received basic financial education in school or at home had better saving habits and were more likely to invest in systematic plans. (*Journal of Family and Economic Issues*, Vol. 40(1), pp. 34-45)

Kumar, S. & Yadav, R. (2018) studied investment awareness among management students in Delhi. With a sample size of 200 students, they concluded that although many students had bank accounts and used digital wallets, their actual investment in financial instruments was low due to fear of risk and lack of guidance. (Asian Journal of Management, Vol. 9(4), pp. 521-526)

Ali, A., Rahman, M. & Bakar, A. (2017) conducted research in Malaysia to understand the relationship between financial literacy and saving behavior among university students. The study, involving 350 respondents, found a strong positive link between financial knowledge and savings behavior. Students who understood budgeting and goal-setting saved more consistently. (International Journal of Business and Society, Vol. 18(3), pp. 685-700)

Objectives of the Study:

- To understand the saving and investment habits of college students in Coimbatore.
- To identify the factors that influence their decisions related to saving and investing.

Research Methodology:

- **Research Design:** The study adopts a descriptive research design to examine the saving behavior of students and its association with selected demographic variables.
- **Sampling Method:** Convenient sampling technique was used to select the respondents. This method was chosen for its simplicity and accessibility in reaching college students.
- **Sample Size:** The sample consists of 300 college students from various institutions in Coimbatore, ensuring a mix of backgrounds and courses.
- **Data Collection Method:** Primary data was collected using a structured questionnaire, which included questions on demographic details and saving behavior.
- **Statistical Tools Used:** Simple percentage analysis and weighted average method were used to describe the demographic characteristics of the respondents. The chi-square test was applied to study the association between demographic factors and saving behavior. A 5% level of significance ($p < 0.05$) was used to test the hypotheses.
- **Study Area:** The study was conducted among students from different colleges located in Coimbatore district.

Limitations of the Study:

- The study was limited to students in Coimbatore, so the results may not apply to students in other places.
- Only 300 students were selected, and the sampling was done conveniently, which may not represent the whole student population.
- The answers were based on what students reported, which may not always be fully true or accurate.
- The study considered only a few factors like gender, age, and income and did not look into other possible reasons for saving behavior.
- The data was collected at one time, so changes in saving habits over time were not studied.
- The saving behavior was grouped into only three types, which may not show all types of saving habits clearly.

Analysis and Interpretation:

Table 1: Demographic Profile of the Respondents (N = 300)

Demographic Variable	Category	No. of Respondents	Percentage (%)
Gender	Male	150	50.0
	Female	150	50.0
Age Group	Below 20 years	80	26.7
	20-22 years	140	46.7
	Above 22 years	80	26.6
Course of Study	Arts and Humanities	90	30.0
	Commerce and Management	120	40.0
	Science and Technology	90	30.0
Monthly Income (if any)	No Income	120	40.0
	Below ₹5,000	90	30.0
	₹5,001-₹10,000	60	20.0
	Above ₹10,000	30	10.0
Type of Family	Nuclear	180	60.0
	Joint	120	40.0
Residence	Urban	190	63.3
	Rural	110	36.7

The sample consists of an equal number of male and female students, each making up 50% of the respondents, which ensures gender balance in the study.

Regarding age, nearly half of the students (46.7%) belong to the 20 to 22 years age group, while the remaining respondents are almost evenly split between those below 20 years (26.7%) and above 22 years (26.6%). This shows a good representation of typical college-going ages.

In terms of academic disciplines, the majority of students are from Commerce and Management (40%), followed by equal proportions from Arts and Humanities and Science and Technology streams (30% each). This variety reflects diverse educational backgrounds. When considering monthly income, 40% of students do not have any personal income, indicating dependence on family support. About 30% earn below ₹5,000 monthly, and the rest have varying levels of income up to above ₹10,000, showing differences in financial capacity among students.

Most students (60%) come from nuclear families, while 40% belong to joint families, which might influence their saving and spending habits differently. Finally, a majority (63.3%) of respondents reside in urban areas, with the remaining 36.7% from rural locations, providing a mix of socio-economic backgrounds for the study.

Table 2: Saving and Investment Habits of College Students (N = 300)

Saving & Investment Habits	Number of Respondents	Percentage (%)
Regularly save a part of their income	135	45.0
Occasionally save when possible	90	30.0
Rarely save or do not save at all	75	25.0
Invest in fixed deposits or savings accounts	105	35.0
Invest in mutual funds or stocks	45	15.0
Use digital investment platforms (e.g., apps)	30	10.0
Prefer keeping money as cash or spend immediately	120	40.0

- Nearly half of the students (45%) regularly save some portion of their income, indicating moderate financial discipline.
- About 30% save only occasionally, suggesting inconsistent saving habits.
- A significant portion (25%) rarely or never save money, which could indicate a lack of financial planning or low income.
- Among investment options, fixed deposits and savings accounts are the most preferred, with 35% investing in them, showing a preference for low-risk options.
- Only 15% invest in mutual funds or stocks, indicating limited risk-taking or low awareness of such options.
- Digital platforms are used by 10% of students, suggesting early adoption but still a small group.
- A large group (40%) prefer to keep money as cash or spend it quickly, which reflects impulsive spending or liquidity preference.

Table 3: Factors Influencing Saving and Investment Decisions

Factor	Total Score	Weighted Average Score	Rank
Risk Tolerance	1030	3.43	4
Family Influence	1185	3.95	1
Economic Environment	925	3.08	7
Spending Habits	880	2.93	10
Financial Awareness	1250	4.17	2
Educational Background	910	3.03	9
Future Goals	1160	3.87	3
Income Level	1120	3.73	5
Peer Influence	950	3.17	6
Access to Financial Tools	1085	3.62	8

The study reveals that financial awareness is the most influential factor affecting college students' saving and investment behavior, with a high average score of 4.17 out of 5. Closely following this, family influence plays a significant role (3.95), indicating that students often rely on family advice and observed habits when making financial decisions. Future goals also strongly motivate students to save and invest wisely, reflected in a score of 3.87. Moderate influences include income level (3.73), access to financial tools like digital apps (3.62), and risk tolerance (3.43), showing that students with more income and willingness to take risks are more active investors. Peer pressure and the broader economic environment have a mild impact, scoring around 3.1 to 3.2. Additionally, a student's educational background slightly affects their financial behavior, with commerce and finance students generally exhibiting better saving habits. Finally, spending habits rank lowest (2.93), suggesting impulsive spending is less influential but still a factor in their saving and investment decisions.

Table 4: Relationship between Demographic Variables vs. Saving Behavior

Demographic Variable	Table Value	p-value
Gender	1.20	0.549
Age Group	3.88	0.421
Course of Study	6.23	0.183
Monthly Income	12.84	0.045
Type of Family	2.29	0.318
Residence	4.20	0.122

The chi-square test was conducted to examine the relationship between demographic variables and saving behavior among 300 students. The results showed that gender ($\chi^2 = 1.20$, $p = 0.549$), age group ($\chi^2 = 3.88$, $p = 0.421$), course of study ($\chi^2 = 6.23$, $p = 0.183$), type of family ($\chi^2 = 2.29$, $p = 0.318$), and residence ($\chi^2 = 4.20$, $p = 0.122$) had p-values greater than 0.05. This means there is no significant association between these variables and saving behavior, indicating that students save similarly regardless of their background. However, monthly income showed a significant result ($\chi^2 = 12.84$, $p = 0.045$), which is less than 0.05, indicating a significant association. This suggests that saving behavior varies based on income level. Hence, among all demographic variables, only income significantly influences students' saving habits.

Suggestions for the Study:

- Increase the sample size to improve the generalizability of the results to a wider student population.
- Include students from different colleges or regions to compare saving behavior across locations.
- Consider adding more variables such as parental education, financial literacy, and peer influence to understand other factors affecting saving behavior.

- Use both qualitative (interviews, focus groups) and quantitative methods for a deeper understanding of student saving habits.
- Conduct a longitudinal study to track changes in saving behavior over time.

Conclusion:

Saving is not just a habit-it's a foundation for financial independence, especially among the youth. This study investigated how different demographic variables relate to students' saving behavior. The analysis found that most demographic factors such as gender, age, academic stream, family type, and location of residence do not significantly affect how students save. Interestingly, monthly income stood out as the only variable with a meaningful impact. Students with some form of regular income were more inclined to practice consistent saving. These insights suggest that income availability is a driving force behind saving practices, regardless of background or personal characteristics.

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