

Investment Awareness among Youth in Kerala: The Role of Financial Literacy and Personal Interest

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Abstract

Youths are the key source for the advancement of technology and creativity yet making the world a better place. Thus the study aims to understand investment awareness among the youths in Kerala. Kerala contains the highest literacy rate compared to all other states in India. The study used primary data collection with the help of a structured questionnaire in the form of a Google survey of 131 youths and secondary data collection with 20 conference articles. The main aim of this study is to understand the three key perspectives of the youth which are financial literacy, investment awareness, and personal interest. Thus the research is of quantitative approach with a convenient sampling technique. The study used SPSS software to have an in-depth analysis of these variables. The study has a statistical method which is factor analysis, regression and process macro mediation to identify the relationship between the variables. The result indicated that there is a significant relationship between the three variables where youth's investment awareness is backed by personal interest and financial literacy while selecting or investing in avenues.

Keyword: Financial Literacy, Investment Awareness, Personal Interest, Youth

Introduction

In today's world, growth and lifestyle have rapidly changed due to the advancement of technology and intense market competition which has led to a robust economic performance that has created an increase in the GDP of the country from 6.1% to 6.8% as per the 2024 projection. [Online, E, \(2024\)](#) Therefore it has created an impact on the economy where a rise in the price of income and expenditure has led to an increase in an individual's purchasing power.

This has led youth to earn an additional set of income that can help to improve their lifestyle and safeguard for the future. Thus there are various investment opportunities and avenues such as mutual funds, shares, bonds, real estate and many more but nowadays many other investment options have risen for the contribution of the environment such as environmental social Governance (ESG), green financing and technology such as Cryptocurrency, Bitcoin. Thus in a recent survey conducted by Stanford Graduate School of Business, it was found that millennial and Gen Z investors are anxious about social and environmental problems such as income inequality and carbon emissions. [Gelfand, A. \(2023\)](#).

Nowadays the living expenses has increased, which has led many of the younger generation to work as a part-timer to pay off the debt. Many of the youth prefer to invest in various investment options at the beginning of the month and earn a higher return at the end of the month. Thus returns can be floating due the market fluctuations. This helps the youngsters to save and earn a higher return in a shorter period. Thus most youngsters invest in various investment options to quote suggests "Don't put all eggs in one basket" with small amounts and earning a stable return.

As of 2024, the literacy rate of Kerala which is 94% as per latest census where 96.11 of male and 92.07% female. Moreover Kerala is one of the highest literacy state in India. The youth or Young adults are people from

18-34 years who are known for striving, enthusiastic behavior that embarks them on being the future leaders of the upcoming world.

Many of the youths have started to be entrepreneurs or earn small incomes before applying for corporate jobs. Thus the youth generation has manifested to utilize the technology platform to earn and learn new opportunities that are prevailing in the market.

Objectives of the Study

The main objective of this study is to understand the investment awareness among youth in Kerala. Thus the study also aims to understand and examine:

- The relationship between financial literacy and investment awareness among youth.
- The relationship between financial literacy and personal interest
- The relationship between personal interest and investment awareness ; and
- The mediating role of personal interest on the relationship between financial literacy and investment awareness.

Statement of the Problem

As the technology and education industry is booming but there is a lack of investment awareness in various avenues among the youth in Kerala. Thus, the study is conducted in Kerala with a sample size of 131 young adults or youths in Kerala.

Need and Scope of the Study

The need and scope of the study is to understand the investment awareness among the youth and the personal interest backed by their investment behavior. As the world is evolving and becoming more advance, the leading youth of this generation have awareness and a mindset on investing on the various investment avenues. Thus, this study will gain an insight on the investment awareness of the youth in Kerala.

Literature Review

Investment Awareness among Youth

The young generation is very creative and innovative compared to the older generation. Thus they make them advance in many ways but an absence of financial knowledge and investment awareness exists. There are various sets of enticing opportunities but knowledge limits to mutual funds, gold and property which provide stable returns in the long run. [Azhar.Z,et al \(2017\)](#) Thus many of the youth generation prefer to invest in the traditional methods such as Chit fund and property which helps to earn stable income in long run with less risk appetite. The investment awareness among youth comes from their awareness which are friends , family , environment , personal interest and savings behavior, where they take the initiative to look for more specific information about investments and develop the practice of making financial plans. [Nastiti.R , et al \(2023\)](#) Thus the financial literacy among the youth is influenced by the environment and digital world more than the education provided by the institutions. Over the years the digital world has thrived the pathways for younger generation to learn , explore and venture into investments.

The transformation of technology has paved the way for young investors a hand to gain more insight into new investment avenues and information about various factors such as return, risk etc. [Kummeta,et al. \(2023\)](#). Therefore the youths are more interested to invest in assured investment such as bank deposits , and other financial instruments offered by the government and marketplace that are thriving as a result of market explosive growth. Nowadays youths are more active in digital platform where more of the advertisement campaigns are created. Most of the youths prefer to invest in Mutual fund as it has bought awareness through advertisement capaigns. [Lodaya, S., et al ,\(2020\)](#). Recently many financial services companies have started to use the digital platform to promote and create awareness about the financial services such as Angel One app . Angel one app has a partnership with IPL (Indian Premier League) . IPL is one of the most watched cricket series throughout the world and thus many cricket enthusiasm will have a greater knowledge about the financial service and investment awareness. Therefore the digital platform and service has contributed to the development of the financial service and awareness among the youth generation . Nowadays the term fintech has bloomed and popular among the youth generation as they believe that Fintech has created a convenient and cost effective pathway for online transaction [Kadam.S. D & Shalini R. \(2023\)](#).

There are various emerging financial tools for finance such as green financing that contribute for the sustainability of the environment. Green financing or sustainable financing are emerging technologies that created a boom in today's world, yet the youth generation is not aware of green financing. [Unnikrishnan, S., et al \(2019\)](#). But in recent study conducted , it has found that youths are ready to invest and are aware about the term green financing . [Dr. Vejandla Venkata Ramakrishnam Raju \(2022\)](#) . Therefore the term green financing has

started grow and expand due to the climate condition that can harm ones life . Thus the youth are more concern for their future well-being and are ready to take up challenges to invest in green financing.

Financial Literacy on Investment Awareness

One of the main element of the investment awareness is financial literacy. In India, only 27% of adult men and 24% women are aware of the various type of investment avenues and opportunity. Pandey.P (2023) The education industry has improved and commenced various sets of courses such as Fintech, Sustainable accounting, CMA , CFA and many other , which has helped to advance and aware of the various risk and return strategy for investment avenues and opportunities. But the main drawback is the practical implication and on hand experiences is absent. Moreover the youths have moderate to good on the basic financial concepts but there is a need for more on had experience and advance knowledge as it helps to improve the financial literacy and lifestyle of the youths. Irfan.B.S et al (2023) As the world is being dynamic in there technology and services, it will decipher many opportunities and introduced new products that can help youth to be literate and at the same help them to avoid the online trap and scams.The importance of digital literacy as a component of financial literacy is growing. Nowadays online courses , webinar , mobile apps and financial blogs helps youth to be aware of various investment option and financial literacy.Dube.S.V., et al (2023)

Therefore more and more financial service and courses have rapidly increasing which has helped them to educate and understand various type of investment avenues and financial literacy. Recently many of the youths have started to gain financial literacy through social media influencers who provide a financial guide and advice. Ians. (2022). Due to widespread knowledge through digital platform it has enhance the awareness investment and various other opportunities.

Personal Interest on Investment Awareness

Investment awareness is backed by many factors, one of them is personal interest. Personal interest is influenced by friends, family, environment , personality and many more. Azhar (2017) In many studies it is found that investment awareness is influenced by the society. Thus the youths investment and awareness on various avenues is influenced by the environment. It is also seen that many of the youths want to invest in Mutual fund and Systematic investment plan. Ray (2022) Moreover the financial literacy and risk attitude on the investment preferences of young individuals, underscoring the need to promote financial literacy among them. Verma.D .,et al(2023) As the world is evolving, the rapid advancement of technology as also gave a pathway for youths to invest in various avenues such as shares and mutual. Nowadays there are many apps and websites such as Zerodha and etc who has made it easy for youths to invest. Thus youth prefer to invest in shares as there is scope of for future return and risk. The role of social media in influencing investment decisions, particularly through content creators and influencers. These studies collectively underscore the need for targeted financial education and the potential of social media as a tool for increasing investment awareness among Indian youth. Rani.Y(2021)

Studies Conducted Across India

There is various study conducted across different parts of India wherein in Pune region have greater awareness on investment among the youths and willing to take up risk with investment evaluation. Raut.N (2019) Pune is known for the advancement in Technology sector which has created a greater impact on the development of the region. Moreover the youths are aware of the various investment avenues among the different genders. In the case of Mumbai , is a leading hub for job opportunities that helps youth to have better lifestyle . Thus the youths are aware of the various set of financial aspects that helps them to venture and earn better .This helps to have better and investment. Shaikh.A.,et al (2022) In the case of Kolkata, most of the youth prefer to invest in following the risk and return, thus they prefer to take a moderate amount of risk while investing in investment. Banerjee.B (2021) In the case of Banglore, the hub of IT sectors and many MNC companies , the millennials are aware of the various investment avenues Dayana.R.,et al(2021). Thus most of youth start to save and invest due to high living cost. Thus youths prefer to invest in risk free return due to low appetite on risk. Apart from all in Hyderabad the youths are willing to invest and aware about green financing. Raju. R(2022). Most of youths are aware but the non management course are lacking behind the various avenues

Research Framework

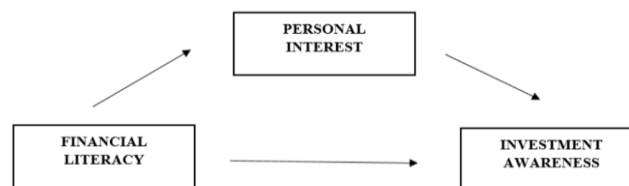


Figure 1. Research Framework

Research Hypotheses

- H1:** Financial literacy has a positive relationship with investment awareness.
- H2:** Financial literacy has a positive relationship with personal interest.
- H3:** Personal Interest has a positive relationship with investment awareness.
- H4:** Personal interest mediates the relationship between financial literacy and investment awareness.

Research Methodology

The study used a descriptive research design. In this study, the prime focus is to understand the investment awareness of the youth generation in Kerala, with independent variable financial literacy, mediator personal interest and dependent variable investment awareness. The population for this study is the youth generation in Kerala. The African Youth Charter defines "youth" as anyone between the ages of 15 and 35. According to the Factsheets (2014), youth in India are described as the persons of age between 15-29 years. Sampling size for this data is 131 respondents that is given to the youth generations in Kerala . The data employed a convenient sampling technique..

The data have used SPSS software to measure Factor analysis, regression and micro mediation processing which helps to understand the expected and unexpected count and Regression to understand the relationship between the independent and dependent variable.

Data Analysis

Table 1. Social Demographic Characteristics of Respondents

PARTICULAR	CHARACTERISTIC	NO.OF RESPONDENTS	PERCENTAGE (%)
Gender	Female	48	36.6%
	Male	83	63.4%
	TOTAL	131	100
Age	18-24	45	34.4%
	25-30	36	27.5%
	31-35	22	16.8%
	36 and Above	28	21.4%
	TOTAL	131	100
Qualification	High School	7	5.3%
	Graduate	35	26.7%
	Professional Degree	45	34.4%
	Post-Graduation	44	33.6%
	TOTAL	131	100
Occupation	Student	44	33.6%
	Employed Part-time	8	6.1%
	Employed Full-time	41	31.3%
	Self employed	28	21.4%
	Other	10	7.6%
	TOTAL	131	100
Income	0	32	24.4%
	1-5,000	8	6.1%
	5,000-10,000	10	7.6%
	10,000-20,000	20	15.3%
	20,000 and Above	61	46.6%
	TOTAL	131	100

According to the survey as shown in table 1 , it is evident that the majority of the respondents are men with 63.4% in the age group of 18-24 years (34.4%). Most of the respondents are occupation 51.5% and have 20,000 and above (46.6%) of income. Therefore, most of the respondents have side income to balance the day to day expense and improve the standard of living at young age.

Factor Analysis

Te KMO value is 0.886 which is more than 0.5. This indicates that data is adequate with factor analysis. Bartlett's Test shows a significant value of 0.000 which is less than 0.05. This was followed by the running of the factor analysis technique and the factor loadings are shown in table 2.

Table 2. Rotated Component Matrix

	Rotated Component Matrix ^a		
	Component		
	1	2	3
FL2	.837		
FL3	.810		
FL5	.805		
FL4	.764		
FL1	.759		
IA2		.808	
IA5		.796	
IA3		.785	
IA4		.742	
IA1		.597	
PI4			.845
PI5			.830
PI2			.709
PI3			.647
PI1			.597

Table 3. Model Summery

Hyp	Relationship	β	R ²	Sig.	Result
H1	Financial Literacy → Investment awareness	0.615	0.378	0.001	Accepted
H2	Financial Literacy → Personal Interest	0.605	0.366	0.000	Accepted
H3	Personal Interest → Investment Awareness	0.666	.439	0.000	Accepted

As the table 3 shows , here is a significant positive association between financial literacy and investment awareness (R² value = 0.378, β =0.615 p = 0.001). It is in support with Baihaqqy. I.R.M, et al (2020) , shows a positive correlation between education level, financial literacy, and investment decisions in capital markets.

This indicates that people with higher financial literacy tend to have greater investment awareness and hence support H1.

The study also proved that there is a positive and significant relationship between financial literacy and personal interest (R² = 0.366 , β =0.605 p = 0.000). . People with higher financial literacy scores tend to have a greater interest in investing. Recently many studies have shown that personal interest plays a significant role in investment awareness among students. As Hidayat. L, et al(2019) found that knowledge of investment profit levels and stock assessment positively influenced investment interests.

Moreover the relationship between personal interest and investment awareness is also proved positive and significant ((R² = 0.439 , β =0.666 p = 0.000). People with a greater interest in investing tend to have higher investment awareness. Kumari.S, et al(2023) demands the need for greater awareness and education about investment opportunities among higher education students.

Mediation Analysis

Process macro mediation analysis is done based on Heyne’s model to examine how financial literacy influences investment awareness and explores the potential mediating role of personal interest in this relationship. The analysis as mentioned in Table 4 suggests that financial literacy plays a crucial role in promoting investment awareness. People with higher financial literacy are not only more likely to be directly aware of investment opportunities but are also more likely to develop an interest in investing, further enhancing their knowledge and awareness.

Table 4. Mediation Analysis Result

Relationship	Total Effect	Direct Effect	Indirect Effect	95% Confidence Interval		t-statistics	Conclusion
				Lower Bound	Upper Bound		
Financial Literacy > Financial Behavior > Financial Satisfaction	0.677	0.369	0.308	0.169	0.498	4.334	Partial Mediation
	(0.000)	(0.000)					

As the youths are the leaders for the future world, financial literacy must be given to the youths with a practical implication that helps them to understand the concept and technical aspect of the investments. Thus various sets of investments have started to rise for the contribution of the environment and climate such as green financing, ESG and many others.

Limitations of the Study

Despite its detailed assessment of investment awareness among Kerala's youth, the study has numerous drawbacks. Its specific focus on Kerala may limit the applicability to other regions. Convenient sampling and a small sample size may affect the representativeness of the results. The cross-sectional approach may ignore variations in investment behavior, suggesting caution when generalizing findings over time or between populations. Further research should look into investment awareness among youth in various geographic regions of India to gain a better knowledge of the factors that influence investment behavior. Additionally, longitudinal studies that track changes in investment attitudes and behaviors over time may provide insights into the changing nature of youth investment choices and strategies.

Managerial Implications

The study on investment awareness among Kerala youth found a strong link between financial literacy, personal interest, and investment awareness. Managers and financial institutions should promote financial literacy programs to increase investment understanding among youth. Educational institutions can incorporate practical financial education into their courses to encourage informed investing decisions. Financial services organizations should use digital platforms and social media influencers to reach and educate young people. Understanding these factors might help designers create better financial goods and services that appeal to the preferences and interests among young generation of Kerala.

Conclusion

Kerala is a state known for the highest literacy among other states in India and contains an educational and IT hub for the upcoming youths. Thus the youth's responses indicate that their investment awareness is influenced and has a direct relationship with financial literacy that is incurred from various sources such as education institutes, online sources and many others, which helps the youth to invest and understand the various investment avenues and portfolios. Moreover, the youth's interest plays a pivotal role in investing and risk appetite due to the influence of friends and family. However, youths use the traditional methods of investment such as fixed deposits and mostly chit-funds with a creative mindset for funds initiated for start-ups and shares for increasing additional revenue. Thus youths are the leading generation for the country that uses knowledge and creativity in building a better world for the future.

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