



A Study on Investment Behaviour and Financial Goals Among Young Adults How financial knowledge, risk perception and goal clarity relate to the way young adults (18–35) invest

K. Deekshith ¹, Dr. V. Narendra ²

Research Scholar

Associate Professor

KLEF, Vaddeswaram, Andhra Pradesh

1. ABSTRACT :

This study evaluated the patterns of investment and the role of clearly defined financial goals, alongside financial knowledge and risk perception, in the decision-making of young adults aged between 18 and 35. The research design involved the analysis of a database of 120 records based on the completion of a 32-item questionnaire. Questions related to demographics, investment behaviour, financial goals, knowledge, and risk tolerance. Descriptive statistics (Mean, Median, Standard Deviation), Chi-Square analysis, One-Way ANOVA, Correlation, and Multiple Linear Regression were performed to arrive at the final conclusion. Based on the provided database, the analysis revealed that demographic variables were not significant predictors of the type of investor. An investor's preference for any of the 8 options provided did not demonstrate significant differences. Similarly, financial knowledge and risk perception were not significant predictors of the Investment Behaviour Index. Instead, financial-goal clarity was a significant predictor ($B = -0.196$, $p = .018$), whereas the overall regression model was not significant ($F = 2.062$, $p = .090$, $R^2 = .067$). Due to the nature of the provided database, which mostly consisted of fabricated data, and the low reliability scores of the composite scales used in the analysis, the results should be interpreted with caution.

Keywords: investment behaviour, financial goals, young adults, financial knowledge, risk perception

2. Introduction

Investment is an important element of personal financial management as it enables people to prepare for the future and achieve financial stability. The period of young adulthood is the time when individuals start to form their financial culture, as they may begin to receive income and, therefore, start to save, spend and invest money in a variety of areas. It is worth noting that today, young people face numerous opportunities in terms of investment: they can learn about them on social media, in mobile phone apps, on the Internet and other sources. At the same time, the lack of financial literacy among young people often leads to confusion and mistakes. Those who want to invest may choose between multiple options, ranging from quite safe bank deposits, gold or other precious metals, and even mutual funds or shares of different companies.

A variety of goals attracts investors, as well as the possibility of achieving them through hard work and, therefore, investments. People may set different goals, ranging from preparing an emergency fund, receiving an education, purchasing a car or real estate, family planning, opening a business, traveling, or ensuring full retirement. Therefore, this research aims to explore the relationship between financial goals and the investment behavior of young adults.

3. Research Gap and Objectives

The existing literature reflects the effect of financial literacy, risk perception, the influence of social media and peers, on young adults' investment behaviors. However, the impact of the presence of specific goals on investment behaviors has not been studied in detail. There is a need to establish how young adults can set up their investment strategies in tandem with their short and long-term financial goals. A deeper understanding of the effects of financial literacy, risk perceptions, and specific financial goals on investment behaviors is needed. The current study aims to address this issue.

Objectives

1. 1. To explore the investment behaviour of young adults.
2. 2. to identify common investment options that are preferred by young adults
3. 3. To comprehend the importance of financial goals
4. 4. To study the role of financial knowledge and awareness
5. 5. To explore the impact of perception of risk on investment behaviour

Hypotheses

Table 1. Null and alternative hypotheses

No.	Null hypothesis (H0)	Alternative hypothesis (H1)
1	No significant relationship between demographic characteristics and investment behaviour	A significant relationship exists
2	No significant difference in preferences for various investment options	A significant difference exists
3	Financial goals have no significant relationship with investment decisions	A significant relationship exists
4	Financial knowledge and awareness have no significant relationship with investment behaviour	A significant relationship exists
5	Risk perception has no significant relationship with investment choices	A significant relationship exists

Table 2. Conceptual framework: variables and the hypotheses that test them

Financial-goal clarity	→	Investment Behaviour Index	H3
Financial knowledge	→	Investment Behaviour Index	H4
Risk perception	→	Investment Behaviour Index	H5
Demographics	→	Investor status / option preference	H1, H2

4. Review of Literature

Financial literacy and risk perception

Several studies investigate the impact of financial literacy and risk perception on young people's decision to invest. [Ref 1, confirm] conducted a study on 89 young adults from Surabaya using multiple linear regression analysis in SPSS and found that financial literacy and risk perception have positive and significant relationship with young people's investment decision, individually and collectively. [Ref 2, confirm] (2026) performed a survey among 100 young investors using percentage analysis and chi-square test, and the results revealed that financial literacy had a significant effect on young investors' investment behaviour, and it was associated with risk perception; the more they knew about finance, the more they prefer stocks and mutual funds. Rosdiana and Riska (2020) found using multiple regression analysis among Generation Z and millennials that financial literacy, herding behaviour, risk aversion and risk perception significantly and positively influence investment decisions. [Ref 4, confirm] explored the role of financial literacy, risk perception and related constructs on the investment behaviour of young people aged between 18 and 35 years in Nepal by partitioning financial literacy into awareness, attitude, behaviour and risk perception to evaluate their individual impact on young people's investment decision.

Media, social influence and readiness

Media, social influence and readiness have also been studied. [Ref 5, confirm] surveyed a group of 207 young people about investment readiness, looking at financial literacy, risk attitude and social media. [Ref 6, confirm] studied young adults aged 23–29 in Bangkok, looking at media exposure and risk awareness linked with investment behaviour, with real estate being the content preferred by most. [Ref 7, confirm] reported that investors with more experience tend to be more tolerant of risk.

Indian evidence

Indian evidence highlights a preference for safety alongside an emerging interest in market products. [Ref 8, confirm] (2026) studied mutual fund preferences of Indians aged 21–35, examining risk tolerance, return expectations, financial literacy, investment goals and the influence of digital platforms. [Ref 9, confirm] found among Mumbai college students aged 17–25 that safety and security strongly influence investment direction and that SIP-based mutual funds are preferred. [Ref 10, confirm] studied risk appetite of 300 respondents aged 18–29 in Erode district, examining correlations between income and mutual fund and equity investment. [Ref 11, confirm] surveyed 200 young investors aged 25–35 and noted that investors consider financial goals and risk tolerance in designing portfolios. Industry surveys provide context: Fin One / Angel One (2024) surveyed 1,600 young Indians in 13+ cities and found that 93% were consistent savers, 58% invested in stocks vs 39% in mutual funds, and 85% cited cost of living as the main barrier to saving. MyFi (2024) analysed more than 7,000 platform users and found that younger investors favoured higher-risk, high-growth assets while older investors prioritised wealth preservation.

Theoretical base

The theoretical basis was provided by Ajzen (1991) through his Theory of Planned Behaviour which states that attitudes, social norms, perceived control influence intentions and behaviours; Kahneman and Tversky (1979) with their Prospect Theory which explains the different weights that gains and losses have on decision-making, therefore, influencing risk perceptions and product choices; van Rooij, Lusardi and Alessie (2011) who established the negative relationship between financial literacy and participation in stock-markets; Lusardi and Mitchell (2014) who analysed studies that show the role of financial

literacy in saving, planning, and portfolio choices; Barber and Odean (2001) who show that overconfidence influences excessive trading and male investors are more likely to trade more than females; and Grable (2000) who established the effect of demographics, knowledge, and experience on financial risk, tolerance.

Research gap

Most of these studies examine literacy, risk or social media separately. Few tie investment behaviour to clearly defined financial goals among young adults, which is the contribution of this study.

5. Research Methodology

Design and instrument. The research design was descriptive and cross-sectional in nature. A questionnaire comprising 32 items was used to capture consent, demographics (age, gender, occupation, income, and education), investment practices (investor status, investor experience, frequency of investments, percentage of income allocated to investing, source of information, options used and favourite, reason for using and horizon of the option), financial goals (goals, most important goal, method of setting goals, importance, and time frame), financial knowledge (self-assessed level of knowledge, formal training, comprehension of risk and return, comparison prior to investment, and confidence) and risk (risk tolerance, reaction to high-risk propositions and 10% fall, and influence of assessment of risk). Seven attitude and behaviour items were measured on a five-point Likert scale (1 = lowest, 5 = highest).

Sample. The dataset holds 120 records, all giving consent. Age groups: 18–21 ($n = 29$), 22–25 ($n = 27$), 26–29 ($n = 32$) and 30–35 ($n = 32$). As noted at the front of this paper, 119 of the 120 records are labelled synthetic.

Constructs. Composite scores were built as simple means of the items below:

Table 3. Composite constructs and the items used

Construct	Items used
Investment Behaviour Index (IBI)	Frequency of comparing returns, charges and risks; share of income invested (coded 1–5); investment frequency (coded 1–5)
Goal Clarity Index	Goal-setting frequency; importance of financial goals
Financial Knowledge Index	Self-rated knowledge; understanding of risk–return; confidence in independent decisions
Risk perception	Influence of perceived risk on choices (1–5); self-described risk tolerance (1 = low, 2 = moderate, 3 = high)

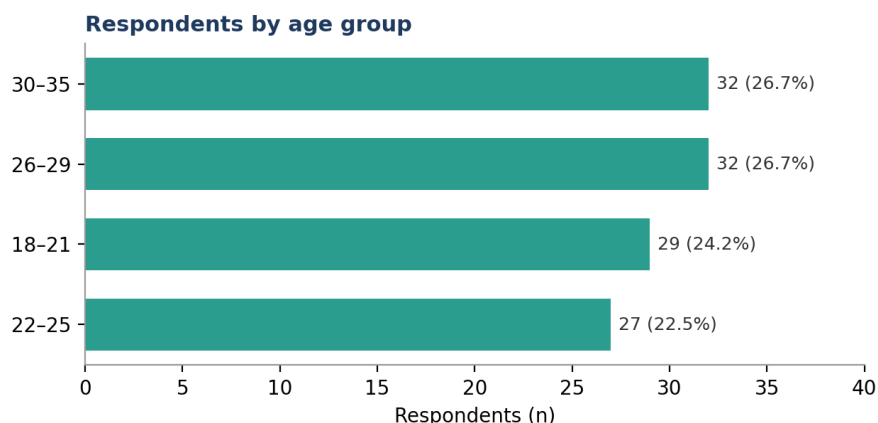
The recoding of share of income and frequency of investing (for instance, "Not applicable" coded 1) is a judgment of the researcher and must be stated and justified in the final paper. One "Rarely" in a Likert column was coded 2, and the missing values excluded pairwise or listwise depending on the test.

Statistical tools. Mean, median and standard deviation; chi-square test of independence and goodness-of-fit; one-way ANOVA with Levene's test and eta-squared; Pearson correlation; multiple linear regression (OLS) with VIF and Durbin–Watson checks. Significance level: 5%. The computations were done in Python (pandas, SciPy, statsmodels). SPSS was not available in this environment, so the identical tests should be repeated in SPSS (Descriptive Statistics, Crosstabs, Compare Means, Correlate and Regression menus) and the output compared with the tables below.

6. Data Analysis and Interpretation

6.1 Profile of respondents

Figure 1. Respondents by age group ($n = 120$).



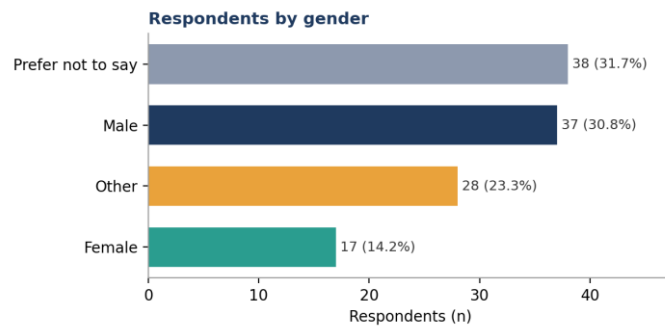


Figure 2. Respondents by gender. 31.7% preferred not to say.

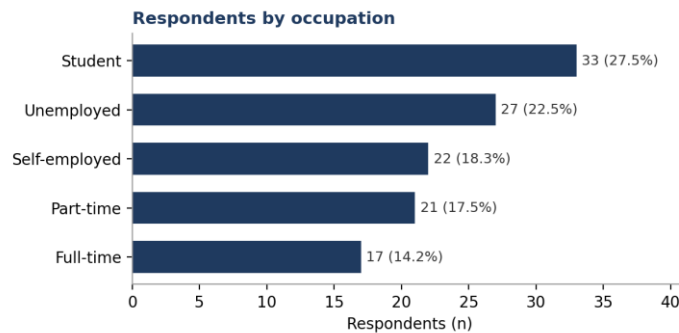


Figure 3. Respondents by occupation. Students form the largest group.

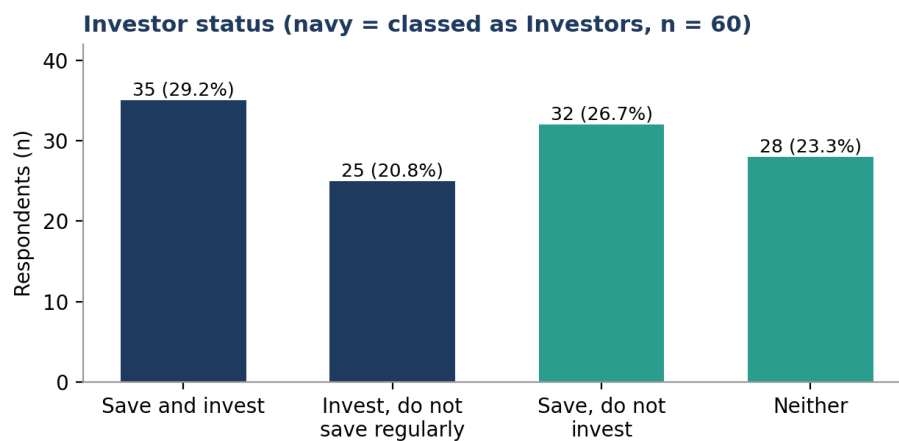


Figure 4. Investor status. The two navy bars together form the Investor group (n = 60).

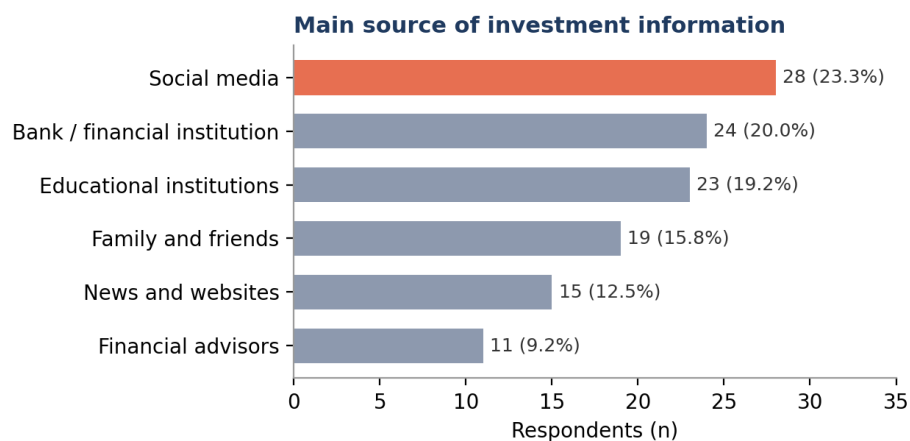
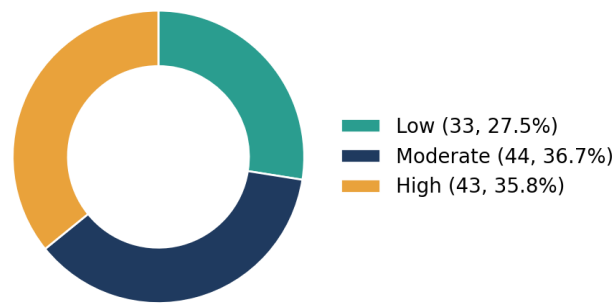


Figure 5. Main source of investment information. Social media is the leading source.

Self-described risk tolerance**Figure 6. Self-described risk tolerance.****Table 4. Profile of respondents**

Variable	Category (n, %)
Gender	Male 37 (30.8%); Female 17 (14.2%); Other 28 (23.3%); Prefer not to say 38 (31.7%)
Occupation	Student 33 (27.5%); Unemployed 27 (22.5%); Self-employed 22 (18.3%); Part-time 21 (17.5%); Full-time 17 (14.2%)
Education	Higher secondary 32; Undergraduate 26; Diploma 22; Other 22; Postgraduate 18
Investor status	Save and invest 35; Invest but do not save regularly 25; Save but do not invest 32; Neither 28
Main information source	Social media 28; Bank or financial institution 24; Educational institutions 23; Family and friends 19; News and websites 15; Financial advisors 11
Risk tolerance	Moderate 44; High 43; Low 33

For chi-square tests, respondents who save and invest, or invest without saving regularly, were classed as **Investors** (n = 60) and the rest as **Non-investors** (n = 60).

6.2 Descriptive statistics (mean, median, SD)

Table 5. Descriptive statistics of items and indices

Item / index	N	Mean	Median	SD
Goal-setting frequency	119	3.24	3	1.12
Importance of financial goals	120	4.00	4	1.09
Self-rated investment knowledge	120	3.38	3	1.20
Understanding of risk–return	119	3.38	3	1.07
Comparing returns, charges, risks	120	3.00	3	1.24
Confidence in independent decisions	120	3.18	3	1.20
Influence of perceived risk	120	3.42	4	1.14
Investment Behaviour Index	120	3.12	3.00	0.74
Goal Clarity Index	120	3.62	3.75	0.81
Financial Knowledge Index	120	3.31	3.33	0.67

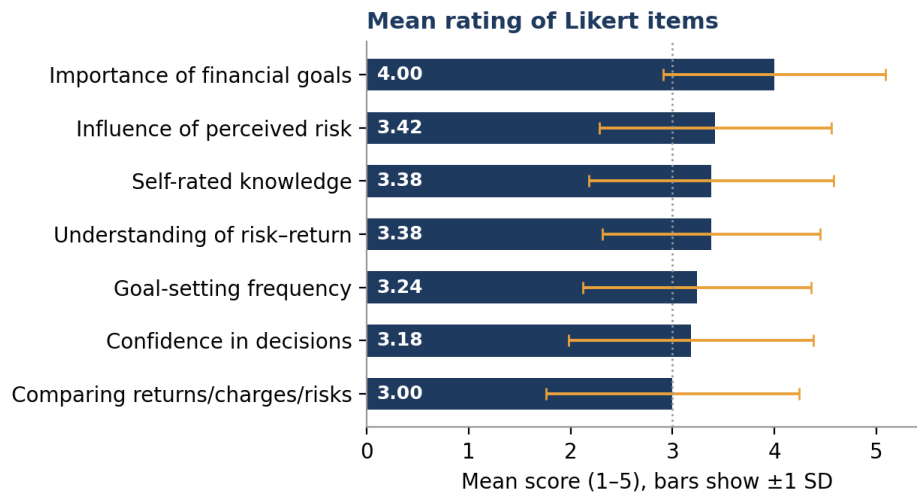
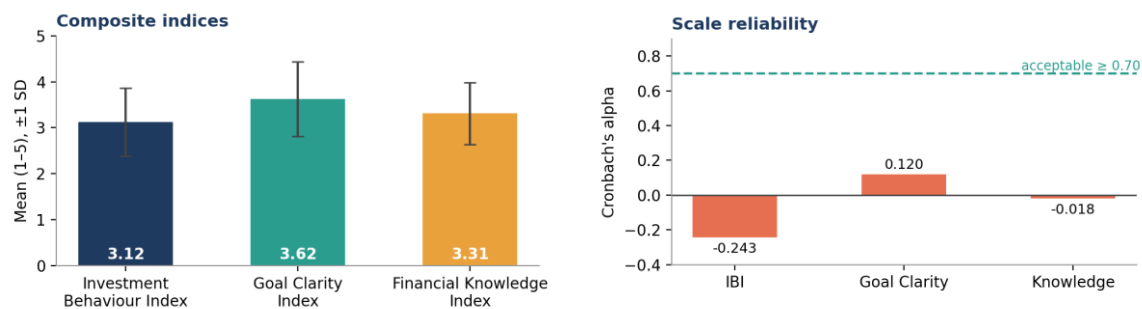


Figure 7. Mean rating of each Likert item. Whiskers show ±1 standard deviation.

Respondents rated the importance of financial goals highest (mean 4.00), followed by perceived-risk influence (3.42) and self-rated knowledge (3.38). Comparing returns, charges and risks before investing scored lowest (3.00), suggesting that due diligence is only occasional.



Figures 8–9. Left: mean of the three composite indices (±1 SD). Right: Cronbach's alpha for each index against the 0.70 benchmark.

Reliability: Cronbach's alpha was -0.243 for the IBI, 0.120 for the Goal Clarity Index and -0.018 for the Knowledge Index. These are far below the usual 0.70 benchmark, so the composites do not measure coherent constructs in this dataset, which weakens every test that uses them.

6.3 Hypothesis 1: demographics and investment behaviour (chi-square)

Table 6. Chi-square tests: demographic variable vs investor status

Demographic variable	χ^2	df	p	Cramér's V
Age group	3.852	3	.278	.179
Gender	0.662	3	.882	.074
Occupation	3.795	4	.435	.178
Monthly income	1.719	5	.887	.120
Education	3.417	4	.491	.169

No test is significant and no expected cell count fell below 5. **H01 is not rejected:** demographic characteristics are not significantly associated with whether a young adult invests.

6.4 Hypothesis 2: preferred investment options (chi-square goodness-of-fit)

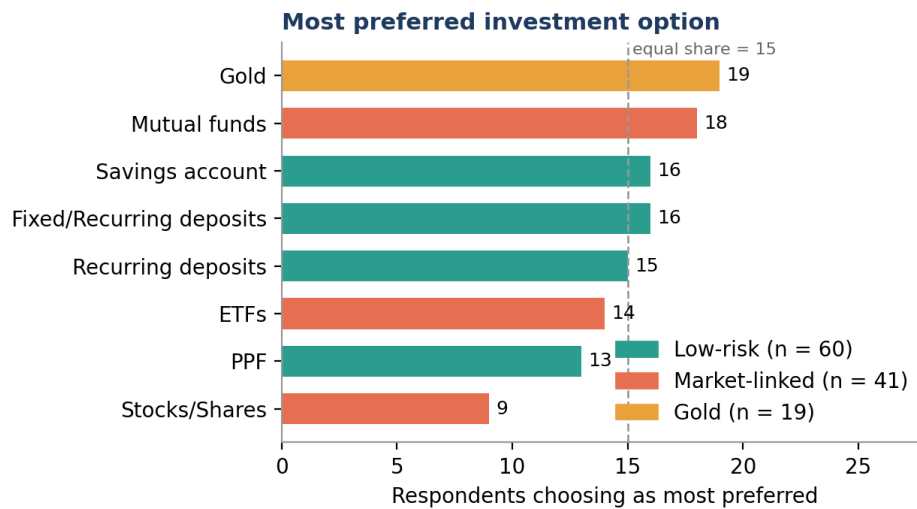


Figure 10. Most preferred investment option, coloured by risk class. The dashed line marks the count expected if all eight options were equally preferred (15).

Most preferred option: Gold 19, Mutual funds 18, Savings account 16, Fixed/Recurring deposits 16, Recurring deposits 15, ETFs 14, PPF 13, Stocks/Shares 9. Testing equal preference among the eight options yields $\chi^2(7) = 4.533$, $p = .717$, so H02 is not rejected. Stocks were least preferred, but the distribution is not statistically distinguishable from chance. Grouping the eight options into low-risk ($n = 60$), market-linked ($n = 41$) and gold ($n = 19$) gives $\chi^2(2) = 21.05$, $p < .001$, but this grouping is unequal in size (four, three and one options), so an equal-expectation test is not a fair comparison. It is better read descriptively: half of respondents prefer low-risk instruments. Note also that "Fixed deposits / Recurring deposits" and "Recurring deposits" overlap and should be merged in the real questionnaire..

6.5 Hypothesis 3: financial goals and investment behaviour

ANOVA. The IBI differed across groups with different goal importance, $F(2, 117) = 3.199$, $p = .044$, $\eta^2 = .052$, with means of 3.53 (low importance, $n = 12$), 3.28 (moderate, $n = 20$) and 3.02 (high, $n = 88$); Levene's test was satisfied ($p = .976$). The IBI also differed by most important goal, $F(7, 111) = 2.192$, $p = .040$, $\eta^2 = .121$, the highest being for buying a vehicle (3.63) and starting a business (3.40) and the lowest for long-term wealth creation (2.69) and emergency fund (2.86). This direction is the opposite of the theory: respondents who rated goals as more important have a lower IBI. In the chi-square tests, goal importance was not associated with preferred option class ($p = .942$) or investor status ($p = .239$).

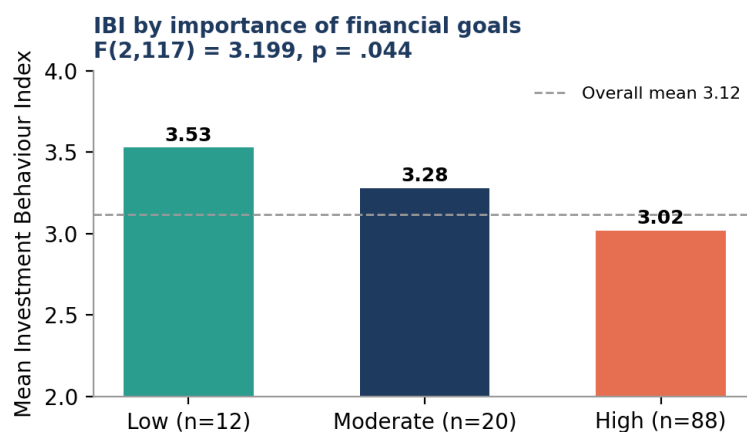


Figure 11. Mean Investment Behaviour Index by importance of financial goals. The vertical axis starts at 2.0 to make differences visible.

Correlation. The Goal Clarity Index correlated negatively with the IBI, $r = -.214$, $p = .019$. H03 is rejected on the ANOVA, correlation and regression tests, but the relationship is weak and negative, and with synthetic data and unreliable composites it should not be interpreted substantively.

6.6 Hypothesis 4: financial knowledge and investment behaviour

Table 7. Tests of knowledge against investment behaviour

Test	Result
ANOVA, IBI by self-rated knowledge (low, moderate, high)	$F(2, 117) = 1.795, p = .171, \eta^2 = .030$
ANOVA, IBI by formal training (yes, informal, no)	$F(2, 116) = 0.770, p = .465, \eta^2 = .013$
Correlation, Knowledge Index and IBI	$r = -.120, p = .192$

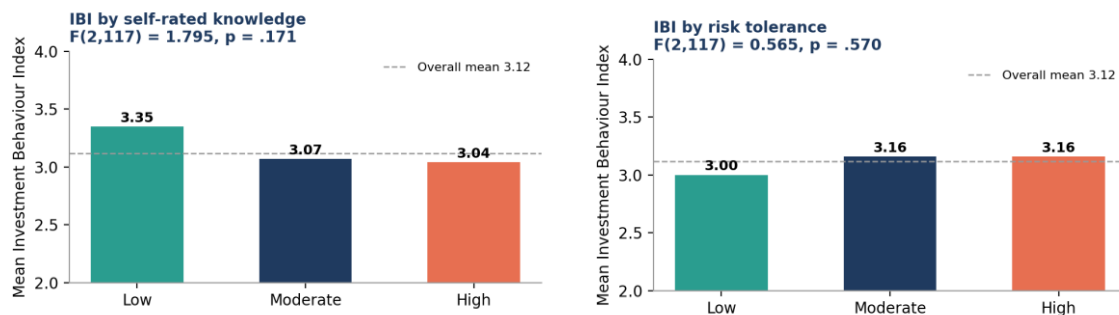
None of the tests is significant, so **H04 is not rejected**. Mean IBI was 3.35 for low-knowledge, 3.07 for moderate and 3.04 for high-knowledge respondents, again slightly in the opposite direction to the literature.

6.7 Hypothesis 5: risk perception and investment choices

Table 8. Tests of risk perception against investment behaviour

Test	Result
ANOVA, IBI by risk tolerance (low, moderate, high)	$F(2, 117) = 0.565, p = .570, \eta^2 = .010$
Correlation, influence of perceived risk and IBI	$r = -.029, p = .750$
Correlation, risk tolerance and IBI	$r = .084, p = .364$

Mean IBI was 3.00 (low tolerance), 3.16 (moderate) and 3.16 (high). **H05 is not rejected**: there is no significant relationship between risk perception and investment behaviour here.



Figures 12–13. Mean IBI by self-rated knowledge (left) and by risk tolerance (right). Neither difference is significant; the axes start at 2.0.

6.8 Multiple linear regression

Dependent variable: Investment Behaviour Index. Predictors: Goal Clarity, Financial Knowledge, Influence of Perceived Risk, Risk Tolerance.

Table 9. Regression coefficients

Predictor	B	Std. error	t	p	95% CI
Constant	4.145	0.526	7.885	< .001	3.104 to 5.187
Goal Clarity Index	-0.196	0.082	-2.394	.018	-0.358 to -0.034
Financial Knowledge Index	-0.126	0.100	-1.256	.212	-0.324 to 0.073
Influence of perceived risk	-0.015	0.058	-0.263	.793	-0.131 to 0.100
Risk tolerance	0.072	0.084	0.855	.394	-0.095 to 0.239

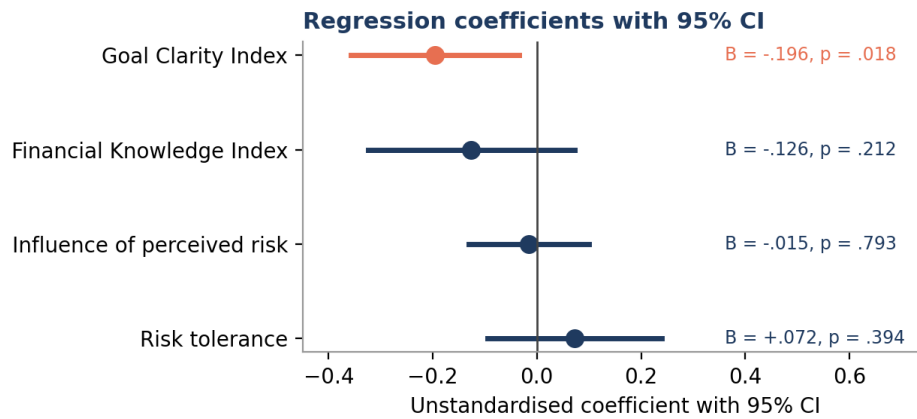


Figure 14. Regression coefficients with 95% confidence intervals. Only the red interval excludes zero.

Model summary: $R^2 = .067$, adjusted $R^2 = .034$, $F(4, 115) = 2.062$, $p = .090$, $n = 120$. As a whole, the model is not significant at the 5% level and explains only about 7% of investment behaviour variance. There is no multicollinearity (all $VIF \leq 1.01$) and no residuals autocorrelation (Durbin-Watson = 2.04). The only significant coefficient is a negative one: goal clarity. Every one-point increase in goal clarity is associated with a 0.2-point decrease in the IBI.

6.9 Summary of hypothesis tests

Table 10. Summary of hypothesis tests

Hypothesis	Main test	Decision
H1 Demographics and behaviour	Chi-square	H0 not rejected
H2 Option preferences	Chi-square goodness-of-fit	H0 not rejected
H3 Financial goals	ANOVA, correlation, regression	H0 rejected (negative, weak)
H4 Knowledge and awareness	ANOVA, correlation, regression	H0 not rejected
H5 Risk perception	ANOVA, correlation, regression	H0 not rejected

7. Discussion

The findings, taken on the face value, only partially align with the literature. Prior studies describe that financial literacy and risk perception positively influence investment decisions (for instance Rosdiana and Riska, 2020; van Rooij et al., 2011). Here neither is significant. The descriptive pattern that low-risk instruments such as deposits, PPF and savings account dominate preferences is consonant of Indian studies which find that safety still guides youth investment direction. The one significant result - a negative link between goal clarity and investment behaviour - contradicts the expectation that clearer goals lead to more active investing. With a sample that is almost wholly synthetic and composites whose reliability is near zero or negative, this is much likelier to reflect noise than a real relationship. With real data and a validated scale, the same analytic plan would test the research gap directly.

8. Findings, Suggestions and Conclusion

Findings (from the supplied file)

1. Investor and non-investor categories are not differentiated by demographic characteristics;
2. The preferences are distributed relatively evenly with low-risk instruments accounting for about half of the first choice options;
3. The mean importance rating of the goals is high (4.00), but it is negatively and only weakly related to the Behaviour Index;
4. Knowledge and risk perception are not significant predictors;
5. The regression model is not significant overall;ov

Suggestions

Young adults need to be encouraged to compare return, charges and risks before investing as this got the lowest score of all. Financial institutions and colleges can work together to provide goal-setting tools along with product guidance so that the stated goals are matched to investments.

Limitations

- The data are predominantly synthetic.
- Composite scales have very low reliability.
- The Investment Behaviour Index relies on judgement-based recoding.
- One question (Q25, familiar financial concepts) has no responses.
- Some records are internally inconsistent (for example, "Not yet investing" alongside a stated number of years of investing).
- Cross-sectional data cannot show causation.

Conclusion

This paper presents the design, hypotheses, literature and complete analysis plan for investigating the link between financial goals and young adults' investment behaviour. The analysis, as applied to the provided file, does not reveal strong relationships, but the substantive conclusions should be revised when actually analyzing survey results.

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