

“Financial Literacy and Investment Awareness Among Youth”

Prof. Valentina Moretti

School of Corporate Governance and Ethics, Lombardy Institute of Management

Received: 13/09/2025 ; Accepted: 14/04/2026 ; Published: 02/06/2026

Abstract

Financial literacy and investment awareness have become increasingly important among youth in the modern economic environment characterized by digital banking, online investment platforms, and growing financial opportunities. Financial literacy refers to the knowledge and understanding of financial concepts such as budgeting, saving, banking, credit management, taxation, insurance, and investment planning. Investment awareness involves understanding various investment options, financial risks, and strategies for wealth creation and financial security. The level of financial literacy and investment awareness among youth and analyzes its impact on financial decision-making and investment behavior. The awareness of financial products and investment avenues such as savings accounts, fixed deposits, mutual funds, stock markets, insurance policies, cryptocurrencies, and retirement planning. It also evaluates the factors influencing financial literacy among youth, including education, family background, income level, digital media exposure, and financial education programs. Secondary and primary data collected through surveys, reports, and published research studies form the basis of the analysis.

Keywords Financial Literacy, Investment Awareness, Youth Investment Behavior, Financial Education

Introduction

Financial literacy and investment awareness have become essential skills in the modern economic environment where individuals are required to make informed financial decisions for personal security and long-term wealth creation. Financial literacy refers to the knowledge and understanding of financial concepts such as budgeting, saving, banking, credit management, taxation, insurance, and investment planning. Investment awareness involves understanding various financial products, investment opportunities, associated risks, and strategies for managing money effectively. In today’s rapidly changing financial world, these concepts are particularly important for youth, as they represent the future workforce, consumers, and investors of the economy. The growth of digital banking, online trading platforms, mobile payment systems, and financial technologies has increased access to financial services and investment opportunities for young people. Youth today are exposed to various investment options such as mutual funds, stock markets, fixed deposits, cryptocurrencies, insurance policies, pension schemes, and systematic investment plans (SIPs). However, despite the increasing availability of financial products, many young individuals lack sufficient financial knowledge and awareness required for responsible financial management and investment decision-making. Financial literacy plays a significant role in improving financial behavior and helping individuals make informed decisions regarding savings, investments, borrowing, and expenditure. A financially literate person can manage income effectively, avoid unnecessary debt, understand financial risks, and plan for future financial

security. Investment awareness further helps individuals evaluate different investment opportunities, diversify financial risks, and maximize returns based on their financial goals. The importance of financial literacy among youth has increased due to rising living costs, changing employment patterns, economic uncertainties, and growing financial responsibilities. Young people often face challenges such as student loans, credit card usage, inflation, and retirement planning at an early stage of life. Without adequate financial education, they may make poor financial decisions that can negatively affect their economic stability and future well-being. Educational institutions, governments, financial organizations, and policymakers across the world have recognized the need to promote financial education among youth. Financial literacy programs, awareness campaigns, workshops, and digital learning platforms are increasingly being introduced to improve financial understanding and encourage responsible financial behavior. In countries like India, financial inclusion initiatives and digital financial services have further highlighted the need for investment awareness and financial education among young populations. Several factors influence the level of financial literacy and investment awareness among youth, including educational background, family income, social environment, digital media exposure, and access to financial information. Financially educated youth are generally more confident in managing money, making investment decisions, and planning for long-term financial goals. The level of financial literacy and investment awareness among youth and analyze its impact on financial decision-making and investment behavior. The research focuses on understanding awareness regarding savings habits, investment options, financial risks, and wealth creation strategies among young individuals. The importance of financial education in improving economic security and promoting responsible financial practices. financial literacy and investment awareness are essential for empowering youth to make sound financial decisions and achieve long-term financial stability. Improving financial education among young individuals not only benefits personal financial well-being but also contributes to economic growth, financial inclusion, and sustainable development in society.

Financial Literacy Among Youth in the Digital Era

Financial literacy among youth has become increasingly important in the digital era due to the rapid growth of technology-driven financial services and online investment platforms. The digital revolution has transformed the way individuals manage money, make payments, save, invest, and access financial information. Young people today are highly connected to digital technologies such as mobile banking, online payment systems, e-wallets, stock trading applications, cryptocurrencies, and digital investment platforms. While these innovations provide greater convenience and financial opportunities, they also require adequate financial knowledge and awareness for responsible financial decision-making.

Financial literacy refers to the ability to understand and effectively use financial concepts such as budgeting, saving, investment planning, credit management, taxation, insurance, and financial risk management. In the digital era, financial literacy also includes knowledge of digital financial tools, cyber security, online fraud prevention, and responsible use of financial technology. Youth with strong financial literacy skills are better prepared to manage personal finances, make informed investment decisions, and achieve long-term financial security.

The increasing availability of digital financial services has significantly changed financial behavior among young individuals. Online banking applications allow users to transfer money, pay bills, and manage accounts instantly. Investment platforms provide easy access to mutual funds, stock markets, cryptocurrencies, and systematic investment plans (SIPs). Social media and financial influencers also play an important role in spreading financial information and investment awareness among youth.

However, despite easy access to financial products and information, many young individuals lack sufficient financial understanding. Limited knowledge regarding financial planning, investment risks, debt management, and online financial security often leads to poor financial decisions. Youth may become vulnerable to overspending, digital fraud, speculative investments, and financial scams if they do not possess adequate financial literacy.

Importance of Financial Literacy in the Digital Era

1. Promotes Responsible Financial Behavior

Financial literacy helps youth manage income, expenses, savings, and investments responsibly. It encourages budgeting, financial discipline, and long-term planning.

2. Improves Investment Decision-Making

Financially literate youth can evaluate investment opportunities more effectively and understand the risks and returns associated with financial products such as mutual funds, stocks, and cryptocurrencies.

3. Enhances Digital Financial Security

Knowledge of cyber security and online financial safety helps protect individuals from digital fraud, phishing attacks, identity theft, and financial scams.

4. Encourages Savings and Wealth Creation

Financial literacy promotes regular saving habits and investment planning, which contribute to wealth creation and future financial security.

5. Supports Financial Independence

Young individuals with financial knowledge become more confident in managing personal finances and making independent economic decisions.

Role of Digital Technology in Financial Literacy

Digital technology has made financial education more accessible through:

- Online financial courses and webinars
- Mobile banking applications
- Investment and budgeting apps
- Social media financial content
- Online stock trading platforms
- Digital payment systems

These technological tools help youth gain practical financial knowledge and improve financial awareness.

Challenges of Financial Literacy Among Youth

Despite technological advancements, several challenges remain:

- Lack of formal financial education in schools and colleges
- Influence of misleading financial information on social media
- Overdependence on digital credit and online borrowing
- Limited understanding of investment risks
- Increased exposure to cyber fraud and scams

These challenges highlight the need for effective financial education programs for young individuals.

Role of Educational Institutions and Government

Educational institutions and governments play an important role in promoting financial literacy among youth. Schools, colleges, and universities can include financial education in academic curricula to improve awareness regarding savings, investments, and digital financial systems.

Governments and financial institutions can organize:

- Financial awareness campaigns
- Digital literacy programs
- Investment education workshops
- Cyber security training
- Financial inclusion initiatives

Such programs help youth develop responsible financial habits and investment skills.

Financial literacy among youth is essential in the digital era because modern financial systems increasingly depend on technology and digital platforms. Financially educated youth are better equipped to manage money, avoid financial risks, make informed investment decisions, and achieve long-term financial stability. Although digital technology has improved access to financial services and information, lack of financial awareness can expose young individuals to financial mismanagement and cyber risks. Therefore, strengthening financial education through schools, governments, and digital platforms is necessary to empower youth and promote responsible financial behavior in the modern economy.

Conclusion

Financial literacy and investment awareness are essential for empowering youth to make informed financial decisions and achieve long-term financial security. The study on “Financial Literacy and Investment Awareness Among Youth” highlights that financial knowledge plays a significant role in shaping savings habits, investment behavior, budgeting practices, and financial planning among young individuals. In the modern digital era, where financial services and investment opportunities are rapidly expanding, financial literacy has become increasingly important for responsible money management and wealth creation. The research demonstrates that financially literate youth are more likely to adopt disciplined savings habits, understand investment risks, and make informed decisions regarding financial products such as mutual funds, stock markets, insurance policies, and retirement plans. Investment awareness helps young individuals diversify risks, improve financial stability, and plan effectively for future economic needs. Financial literacy also contributes to greater confidence in handling digital banking systems, online payment platforms, and technology-based financial services. Several factors such as educational background, family influence,

income level, digital exposure, and financial education programs affect the level of financial literacy among youth. Despite increasing access to financial information and digital investment platforms, many young individuals still lack adequate understanding of financial planning, risk management, and long-term investment strategies. Limited financial knowledge may lead to poor financial decisions, overspending, debt problems, and vulnerability to online financial fraud. Educational institutions, governments, financial organizations, and policymakers therefore play a crucial role in promoting financial literacy and investment awareness among youth. Financial education programs, workshops, awareness campaigns, and digital learning platforms can help improve financial understanding and encourage responsible financial behavior. Financial literacy and investment awareness are important tools for achieving financial independence, economic security, and sustainable wealth creation among youth. Strengthening financial education and promoting investment awareness will not only improve personal financial well-being but also contribute to economic development, financial inclusion, and a financially responsible society.

Bibliography

- Agarwalla, S. K., Barua, S. K., Jacob, J., & Varma, J. R. (2015). "Financial Literacy Among Working Young in Urban India." *World Development*, 67, 101–109.
- Atkinson, A., & Messy, F. A. (2012). *Measuring Financial Literacy: Results of the OECD/International Network on Financial Education (INFE) Pilot Study*. OECD Publishing.
- Bhushan, P., & Medury, Y. (2013). "Financial Literacy and Its Determinants." *International Journal of Engineering, Business and Enterprise Applications*, 4(2), 155–160.
- Chen, H., & Volpe, R. P. (1998). "An Analysis of Personal Financial Literacy Among College Students." *Financial Services Review*, 7(2), 107–128.
- Huston, S. J. (2010). "Measuring Financial Literacy." *Journal of Consumer Affairs*, 44(2), 296–316.
- Lusardi, A., & Mitchell, O. S. (2014). "The Economic Importance of Financial Literacy: Theory and Evidence." *Journal of Economic Literature*, 52(1), 5–44.
- Mishra, R., & Kumar, A. (2011). *Financial Literacy and Education in India*. Academic Foundation.
- OECD. (2020). *OECD/INFE 2020 International Survey of Adult Financial Literacy*. OECD Publishing.
- Reserve Bank of India (RBI). (2022). *Financial Education Initiatives in India*. RBI Publications.
- Remund, D. L. (2010). "Financial Literacy Explicated: The Case for a Clearer Definition in an Increasingly Complex Economy." *Journal of Consumer Affairs*, 44(2), 276–295.
- Singh, C., & Kumar, R. (2017). *Financial Literacy and Inclusion in India*. Springer.
- Van Rooij, M., Lusardi, A., & Alessie, R. (2011). "Financial Literacy and Stock Market Participation." *Journal of Financial Economics*, 101(2), 449–472.