

Savings and Spending Habits Among Youth in Erode City

Dr. S. Anantha Kumar¹, Ms. S. Renuga²

¹Associate Professor, Department of Commerce, VET Institute of Arts and Science (Co-education)
College, Thindal, Erode

²Ph.D., Research scholar, Department of Commerce, VET Institute of Arts and Science (Co-education)
College, Thindal, Erode

Abstract- The financial habits of youth play a major role in shaping their future stability and economic well-being. In recent years, changes in lifestyle, expansion of digital payment systems, and increasing consumer choices have influenced the way young people manage their money. This study focuses on the spending and saving habits of youth in Erode City. The research is based on primary data collected from 110 respondents through a structured questionnaire. The findings show that most youngsters spend a large share of their money on food, clothing, transportation, entertainment, and online services. Although many respondents save a part of their monthly income or allowance, the level of saving differs according to income, awareness, and financial discipline. Peer influence, social media trends, and family environment also play a significant role in shaping their financial behaviour. The study highlights the need for financial literacy programmes that can guide youth towards proper budgeting, responsible spending, and regular saving. Improving financial awareness at an early stage can help young individuals build stronger money-management skills and achieve long-term financial security.

Key words: Budgeting, Digital Payments, Erode City, Family Influence, Financial Awareness, Financial Discipline, Saving Habits, Spending Habits, Peer Influence, Youth Financial Behaviour.

I. INTRODUCTION

Financial habits play a vital role in shaping an individual's long-term economic stability, especially during youth, a stage marked by growing financial responsibility and the shift from dependence to personal financial autonomy. Young people start managing everyday expenses, making buying choices, and developing initial views on money management elements that affect their financial conduct for the long run.

The increase in digital payment systems, online shopping, and subscription services has given young individuals convenient and varied opportunities to spend. Although these options simplify transactions, they also heighten the risk of impulsive buying, particularly for those who do not possess effective budgeting skills.

Erode City, an expanding urban and educational center in Tamil Nadu, presents an insightful backdrop for examining the financial behaviours of youth. The influence of branded products, entertainment alternatives, and digital platforms impacts the lifestyle decisions of young people in the area. Their financial choices are additionally shaped by family habits, social circles, economic standing, and participation in social media.

Saving habits among young people show significant variation. While some individuals consistently save through bank accounts or online platforms, others face challenges due to limited earnings or a lack of financial planning. Recognizing these behaviours is crucial because financial discipline established early on can lead to long-term stability. This research examines the spending and saving practices of youth in Erode City and identifies the main factors that affect their financial decisions.

II. STATEMENT OF THE PROBLEM

In the current consumer-focused landscape, young individuals encounter a variety of spending opportunities both in physical stores and in the digital space. A significant number of youths in Erode rely on their families for financial support and often do not engage in systematic financial planning, resulting in erratic saving habits and impulsive spending. While

digital wallets and conventional saving methods are readily available, levels of awareness and usage vary among different individuals. To foster improved financial practices, it is crucial to understand how factors such as socio-economic background, peer pressure, lifestyle choices, and financial knowledge influence the financial behaviours of young people in Erode City. This research aims to explore these concerns by examining their saving and spending behaviours.

III.OBJECTIVES OF THE STUDY

1. To examine the demographic features of young people in Erode City.
2. To determine the primary spending areas for young people.
3. To investigate the saving behaviours and strategies used by young people.
4. To identify the factors that affect their choices regarding spending and saving.

IV.SCOPE OF THE STUDY

This research examines young people between the ages of roughly 18 and 30 who live in Erode City. It looks at their spending habits, saving methods, and the main factors that influence their financial decisions. The research takes into account socio-economic background, peer influence, lifestyle factors, and financial literacy as key influencing factors. Findings from the study could help policymakers, educators, and financial organizations create financial education initiatives aimed at young people.

V.METHODOLOGY

Research Design: A descriptive research design was used to examine the financial behaviour of young people in Erode City.

Area of Study: The research took place within the boundaries of Erode City.

Study Period: Data was gathered from January to March 2026.

Data Collection: Primary data: A structured questionnaire was given to participants.

Secondary data includes journals, books, articles, and online resources that pertain to financial behaviour.

Sample Size and Sampling Technique: A total of 110 participants were chosen through convenience sampling.

Statistical Tool: A simple percentage analysis was employed to interpret the data.

Formula: $(\text{Number of Respondents} \div \text{Total Respondents}) \times 100$.

VI.RESEARCH GAP

Current research on financial behaviour primarily targets adults or particular income groups, with little attention given to young people in Erode City. Previous research also fails to sufficiently examine the impact of digital payments, online shopping, and social media on young people. Moreover, there is not enough research examining the financial awareness of young people. This study addresses these gaps by offering a thorough examination of how young people in Erode City spend and save their money.

VII.LIMITATIONS OF THE STUDY

1. The sample consisting of 110 respondents might not accurately reflect all young people in Erode City.
2. The responses are provided by individuals and might be influenced by personal opinions.
3. Convenience sampling restricts how broadly the findings can be applied.
4. The research is limited to young people in Erode and does not cover other areas.

VIII.REVIEW OF LITERATURE

The financial habits of young people have been explored in various studies from different regions, each providing insight into how youth manage their spending and saving.

Harinarayan K.R (2021) "A Study on Spending and Saving Habit of College Students in Irinjalakuda". The objective of the study is to find out the spending pattern of the students in Christ college Irinjalakuda. This study is based on both primary and secondary data Primary data is collected from respondents through questionnaires and secondary data is collected

from different websites, journals and from other articles. The Sample size of 50 respondents has been collected. Percentage analysis is the statistical tool used for data analysis. From this study, it is concluded that although youngsters do save money, their spending exceeds their savings. The findings also indicate that youngsters are less aware of the importance of saving.

Saumya Singh and Snehil Gupta (2020) “A study on Savings and Spending behaviour”. Thus, this study has focused on determining the spending behaviour of 138 university students on Delhi & Mumbai using descriptive research design. A structured questionnaire was used for data collection. The research used ANNOVA and T-TEST to analyze the difference between spending pattern of the entire three groups as well as gender. Thus, the study concludes that gender, being outstation or being based in the city were the key determinants that made the difference on spending behaviour.

Kanting Sechaba Thobejane, Olawale Fatoki (2017) investigated whether there is a sizable gender difference in university students’ budgeting and spending habits in his paper, “Budgeting and spending habits of university students in South Africa”. The study’s conclusions demonstrate that the majority of college students do not have a written budget. Additionally, the majority of college students spend money on fast food and groceries. In comparison to male students, female students are more likely to have a budget. University students’ spending and budgeting practises are urged to be improved.

Folorunsho M. AJIDE (2015) “The Spending Pattern Among the Youths in Lagos, Nigeria”, revealed that male and female adolescents’ spending patterns differed significantly. And their primary source of income was pocket money received from friends and family. Additionally, it was claimed that there was a strong positive correlation between spending habits and pocket money. It was found that in Nigeria, young people spend the majority of their cash on fast food, entertainment, and transportation.

In general, these studies repeatedly show that young people's spending is significantly shaped by their income sources, gender, lifestyle decisions, and level of financial knowledge. They also point out common

patterns, including spending a lot on non-essential goods, poor budgeting habits, and generally low levels of financial planning. This study expands on this foundation by investigating these behavioural patterns among young people in Erode City and analyzing how contemporary financial instruments, digital payment methods, and social factors influence their financial choices.

IX.DATA ANALYSIS AND INTERPRETATION

Table: Demographic Profile and Financial Behaviour of Respondents

Category	Sub-Category	Respondents	%
Gender	Male	71	65%
	Female	39	35%
Age	18–20	44	40%
	21–23	51	46%
	24–26	7	6%
	27–30	8	8%
Educational Qualification	High School	6	5%
	Under Graduate	82	75%
	Post Graduate	20	18%
	Others	2	2%
Occupational Status	Student	67	61%
	Part-time Worker	16	14%
	Full-time Employed	23	21%
	Unemployed	4	4%
Monthly Expenses	Self-budgeting	31	28%
	Managed by Family	60	54%
	Partly Self-budgeting	19	18%
Area of Expenditure	Food & Groceries	43	39%
	Transportation	14	12%
	Clothing & Fashion	26	24%
	Entertainment & Movies	3	3%
	Digital Subscriptions	7	7%
	Online Shopping	10	10%
	Others	7	5%
Monthly Savings	Less than 10%	23	20%
	10% – 20%	46	52%
	21% – 30%	18	16%
	Above 30%	13	12%
Method of Saving	Bank Savings Account	43	39%

	Digital Wallets	11	11%
	Fixed/Recurring Deposits	45	40%
	Investments (MF/Stocks)	11	10%
Reason for Saving	Future Expenses	22	18%
	Emergencies	46	42%
	Education	36	30%
	Personal Goals	6	10%
Factors Influencing Decisions	Family	49	44%
	Peers	16	15%
	Social media	28	25%
	Lifestyle Trends	13	12%
	Personal Choice	4	4%
Challenges in Managing Money	Impulsive Spending	56	50%
	Peer Pressure	4	4%
	Lack of Income	40	36%
	Lack of Knowledge	10	10%

Source: Primary data

X.FINDINGS

- A majority of respondents (65%) were male.
- Most participants (46%) belonged to the 21–23 age group.
- Undergraduate students formed the largest educational category (75%).
- Students made up 61% of the sample.
- More than half of the respondents relied on family-managed budgeting (54%).
- Food and groceries accounted for the highest expenditure category (39%).
- A noticeable portion of respondents frequently purchased non-essential items.
- Peer groups and social media were major influences on spending behaviour.
- Most respondents displayed positive saving habits, with many saving 10–20% of their income.
- Fixed and recurring deposits were the most preferred saving instruments.
- Emergencies were the primary reason for saving among respondents.
- Family advice played an important role in financial decision-making.
- Many respondents had moderate awareness of digital payment platforms.

- Impulsive spending was identified as the top financial challenge.

XI.SUGGESTIONS

- Colleges and institutions should introduce structured financial literacy programs to enhance awareness of budgeting and saving.
- Youth should practice monthly budgeting to monitor expenses and reduce unnecessary spending.
- Families can support young individuals by encouraging responsible money management from an early age.
- Consistent saving habits should be promoted, even if the savings amount is small.
- Banks and financial institutions may offer customized youth-focused saving products.
- Awareness about investment avenues such as recurring deposits and mutual funds should be increased.
- Young individuals should learn to distinguish between essential needs and lifestyle-driven wants.
- Workshops and seminars on financial planning can help students gain practical skills.
- Part-time employment opportunities may improve financial responsibility among young people.

XIII.CONCLUSION

This research provides valuable insights into the spending and saving habits of young people in Erode City. The results indicate that while most young people manage their basic expenses responsibly, many depend on family assistance and do not have a well-organized financial plan. Although digital payment tools are commonly used, financial habits differ among individuals. Saving habits are shaped by income levels, family influence and knowledge of financial resources. Enhancing financial knowledge and promoting budgeting habits can greatly improve how young people manage their money. By creating structured saving approaches and making well-informed spending decisions, young people can improve their financial security over time.

REFERENCES

- [1] Harinarayan (2021) “A Study on Spending and Saving Habit of College Students”. International Conference on Business and Management Research (ICBMR 2021). Volume 36, Issue 6, PP: 126-135.
- [2] Saumya Singh and Snehil Gupta (2020) “Student Budgeting and Spending Behaviour”. International Journal of Creative Research Thoughts (IJCRT) Volume 8, Issue 7, ISSN: 2320-2882, PP. 80-100.
- [3] Bindu T (2017). “Savings and investment pattern of salaried employees in Palakkad district”, Intercontinental journal of finance research, Volume 5 (6), pp.111-116.
- [4] Fatoki, O., & Thobejane, K. S. (2017). “Budgeting and Spending Habits of University Students in South Africa”. Journal of Social Sciences.
- [5] Ajide, F. M. (2015). “Spending Pattern Among the Youths in Lagos, Nigeria”. Journal of Consumer Studies.