

Financial Literacy Among Generation Z in Kerala

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Abstract: Financial literacy is essential for today's changing environment. Financial literacy is essential for individuals to make financial decisions efficiently. Financial literacy among Generation Z in Kerala influence on their saving and investment behaviour. The research aims to evaluate financial knowledge, saving habits, investment preferences, and financial awareness among young people. The data are analysed using percentage analysis tool. The findings indicate that respondents with better financial knowledge are more likely to save regularly and make informed investment decisions. The study emphasizes the importance of financial education and recommends awareness programmes to strengthen the financial capability of Generation Z in Kerala.

Keywords: Financial Literacy, Generation Z, Financial Awareness, Saving Behaviour, Investment Behaviour, Kerala.

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I. INTRODUCTION

Financial literacy is an important aspect of effective personal financial management. It helps individuals develop an understanding of financial concepts and enables them to make appropriate decisions relating to saving, spending, investment, and financial planning. Financial education can contribute to improvements in financial knowledge and encourage individuals to adopt more responsible financial practices (Kaiser & Menkhoff, 2021).

Generation Z represents a young population that has experienced rapid changes in technology and financial services. The widespread use of mobile banking, digital payment platforms, and other online financial services has made financial transactions faster and more convenient. However, frequent use of digital financial services does not necessarily mean that young people possess sufficient financial knowledge. They may still experience difficulties in areas such as budgeting, saving, investment planning, and evaluating financial alternatives. Previous studies have highlighted the relevance of financial knowledge and related factors in shaping the financial behaviour of Generation Z (Yuvaraja & Perumandla, 2023; Janjanam & Akella, 2024).

The financial literacy of Generation Z is particularly important in Kerala, as the financial decisions made by young people can influence their future economic security and contribute to the broader economic development of the state. Examining their financial knowledge, saving practices, and investment preferences can help educational institutions, financial institutions, and policymakers identify areas where financial education needs to be strengthened. Previous

research among young employees in Kerala has indicated the importance of financial literacy in supporting effective personal financial planning (Peter & Ambilikumar, 2020). Similarly, recent research involving Millennials and Generation Z in Kerala has highlighted the relevance of financial literacy to long-term financial planning (James et al., 2025).

In this context, the present study focuses on the financial literacy of Generation Z in Kerala. It examines their level of financial awareness, saving habits, investment preferences, and ability to make informed financial decisions. The study is expected to provide useful information for developing appropriate financial education and awareness programmes that can strengthen the financial capabilities of Generation Z and encourage responsible financial behaviour.

II. REVIEW OF PRIOR STUDIES

Peter and Ambilikumar (2020) examined association between financial literacy and personal financial planning among 140 young employees in Kerala. The authors recommended strengthening financial education programmes to improve financial planning and decision-making among young adults.

Utkarsh, Pandey, Ashta, Spiegelman, and Sutan (2020) investigated impact of financial socialization, financial literacy, and attitudes towards money on the financial well-being of young adults in India. The study examined financial literacy positively influences financial well-being. The study emphasized the importance of early financial education and

the role of parents, educational institutions, and policymakers in fostering responsible financial behaviour.

Tulpule and Chougule (2020) presented a conceptual review on financial literacy among youth. The review highlighted that financial literacy is essential for effective financial decision-making, including budgeting, saving, investing, and debt management. The authors concluded that financial education should be integrated into school and college curricula to enhance the financial capability of young people.

Azeez and Banu (2021) examined the rural–urban financial literacy divide in India with special reference to Kerala and Uttar Pradesh. The study found that financial literacy levels were comparatively higher in Kerala, although disparities existed between rural and urban populations. Education, income, occupation, and access to financial services were identified as significant determinants of financial literacy. The authors recommended expanding financial education programmes and improving access to formal financial services.

Biswas (2021) investigated the impact of mobile financial services on financial behaviour in India. The findings revealed that the use of mobile financial services positively influenced investment, insurance adoption, and formal borrowing. The study concluded that digital financial services contribute to financial inclusion and improve financial decision-making, particularly among young adults.

Kaiser and Menkhoff (2021) conducted a meta-analysis of financial education programmes and found that financial education has a positive effect on both financial literacy and financial behaviour. The study emphasized that financial education is most effective when provided before individuals make important financial decisions and recommended expanding structured financial education programmes for young people.

Yuvaraja and Perumandla (2023) studied the impact of financial knowledge on the online payment decisions of Generation Z consumers in India. The findings revealed that financial knowledge significantly influences digital payment decisions, while numerical ability and return-calculation skills enhance financial decision-making. The study emphasized the need to strengthen financial literacy to promote safe and informed digital financial behaviour among Generation Z.

Jha, Dave, and Parikh (2023) examined the investment and spending habits of Generation Z in India. The study found that financial literacy promotes responsible saving, spending, and investment decisions.

Janjanam and Akella (2024) examined the relationship between financial literacy and financial behaviour among Generation Z college students in India. The findings revealed that financial literacy significantly influences financial behaviour, while financial attitude and financial self-efficacy mediate this relationship. The study recommended

strengthening financial education programmes in higher education institutions to improve the financial well-being of Generation Z.

James, Jose, and N. K.S. (2025) identified the influence of financial literacy on retirement planning intentions among Millennials and Generation Z in Kerala. The study found that financial literacy has a significant positive influence on retirement planning intentions and identified generational differences in financial behaviour. The authors recommended generation-specific financial education strategies and accessible digital financial tools to improve the financial capability of young people and reduce the gap between financial literacy and retirement planning behaviour.

Nag and Shah (2022) studied the impact of financial literacy on the stock market investment decisions of Generation Z investors in India. The study found that financial literacy influence investment objectives and attitude towards investment behaviour. He conclude improving financial literacy increase confidence and hel to take better investment decisions of generation z

Anita Tiwari and Akash Yadav (2022) examined the level of financial literacy and financial behaviour among Millennials and Generation Z in India. The study found that individuals with higher financial literacy demonstrated better saving, budgeting, and investment behaviour. It is concluded that financial literacy plays a major part in financial decision-making and suggest financial education programmes to strengthen financial awareness among young

Kadoya and Khan (2022) examined the relationship between financial literacy and financial behaviour among young adults across Asian countries. The study found that individuals with higher financial literacy were to save regularly, plan their finances effectively, and make informed investment decisions. The authors concluded that improving financial literacy and awareness programmes can strengthen financial well-being and encourage responsible financial behaviour among young people.

➤ *Research Gap*

Existing studies have examined financial literacy, financial behaviour, and financial well-being among young adults in India and Kerala. However, limited research has specifically focused on the financial literacy of Generation Z in Kerala and the factors influencing their financial knowledge and financial behaviour. So, the present study aims to this gap by analysing the financial literacy of Generation Z in Kerala.

➤ *Objectives of the Study*

- To analyze the extent off financial literacy among generation z in kerala
- To examine the saving pattern of generation z in kerala
- To evaluate the association between financial literacy and investment decisions
- To identify the investment preference of generation z

- To propose measure for enhancing financial literacy among generation z in kerala

III. RESEARCH METHODOLOGY

Research methodology denote the systematic procedure adopted to conduct the study and accomplish the research objectives. The present study aims to analyze financial literacy among generation z in kerala.

➤ Research Design

The study follows Descriptive research design.

➤ Sample Size

A total of 200 respondents were selected for the study.

➤ Sampling Procedure

Convenience sampling Techniques was employed to collect data from respondents across different district of Kerala.

➤ Sources of Information

- Primary Sources: Primary data was gathered through structured questionnaire.
- Secondary Sources: secondary data was collected from books, journals, research articles and websites.

➤ Instrument for Data Gathering

A structured questionnaires consisting of questions related to financial knowledge, saving habits, investment behaviour and financial awareness is used.

➤ Techniques for Data Examination

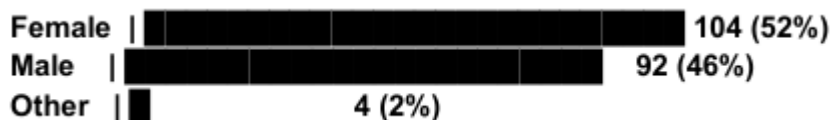
Percentage, analysis was used to analyze the collected data

➤ Gender Wise Classification of Respondents

Table 1 Gender Wise Classification of Respondents

GENDER	FREQUENCY	PERSONTAGE
MALE	92	46
FEMALE	104	52
OTHERS	4	2
TOTAL	200	100

➤ Gender Distribution of Respondents



➤ Interpretation

52% were male and 46% of respondent were female and 2%are others.

➤ Age Wise Classification of Respondents

Table 2 Age Wise Classification of Respondents

AGE	FREQUENCY	PERCENTAGE
18-20	78	39
21-23	82	41
24-27	40	20
TOTAL	200	100



➤ Interpretation

39% of the respondents are in between the age group of 18-20 and 41%are 21-23 age group.

➤ *Educational Qualification*

Table 3 Educational Qualification

QUALIFICATION	FREQUENCY	PERCENTAGE
PLUS TWO	32	16
UNDER GRADUATE	96	48
POST GRADUATE	58	29
OTHER	14	7
TOTAL	200	100

➤ *Educational Qualification of Respondents*

Higher Secondary |  **32 (16%)**

Undergraduate |  **96 (48%)**

Postgraduate |  **58 (29%)**

Other |  **14 (7%)**

➤ *Interpretation*

48% were undergraduate and 29% of respondent are post graduate.

➤ *Area of Residence*

Table 4 Area of Residence

RESIDENCE	FREQUENCY	PERCENTAGE
URBAN	118	59
RURAL	82	41
TOTAL	200	100

➤ *Area of Residence of Respondents*

Urban |  **118 (59%)**

Rural |  **82 (41%)**

➤ *Interpretation*

59% were residents in urban area and 41% are in rural area.

➤ *Monthly Family Income*

Table 5 Monthly Family Income

INCOME LEVEL	FREQUENCY	PERCENTAGE
Below 25000	34	17
25001-50000	68	34
50001-100000	62	31
Above 100000	36	18
TOTAL	200	100

➤ *Interpretation*

34% of the respondents family income are in between 25001-50000 and 31% are in between 50001-100000.

➤ *Respondents Preparation of Monthly Budget*

Table 6 Respondents Preparation of Monthly Budget

RESPONSE	FREQUENCY	PERCENTAGE
YES	142	71
NO	58	29
TOTAL	200	100

➤ *Preparation of Monthly Budget*

Yes |  142 (71%)

No |  58 (29%)

➤ *Interpretation*

71% report to prepare monthly budget.

➤ *Respondents have Bank Account*

Table 7 Respondents have Bank Account

RESPONDENTS	FREQUENCY	PERCENTAGE
YES	186	93
NO	14	7
TOTAL	200	100

➤ *Respondents having a Bank Account*

Yes |  186 (93%)

No |  14 (7%)

➤ *Interpretation*

93 % have bank account.

➤ *Respondents Familiarity with Interest Rate*

Table 8 Respondents Familiarity with Interest Rate

RESPONDENTS	FREQUENCY	PERCENTAGE
YES	158	79
NO	42	21
TOTAL	200	100

➤ *Respondents Familiar with the Concept of Interest Rates*

Yes |  158 (79%)

No |  42 (21%)

➤ *Interpretation*

79% were familiar with interest rate.

➤ *Respondents Understanding Level of Risk-Return Relationship*

Table 9 Respondents Understanding Level of Risk-Return Relationship

RESPONDENTS	FREQUENCY	PERCENTAGE
YES	132	66
NO	68	34
TOTAL	200	100

➤ *Respondents' Understanding of the Risk and Return Relationship*

Yes |  132 (66%)

No |  68 (34%)

➤ *Interpretation*

About two-thirds of respondents understood the relationship between risk and return in investments

➤ *Respondents Awareness Level of Inflation and Purchasing Power*

Table 10 Respondents Awareness Level of Inflation and Purchasing Power

RESPONDENTS	FREQUENCY	PERCENTAGE
YES	148	74
NO	52	26
TOTAL	200	100

➤ *Respondents' Awareness of Inflation and its Impact on Purchasing Power*

Yes |  148 (74%)

No |  52 (26%)

➤ *Interpretation*

74% were aware of inflation and its impact on purchasing power.

➤ *Respondents Monthly Saving Habit*

Table 11 Respondents Monthly Saving Habit

RESPONSE	FREQUENCY	PERCENTAGE
Always	54	27
Sometimes	96	48
Rarely	34	17
Never	16	8
TOTAL	200	100

➤ *Saving Money Regularly*

Always | 

➤ *Interpretation*

48% were reported saving money sometimes.

➤ *Respondents Primary Purpose of Saving*

Table 12 Respondents Primary Purpose of Saving

PURPOSE	FREQUENCY	PERCENTAGE
EDUCATION	62	31
EMERGENCY	54	27

INVESTMENT	46	23
PERSONAL EXPENSES	38	19
TOTAL	20	100

➤ *Primary Purpose of Saving*

Education | ██████████ 62 (31%)

Emergency | ██████████ 54 (27%)

Investment | ██████████ 46 (23%)

Personal Expenses | ██████████ 38 (19%)

➤ *Interpretation*

Education was the most common reason for saving money (31%).

➤ *Respondents Used Method of Saving*

Table 13 Respondents Used Method of Saving

METHOD	FREQUENCY	PERCENTAGE
BANK DEPOSIT	84	42
CASH	36	18
DIGITAL SAVING APP	62	31
OTHER	18	9
TOTAL	200	100

➤ *Method Used For Saving*

Bank Deposit | ██████████ 84 (42%)

Cash | ██████████ 36 (18%)

Digital Saving App | ██████████ 62 (31%)

Other | ██████████ 18 (9%)

➤ *Interpretation*

42% were preferred bank deposits. 31% used digital saving applications, 18% saved in cash, and 9% used other saving methods.

➤ *Experience Level of Investing Money*

Table 14 Experience Level of Investing Money

RESPONSE	FREQUENCY	PERCENTAGE
YES	124	62
NO	76	38
TOTAL	200	100

➤ *Respondents WHO have Ever Invested Money*

Yes | ██████████ 124 (62%)

No | ██████████ 76 (38%)

➤ *Interpretation*

62% of the respondents are reported that they had invested money, 38% had never invested.

➤ *Respondents Preferred Investment Option*

Table 15 Respondents Preferred Investment Option

OPTION	FREQUENCY	PERCENTAGE
Bank deposit	52	26
Mutual Fund	64	32
Shares	28	14
Gold	42	21
Others	14	7
TOTAL	200	100

➤ *Preferred Investment Option*

Mutual Funds | ██████████ 64 (32%)

Bank Deposit | ██████████ 52 (26%)

Gold | ██████████ 42 (21%)

Shares | ██████████ 28 (14%)

Others | ██████████ 14 (7%)

➤ *Interpretation*

32% of the respondents are preferred mutual fund options.

➤ *Comparison of Investment Options before Investing*

Table 16 Comparison of Investment Options before Investing

RESPONSE	FREQUENCY	PERCENTAGE
ALWAYS	72	36
SOMETIMES	94	47
NEVER	34	17
TOTAL	200	100

➤ *Comparison of Investment Options before Investing*

Sometimes | ██████████ 94 (47%)

Always | ██████████ 72 (36%)

Never | ██████████ 34 (17%)

➤ *Interpretation*

47% reported that they sometimes compare investment options, 36% stated that they always compare them, and 17% indicated that they never compare investment options.

➤ *Confidence in Using Banking and Digital Financial Services*

Table 17 Confidence in Using Banking and Digital Financial Services

RESPONSE	FREQUENCY	PERCENTAGE
STRONGLY AGREE	58	29
AGREE	76	38

NEUTRAL	34	17
DIS AGREE	20	10
STRONGLY DISAGREE	12	6
TOTAL	200	100

➤ *Confidence in Using Banking and Digital Financial Services*

Agree |  **76 (38%)**

Strongly Agree |  **58 (29%)**

Neutral |  **34 (17%)**

Disagree |  **20 (10%)**

Strongly Disagree |  **12 (6%)**

➤ *Interpretation*

38% agreed and 29% strongly agreed that they were confident in using banking and digital financial services.

➤ *Ability to Manage Income and Expenses Effectively*

Table 18 Ability to Manage Income and Expenses Effectively

RESPONSE	FREQUENCY	PERCENTAGE
STRONGLY AGREE	62	31
AGREE	72	36
NEUTRAL	38	19
DISAGREE	18	9
STRONGLY DISAGREE	10	5
TOTAL	200	100

➤ *Ability to Manage Income and Expenses*

Agree |  **72 (36%)**

Strongly Agree |  **62 (31%)**

Neutral |  **38 (19%)**

Disagree |  **18 (9%)**

Strongly Disagree |  **10 (5%)**

➤ *Interpretation*

36% agreed and 31% strongly agreed that they could manage their income and expenses effectively.

➤ *Knowledge to Make Informed Financial Decisions*

Table 19 Knowledge to Make Informed Financial Decisions

RESPONSE	FREQUENCY	PERCENTAGE
STRONGLY AGREE	56	28
AGREE	74	37
NEUTRAL	42	21
DISAGREE	18	9
STRONGLY DISAGREE	10	5
TOTAL	200	100

➤ *Knowledge to Make Informed Financial Decisions*

Agree |  **74 (37%)**

Strongly Agree |  **56 (28%)**

Neutral |  **42 (21%)**

Disagree |  **18 (9%)**

Strongly Disagree |  **10 (5%)**

➤ *Interpretation*

37% agreed and 28% strongly agreed believed that they had sufficient knowledge to make informed financial decisions.

➤ *Overall Level of Financial Literacy*

Table 20 Overall Level of Financial Literacy

OVERALL FINANCIAL LITERACY LEVEL	FREQUENCY	PERCENTAGE
VERY. GOOD	60	30
GOOD	82	41
AVERAGE	36	18
POOR	14	7
VERY POOR	8	4
TOTAL	200	100

➤ *Overall Level of Financial Literacy*

Good |  **82 (41%)**

Very Good |  **60 (30%)**

Average |  **36 (18%)**

Poor |  **14 (7%)**

Very Poor |  **8 (4%)**

➤ *Interpretation*

41% of respondents rated their overall financial literacy as Good, 30% rated it as very good

IV. FINDINGS OF THE STUDY

- The gender distribution indicate that 52% of the respondents are female, 46% were male, and 2% belonged to other gender categories.
- 39% of the respondents were aged 18–20 years, making it the largest age group, followed by 41% in the 21–23 age group.
- The analysis reveals that (48%) of the participants are pursuing undergraduate studies, while 29% have completed postgraduates.

- It is observed that 59% of the respondents belonged to urban locality, whereas 41% resided in rural areas.
- The finding indicates that the highest proportion of respondents (34%) belonged to the ₹25,001–₹50,000 monthly family income category.
- A significant majority (71%) reported that they prepared a monthly budget, indicating good budgeting practices among most participants.
- A very high percentage (93%) of respondents had a bank account, showing strong financial inclusion.
- 79% of the respondents were familiar with the concept of interest rates, while 21% lacked such knowledge.
- 66% of the respondents understood the risk–return relationship in investments.
- 74% of the respondents were aware of inflation and its impact on purchasing power.

- Most respondents (48%) sometimes saved money regularly, while (27%) always saved.
- The primary reason for saving money was education (31%), followed by emergency needs (27%).
- 42% of the respondents preferred bank deposits as their main method of saving, while 31% used digital saving applications.
- With respect to confidence in utilising banking and digital financial services, 38% expressed agreement and 29% showed strong agreement.
- In terms of investment preference, mutual fund has most favoured option (32%).
- The data shows 47% of the respondents occasionally compare different investment alternatives before investing, while 36% consistently do so, 17% never engage in such comparison.
- 65% of the respondents agreed or strongly agreed that they had sufficient knowledge to make informed financial decisions.
- 67% of the respondents agreed or strongly agreed that they felt confident using banking and digital financial services.
- 67% of the respondents agreed or strongly agreed that they could effectively manage their income and expenses.
- 37% of the respondents agreed that they made informed financial decisions.

V. SUGGESTIONS OF THE STUDY

- Financial literacy should be made as a part of the school and college curriculum to inculcate financial knowledge among students at an early stage.
- Banks, educational institutions, and government agencies should conduct regular financial literacy workshops, seminars, and awareness programmes for Generation Z.
- Awareness should be created about diverse investment avenue such as mutual funds, stocks, bonds, and government savings schemes.
- Students should be encouraged to prepare and follow a monthly budget to improve money management and saving habits.
- Practical training on digital banking, UPI payments, mobile banking, and cybersecurity should be provided to increase confidence in using digital financial services.
- Awareness programmes should cover inflation, interest rates, risk, and return concepts to enable informed decision-making.
- Financial institutions should provide simple, youth oriented learning materials through social media, mobile apps and online platforms.
- Parents and teachers should encourage young people to develop regular saving habits and responsible spending behaviour.
- Investment awareness campaigns should be organised to motivate young to start early investment for long-term financial security.
- Special literacy programmes should be arranged for rural youth to minimise the gap in financial knowledge between urban and rural areas.

VI. CONCLUSION

The present study reveals that Financial literacy of generation z are moderately satisfactory. The majority of the respondents possess bank accounts, comprehend fundamental financial concepts, and practice budgeting and saving. However, investment knowledge and participation are still limited among many respondents. Therefore, financial education, awareness programmes, and practical training are imperative to improve financial decision-making, encourage better investment habits, and ensure long-term financial well-being among Generation Z. Financial literacy of generation z are targeted to improve their basic financial knowledge to taking saving and investment options better.

At school and college curriculum financial literacy is included and need to conduct workshop, seminar and other programs for young people. Providing financial education in early age, is essential for the well-being of generation z in kerala.

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