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Saving Habits and Financial Management among College students -A Study

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Abstract:

The purpose of this research paper is to look into how college students handle their money and their saving habits. The study used a quantitative research approach, and 40 college students were used as a sample. Data were gathered by a survey questionnaire. According to the study's findings, college students struggle to manage their finances and have a low degree of financial literacy. Nonetheless, the study discovered that among college students, saving money regularly is positively related to improved money management techniques. The report suggests putting in place financial education and awareness programmes to support improved money management techniques and motivate college students to form a saving habit.

Keywords : College students, Saving habits, Financial literacy, Money management, Financial education.

I.Introduction:

Tuition, housing costs, transportation costs, and personal expenses are just a few of the financial difficulties faced by college students. These difficulties can be debilitating, particularly for college students who have little to no experience with money. For college students to plan for unforeseen expenses and provide the groundwork for financial security, they must develop the habit of saving. The purpose of this research paper is to look into how college students handle their money and their saving habits.

Due to the fact that many college students suffer financial difficulties and must handle their finances independently for the first time, the subject of saving habits and money management among college students is crucial and pertinent. When analysing this issue, it is important to take into account the variables that influence saving behaviour as well as the methods and tools for managing finances. Students who have a solid understanding of these elements can create sound financial habits and efficient money management plans.

Financial management is one of the crucial factors in determining an individual's financial well-being. Contextually, personal financial management involves the application of various activities to plan, manage, and control one's finances. Positive financial behaviour is thus reflected by a good attitude in managing income, loans, and investments. Theoretically, financial management behaviour refers to the actions in determining, acquiring, allocating and utilizing financial resources to achieve a planned financial goal.

The youth, specifically college students, and their financial management ability and behaviour have received much attention from different scholars. College students are considered as a high-risk group associated with financial instability due to their high propensity towards borrowing to fund their education. Therefore, this group ends up bearing an extensive amount of debt upon graduation before entering the job market. Empirical evidence further shows that the youth exhibits poor performance in managing their finances especially when it comes to budgeting and planning long-term savings.

In general, college students learn how to manage their finances from peers and family members which occurs mainly throughout their early childhood life and onwards. Therefore, the transition from teenage-hood to adulthood requires young adults to be equipped with the appropriate financial knowledge, skills, values, and attitudes on personal financial management. Furthermore, one's financial behaviour may be influenced by their financial literacy. Here, financial literacy is defined as a measure of how well an individual can understand and use personal finance-related information. Definition-wise, it is thus comprised of the knowledge, attitude, behaviour, and ability to make financial decisions.

II.Review of Literature:

Prior studies have revealed that college students struggle with managing their resources and have a low level of financial literacy. Just 24% of college students exhibit fundamental financial literacy abilities, according to a research by the National Endowment for Financial Education (NEFE). According to a different study by Lusardi and Mitchell (2014), college students' levels of financial literacy have been dropping over time.

But according to several research, college students who make saving a habit have stronger money management skills. For instance, Kim and Chatterjee's (2013) research revealed that students who saved more had more financial literacy and were more inclined to use a budget.

III.Observation:

The study's findings suggest that financial management might be difficult for college students and that few of them are financially literate. However, the study discovered that saving regularly is positively related to better money management techniques. The report suggests putting in place financial education and awareness programmes to support improved money management techniques and motivate college students to form a saving habit. College students can prepare for unforeseen expenses and lay the groundwork for financial security by making saving a habit.

3.1.Factors that affect saving behaviour: College students' saving behaviour is influenced by a number of variables, including their income, expenses, level of financial literacy, and financial views. Students with higher incomes and lesser expenses, for instance, might have more money available to save. Students may also be more likely to save if they have a favourable outlook on saving and a solid grasp of financial principles.

3.2.Techniques and tools for managing finances: College students can utilise a variety of strategies and tools to take control of their money. Students can, for instance, make a budget to keep track of their income and expenses and find places where they can make savings. They can track their spending and saves, create financial objectives, and keep tabs on their progress using financial applications or online tools.

3.3.Financial challenges faced by college students: The hefty expense of tuition, rent, and textbooks is just one of the financial difficulties that college students must deal with. Furthermore, a lot of students have to take on part-time jobs in order to support themselves while they are in school, which can reduce their earning potential. Finally, student debt from credit cards, student loans, and their first experience managing their own money can all be difficulties.

3.4.Importance of financial education: Financial education is crucial for college students because of the difficulties they confront financially, and they must also receive support in this area. Students who receive financial education may be able to acquire the knowledge and skills necessary to effectively manage their finances, including budgeting, saving, and investing. Financial knowledge can also prevent costly errors like taking on excessive debt or failing to invest for the future.

3.5.Strategies for saving money: College students have a wide range of options for money-saving methods. For instance, students can hunt for grants or scholarships to assist lower the cost of tuition, purchase secondhand textbooks rather than brand-new ones, and prepare their own meals rather than going out to dine. Students can also cut their transportation expenditures by taking public transportation, carpooling with friends, or walking or biking to class.

3.6.Benefits of successful money management: Both in the short and long term, excellent money management can be quite advantageous for college students. For instance, good money management can assist students in avoiding financial stress and anxiety, which can have an adverse influence on their mental health and academic performance. Effective money management can also assist students in developing sound financial practises that will benefit them in the future, such as investing in their future careers or saving for retirement.

3.7.Resources for financial education and support: College students who want to increase their financial literacy and master good money management techniques have access to a wealth of tools. For instance, a lot of schools and universities provide their students with workshops or courses on financial education. Students can learn more about managing their finances by accessing a variety of online resources, such as personal finance blogs and podcasts. In addition, students can get specialised advise on their financial position from financial experts like credit counsellors or financial planners.

3.8.Important of creating an emergency fund: For college students, creating an emergency fund is crucial. Students who have an emergency fund can avoid using credit cards or loans to pay for unforeseen costs like auto repairs or medical bills. Experts advise students to aim for an emergency fund that is at least three to six months' worth of living expenses.

3.9.Strategies for repaying student loans: In order to pay for their education, many college students must take out student loans. Although repaying student loans can be difficult, there are ways for students to effectively manage their debt. For instance, students can consolidate their loans to make payments easier or enrol in income-driven repayment plans, which adjust their monthly payments based on their income, to lower the amount of interest they pay over time on their loans.

3.10.Benefits of beginning your savings early: For college students, beginning your savings early can have a number of advantages. Compound interest's ability to grow savings amounts over time allows even little deposits to have a significant impact. Additionally, beginning to save early can assist students in developing sound money management skills and avoiding costly errors like taking on excessive debt or failing to save for the future.

IV.Conclusion:

In summary, good money management among college students is an important skill that can significantly affect their long-term success and financial stability. In order to successfully navigate the rigours of college life and attain their financial goals, students need to learn effective money management skills and excellent financial habits. College students can efficiently manage their finances and avoid costly mistakes by making a budget, keeping track of their spending, saving money, getting financial education, setting up an emergency fund, and devising plans for paying off their student loans. It is crucial for colleges and universities to place a high priority on financial education for their students, as doing so can help them acquire the knowledge and abilities they need to handle their money wisely. In the end, college students can position themselves for financial success and stability after their undergraduate years by prioritising money management and forming sound money management practises.

Additionally, it is important for college graduates to prioritise wise money management once they enter the employment and begin to make a consistent salary. They should make it a habit to routinely examine and modify their financial objectives and budget to make sure they are on track to accomplish their targeted results. College students are capable of managing their money well and achieving their long-term financial objectives if they have the correct attitude, resources, and tactics in place.

Finally, managing money is a social obligation as well as a personal one. In order to support people of all ages and socioeconomic backgrounds in acquiring the knowledge and abilities needed to effectively manage their finances, society should place a high priority on financial education and services. This can significantly effect how much financial stress is reduced, how stable the financial system is, and how much economic growth is encouraged. In conclusion, being able to handle money effectively is a valuable ability that may help people, families, and communities alike. It is never too early or late to begin forming sound financial practises.

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