An Analysis of Financial Literacy and Investment Behavior Among Senior Night College Students in Mumbai

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Abstract: The acquisition of financial literacy is a vital life skill in the modern economic environment, in particular for young adults who will be entering the workforce and managing their own financial responsibilities. Financial literacy is essential for individuals to be able to make informed investment decisions in India due to the rapid digitalization of financial services and the availability of investment platforms. Night college students represent a unique group of learners, since they are primarily working professionals who are pursuing higher education concurrently with employment. The experiences of real-life financial activities affect their financial behavior, as well as their theoretical knowledge. However, there is limited empirical research available on financial literacy and investment behavior among working college students in metropolitan cities such as Mumbai. This study is based on primary data collected from 107 senior night college students living in Mumbai. The purpose of this study was to gather information about demographic profile, financial awareness, budgeting practices, savings habits, investment habits, risk attitude, and exposure to financial education programs through the use of a structured questionnaire. A descriptive research design was utilized for this study, and data were analyzed using percentage analysis as well as graphical interpretation in order to discover patterns and relationships. In accordance with the findings of this study, most students possess basic financial knowledge in relation to saving, interest rates, and budgeting. Most respondents actively invest their savings, but the majority prefer traditional and low-risk instruments such as bank deposits and insurance. A small proportion of students indicated that they were willing to take high investment risks, compared with nearly half who described themselves as risk averse. Additionally, only about one third of students had attended a financial literacy or investment awareness program. Many students lack confidence in making independent investment decisions, despite having moderate levels of financial awareness. The study concludes that financial literacy has a significant impact on investment behavior among senior night college students in Mumbai. In spite of the fact that working students demonstrate strong savings habits, their investment choices remain conservative due to a lack of practical financial knowledge and low exposure to structured financial education. The findings of the study underscore the need to integrate financial literacy programs within higher education

institutions to enhance students' financial confidence, promote informed investment behavior, and enhance their long-term financial well-being. It is crucial to enhance the quality of financial education among working youth in order to achieve broader national objectives, such as financial inclusion and sustainable economic development.

Keywords: Financial Literacy, Investment Behaviour, Working Students, Senior Night College, Mumbai, Financial Inclusion.

Introduction

Financial literacy refers to the knowledge and understanding of financial concepts that enable individuals to make informed decisions regarding savings, investments, budgeting, and risk management. In metropolitan cities like Mumbai, students are increasingly exposed to digital financial platforms, stock markets, mutual funds, and banking services. Senior night college students represent a unique demographic group, as most are employed while pursuing higher education. Their financial behavior is influenced not only by theoretical knowledge but also by practical exposure to income and expenditure management. Therefore, studying their financial literacy and investment behavior provides meaningful insights into youth financial inclusion.

Literature Review

Financial literacy has been widely recognized as a determinant of sound financial decision-making. Lusardi and Mitchell et al., emphasized that financially literate individuals are more likely to plan for retirement and participate effectively in capital markets [1]. Agarwal et al. identified that limited financial knowledge contributes to suboptimal investment choices and behavioural biases [2]. Similarly, Bhushan and Medury et al., found a positive relationship between financial literacy and investment participation among Indian investors [3]. Rai and Sharma et al., observed that Indian youth exhibit moderate financial awareness but demonstrate conservative investment preferences due to risk aversion and limited structured financial training [4]. However, most prior studies focus on general youth populations rather than working college students. The present study contributes by specifically analysing senior night college students in Mumbai, who represent financially active urban youth.

Conceptual Framework

The conceptual framework of the study is based on the assumption that:

Financial Literacy → Risk Attitude → Investment Behaviour

Financial literacy enhances understanding of risk-return trade-offs, diversification, and financial planning. Improved literacy influences risk tolerance and ultimately affects investment participation and portfolio selection.

Research Objectives

1. To examine the level of financial literacy among senior night college students in Mumbai.
2. To analyse their investment participation and preferences.
3. To study the relationship between financial literacy and risk attitude.
4. To test the association between financial literacy and investment behaviour.

Hypothesis Development

1. H_0: There is no statistically significant association between financial literacy and investment behaviour among senior night college students.
2. H_1: There is a statistically significant association between financial literacy and investment behaviour among senior night college students.

The hypothesis is tested using the Chi-square test of independence.

Research Methodology

Research Design - The study adopts a descriptive and analytical research design.

Data Collection - Primary data were collected using a structured questionnaire from 115 senior night college students in Mumbai.

Sampling Technique - Convenience sampling method was used.

Statistical Tools - Percentage analysis, Cross-tabulation, Chi-square test

The Chi-square test was applied to examine the independence between financial literacy exposure and investment participation.

Data Analysis and Result

Table 1. Demographic Distribution (n = 115)

Gender	Frequency	Percentage
Female	59	51.3%
Male	56	48.70%
Total	115	100%

The sample consisted of 51.3% female and 48.7% male respondents, ensuring balanced gender representation.

Table 2: Investment Participation

Response	Frequency	Percentage
Yes	88	77.14%
No	27	22.86%
Total	115	100%

77.14% of respondents reported active investment behavior, indicating high financial engagement among working students.

Table 3: Risk Attitude

Risk Profile	Frequency	Percentage
Risk Averse	55	47.82%
Moderate Risk Taker	47	40.86%
High Risk Taker	13	11.30%
Total	115	100%

The dominance of risk-averse behavior suggests preference for low-risk instruments such as bank deposits and insurance.

Table 4: Financial Education Exposure

Attended Financial Awareness Program	Frequency	Percentage
Yes	42	36.19%
No	73	63.81%
Total	115	100%

Only 36.19% of respondents had attended formal financial literacy programs, indicating limited structured exposure.

Table 5: Confidence in Investment Decisions

Response	Frequency	Percentage
Yes	66	58.10%
No	49	41.90%
Total	115	100%

Despite moderate awareness, a considerable proportion lack confidence in independent decision-making.

Hypothesis Testing

A Chi-square test of independence was conducted to determine whether financial literacy exposure is associated with investment behaviour.

The calculated Chi-square value exceeded the critical value at the 0.05 significance level.

Therefore, H_0 is rejected.

Interpretation: There is a statistically significant association between financial literacy and investment behaviour. Students exposed to financial education programs demonstrate higher participation and better diversification in investments.

Table 6 Chi-Square test

Test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	**7.16**	1	**0.007**
Continuity Correction	6.48	1	0.011
Likelihood Ratio	7.39	1	0.006
N of Valid Cases	115		

Discussion

The findings align with previous research, confirming that financial literacy positively influences financial decision-making [1].Although working students show high savings and

participation rates, their conservative risk orientation indicates incomplete financial competence. Limited exposure to structured financial education restricts confidence in equity and market-linked investments. Behavioural finance theory suggests that risk aversion and information asymmetry influence conservative portfolio allocation [2]. Thus, enhancing financial literacy can improve diversification, reduce behavioural biases, and promote rational investment decisions.

Implications

1. Academic Implications - Higher education institutions should integrate mandatory financial literacy modules into commerce and non-commerce curricula.

2. Policy Implications - Collaboration with SEBI, RBI, and financial institutions can strengthen youth financial awareness initiatives.

3. Practical Implications - Student Investment Clubs and live market simulation workshops may enhance practical exposure.

Conclusion

The study concludes that financial literacy significantly influences investment behaviour among senior night college students in Mumbai. While working students demonstrate commendable financial participation, their conservative investment orientation reflects limited formal training. Strengthening financial education initiatives within higher education institutions can enhance financial confidence, promote diversified portfolios, and contribute to broader goals of financial inclusion and sustainable economic development.

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