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Financial Literacy as a Determinant of Saving Behaviour among College Students: Evidence from Mysuru District

Dr Ravishankar B.
Associate professor, Department of commerce, GFGC Siddrathnagar Mysuru. Pincode 570011,
Email: raajravishankar@gmail.com

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ABSTRACT

Financial literacy plays an important role in developing responsible financial behaviour among young adults. This study examines the relationship between financial literacy and saving behaviour among college students in Mysuru District. The study uses a sample of 88 students and considers financial literacy through financial knowledge, awareness, attitude and financial planning, while saving behaviour includes regular saving, budgeting, expenditure control and financial goal setting. The analysis uses descriptive statistics, reliability analysis, Pearson correlation and regression analysis. The simulated findings indicate a positive and statistically significant relationship between financial literacy and saving behaviour. The study highlights the importance of practical financial education in helping students develop systematic saving habits and make informed financial decisions.

2. Introduction

Financial literacy has become an important life skill because individuals increasingly use banking services, digital payments, online financial platforms and investment products. Financial knowledge enables individuals to understand financial concepts, manage income, control expenditure and make appropriate saving decisions.

College students are at an important stage of developing independent financial habits. Their financial resources may include pocket money, scholarships, family support or part-time income. Although their financial resources may be limited, their spending and saving decisions can influence their future financial behaviour.

Saving behaviour helps individuals meet future requirements, manage emergencies and achieve financial goals. However, students may face challenges such as limited income, peer influence, changing lifestyles and impulsive spending. Financial literacy may help students develop more disciplined and systematic saving practices.

Mysuru District provides a suitable context for examining this relationship because students from diverse socioeconomic and educational backgrounds pursue higher education in the district. The present study therefore examines whether financial literacy contributes to better saving behaviour among college students.

3. Statement of the Problem

College students increasingly use bank accounts, digital payment systems and online financial services. However, access to financial services does not necessarily mean that students possess adequate financial knowledge or practise disciplined saving.

Limited resources, lifestyle preferences, peer influence and inadequate financial planning may affect students' saving practices. Therefore, there is a need to examine whether financial literacy is associated with saving behaviour among college students. The present study addresses this issue using a sample of 88 students.

4. Review of Literature

Lusardi and Mitchell (2014) emphasized that financial literacy is an important form of human capital associated with financial decision-making, saving and financial planning. Their study highlights the importance of financial knowledge in making informed long-term financial decisions.

Kedia (2018), in a study of college students in Mumbai, examined financial knowledge and related demographic and behavioural factors. The study emphasized the importance of financial understanding and the influence of family and other factors on students' financial attitudes.

Research on financial literacy among young people has also indicated that financial knowledge, financial attitudes and financial management skills are relevant to saving and other financial behaviours. Recent studies have increasingly treated financial literacy as a multidimensional concept rather than merely knowledge of financial terms.

Overall, previous literature indicates a positive association between financial literacy and responsible financial behaviour. However, localized evidence concerning college students in Mysuru District remains limited.

5. Research Gap

Previous studies have examined financial literacy and saving behaviour among students in different geographical regions. However, their findings may not fully represent students in Mysuru because socioeconomic background, educational exposure and financial practices can differ across regions.

Another important gap is the distinction between financial knowledge and actual saving behaviour. Students may understand financial concepts but may not consistently apply them in budgeting, expenditure control and saving. Therefore, the present study provides localized evidence by examining the relationship between financial literacy and saving behaviour among 88 college students in Mysuru District.

6. Study Contribution

The study contributes to the existing literature by examining financial literacy as a broader construct comprising financial knowledge, awareness, attitude and planning. It specifically connects these aspects with students' practical saving behaviour.

The study also provides a framework that can help educational institutions understand the importance of practical financial education and encourage students to develop systematic saving habits at an early stage.

7. Objectives of the Study

1. To assess the level of financial literacy among college students in Mysuru District.
2. To examine the saving behaviour of college students.
3. To analyse the relationship between financial literacy and saving behaviour.
4. To determine whether financial literacy significantly influences saving behaviour.
5. To suggest measures for improving financial literacy and saving practices among students.

8. Research Questions

1. What is the level of financial literacy among college students?
2. What are the major saving practices followed by students?
3. Is there a significant relationship between financial literacy and saving behaviour?
4. Does financial literacy significantly influence saving behaviour?

9. Hypotheses

H01: There is no significant relationship between financial literacy and saving behaviour among college students in Mysuru District.

H02: Financial literacy does not significantly influence the saving behaviour of college students in Mysuru District.

10. Conceptual Framework

The study considers **financial literacy as the independent variable** and **saving behaviour as the dependent variable**.

Financial Literacy → Saving Behaviour

Financial literacy consists of financial knowledge, financial awareness, financial attitude and financial planning. Saving behaviour includes regular saving, budgeting, expenditure control, financial goal setting and preparation for future financial needs.

11. Research Methodology

The study adopts a descriptive and analytical research design. Primary data were represented through a structured questionnaire administered to **88 college students** in Mysuru District. The questionnaire used a five-point Likert scale ranging from strongly disagree to strongly agree.

Financial literacy was measured through 10 statements covering knowledge, awareness, attitude and financial planning. Saving behaviour was measured through 10 statements relating to regular saving, budgeting, expenditure control and financial goals.

For this demonstration, the 88 observations are **synthetic/imaginary data generated to illustrate empirical analysis**. Descriptive statistics, Cronbach's Alpha, Pearson correlation and simple linear regression were used. Statistical significance was assessed at the 5% level.

12. Data Analysis and Interpretation

Table 1: Demographic Profile of Respondents (n = 88)

Variable	Category	Frequency	Percentage
Gender	Female	56	63.6
	Male	32	36.4
Age	18–19	30	34.1
	20–21	36	40.9
	22–23	12	13.6
	24+	10	11.4
Course	B.Com	44	50.0
	BBA	15	17.0
	B.Sc	12	13.6
	BA	10	11.4
	M.Com	7	8.0

The respondents represent different age groups and academic programmes, with B.Com students forming the largest group.

Table 2: Level of Financial Literacy

Level	Frequency	Percentage
Low	16	18.2
Moderate	39	44.3
High	33	37.5
Total	**88**	**100.0**

The table indicates that 37.5% of respondents demonstrate a high level of financial literacy, while 44.3% fall in the moderate category.

Table 3: Level of Saving Behaviour

Level	Frequency	Percentage
Low	19	21.6
Moderate	29	33.0
High	40	45.5
Total	**88**	**100.0**

The synthetic data indicate that 45.5% of respondents demonstrate a high level of saving behaviour.

Table 4: Descriptive Statistics

Variable	N	Mean	Std. Deviation
Financial Literacy	88	3.15	0.80
Saving Behaviour	88	3.22	0.84

The mean scores indicate moderate-to-positive levels of financial literacy and saving behaviour among the respondents.

Table 5: Reliability Analysis

Construct	Items	Cronbach's Alpha
Financial Literacy	10	0.923
Saving Behaviour	10	0.928

Both scales demonstrate high internal consistency, with Cronbach's Alpha values exceeding the commonly accepted threshold of 0.70.

Table 6: Pearson Correlation Between Financial Literacy and Saving Behaviour

Variables	Financial Literacy	Saving Behaviour
Financial Literacy	1.000	**0.672**
Saving Behaviour	**0.672**	1.000
Sig. (2-tailed)	—	**<0.001**

The correlation coefficient of **0.672** indicates a moderately strong positive relationship between financial literacy and saving behaviour. The relationship is statistically significant at the 1% level.

Table 7: Regression Analysis

Dependent Variable: Saving Behaviour

Model	R	R^2	Adjusted R^2	B	Sig.
Financial Literacy	0.672	0.451	0.445	0.708	<0.001

The R^2 value of **0.451** indicates that approximately **45.1% of the variation in saving behaviour** is explained by financial literacy in the synthetic dataset. The positive regression coefficient (B = 0.708) indicates that higher financial literacy is associated with higher saving behaviour.

13. Results and Discussion

The analysis indicates a positive relationship between financial literacy and saving behaviour. The Pearson correlation of 0.672 with $p < 0.001$ demonstrates that students with higher financial literacy tend to report stronger saving practices. Regression analysis further indicates that financial literacy significantly predicts saving behaviour and explains 45.1% of its variation.

These simulated findings support the broader argument that financial knowledge and financial planning can contribute to responsible financial practices among young adults.

14. Major Findings

1. The largest proportion of respondents demonstrates a moderate level of financial literacy.
2. A substantial proportion of students demonstrates high saving behaviour.
3. Financial literacy and saving behaviour have a **positive correlation ($r = 0.672$)**.
4. The relationship is statistically significant at **$p < 0.001$**.
5. Financial literacy significantly influences saving behaviour, with **$R^2 = 0.451$**.
6. The reliability results indicate strong internal consistency for both measurement scales.

15. Hypothesis Testing

Table 8: Hypothesis Testing Summary

Hypothesis	Test	Result	Decision

Hypothesis	Test	Result	Decision
H01: No significant relationship between financial literacy and saving behaviour	Pearson Correlation	r = 0.672, p < 0.001	**Rejected**
H02: Financial literacy does not significantly influence saving behaviour	Regression	B = 0.708, p < 0.001	**Rejected**

Since both p-values are below 0.05, **H01 and H02 are rejected**. The synthetic results therefore indicate that financial literacy has a statistically significant positive relationship with, and influence on, saving behaviour.

16. Suggestions

Colleges should introduce practical financial literacy programmes covering budgeting, saving, interest, inflation, banking and basic investment. Students should be encouraged to prepare personal budgets, set financial goals and save regularly.

Educational institutions can collaborate with banks and financial experts to organize workshops on responsible use of digital payments and financial services. Parents and teachers can also encourage disciplined spending and early financial planning.

17. Conclusion

Financial literacy is an important factor in developing responsible financial behaviour among college students. The synthetic empirical analysis of 88 respondents indicates a significant positive relationship between financial literacy and saving behaviour. The results suggest that improving students' financial knowledge, awareness and planning skills may contribute to better saving practices.

The study emphasizes the need to integrate practical financial education into higher education so that students develop sound financial habits before entering independent working life.

18. Limitations

The study is based on a relatively small sample of 88 students and is restricted to selected colleges in Mysuru District. The use of synthetic data in this demonstration means that the statistical findings are illustrative and **cannot be treated as actual field-survey evidence**. Future empirical publication should use genuine respondent data.

19. Scope for Future Research

Future studies may use larger samples covering colleges across Karnataka and compare students according to gender, course, socioeconomic background and urban-rural location. Additional variables such as parental influence, peer influence, digital payment usage, investment awareness and financial stress may also be incorporated.

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