



Saving habits of youngsters and the readiness for their dream vehicle

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Abstract

In recent years, saving habits among youngsters have gained significant attention due to increasing living costs, rising financial independence, and growing aspirations. One of the major goals for young individuals today is owning a personal vehicle, which represents freedom, convenience, and social status. However, readiness to purchase a vehicle depends not only on desire but also on financial discipline, stable income, and careful planning. This study examines the relationship between youngsters' saving behavior and their preparedness to purchase their dream vehicle. It analyzes financial literacy levels, spending patterns, awareness of vehicle-related costs, and reliance on loans or personal savings. The findings emphasize the importance of structured saving habits, long-term financial planning, and responsible decision-making to achieve financial goals without creating unnecessary debt burdens. The study also provides insights for educational institutions, policymakers, and financial planners to encourage financial literacy and goal-oriented saving among youth.

Keywords: Saving habits, young adults, vehicle ownership, financial planning, loan financing

Introduction

In today's fast-changing economic environment, financial planning has become a necessity, especially for young individuals starting their careers. Exposure to social media, advertising, peer influence, and the desire for lifestyle upgrades motivates youngsters to achieve ambitious goals early in life. One of the most common aspirations is owning a personal vehicle, which provides independence, convenience, and social recognition.

Purchasing a vehicle, however, involves significant financial responsibilities, including down payments, monthly EMI (if financed), insurance, fuel, maintenance, and registration costs. Many young individuals focus on the initial cost while overlooking recurring expenses, which can lead to financial stress and debt accumulation. Effective financial planning and disciplined saving habits are therefore crucial to ensure readiness for such major purchases.

This study seeks to understand whether youngsters aged 18–30 are financially prepared to own their dream vehicle and to evaluate the impact of saving habits on their readiness to make such investments.

Problem Statement

Despite high aspirations to own personal vehicles, many youngsters are not financially prepared for the associated responsibilities. Impulsive buying, lack of budgeting, dependence on credit facilities, and limited income sources create challenges for responsible vehicle ownership. A significant number of young buyers underestimate recurring costs and over-rely on loans or EMI financing. There is a clear need to assess their saving patterns, financial awareness, and readiness to purchase vehicles responsibly. This study attempts to fill this gap by examining both saving behavior and financing preferences among youth.

Scope of The Study

The study focuses on young individuals aged 18–30 years, including college students, salaried employees, and early-stage entrepreneurs. It examines their saving patterns, monthly financial planning habits, awareness of total vehicle ownership costs, and preferences for using personal savings versus loan financing. While the findings provide valuable insights into this specific demographic, the research is limited to a defined sample group and geographical area, and therefore may not represent all youngsters universally.

Review of Literature

Recent studies highlight the significance of financial literacy, planning, and saving behavior among young adults. Sundarasan, Rajagopalan, and Ibrahim (2025)^[2] conducted a comprehensive review on young adults' financial behavior and found that financial literacy, capability, and socialization significantly influence savings and financial decision-making among individuals aged 18–29 years. Their study emphasizes the role of parental guidance, peer influence, and financial attitudes in shaping the saving habits of young adults transitioning into financial independence.

Adewa and Singh (2025)^[3] explored financial literacy levels among Indian youth and their correlation with investment and saving decisions. They concluded that youth with higher financial literacy demonstrate responsible investment behaviors, while many still rely on informal or unreliable sources of information. The study recommends targeted financial education programs and youth-centric literacy campaigns to enhance financial decision-making skills.

Bala and Jayanti (2025)^[4] investigated the impact of financial literacy on saving and investment behavior in Indian youth aged 18–30. Their findings suggest that individuals with better financial knowledge engage in prudent financial planning, diversified investment strategies,

and long-term savings habits. These studies collectively underscore the importance of financial literacy and structured saving behavior in achieving financial goals.

Objectives of the Study

1. To examine the saving patterns, monthly financial planning habits, and awareness of total vehicle ownership costs among young individuals aged 18–30 years.
2. To analyze the preference of young adults for using personal savings versus loan financing when making vehicle purchase decisions.

Research Methodology

The study employs a descriptive research design, which is appropriate for understanding the existing saving habits of youngsters and their readiness to purchase their dream vehicle. A descriptive design allows for a systematic and detailed examination of the behaviors, preferences, and financial awareness of the target population, providing quantitative insights into saving patterns, financial planning habits, and preferences for self-financing versus loans.

Data Collection

The study utilizes both primary and secondary data sources to ensure comprehensive coverage of the research objectives:

Primary data Primary data were collected through a structured questionnaire designed to capture respondents’ demographic profile, saving behavior, monthly financial planning, awareness of total vehicle ownership costs, and preferences for vehicle financing. The questionnaire consisted of multiple-choice and Likert-scale questions to quantify attitudes, perceptions, and financial practices. The data collection process involved direct interaction with respondents to clarify any doubts and ensure accurate responses.

Secondary data Secondary data were gathered from books, scholarly journals, research articles, financial reports, online publications, and industry surveys. This information provided a contextual understanding of financial literacy, youth saving behavior, and vehicle financing trends, and was used to support and compare the findings from the primary survey.

Target Population

The target population for this study includes young individuals aged 18–30 years, encompassing college students, salaried employees, and early-stage entrepreneurs. This age group was chosen because it represents individuals who are at the early stage of financial independence and are likely to aspire to own personal vehicles. Their financial decisions are influenced by income levels, peer and social media influence, and financial literacy, making them a suitable sample for analyzing saving habits and purchase readiness.

Sampling Technique

A simple random sampling method was adopted to ensure that every individual in the target population had an equal chance of being selected for the study. This method minimizes bias and ensures that the sample is representative of the population. Respondents were selected based on accessibility and willingness to participate, while maintaining diversity in terms of occupation (students and professionals) and income levels to capture varied financial behavior.

Sample Size

The study surveyed 100 respondents. This sample size is sufficient to provide reliable insights into the saving habits and financial preparedness of youngsters while ensuring manageability in data collection and analysis. The size also allows for meaningful percentage-based interpretation of the results, providing a clear understanding of trends, patterns, and preferences among young individuals.

Data Analysis

The collected data were analyzed using descriptive statistical tools, primarily percentages and frequency distribution tables. This analysis method provides a clear picture of the proportion of respondents following specific saving habits, their awareness of total vehicle ownership costs, and their financing preferences. The findings were interpreted to identify patterns, assess readiness for vehicle purchase, and draw actionable conclusions and recommendations. Graphs and charts were also used to enhance visualization and make the results easily interpretable for readers.

Analysis and Interpretation

Table 1: Saving Patterns and Financial Awareness

Saving / Planning Behavior	No. of Respondents	Percentage (%)
Regular Savings & Monthly Planning	40	40%
Occasional Savings, Irregular Planning	35	35%
Rarely Save, Minimal Planning	15	15%
No Savings, No Planning	10	10%
Total	100	100%

The table indicates that 40% of respondents maintain regular savings and monthly financial planning, while 35% save occasionally. About 15% rarely save, and 10% have no savings or planning habits. This suggests that a majority of

young adults are at least moderately aware of financial planning and vehicle ownership costs, though a significant portion still needs guidance to improve consistency in savings.

Table 2: Preference for Savings vs. Loan Financing

Preference	No. of Respondents	Percentage (%)
Prefer Using Own Savings	50	50%
Prefer Taking Loans / EMI	35	35%
Combination of Savings & Loan	10	10%
Not Planning Vehicle Purchase	5	5%
Total	100	100%

The table shows that 50% of respondents prefer using personal savings for vehicle purchases, while 35% rely on loans or EMIs. About 10% use a combination, and 5% are not planning a purchase. This demonstrates a strong inclination among youngsters toward self-financing, indicating financial awareness and a cautious approach to debt.

Findings

1. A considerable proportion of youngsters (40%) maintain consistent savings and monthly financial planning.
2. Half of the respondents prefer using personal savings over loans when purchasing their dream vehicle.
3. Occasional saving habits and reliance on loans among 35% of respondents highlight the need for enhanced financial literacy initiatives.
4. Overall, youngsters show moderate financial literacy and cautious financial behavior, which can be strengthened through targeted education and awareness programs.

Suggestions

1. Implement financial literacy programs targeting young adults to improve regular saving habits and long-term financial planning.
2. Introduce awareness campaigns about total vehicle ownership costs, including insurance, maintenance, and interest costs.
3. Encourage the use of budgeting tools and finance apps to support systematic savings and informed purchase decisions.
4. Promote understanding of loan versus savings financing, emphasizing minimizing debt and avoiding unnecessary interest payments.

Conclusion

The study concludes that youngsters aged 18–30 in the sample demonstrate moderate financial awareness. While many maintain structured savings and prefer self-financing for vehicle purchases, a notable segment still relies on loans or irregular saving patterns. Strengthening financial literacy through educational programs and awareness initiatives can enhance saving habits, encourage disciplined financial behavior, and ensure responsible ownership of their dream vehicles. Effective financial planning among youth can reduce debt reliance, improve financial independence, and support long-term financial stability.

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