INVESTMENT AWARENESS AND SAVING HABITS

An Analysis of Investment Awareness and Its Impact on Long-Term Wealth Creation

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Abstract

Investment awareness is an important element of personal financial planning because it helps individuals understand available investment avenues, evaluate risk and return, make informed financial decisions and work towards long-term financial goals. In an environment where individuals can choose among bank deposits, mutual funds, systematic investment plans (SIPs), shares and government-backed savings schemes, awareness can influence both the decision to invest and the ability to remain invested over time. Long-term wealth creation is generally supported by disciplined saving, suitable asset allocation, regular investing, reinvestment of returns and the effect of compounding.

The present study analyses investment awareness and its perceived impact on long-term wealth creation. It follows a descriptive research design and is based on primary data collected through a structured online questionnaire. The uploaded survey dataset contains 27 responses. The questionnaire examines respondents' awareness of investment options, saving and investment habits, factors influencing investment choices, understanding of compounding, attitudes towards early investing, challenges in investment decisions and views on financial education. The data are analysed using frequency and percentage methods.

The survey indicates that most respondents have at least some awareness of investment options and that regular saving or investing is practised by many, although often inconsistently. Respondents strongly recognise the value of starting early and the role of financial awareness and planning in improving long-term financial stability. At the same time, lack of financial knowledge and fear of financial loss emerge as important barriers. The findings suggest that awareness programmes, accessible financial education and goal-based investment planning can help individuals make more informed decisions. Since the survey measures awareness and perceptions rather than actual investment returns or wealth accumulated over time, it identifies perceived relationships and does not establish a direct causal impact.

Keywords: investment awareness; long-term wealth creation; financial literacy; compounding; SIP; investment planning; financial education

1 Introduction

Investment plays an important role in achieving financial security and building long-term wealth. In today's changing economic environment, individuals are becoming increasingly aware of the need to save money, manage their finances and invest in suitable financial instruments. However, merely earning and saving money may not be sufficient to achieve long-term financial goals. Proper investment planning helps individuals utilise their savings effectively, generate potential returns and prepare for future financial requirements.

Investment awareness refers to an individual's understanding of different investment opportunities, their associated risks, expected returns and the importance of financial planning. Various investment options, such as fixed deposits, mutual funds, Systematic Investment Plans (SIPs), shares, government savings schemes and other financial instruments, provide individuals with different opportunities to grow their money. Selecting an appropriate investment option requires basic financial knowledge, awareness of market conditions and an understanding of personal financial goals.

Long-term wealth creation is influenced by several factors, including regular savings, early investment, the power of compounding, risk management and consistency in financial decisions. Starting investments at an early age can provide individuals with more time to benefit from compounding and market growth. However, a lack of financial knowledge, fear of financial losses, limited income and difficulty understanding investment products may prevent individuals from participating actively in investment activities.

Financial awareness also helps individuals make informed decisions rather than depending entirely on others for financial guidance. Educational institutions, banks, financial consultants and awareness programmes can contribute significantly towards improving investment knowledge and encouraging responsible financial behaviour.

The present research paper, titled **"An Analysis of Investment Awareness and Its Impact on Long-Term Wealth Creation,"** aims to examine the level of investment awareness among individuals, understand their saving and investment habits, and identify the major factors influencing their investment decisions. The study also explores respondents' understanding of compound interest, the importance of early investment and the challenges they face while making financial decisions.

The research is based on primary data collected through a questionnaire from 27 respondents. The collected responses are analysed to understand their investment awareness, financial preferences and opinions regarding the importance of financial planning. Overall, the study seeks to highlight the importance of financial literacy and encourage informed investment practices for achieving long-term financial stability and wealth creation.

2 Objectives of the study

- To understand the importance of investment awareness in personal financial planning.
- To identify the investment options familiar to respondents and examine their saving and investment habits.
- To assess awareness of compounding and the benefits of starting investments early.
- To identify the major factors influencing investment decisions and the challenges faced by individuals.
- To examine how financial awareness, planning and professional guidance contribute to long-term financial stability.

3 Scope of the study

- **Conceptual Scope:** Focuses on investment awareness, financial literacy, risk and return, compounding and long-term wealth creation.
- **Investment Scope:** Covers fixed deposits, recurring deposits, mutual funds, SIPs, shares and government savings schemes.

- **Behavioural Scope:** Examines saving habits, investment preferences and challenges in financial decision-making.
- **Respondent Scope:** Includes 27 respondents from different age groups and occupations, with a majority belonging to the younger age group and student category.
- **Analytical Scope:** Uses frequency and percentage analysis to understand reported awareness and perceptions rather than actual investment returns or wealth growth.
- **Time Scope:** Based on survey responses collected on 25 November 2026.

4 Review of literature

Lusardi and Mitchell (2014) - The economic importance of financial literacy: theory and evidence

The authors explain that financial literacy is an essential decision-making skill and review evidence connecting financial knowledge with saving, retirement planning and broader financial behaviour. Their work supports the view that individuals need basic financial knowledge to make effective long-term financial decisions.

Van Rooij et al. (2011) - Financial literacy and stock market participation

The study examines the relationship between financial literacy and participation in the stock market. It finds that individuals with higher levels of financial knowledge are more likely to participate in equity markets, suggesting that limited knowledge can act as a barrier to investment participation.

Lusardi and Tufano (2015) - Debt literacy, financial experiences, and overindebtedness

The research highlights that financial knowledge affects how individuals understand financial products and make financial decisions. Although focused on debt literacy, it reinforces the broader importance of understanding financial concepts before committing money to financial products.

Hilgert et al. (2003) - Household financial management: the connection between knowledge and behavior

The authors examine the connection between financial knowledge and household financial practices. Their work suggests that financial knowledge is associated with better financial management behaviours, including cash-flow management, saving and credit practices.

Modigliani and Brumberg (1954) - Utility analysis and the consumption function: an interpretation of cross-section data

The Life-Cycle Hypothesis explains that individuals make consumption and saving decisions across different stages of life. This provides a theoretical basis for understanding why saving and investing during earning years can support future financial needs.

Markowitz (1952) - Portfolio selection

The study introduced the portfolio-selection framework, explaining the importance of considering both risk and return while constructing an investment portfolio. This is relevant to investment awareness because informed investors should evaluate risk alongside expected returns rather than selecting products only on the basis of potential gains.

4.1 Summary of literature

The reviewed studies collectively indicate that financial knowledge can influence investment participation, saving behaviour and the ability to evaluate financial risk. Portfolio theory also demonstrates the importance of balancing risk and expected return. These contributions provide the theoretical foundation for examining respondents' awareness of investment options, compounding and long-term planning.

5 Research gap

A substantial body of research has examined financial literacy, household saving, investment participation and portfolio decisions. Much of the existing literature relies on large-scale datasets, formal financial literacy assessments or observed financial behaviour. There remains a practical need to understand how a small, mixed-occupation group perceives common investment options, the role of compounding, the advantages of beginning early and the barriers that influence everyday investment decisions.

The present study addresses this limited, survey-based perspective by examining awareness and self-reported practices together. It considers familiarity with investment products, the factors respondents prioritise, the challenges they face and their willingness to participate in financial awareness programmes. The study is exploratory and its small convenience sample does not claim to fill the wider empirical gap conclusively.

6 Research methodology

Table 1. Summary of the research methodology.

Particulars	Description
Research design	Descriptive research design
Nature of data	Primary data supported by secondary literature
Primary data source	Structured online questionnaire and uploaded survey CSV
Secondary data source	Academic journal articles, books and published research on financial literacy, saving and investment
Sampling method	Non-probability convenience sampling
Sample size	27 respondents
Research instrument	Structured questionnaire consisting of 10 questions, in addition to respondent profile fields
Analysis tools	Frequency distribution and percentage analysis
Study period	Survey responses dated 25 November 2026

Percentage Formula:

$$\text{Percentage} = \left(Number of responses for a category \div \text{Total valid responses}\right) \times 100 \quad (1)$$

For questions allowing multiple selections, the number of selections for each investment option is counted separately. Therefore, the percentages for that question may add up to more than 100%. The

analysis uses the 27 records in the supplied survey file. No additional responses have been created or assumed.

7 Data analysis and interpretation

The following analysis is based on 27 completed survey responses.

7.1 Respondent profile

Age distribution

- 18–25 years: 17 respondents (63%)
- 26–35 years: 5 respondents (18.5%)
- Below 18 years: 4 respondents (14.8%)
- Above 45 years: 1 respondent (3.7%)

The majority of respondents belonged to the 18–25 age group.

Occupational distribution

- Students: 19 (70.4%)
- Salaried employees: 4 (14.8%)
- Business owners: 3 (11.1%)
- Self-employed: 1 (3.7%)

Students formed the largest group of respondents.

7.2 Awareness of investment options

- Fully aware: 16 respondents (59.3%)
- Somewhat aware: 7 (25.9%)
- Limited knowledge: 2 (7.4%)
- Not aware: 2 (7.4%)

A majority of respondents demonstrated awareness of different investment options, indicating a positive level of basic financial knowledge.

Awareness of compounding

- Fully aware: 14 (51.9%)
- Somewhat aware: 8 (29.6%)
- Heard of it: 4 (14.8%)
- Not aware: 1 (3.7%)

The findings indicate that most respondents understand, at least to some extent, the concept of compound interest.

7.3 Saving and investment habits

- Always save or invest: 10 respondents (37%)
- Sometimes: 15 (55.6%)
- Rarely: 2 (7.4%)

Most respondents save or invest occasionally, highlighting the need to encourage consistent investment habits.

7.4 Investment decisions and long-term wealth creation

Most important investment factors

- Higher returns: 29.6%
- Long-term financial goals: 25.9%
- Safety of money: 22.2%
- Low risk: 14.8%
- Easy withdrawals: 7.4%

Importance of early investment

- Strongly agree: 59.3%
- Agree: 22.2%
- Neutral: 18.5%

Most respondents recognised that starting investments early can support long-term wealth creation.

7.5 Challenges in investment

- Lack of financial knowledge: 37%
- Fear of financial loss: 25.9%
- Limited income: 18.5%
- Lack of trust: 14.8%
- Difficulty understanding products: 3.7%

Lack of financial knowledge and fear of financial loss emerged as the major barriers to investment participation.

7.6 Role of financial awareness and guidance

Impact of financial planning on stability

- Strongly agree: 74.1%
- Agree: 14.8%
- Neutral: 11.1%

Role of banks and financial consultants

- Strongly agree: 55.6%
- Agree: 7.4%
- Neutral: 33.3%
- Disagree: 3.7%

Interest in financial awareness programmes

- Definitely interested: 51.9%
- Maybe interested: 33.3%
- Not interested: 14.8%

The findings show that respondents recognise the importance of financial planning and guidance. Most are also willing to participate in financial awareness programmes.

8 Major findings

- The study analyses 27 survey responses, with 63% of respondents aged 18–25 years.
- Students account for 70.4% of the sample, meaning the findings largely reflect younger respondents and students.
- 85.2% of respondents report being aware or somewhat aware of investment options.
- Mutual funds and SIPs were selected by 48.1% of respondents, while fixed and recurring deposits were selected by 37%.
- Only 37% report that they always save or invest, while 55.6% do so sometimes.
- Higher returns (29.6%) and long-term financial goals (25.9%) are the two most frequently selected investment considerations.
- 81.5% report being aware, somewhat aware or having heard of compounding.
- 81.5% agree or strongly agree that starting investments early contributes to greater wealth creation.
- Lack of financial knowledge (37%) is the most frequently reported investment challenge, followed by fear of financial loss (25.9%).
- 88.9% agree or strongly agree that financial awareness and proper investment planning can improve long-term financial stability.
- 63% agree or strongly agree that banks and financial consultants have an important role in promoting investment awareness.
- 85.2% would definitely or possibly participate in financial awareness programmes.

9 Suggestions and recommendations

1. Strengthen Basic Financial Education: Awareness initiatives should explain core concepts such as inflation, risk, return, diversification, liquidity, time horizon and the difference between saving and investing.

2. Explain Compounding Practically: Workshops should use simple numerical examples to demonstrate how regular contributions and reinvested returns may accumulate over long periods. They should also explain that returns are not guaranteed for market-linked products.

3. Encourage Consistent Saving: Individuals can begin by setting a realistic monthly saving target and building an emergency fund before committing money to long-term or market-linked investments.

4. Promote Goal-Based Planning: Investment decisions should be connected to specific goals, expected timelines and the investor's ability to bear risk rather than being based only on high-return expectations.

5. Improve Risk Awareness: Educational material should explain that different products carry different levels of risk. Bank deposits, government schemes, mutual funds and shares should not be presented as interchangeable or risk-free.

6. Build Confidence Through Transparent Guidance: Banks and financial consultants should communicate fees, lock-in periods, liquidity conditions, tax treatment and product risks in clear language and avoid unrealistic return promises.

7. Use Student-Focused Programmes: Since students form the majority of the sample, colleges can organise beginner sessions, case studies, simulations and financial literacy activities relevant to young adults.

8. Make Awareness Programmes Accessible: Short online sessions, workshops, simple guides and question-and-answer sessions can encourage participation among respondents who selected "Maybe".

9. Encourage Independent Verification: Individuals should verify product information through official documents and regulated sources, understand the product before investing and avoid decisions based solely on social media tips or informal recommendations.

10. Conduct Further Research: Future studies should use a larger and more diverse sample and examine actual saving rates, investment duration, risk tolerance and financial outcomes over time.

10 Conclusion

The study examines investment awareness and its perceived relationship with long-term wealth creation through a survey of 27 respondents. The findings indicate that awareness of investment options is relatively widespread within the sample and that respondents generally recognise the importance of compounding, starting early and planning for long-term financial stability. Mutual funds and SIPs, as well as traditional bank deposits, feature prominently in respondents' reported familiarity.

However, the findings also reveal important gaps between awareness and consistent financial behaviour. More than half of the respondents save or invest only sometimes, while lack of financial knowledge and fear of financial loss are the most common challenges. This suggests that simply knowing that investment options exist may not be enough. Individuals also need the confidence and practical knowledge to compare alternatives, understand risk, select products suited to their goals and maintain disciplined contributions.

Investment awareness can support long-term wealth creation by improving the quality of financial decisions, encouraging disciplined saving and helping individuals understand the potential benefits of time and compounding. Nevertheless, wealth creation is not guaranteed by awareness alone. It also depends on income, savings capacity, investment horizon, asset allocation, costs, inflation, market conditions and individual risk tolerance.

In conclusion, the study highlights the importance of accessible, practical and responsible financial education. Financial awareness programmes, transparent guidance and goal-based planning can help individuals move from general awareness towards informed financial behaviour. Since the present research is based on a small convenience sample and self-reported perceptions, its findings should be interpreted as indicative rather than representative or causal.

11 Limitations of the study

- The study is based on 27 responses and may not represent the wider population.

- The sample is dominated by respondents aged 18–25 and students, limiting generalisability across age and occupational groups.
- Convenience sampling may introduce selection bias.
- The questionnaire records self-reported awareness and perceptions; it does not independently test financial knowledge.
- The study does not collect detailed information about income, monthly investment amounts, portfolio composition, investment duration or actual returns.
- The research does not track respondents over time and therefore cannot measure actual long-term wealth creation.
- Percentages are rounded to one decimal place, which may create minor rounding differences.

12 Future scope of the study

- Future research may include a larger sample across different cities, age groups, income levels and occupations.
- A comparative study may be conducted between students, salaried employees, self-employed individuals and business owners.
- Further research may use a financial literacy score to test knowledge of interest, inflation, risk, diversification and compounding.
- Longitudinal research may track saving and investment behaviour over several years to examine whether awareness translates into sustained investment activity.
- Future studies may compare awareness and participation across deposits, government savings schemes, mutual funds, SIPs, shares, bonds and retirement products.
- Research may examine the influence of digital platforms, social media, banks, financial advisers and educational institutions on investment decisions.

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