

A Study on the Concepts and Behavioral Choices of Financial Investment and Wealth Management Among Contemporary Young People

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Abstract: With the sustained and rapid development of the economy, people's living standards have greatly improved, and their consumption capacity has also been continuously enhanced. As a special group, young people are in the final stage of study and the initial stage of stepping into real life. Whether they can master the skills of managing wealth, conduct reasonable investment and financial management, and establish a good personal credit record is particularly crucial. Generally, young people lack a stable source of work income, their living expenses come from unstable channels, and they have no real experience in managing assets, so their understanding of money is usually vague. However, there are currently a variety of consumption channels available to young people, and many of them thus pursue pleasure while neglecting the effective management and rational allocation of wealth. Consequently, the issue of "young people's investment and financial management" has attracted increasing attention from society.

Keywords: Young People; Financial Investment; Wealth Management

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Introduction

Due to their poor consumption habits, some young people not only fail to conduct effective and reasonable investment and financial management, but also even leave blemishes on their personal credit due to the use of lending products. Cultivating young people's investment and financial management capabilities helps them establish a good personal credit record and develop sound financial management habits. When they enter society, start working, or even form a family in the future, whether they have good wealth management habits will be particularly important. The value of money does not lie in how much one possesses, but in whether one can use it reasonably. However, the development of habits cannot be achieved overnight; therefore, it is particularly important to start cultivating such habits during the college years.

1. Overview of Investment and Financial Management

1.1 The Meaning of Investment and Financial Management

The meaning of investment and financial management may be familiar to most people. Its core lies in the rational allocation and utilization of one's existing assets to further obtain a certain amount of returns. Common forms of investment and financial management include bank deposits, stock investments, futures, gold, and more. There is a wide variety of methods

for investment and financial management; however, it is important to note that investment is inevitably accompanied by risks—returns and risks go hand in hand. For young people, there is no need to blindly pursue excessively high returns; the key priority should be developing sound investment and financial management habits.

1.2 Investment and Financial Management Methods for Young People

Most people should have some exposure to investment and financial management. Almost every household has a certain amount of savings, which is the most basic and common method. There are also internet-based financial products like Yu'ebao (Alipay's money market fund). Different forms of financial management can meet the personalized needs of various groups.

For instance, investors with a risk preference may prefer methods such as stocks and futures. However, these require a solid foundation of professional knowledge and practical experience, and they also carry significant risks. Although high-risk investments can potentially yield high returns, I believe they are not suitable for young people's investment and financial management.

The five methods listed below, on the other hand, are relatively low-risk for young people. While their return rates may not be very high, they can still help young people develop a sense of financial management and establish awareness of creditworthiness.

2. Survey and Analysis of Young People's Investment and Financial Management

Data surveys on young people's views on investment show that young people mainly face issues such as poor self-control, weak awareness of financial management, and insufficient attention to personal credit records^[1]. Most young people are not aware of these bad habits they have developed, and these problems are not isolated cases which deserve our attention. The specific analysis is as follows:

2.1 Poor Self-control Among Young People

Firstly, young people lack a rational mindset when it comes to consumption. Moreover, due to their unstable income, they have difficulty bearing losses. According to the survey and analysis, more than 40% of young people have an unreasonable consumption structure. When faced with new things or entertainment consumption, they find it hard to control themselves and lack restraint in spending, even having a mindset of "entertainment first".

More than 60% of young people have a weak sense of financial management and have little concept of money, regarding money merely as numbers on a mobile phone screen. Among them, 40% of young people lack a plan for their money expenditure. Not only do they have no savings at the end of the month, but they may even borrow money to consume. These bad consumption behaviors can cause serious troubles to young people's current lives. Even after graduating and entering society in the future, they may develop such bad consumption habits, and once formed, these habits are very difficult to change. They especially lack the awareness of financial management.

2.2 Young People's Weak Financial Management Concepts and Single Source of Financial Knowledge

Some young people have realized this practical problem and want to acquire financial knowledge and skills, but they don't know where to start. This indicates that the current financial planning lacks personalized solutions, and is too theoretical to be practical, making it difficult for young people to find suitable financial management methods for themselves. Financial planning is a set of systematic selection schemes, rather than just one or two one-sided methods.

Many young people do not have the opportunity to conduct systematic learning, and thus cannot objectively analyze their own situations. Less than half of the young people obtain their financial knowledge from the publicity of the media and banks. However, the publicity of these financial management methods is often purpose-driven and not suitable for most young people.

2.3 Single Source of Income and Irrational Consumption Structure Among Young People

The daily consumption of young people mainly covers the following aspects:

First, catering consumption accounts for approximately one-third of their total consumption, making it the most prominent consumption category for young people. Second, apparel consumption—including the purchase of clothing, shoes, and other related items—accounts for over 20% of their total expenditure^[2]. For some young people who have just entered the society,

they also need to bear housing costs such as rent.

In terms of daily living, compared with living with their families, young people now have to purchase daily necessities on their own, which has generated new consumption demands. Their daily leisure and entertainment consumption varies from person to person, mainly including activities such as karaoke and gatherings (e.g., birthday parties, club dinners, and class or dormitory get-togethers). Besides, due to romantic relationships, many young people often spend money on gifts or outings, which has also increased their expenditure significantly—some even spend more than half of their living expenses on this aspect.

Most young people are not proficient in financial management, thus becoming typical “moonlighters” (a term referring to those who spend all their income by the end of each month in Chinese). There is even a small number of young people who engage in excessive advance consumption. For instance, some young people with a monthly salary of only 3,000 yuan may have an outstanding debt of up to 6,000 yuan on credit platforms like Huabei. They not only lack the ability to repay the debt but also accumulate more and more liabilities, which adds a burden to their future life.

2.4 Lack of Attention to Personal Credit Records

Young adulthood can be regarded as the final preparation stage before entering society, and how to achieve a smooth transition from a student to a member of the workforce is an aspect that deserves attention. In terms of personal finance, young people have already gained the ability to independently manage their wealth, yet they often lack attention to their personal credit records and fail to recognize the importance of credit reports for their future life in society.

Some young people use credit products such as Huabei, WeChat Pay Later (Weilidai), and JD Baitiao in a blind manner. Due to overspending beyond their repayment capacity, they are unable to settle their dues on time, resulting in payment defaults. However, many such internet-based lending products are actually linked to the national credit reporting system, and such defaults will leave negative marks on their personal credit records.

These negative marks are bound to bring about a series of adverse effects. For example, when applying for a housing loan in the future, they may well be rejected, which will lead to a decline in the quality of life. Moreover, with the improvement of the credit reporting system and the social credit system, their future employment opportunities and even personal development prospects may be hindered.

3. Recommendations for Young People’s Investment Behavior

3.1 Enhance Financial Management Awareness and Establish Rational Consumption Concepts

Wealth accumulation is a two-way process that relies on both income and expenditure. For young people, there is usually limited room to increase their income, which mainly consists of salaries and, in some cases, financial support from their parents. Additionally, young people who have just entered the workforce rarely have the time or opportunity to engage in side jobs to boost their income. Under such circumstances, financial management should prioritize expenditure control: minimizing unnecessary spending and excessive consumption to avoid waste, thereby saving funds and achieving the goal of “expanding income sources while reducing expenditures”.

On this basis, young people can allocate the remaining funds to reasonable investments. Establishing a correct consumption concept is the most crucial step in developing sound financial management awareness, as it lays the foundation for a healthy financial management environment^[3].

3.2 Transform Educational Concepts and Cultivate Financial Management Awareness

The most effective way to help an individual develop financial management awareness and habits is through education. However, this is precisely a weakness in current education systems—whether in schools, society, or families, insufficient attention is paid to the cultivation of financial management concepts. During the student stage, most young people have few opportunities to engage with financial matters; many even lack a basic understanding of monetary management.

Furthermore, even graduates majoring in finance-related fields often fail to form a comprehensive financial value system. When faced with diverse sources of information in society, they tend to feel disoriented. Worse still, high-quality financial management courses—those that truly build practical skills—can only be properly recognized and utilized after individuals have accumulated a certain level of financial experience and capabilities, creating a Catch-22 for young people with limited

prior knowledge.

3.3 Establish Economic Awareness and Avoid Unnecessary Risks

Firstly, many young people who have just entered society lack a rational perspective on money. Having not yet undergone the trials of social life, they fail to form a correct understanding of financial projects that claim high investment returns. They usually only focus on the promised large returns while ignoring the enormous risks involved; in some extreme cases, they may even be lured by illegal investment schemes due to their insufficient ability to distinguish right from wrong.

Moreover, various financial frauds emerge endlessly. Even individuals with social experience struggle to avoid such scams, let alone young people who have little concept of financial management. After entering society and experiencing a certain degree of financial freedom, young people enjoy the right to dispose of their funds independently but lack the ability to identify potential risks. This combination of factors makes young people a high-risk group for financial fraud.

4. Countermeasures for Young People's Investment Behavior

4.1 Select Appropriate Investment Tools

The selection of investment tools is crucial in the investment process. If conditions permit, it is advisable for young people to seek guidance and assistance from individuals with rich investment experience. For instance, some families may have a long history of investment; in such cases, young people can consult these family members to gain insights. A typical example is that some experienced investors have achieved an investment return rate of up to 30% in a year, and young people can learn practical experience and methods of stock investment through communication with them.

Additionally, purchasing insurance is also a viable investment option for young people. In recent years, the insurance industry has developed rapidly, with a wide range of insurance products available to provide people with diverse choices. As the insurance industry gradually improves and people's awareness of insurance increases, more and more individuals are purchasing insurance. Currently, young people may not need to buy a large number of insurance products—usually only accident insurance and medical insurance, or some wealth management insurance policies purchased by their parents^[4]. However, they will inevitably come into contact with more types of insurance in the future. For example, after starting work, they need to participate in at least five types of basic social insurance; after buying a car, they also need to purchase various types of vehicle insurance.

By gaining an early understanding of insurance, young people can more targetedly select insurance products that suit their needs in the future, or provide their parents with reasonable and cost-effective suggestions when the family purchases insurance. The selection of insurance is highly personalized based on individual circumstances; young people can also appropriately purchase some wealth management insurance products, which not only provide a certain level of protection but also yield a certain amount of returns upon maturity.

4.2 Rational Use of Credit Tools

Firstly, credit consumption tools—such as credit cards and credit products like Ant Huabei and JD Baitiao—have become commonplace. With the popularization of electronic payments, shopping has become much more convenient for most people. However, many young people lack an intuitive sense of the decrease in their account balances when making mobile payments, which leads to impulsive and unplanned consumption.

While a simple reduction in account balance is relatively manageable, the reality is that most young people have used credit products like Ant Huabei, and some even use them without restraint. When unable to repay the outstanding amount on time, they often resort to “robbing Peter to pay Paul”—borrowing from one credit platform to repay another. This practice ultimately results in a growing debt burden, which severely disrupts their daily lives, reduces their quality of life, and fosters unhealthy consumption habits.

It is essential to use credit products moderately, as their original purpose is to help improve living conditions—embodied in the concept of “using tomorrow's money to fulfill today's needs.” A typical example is a housing loan, which allows individuals who cannot afford to purchase a house outright to obtain the right to use a property in advance, thereby enhancing their quality of life. When using credit tools, young people should make rational judgments: they must clarify whether the items they intend to purchase are urgently needed and assess their future repayment capacity before using such tools.

Of particular note is the need to repay debts on time. Failure to do so may result in defaults being recorded in personal credit reports, which will have adverse impacts on their future lives.

4.3 Avoid High-Risk Investment Projects

Given that young people have weak economic capacity and only initially stable incomes, they are in a stage where they do not have sufficient funds to invest in the financial market. Therefore, they should avoid high-risk investment projects—especially when they lack the ability to allocate funds rationally. Investing in high-risk, high-return financial projects under such circumstances may lead to an inability to cover the next month's living expenses.

While high-risk projects are accompanied by the potential for high returns, young people, who typically have little investment experience at this stage, tend to face more losses than gains. Furthermore, without a certain amount of flexible funds (i.e., emergency funds), engaging in such investments is more likely to force unwanted changes to their life and development trajectory.

Conclusion

This study collects and analyzes the current problems faced by some young people in financial investment and wealth management, identifies the causes of the lack of investment and financial planning among young people, and provides a variety of investment and financial options for different types of young people based on their specific circumstances.

It particularly emphasizes the importance of establishing personal credit records, aiming to help young people develop a sound awareness of credit and avoid credit-breaking behaviors that may have adverse impacts on their future lives. Additionally, the study points out the approaches to cultivating young people's concepts of investment and financial management—efforts should be made collectively from the perspectives of society, schools, families, and individuals.

Ultimately, the goal is to foster young people with a strong awareness of financial planning, enabling them to better adapt to the needs of social development.

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Conflict of Interests

The authors declare that there is no conflict of interest regarding the publication of this paper.

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