Influences on Young Adults' Financial Behavior and Literacy Through Innovative Financing Models and Management - Insights from Banking Services

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Abstract

There is a rapid change taking place in the financial behavior of the young adults, due to the new developments in financial systems as well as the designs of banking services. With the new digital technologies, individuals aged 18-35 are now more exposed to adventurous financial products and services such as mobile banking, peer to peer lending, and other innovative lending solutions. Unfortunately, limited studies have been conducted to understand how such innovations impact on financial habits of young adults, for instance saving, spending, and investment behavior.

Based on behavioral finance theories, this research seeks to understand both responsible and impulsive financial practices with the use of the digital platforms. This is particularly relevant given that 99% of Gen Z and millennials do their banking on mobile app. This study also considers the sociocultural and economic aspects of the phenomenon such as social networks and peers within which young adults develop financial behaviors.

In the context of Hong Kong, with a high mobile penetration rate of 298.1% and very high level of digital interactions, this study also evaluates how young adults' preferences towards services are affecting the practices of traditional banks. It also considers the importance of financial literacy under the local context in promoting individual's belief in decision-making.

The findings of this research contribute the comprehension of the financial behavior among young adults in Hong Kong in this digitalized era. By incorporating growing importance towards the understanding of digital and traditional banking services, the aim is to look into the emergence of alternative forms of financing and how it shapes the young adults' financing activities.

Keywords: Design innovation, financial literacy, money management, financing model, financial journey

1. Introduction

The financial landscape is undergoing rapid advancement owing to the digital innovations that transform how the young adults and other people to handle, save, and invest money in a completely different manner. People aged 18-35 use traditional banks and also various mobile payment systems and fintech platforms which influence their financial behavior and financial literacy respectively in new ways (Lee et al., 2022). As they pass through stages of life event, for instance, getting their first job, purchasing a house and subsequently saving for future, they tend to engage in activities that have broader economic impact on stability and growth (Silinskas et al., 2021).

With the introduction of mobile app-based banking, lending via internet platforms, and customized services in fintech, there comes the ease of penetration into the market place, but also introduces risks. These digital options can lead one to quick and extravagant purchases thus highlighting the importance of financial literacy (Zhao, 2024). The financial decisions of these individuals are also influenced by other social and cultural elements, such as social media and peer influence (Geenen, 2023).

The paper focuses on the investigation of how new financing models influence the modification of the financial behavior of young adults by analyzing both digital and financial literacy through the basis of behavioral finance theories. Moreover, this research also looks at the extent to which traditional banks adapt their services to the changing needs and expectations of this generation through the application of traditional practices combined with new technologies in an effort to hold their position in the market.

2. Literature Review

2.1 Digital Transformation in Financial Services

The financial services industry is going through a digitalization process through modern technologies in operation, customer experience, and efficiency. This can be seen more obvious in the youth who are more influential to the preference of mobile banking, peer-to-peer lending, and other types of financing rather than traditional banking (Kiseleva, 2020). A survey by the Bennett

(2024) shows that 72% of consumers now favor digital banking via apps or computers.

The industry's commitment is evident, with a majority of institutions planning to increase digital investments to stay competitive. Fintech innovations, supported by strong revenue frameworks, are expanding financial inclusion and shifting consumer behavior, especially among younger users (Joynes, 2019). However, with the increasing integration of newer technologies, some of the incumbent banks have been compelled to lose a considerable number of customers (Jenkins, 2023), while 63% of the managers also pointed out the need to seek for digital transformation strategies in relation to this context. In particular, young generation with technology proficiency is very much familiar with those affordable and accessible loans offered through peer-to-peer lending platforms compared to conventional loans (Teichmann et al., 2024). The switch, therefore, highlights the needs of addressing the problems of adaptation of financial services due to digital transformation in relation with changing demands of customers.

2.2 Behavioral, Sociocultural and Economic Influences

The digital transformation, based on some behavioral finance theories, affects the financial behavior of young adults. It enhances responsible financial behavior and impulsive financial actions due to the ease of using digital tools. (Zhao, 2024). Financial and digital literacy are essential for young adults to make informed choices (Kvartalnyi, 2024), especially as advanced analytics are increasingly embedded into banking platforms (Sinnewe & Nicholso, 2023).

The sociocultural and economic factors of peer influence and social media also play a major role in financial decisions that are made by young adults. Geenen (2023) highlights the popularity of so-called "finfluencers" and financial advice on social platforms about the shifted approaches of young adults to money management. These dynamics together underpin further needs on how digital transformation, combined with social influences, shapes financial behaviors and decision-making.

2.3 Adaptation of Traditional Banking Services

Most conventional banks have been progressively responding to the digital needs of young customers, with 85% of them registering an increase in the interaction of customers on digital platforms (Optima Partners, 2024). This change puts heavy emphasis on the design and use of applications which promotes further evolution in service provision, however, challenges exist. Wade et al. (2023) reported that 31% of the financial institutions either did not aware or were unable to cope with the digital disruption; among those, only 28% are willing to adopt digital transformation. Most of the banks either finds it hard to come up with coherent actions or are resistant to change. Furthermore, 41% exhibit a 'follower' strategy, which makes it possible for the agile players in this market, the fintech firms, to occupy the market easily (Wade et al., 2023). These figures show the importance for the traditional financial institutions to enhance their digital capabilities under the current technological environment.

2.4 Regional Variations in Digital Transformation

There is significant global impact of digital transformation on financial services, though with variations in regions. As one of the prominent financial centers in Asia, Hong Kong (HK) is a representation of such transformations. There is high digital connectivity level, as evidenced by a mobile subscriber rate of 298.1% and broadband penetration of 99.5%, which support the presence of strong infrastructure for digital services that can enable financial players to roll out more digital services (Hong Kong Institute for Monetary and Financial Research, 2023). Furthermore, frameworks such as the Fintech Promotion Roadmap and Fintech 2025 Strategy support the technology adoption in fields like distributed ledger technology, WealthTech, InsurTech, GreenTech, and Artificial Intelligence (Hong Kong Monetary Authority, 2023). These advancements allow innovative financing strategies appeal to young adults in addition to enhancing customer satisfaction, operational procedures, and financial accessibility for the population.

In short, the literature suggests that digital transformation in financial services is significantly impacting young adults' financial behaviors. The interplay between innovative financing models, behavioral finance theories, financial literacy, and sociocultural factors interest in this evolving landscape that warrants further study to fully understand and address the needs of this demographic in the digital financial era. Based on this, we hypothesize: "Innovative financing models, combined with enhanced financial literacy and behavioral insights, will improve young adults' ability to balance short-term financial risks with long-term security in the digital financial landscape." The methodology section explores young adults' financial attitudes, focusing on balancing short-term risks with long-term security and proposes two financing models that aim to empower young adults in managing their finances more effectively while navigating the evolving digital landscape. By proposing innovative solutions within this context, this research seeks to contribute valuable insights that can enhance financial engagement and decision-making among young adults in the digital age.

3. Methods

This research adopted a mixed-method approach in exploring the financial behaviors and attitudes of young adults with a focus on the accommodation of risks in both short-term investment and long-term security. A survey with 38 responses from college students, aged 18-25, provided a baseline on financial behaviors, including risk perceptions and investment choices. In addition, focus groups were done among 12 young adults aged 18-35 in HK, who were categorized into three groups based on their saving habits: good, moderate, and poor saving practices, for the purpose of understanding their perception about the relevance of emergency funds and long-term goals. The findings highlight the different levels of financial literacy and the reasons why young adults find it difficult to manage their short-term risk in achieving the desired goals. In order to encourage better financial behaviors, two innovative models are proposed to address common challenges.

The first model, "Financial Behavior on Fund Investments", addresses the general tendencies on current enjoyment over saving for the future. It is structured around an interactive life simulation game that places users in realistic financial scenarios, allowing them to make decisions about earning, saving, and investing. The game's objective is to gradually build users' investment knowledge by simulating the real-world consequences of their choices, such as risk management, market fluctuations, and long-term financial planning. The design methodology focuses on three key principles. It is composed of a modified Emergency Fund Savings Plan to provide a safety net based on the design methodology focusing on three key principles:

(1) Tailored Savings Goals: Based on the stage of life, personal activity level and their obligations, users determine their financial planning with personal goals.
(2) Emergency Fund Simulations: Due to unforeseen circumstances, e.g., medical expenses, the users experience the need for a cash cushion and encourages the saving behavior.
(3) Educational Prompts and Rewards: When users achieve goals and milestones, they receive rewards and educational prompts, such as better interest rates, to encourage further deposits.

The second model, "Financial Literacy on Investment Decision", operates as a life simulation game that allows users to experience real-world financial situations so as to broaden their investment knowledge. It aims to address the financial challenges posed by a "YOLO" (You Only Live Once) mindset, used to encourage taking risks and making the most of life, that is, prioritizes present enjoyment over future financial security. The game educates young adults about the importance of making decisions such as managing risks and dealing with market changes. The design methodology for this model is based on behavioral intervention techniques and focuses on three key principles:

(1) Scenario-based Learning: Users engage in making decisions between offering a short-term high risk or a long-term low risk investment, encouraging a discrimination between risks and returns of investment.
(2) Progressive Complexity: The financial contexts increase in difficulty in accordance with the users' progression, which mirror the financial planning abilities in the real world.
(3) Reward Systems: Positive reinforcements, like winning prizes, for providing well thought decisions, encourage playing for the long term thinking rather than immediate opportunities.

4. Results

4.1 Findings on Short-term Risk

The survey participants represent a variety of financial backgrounds and employment statuses. About 16% are full-time employed, while 48% are full-time students. In terms of financial support, 34% rely on family assistance, and 45% are self-supporting through part-time or full-time work. Regarding fintech experience, 95% frequently use digital payments and mobile banking, 5% have limited experience with fintech tools for basic payments or transfers, and 11% actively engage with fintech for investment or financial management.

The results from the survey indicate that financial management is a challenging task for most young adults, who are more driven by short-term objectives than long-term strategies, resulting to an insufficient level of savings and financial unsteadiness. The particulars include:

(1) Unreliable Investment Attitudes: In most cases, young adults exhibit worse financial management patterns than the general population, with 35% overspending as opposed to 20% of the total respondents. Financial problems are experienced by 90%, and 42% have low savings. Most of them are short-term goal oriented as a result of the influence of their peers more than that of the market or professionals, causing lack of planning in long-term.

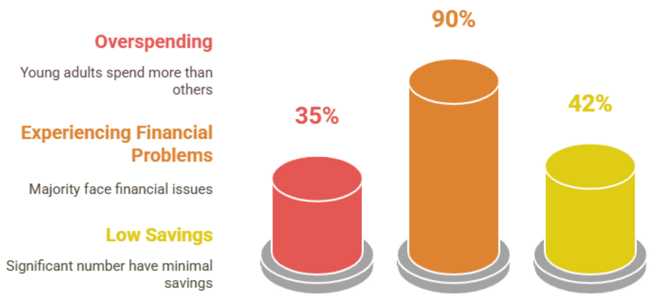

Figure 1: Financial Management Patterns of Young Adults

Source: Created by author

(2) Focus on Near-Term Needs: Almost 49% of young investors prefer engaging in short-term trading as it provides the profits in a very short period of time with the focus on travelling (45%) and real estate (20%). There exists an attitude that saving for old age is pointless, as 62% would rather spend 'surplus' cash than save it for long-term investment purposes, indicating a need for better financial literacy.

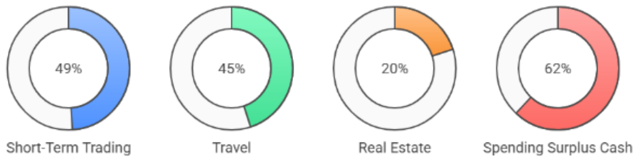

Figure 2: Young Investors' Preferences and Attitudes

Source: Created by author

(3) Limited Financial Capability: 51% of the students and 43% of the young population feeling constrained financially to achieve their goals. Moreover, 62% of them also do not have money available for investment, which shows the poor financial capacity and causes them to resist making any serious investments.

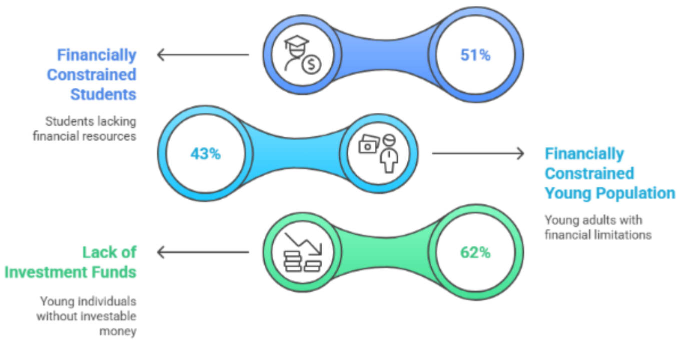

Figure 3: Financial Constraints Among Young Investors

Source: Created by author

(4) Unwillingness Towards Investment: Most young adults do not trust investment experts. Of their expenditures, investments only account for 18%, with almost half of the audience not willing to invest, as they feel it is too risky and do not trust the process. Such negative beliefs limit future opportunities for value appreciation.

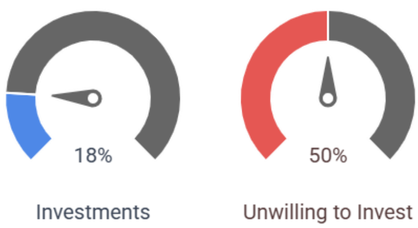

Figure 4: Young Adults' Investment Attitudes

Source: Created by author

Addressing these issues through targeted education and support could foster financial literacy, long-term planning, and greater confidence in personal financial management, helping young adults improve their financial futures.

4.2 Findings on Long-term Security

It was clear that almost all respondents understood the importance of savings and emergency funds, though their financial backgrounds varied. There were 33% employed full-time, 42% working part-time, and 25% being full-time students. Among them, 58% were self-supporting, while 42% relied on family financial support. In terms of fintech experience, 92% frequently used digital banking and mobile payments, but only 25% engaged with fintech for savings or investment purposes. All the participants confirmed the fact that emergency funds are very important in wealth management because they ensure protection from unexpected events. In spite of this knowledge, the majority could hardly find the motivation to pursue active saving for the unexpected expenditures. The following results were obtained:

(1) Influencing Factors: Factors that influenced them to save included high interest rates, peer pressure, and discussions related to money at home. Some discounts or bonuses also gave rise to motivation of saving.

(2) Experiences on Emergency Funds: Some shared their personal experiences of hospital bills and argued that emergency funds had been an excellent way of helping people deal with the financial burden.

(3) Challenges in Saving: Temptation to spend on online shopping and the consumer culture were stated as barriers. Increased cost of living also limiting ability to save. These findings highlight the need to improve financial literacy on saving.

(4) Prevailing Savings Plans and Practices: A greater portion of the respondents had informal saving practices on about 50-70% of their earnings, but did not have a specific emergency fund. They agreed to the need of a well-planned emergency saving practice.

(5) Contingency Plans of Savings: Respondents preferred savings plans that allow interest free withdrawals after a minimum deposit range and within a given time frame, and withdrawal in case of emergency with no restriction to preserve their funds from penalty.

Figure 5: Understanding Young Adults' Saving Habits

Source: Created by author

These findings indicate that targeted financial education, structured savings products, and personalized incentives could effectively foster improved saving habits among young adults.

4.3 Concept of Financial Behavior on Fund Investment

Different life stages are associated with diverse financial challenges and often, some assistance is required to overcome such challenges. Young adults tend to adopt a 'live in the moment' attitude which leans more towards immediate gratification rather than concern for future financial stability. This attitude encourages higher risk actions, which do not always come easy with savings leave alone preparation for the worst that may come. Therefore, there are plans to develop emergency funds saving plan that targets young adults. This will enable them to cushion themselves over their personal challenges with the expectation that they would be financially educated enough to carry out sound decisions.

Our vision is to empower young professionals with a secure and reliable investment approach, emphasizing the critical role of emergency savings as a personal safety net distinct from high-risk investments. The design concept centers around three key themes:

"Boundless" aspect will leverage AI assistance for financial planning, ensuring that users have access to guidance anytime and anywhere, thus eliminating time and location constraints.

"Emergency" component will support users in creating a structured plan to save for emergencies, delivering timely knowledge and effective savings strategies.

"Attractive" feature will offer appealing rewards throughout various saving periods, motivating users to stay committed to their savings plans.

In order to facilitate the individual motivation towards the provided banking services, the user journey experience is purposely designed. The journey is further segmented into the following six phases (Figure 1):

(1) Recognition Phase: The first interaction occurs when users see an advertisement for instance, on Instagram, or when they watch their friends' stories. This simulates their curiosity about taking a fun test on money management techniques, with the opportunity to share the results with others to reach a wider audience.
(2) Discovery Phase: While looking for savings plans on the website or social media, users review all the information about each choice. Therefore, these resources help them choose the best choice. Informational materials like pamphlets and videos assist consumers in comprehending the value of emergency savings and the advantages of the customized solutions offered by the bank.
(3) Decision Phase: Knowing that they have sufficient information to make a choice, users can download the bank app, create an account and choose a saving plan. Suggestions are provided that help the user choose the most appropriate plan that aligns with their preferred financial style based on the quiz. They are able to develop a transparent saving strategy by estimating the amount they will set aside for an emergency fund.
(4) Explore Phase: This is the phase in which users begin to participate in saving with some material gains for their efforts. Constant evaluation of personalities helps assess how the users' financial activity changes over time, review quizzes and tasks provide practice in money management concepts. AI features make financial issues more manageable and straightforward.
(5) Reward Phase: After completing their individual savings activities, members advance to the reward phase, where they can redeem their profits in the form of gift cards or nationwide cashback and receive higher interest rates on their investments. The aforementioned profits support their accomplishment and motivate them to use the platform in the future.
(6) Retention Phase: Lastly, customers are encouraged to take part in a plan of investment that meets their requirements. To ensure the platform's long-term utility and users' financial stability and well-being, tailored guidance and assistance are provided.

Engagement with banking services is another key to ensuring young adults benefit from banking services, especially for our tailored emergency funds saving plan. The approach, emphasizing on the importance of innovation, provides not only financial solutions but also encourages users' involvement in their financial health. The approach emphasizes several key strategies to enhance engagement and ensure that young adults feel empowered and connected to their banking services.

(1) Interactive & Personalized Experiences: At the beginning of the app, users take a personality quiz which allows them to examine their financial practices. This makes the saving plans that follows much more engaging as the service is useful and relevant to the user.
(2) Social Media & Community Building: Applications like Quiz-Instagram support the community by allowing the users to post such quizzes and their scores as well. Such environment motivates the users even more towards the task and also increases the exposure towards the service.
(3) Gamification: Quizzes and rewards for saving are addictive and incentivizes the process. Gamification makes one feel the accomplishments and therefore encourages the use of the service.
(4) Ongoing Support & Education: The app includes passive education, that goes hand in hand with personality testing and AI support, so the users will always be well-prepared and sure about their actions concerning finances.
(5) Incentives for Long-Term Commitment: Incentives such as monetary bonuses in the form of interest rates make it easier for the participants to invest more time and effort into their purposes since it is beneficial for their overall well-being as well.
(6) Feedback Loops: Surveys and feedback requests make sure that the users are valued, which increases their loyalty to the banking service and enables changes to be made on a constant basis.

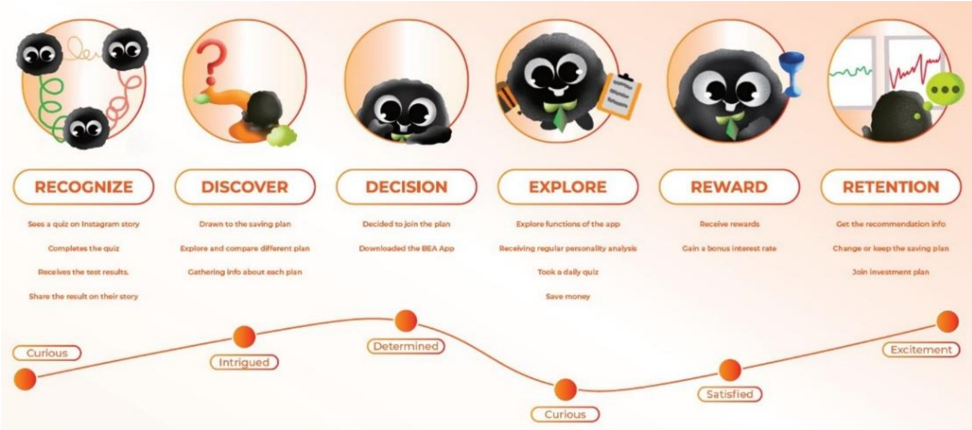

Figure 6: User Journey Phases and User Engagement Overview

Source: Created by author

4.4 Concept of Financial Literacy on Investment Decision

There is often a need among the young adults or student population for quick success, which is attributed to retire early and have a free lifestyle. There is also an inherent tendency to inclined towards sources of information that are apparently superficial, which often results in poor decisions, e.g., they are more ready to engage in vague and volatile quick returns than in slower but safer returns.

This financing model concept seeks to bridge the knowledge gap in personal finance for young beginners by offering a structured, step-by-step approach to investing. Through an engaging life simulation game, users encounter various financial scenarios, allowing them to apply investment knowledge in practical, real-world situations. As they navigate the game, they will earn new features and rewards, capitalizing on good financial practices and reassuring them on how to get better on finance literacy. The core message emphasizes the importance of thoughtful decision-making, promoting the idea that small, consistent actions can lead to significant financial growth over time.

The journey of the user in this financing model is based on interactive learning which allows decision making in the context of real finance. The game gradually exposes players to new financial terms, the aspects of investment understanding, and banking services, thus holding their attention. It promotes the decision optimization as in the real world and hence, encourages using the bank's offerings and enhances the ability to do personal financial management outside the game. The user journey composes of six stages as follows (Figure 2):

(1) Making the Financial Decisions: In every round, users are presented with a range of situations and asked to make financial decisions such as receiving a salary, spending money and earning interest by investing. With time, they begin to learn about investments and understand the outcomes of their behaviors resulting in enhanced financial judgement. Such rounds also serve the purpose of promotion of the appropriate products to the users hence improving the banks presence.

(2) Excitement through the Gacha: Provides random rewards in an investment like manner, encourages users to take chances and motivates them to participate. It rather acts more as a marketing strategy for the bank as it helps associate cashback features in the virtual world with products available in the physical world therefore compelling users to visit the banks and engage with them on social media.

(3) Endless Activities: The user's access to features, news on investment opportunities makes the financial game playable continuously. This activity, from the bank perspective, enhances engaging and branding. It enables bonding of users with offers and incorporating them within their retention span of the customers to these products.

(4) Feature Unlocks: Users gain access to additional features as they play, e.g., advanced tools, aesthetic upgrades. This is a good way to keep users engaged. For the bank, some of the unlocks are meant to drive foot traffic to branches with the promise of unlocks that are only available in-branch, thus increasing service uptake.

(5) Tangible Rewards: There are rewards that are purely monetary in nature, like coupons after completing certain milestones in the online play, enhancing the player's connection to the game and reality. There is also an incentive for going to the branches, where customized attention is provided to members, increasing retention, and trust.

(6) Critical Decision Points: In-game scenarios have important decision phases also found in real-life financial systems such as responding to the changing market and assessing the promotions. These also encourage users to use their financial insights, which contributes to the decision-making process within the game and even outside of it.

Figure 7: User Journey Phases with Linkage to Bank Services and User Incentives
Source: Created by author

In the course of using the application, users cope with different scenarios, which represent real-life and experiential learning, thereby enhancing their capabilities to involve bank services in real-life as well. Linkages to bank services include:

(1) Financial Decision-Making: Real-life appraisals of different financial opportunities are presented to users, who at that point make decisions regarding, e.g., what expenses to incur, what investments to make. Such situations foster financial literacy of users and give them a chance to apply their knowledge at no risk, thus preparing them for real finance management.

(2) Enhancing Banking Products Usage: different players at various levels are shown with different banking products through in-game marketing, helping build commitment and pushing them to further engage with the bank outside the game.

(3) Financial Literacy Gamification: The game is an edutainment piece as there are incentives in the form of rewards as well as Gacha used in the game which provide the users with concepts like risk and returns in finance. It helps addressing the issues of financial literacy effectively, making them interesting and training the players to better decision-making levels.

(4) Bridging Virtual and Real-World Banking: The in-game rewards correspond to the real world in terms of some banking services and privileges available to the users, thus allowing the in-game education to translate into real financial practices. Such close connection between bank and user increases the level of dependency of the bank on the user's financial processes.

(5) Motivating Physical Traffic: The game supplements these with in-game rewards that can be redeemed only at physical locations ensuring that the users make a trip to the said branches. This approach also increases traffic to the branches and allows for the provision of bespoke financial counseling.

(6) Sustaining Long-Term Engagement: The game provides updates, new challenges, and unlockable features so that users remain interested and connected to the bank services from time to time, thus enhancing their financial literacy and helping in building brand loyalty.

(7) Promoting Healthy Financial Practices: The game challenges users on how they react to financial news, promotions or advices given, and this helps in making decisions that are informed, rather than just considering the immediate gains. This fosters a culture of financial literacy and helps young adults in taking responsibilities of their own finances.

5. Discussion

5.1 Financial Attitudes on Short-term Risk

Young adults do not invest their resources in preparation for the future, rather, they spent towards immediate profits, and driven by social influence from their peers. They do not have much willingness to long-term investment and also possess minimal savings which indicates something is wrong with their financial literacy. Besides, a lot of them also spend beyond their means which illustrates the importance of structured financial literacy education.

On the one hand, there is a strong reluctance towards any kinds of risk taking, especially risks associated with financial investments and also the trust toward financial specialists, thus leading to a strong wish to keep the money safe, rather than to invest. This is to be resolved by education on the essence of investments and creation of a favorable relationship with finance management organizations, here also comes the issue how young adults are usually financial constrained and therefore are unable to follow through other ambitions such as investments and general life aspirations. These aspects trigger a need for more motivating and engaging financial literacy products that allow for gradual progression, but also achieve the dream of supporting long-term financial goals of the users.

5.2 Financial Attitudes on Long-term Security

Though most young adults seem to understand the need for an emergency fund, very few are willing to save one since other expenses incur and think there is no urgency to do so. Some of the primary motivators mentioned were: the need to earn, interest rates offered, social factors such as friends and family, and specific milestones to achieve in terms of saving. Furthermore, financial schemes that give bonus rates or promotional discounts were considered useful in enhancing the saving culture. Such saving practices were informally learnt through time when individuals faced certain situations where raising funds for unforeseen events was critical. These views imply that there are scopes for variety of financial tools and communication strategies targeted at young adults that will be able to stimulate the desired financial behavior in saving practices.

5.3 Financial Behavior on Fund Investment

Young adults should be introduced to banking services at an early stage in their lives, as this would encourage them to be responsible in financial management. Tailoring experiences and engagement through social media and gamification, banks can enhance financial knowledge and customer loyalty. The customized emergency funds saving plan caters to unique financial issues and provides updated information, incentives, and relevant materials to enable good saving practices and balance financial stability and personal goals of life. Addressing such issues, in turn, banks promote young adults' engagement into better financial practices, and thus achieve more balance between their financial security as well as their lifestyle goals.

Involving social media, especially for purposes of wider coverage has the potential of enhancing young adults' commitment towards the aspect of financial wellbeing. The model is designed to change their mindset towards finances by promoting savings, investment, and income protection which as a result, promotes the building of a more protected and financially free society. This is also related to the mission of promoting financial inclusion, especially now when the economy is very volatile and fragile. This is in line with the intervention of the banks with respect to financial outreach in that the banks will be able to bear an entire generation with the culture of savings, investing, and the need for a cushion.

5.4 Financial Literacy on Investment Decision

The objective is to recreate real-life scenarios in a way that entertains the users as well as strengthen their financial capabilities. By engaging in decision-making without any real term impact but observable outcomes, the users become more competent to utilize such knowledge in reality. The game on the other hand engages the users by putting the bank's products into the play through advertisements, sponsoring, and incentives. In this way, there is a positive correlation between playing and financial achievements in the game and the services provided by the bank which increases retention. In addition, users are given the motivation to reach respective branches which helps increase their engagement through offering a more direct service of financial consultations which further enhances the bank-customer bond. All in all, it is a win-win situation with users get to learn new things and the bank earns the customers' loyalty over the years.

6. Conclusion

The financial characteristics of young adults exhibit issues regarding the management of short-term risks as well as aspects of planning for long-term security, too much focus immediate goals and unwillingness to invest. Consequently, it suggests the importance of financial education that is geared towards saving for the distant future. People have recognized the need for keeping cash cushion for emergencies. However, there lacks of an associated saving plan with financially attractive products with consumers' appeal. Gamification and personalization may make a change in engagement by providing local relevancy in combination of real-world decision making to develop loyalty. Tailored financial solutions like emergency fund and investment educational pieces will assist young adults in overcoming the financial complexities and will facilitate financial health in the long run.

The research supports the hypothesis that innovative financing models, enhanced financial literacy, and behavioral insights can improve young adults' ability to balance financial risks and security. The survey findings indicate that many young adults lack proper financial knowledge, leading to poor investment decisions, reinforcing the need for targeted financial literacy initiatives. Furthermore, social influences, such as peer pressure and "finfluencers" significantly impact financial behaviors, suggesting that behavioral finance insights should be integrated into financial education and tool development. To address these gaps, this study proposes tailored financial solutions, such as emergency fund mechanisms and gamified investment tools, to encourage better financial habits. By aligning with young adults' behavioral tendencies and improving financial literacy, these solutions can bridge the gap between short-term financial priorities and long-term financial well-being, ultimately fostering greater financial stability in the digital financial landscape.

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