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**A 18-26 ÉVES FIATAL FELNŐTTEK MEGTAKARÍTÁSOKKAL ÉS
BEFEKTETÉSEKKEL KAPCSOLATOS ATTITÚDJE VIENTIANE
FŐVÁROSÁBAN**

**ATTITUDE TOWARD SAVING AND INVESTING AMONG YOUNG
ADULTS AGED 18-26 IN VIENTIANE CAPITAL**

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ABBREVIATIONS

TPB	Theory of Planned Behavior
Lao PDR	The Lao People's Democratic Republic
OECD	Organization for Economic Co-operation and Development

CHAPTER 1. INTRODUCTION

1.1. Background

Achieving long-term financial goals and guaranteeing personal financial stability depends on both saving and investing. Several studies have found a positive correlation between households' economic well-being and their savings and investment habits. (Oquaye, Owusu & Bokpin, 2020; Mandell & Klein, 2009; Prawitz et al., 2006). They improve financial independence and stability (Loibl, Kraybill, & Demay, 2011). Consistent saving habits are the only approach to reaching financial freedom and stability, according to Loibl, Kraybill, & DeMay (2011). Besides personal advantages, savings and investments are essential for promoting national economic development.

The neoclassical theory of economic growth states that more significant savings and investments result in greater wealth creation, promoting economic growth (Solow, 1956). Particularly in financial assets, financial intermediaries can convert personal savings into capital for distribution to enterprises in the productive areas of the economy. This effective distribution raises the productive capacity of firms, thereby supporting ongoing economic development (Harrod, 1939; Mahdzan and Tabiani, 2013; Loayza, Schmidt-Hebbel, & Servén, 2000). Though sound financial practices have economic advantages, many developing countries, where people have difficulties handling their money, have low savings and investment levels.

In Laos, a country with a developing economy, effective saving and investment practices are for individual well-being and national economic stability. Construction, mining, and services sectors have led the Lao economy's average annual growth rate of 5–6% (Asian Development Bank, 2022) over the past ten decades. Despite economic development, financial literacy rates remain low even if many individuals lack the knowledge to make wise financial decisions (OECD, 2016; Morgan, P. J., and L. Q. Trinh, 2019a). Therefore, promoting economic stability and a culture of saving and investment mostly depends on raising financial literacy and improving access to financial services.

Vientiane, the capital of Laos, shows growing numbers of young adults between 18 and 26. Starting the workforce and making major financial decisions, this group is growing in relevance for the future economy of the whole nation. Emphasizing the need of knowing young adults' financial attitudes, Lao PDR is one of the Southeast Asian nation with the youngest population, with an average of 24.1 years old (UNDP, 2022; Statista, 2024). Young people in Vientiane Capital have new possibilities and difficulties handling their money as global financial markets get more reach through digital platforms and financial technologies.

This research paper aims to fill a gap by examining their attitudes toward saving and investing by focusing specifically on young adults in Vientiane. The study seeks to provide insights that can inform the development of effective financial education programs and support policy interventions. A better understanding of this demographic's financial behavior is essential for building an

environment that promotes saving and investing, which is crucial for both individual financial security and broader economic development in Laos.

As a Laotian, growing up in a culture that financial literacy is limited, I have seen the needs and difficulties that young people in my community currently face and experience. I felt compelled to explore how these principles could help my generation back home. In this research paper, I aimed not only to contribute to the academic field but also to raise awareness and encourage every young Laotians to take control of their financial futures more seriously to develop a better quality of living for every young person, communities in my country.

1.2. Problem Statement

Though financial literacy is becoming more important, not much is known about how young people in Vientiane see saving and investing. The current financial literacy studies conducted in Laos have mostly focused on more general issues including the link between financial literacy and fintech adoption in Laos (Morgan and Trinh, 2019b) and financial inclusion and saving behavior. These studies, however, do not particularly probe young people's attitudes toward traditional saving and investment, so highlighting the opportunities and difficulties this generation faces.

This research paper aims to fill the gap by examining the saving and investment practices of young people aged 18 to 26 in Vientiane, the capital of Laos. Given that this age group makes a sizable share of the country's total population and will soon be the main group of national economic development, it is quite crucial to grasp young people's financial attitudes. Young people in Vientiane are navigating a fast-changing financial environment that offers both possibilities and challenges in this age as digital financial services become more accessible and the global financial markets more visible.

By investigating the factors that influence young adults' financial decisions, such as family influence, social norms, and financial education, this study will obtain valuable insights that can assist in developing specialized local and national financial literacy programs. Moreover, understanding the barriers young people face in saving and investing, such as limited financial knowledge or access to financial services, will help policymakers and financial institutions create a better supportive environment for financial development.

The findings of this research paper will contribute to a broader discussion of financial literacy in developing countries, especially Lao PDR, and this study will complement existing studies on financial behaviors in Laos (Morgan and Trinh, 2020). Understanding young adults' attitude and behavior could boost the development of a culture of saving and investing necessary for both national economic stability and personal financial security.

1.3. The Aim and Objective

This study aims to investigate young people aged 18 to 26 in Vientiane Capital's attitudes on saving and investing. This study specifically aims to:

- Understand how important saving and investing are to young adults in Vientiane Capital.
- Identify the key factors influencing their saving and investment decisions.
- Investigate the barriers they face when attempting to save or invest.

By achieving these objectives, this research will provide insights that can inform strategies to enhance financial literacy and promote better financial habits among young adults in Laos.

1.4. Research Questions

The following research question illuminates the purpose of this study: To accomplish the previously stated goals, I must respond to the following queries, which drive and guide my research: “What are young adults’ attitudes toward saving and investing in Vientiane Capital?”

Sub-questions:

1. To what extent do young adults in Vientiane Capital consider saving and investing for their future?
2. What factors influence their saving and investment decisions (e.g., family influence, social norms, and financial education)?
3. What are the barriers people perceive when they start saving or investing?

CHAPTER 2. LITERATURE REVIEW

The purpose of this literature review is to explore the existing research on financial literacy, saving, and investment behaviors and the factors that influence these financial practices. By reviewing relevant studies, this section will provide the necessary context for understanding the financial attitudes of young adults aged 18–26 in Vientiane, Laos. The review will also determine gaps in the current body of literature, especially how young people in underdeveloped countries approach saving and investing and the obstacles they encounter in interacting with these behaviors.

Four main themes will be covered in this literature study:

- Financial Literacy: Understanding how financial literacy affects saving and investment practices helps one to make better decisions.
- Saving and Investing Behaviors: Explore how young people, especially those from developing countries, are addressing saving and investing.
- Barriers to Financial Practices: Discussing the common obstacles preventing young people when they start saving or investing.
- Social and Cultural Influences: Considering the importance of family, social norms, and education in influencing financial behaviors. The influence of these factors is especially significant in Southeast Asian contexts, where family and social structures heavily impact decision-making.

2.1. Definitions of Key Concepts

2.1.1. Saving

In general, the concept of 'saving' refers to a precautionary strategy of allocating current financial resources to handle future monetary obligations arising from uncertain cash inflows (Lugilde et al., 2018). Saving serves as a financial safeguard for individuals, particularly in a weak economic situation of irregular income, and it remains an essential approach for achieving long-term objectives in life. According to Gersovitz (1988), the concept of "saving" is defined as the deliberate decision to forgo immediate consumption in favor of accumulating capital, with the expectation that this capital will generate future returns.

There are different ways of saving money, each good for a different reason. For instance, precautionary saving primarily serves to have additional funds for unplanned costs like medical emergencies or losing your job (Lugilde et al., 2018). When the economy is uncertain, people tend to save more to protect themselves from possible financial risks. According to Lugilde et al (2018), it happens when people are unaware of how much money they will make in the future. This makes them spend less now and save more to protect themselves from future financial instability (Lugilde et al., 2018)

By contrast, saving for investment or retirement emphasizes long-term wealth accumulation to guarantee future financial stability, especially in retirement. Since defined-contribution plans have progressively replaced defined advantage ideas, individuals are now more accountable for establishing retirement goals and managing their assets to guarantee enough income during their retirement years (Ring, Lowe, and Luu, 2024b).

Furthermore, it is important to distinguish between saving and investing since, although they are closely related, the two ideas are not synonyms. While investing uses capital—often in a liquid or low-risk form—saving is the accumulation of capital—often in a liquid or low-risk form—that is used to generate returns via other financial instruments, such as stocks, bonds, or real estate. Although savings form the basis, investments are the tool used over time to increase that capital (Mankiw, 2021).

2.1.2. Investing

Investing is distributing these funds to several assets meant to yield returns over time (Picardo, 2024). Investment is meant to increase wealth through possible capital appreciation, dividends, or interest (Molina and Wilestari, 2023), unlike saving, which mostly seeks to preserve wealth. The main difference between the two is the risk-return trade-off: while saving usually carries a lower risk than investing, both provide the possibility for rather large rewards.

Stocks, bonds, real estate, and commodities are among the most common of the several investment kinds classified into different asset classes. Every asset type presents different expected risks and returns. For example, although they offer more possible returns, stocks or equities expose one to more market volatility. Moreover, bonds, especially government bonds, offer reduced but more consistent returns, which are generally considered as a safer investment than stocks and hence a better choice for risk-averse investors. Real estate and commodities also offer chances for notable returns, but they can be influenced by economic cycles, interest rates, and market swings (Mankiw, 2021).

Building long-term financial stability, especially in preparation for retirement, is one main reason one invests. Particularly with the change from defined-benefit to defined-contribution pension plans, people are increasingly in charge of managing their own retirement funds in modern economies (Clark and D'Ambrosio, 2003). Apart from conventional investments, the development of alternative investment options including hedge funds, private equity, and cryptocurrencies has given investors fresh means of diversifying their portfolios. Although these substitutes often carry more risks, they also provide significant returns, so giving sophisticated investors more chances for capital growth.

2.2. Importance of Financial Literacy and Behavior

A rapidly globalizing world has led to the increasing recognition of financial literacy as a critical element of responsible financial behavior. Financially savvy people are better adapted to handle their resources, plan future budgets, negotiate difficult financial products including loans, investments, and retirement funds. A basic component of financial literacy is not only knowledge of financial concepts but also the ability to apply this knowledge in making informed decisions that favorably influence one's financial well-being (Andarsari & Ningtyas, 2019).

Globally, the level of financial literacy greatly influences the economic behavior of young people. Various studies have indicated that it enables young people to properly save, budget, invest, and control their expenses. Better financial literacy produces better financial results including more active participation in the financial market, lower debt, and higher savings (Zubairu, Mac-Charley & Amanquah, 2024.). Studies on financial literacy have also shown that among young people in Spain (Mancebón et al., 2018), Turkey (Aydin and Selcuk, 2019), and Cyprus (Andreou and Philip, 2018), financial literacy improves financial behavior among these different countries. In weak economic times, the future economic environment is erratic; hence, the relationship between financial literacy and behavior becomes more important since financially literate people are more resistant to financial shocks including personal financial crises or recessions (Dwiastanti, 2015).

Long-term planning, particularly retirement planning, is also influenced by financial literacy. According to Lusardi and Mitchell (2007), individuals with a better understanding of financial education are more likely to take part in retirement savings programs and are more adept at building wealth over their lifetime. The fact that it is clear in many different demographic groups and geographical areas highlights the general relevance of financial literacy and financial behavior. Many developed nations include financial literacy initiatives into their curricula, which help individuals toward an early awareness of significant financial knowledge including compound interest, inflation, and risk management (Nicolini, 2019). Researchers suggest that people in these areas show more sophisticated debt management practices as well as more participation in savings and investment programs (Andarsari & Ningtyas, 2019). There has been a strong focus on raising financial literacy to help solve problems, including high credit card debt and insufficient retirement savings in advanced countries like the United States of America and Canada (Park, 2020). Studies also highlight how improved financial literacy results in better financial practices, including investing possibilities and retirement savings.

On the other hand, many developing and undeveloped countries have a noticeable lack of financial literacy. People living in these regions often need more knowledge to make wise financial decisions, which makes it challenging for individuals to participate in an efficient financial system (Dwiastanti 2015). Lower rates of savings, less options for investments, and more dependence on unofficial financial services follow from this disparity. Studies reveal low rates of financial literacy in countries including Indonesia and other parts of Southeast Asia; many people either lack access to official financial services or enough knowledge of financial products. Effective financial

management becomes more challenging in these circumstances, which sometimes leads to bad financial practices including inadequate savings or too great reliance on debt (Dwiastanti 2015). Moreover, young people make a rather vulnerable group regarding financial behavior. Usually without the guidance or direction of their parents or financial advisers, they are at a turning point in life and have to start making significant financial decisions. Studies reveal that young people lacking financial knowledge make poor financial choices including too much debt and inadequate future savings (Park, 2021; Yasman, 2020). Young people's financial autonomy and long-standing stability thus depend on their degree of financial education.

In conclusion, the global significance of financial literacy cannot be overstated. It is critical in determining how people manage their finances, with far-reaching consequences for savings behavior, debt management, investment participation, and overall economic well-being (Shi, Ali, and Leong, 2024). Improving financial behavior and promoting economic development in underdeveloped nations like Laos depend on financial literacy as a key instrument. Helping young people to acquire the financial knowledge and skills required to make wise financial decisions will enable them to contribute to the national growth.

2.3. Financial Literacy, Saving, and Investing Behaviors in Laos

The differences in financial literacy are more evident. Many people from lower-income demographics, especially in developing countries, are deprived of basic financial knowledge. Lack of financial literacy leads to less than ideal financial decisions, such inadequate involvement in investment possibilities or savings. (Park, 2021). Developing an individual's financial education not only benefits them personally but also advances the overall economic growth of the country by facilitating financial inclusion and enhancing access to financial services

2.3.1. Financial Literacy in Laos

The financial literacy landscape in Laos offers both prospects and obstacles, especially for young adults facing an unpredictable economy. According to a survey conducted by the OECD in 2016, along with the compilation of survey data by Morgan, P. J., and L. Q. Trinh (2019b), it shows that the Lao PDR's average financial literacy score is 12.5 out of a total of 21 points, as illustrated in (Figure 1). Compared to other countries in the region, Laos shows rather a poor rating in financial education at 3.7 scores, financial behavior at 5.5 scores, and financial attitudes at 3.3 scores. These statistics indicate a knowledge gap that constrains wise financial decisions, especially regarding saving and investing. On the other hand, countries like the Republic of Korea and Indonesia show higher scores in both financial behavior and knowledge, indicating substantial potential for enhancement in Laos.

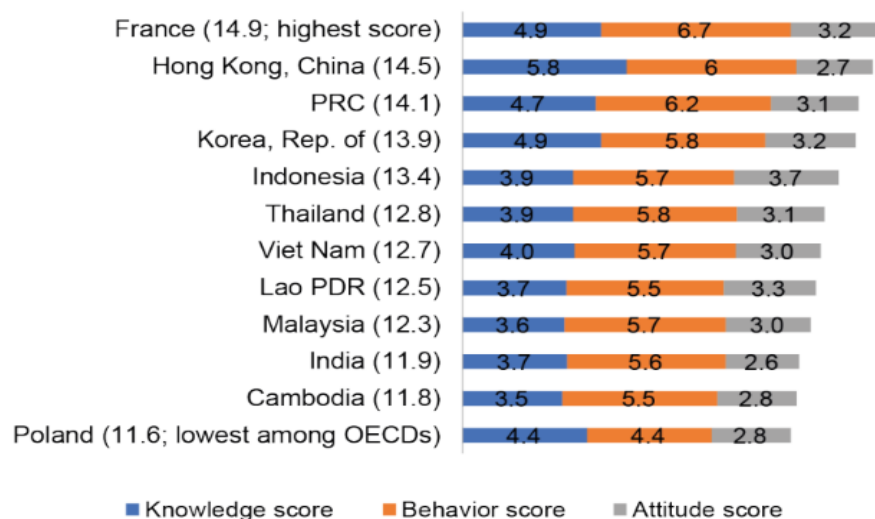


Figure 1: Financial Literacy Scores

Source: (OECD/INFE International Survey of Adult Financial Literacy Competencies, 2016) and (Morgan, P. J. and L. Q. Trinh. 2019b.)

	All	Urban Residents	Rural Residents	Women	Men	Aged Under 30	Aged from 30–60
Lao PDR							
Financial knowledge	3.68	3.82	3.63	3.58	3.79	3.67	3.70
Knowledgeable people (%)	29.8%	34.2%	28.2%	27.9%	32.1%	29.2%	30.3%
Financially “savvy” behavior	5.55	5.67	5.51	5.58	5.50	5.33	5.75
Financial attitude	3.26	3.34	3.24	3.25	3.28	3.38	3.26
Financial literacy	12.49	12.83	12.37	12.42	12.57	12.38	12.71
Financial inclusion	2.59	2.97	2.46	2.56	2.63	2.48	2.66
Formal savings (last 2 years)	24.0%	33.1%	20.8%	24.1%	23.9%	24.7%	22.0%
	Aged Over 60	People with Some Education	People with Some Secondary Education	People with Some Primary Education and Lower		Below Median	Above Median
Lao PDR							
Financial knowledge	3.58	4.20	3.90	3.45		3.46	3.96
Knowledgeable people (%)	28.9%	43.6%	33.6%	25.0%		25.0%	35.9%
Financially “savvy” behavior	5.07	5.94	5.69	5.41		5.32	5.84
Financial attitude	3.04	3.53	3.31	3.18		3.17	3.39
Financial literacy	11.69	13.67	12.90	12.04		11.94	13.19
Financial inclusion	2.52	3.35	2.89	2.28		2.25	3.04
Formal savings (last 2 years)	32.0%	41.8%	31.5%	16.2%		15.5%	35.0%

Table 1: Financial Literacy and Financial Inclusion Scores in the Lao PDR

Source: (Morgan, P. J. and L. Q. Trinh. 2019a.)

Based on financial literacy and inclusion scores for respondent traits from Morgan, P. J. and L. Q. Trinh (2019a). The results of (*Table 1*) highlight even more the variations in financial literacy among several demographic groups in Laos. For instance, although urbanites have a somewhat higher financial knowledge score 3.82 than rural people 3.63 both groups show rather similar saving and investing habits. This suggests that the knowledge gap is common in many different geographical areas, even if limited access to financial services may cause extra difficulties for rural people.

Men score higher than women in financial knowledge (3.79 for men vs. 3.58 for women), so indicating gender variations in financial literacy as well. This gender disparity reflects a typical pattern in developing nations, where women's capacity to participate in saving and investment activities is affected by their often lack of access to financial education and services.

2.3.2. Saving and Investment Behaviors in Laos

Though their investment patterns remain limited, young people in Laos do engage in saving activities in despite barriers in financial literacy. *Table 1* shows that around 24.7% of those under thirty say they have formally saved money over the past two years. Financial inclusion is still weak, though, with young adults scoring 2.63 suggesting many still rely on unofficial savings tools instead of official banking products.

Furthermore, the 3.3 attitude score from (*Figure 1*) indicates that young people are risk-averse and would rather save in low-risk, easily accessible accounts than invest in higher-risk, higher-return possibilities such stocks or bonds. Social and cultural norms support this cautious attitude to money since saving is considered as a safer and more acceptable behavior than investing.

2.3.3. Social and Cultural Influences on Financial Behavior

Young people's financial behavior in Laos is much influenced by social and cultural elements. Particularly in rural areas, where formal financial education is scarce, family is highly relied upon for financial direction. The statistics in *Table 1* clearly show this: rural residents participate less in official savings and have less financial literacy than their urban counterparts. Depending on family reveals a larger cultural trend whereby financial knowledge is passed down informally and older generations often guide the financial decisions of younger members.

In Laos, cultural attitudes also highlight financial conservatism—that is, the inclination for saving rather than investment. The cultural emphasis on saving as a means of achieving financial stability fuels opposition to participating in riskier financial ventures including investing. Family expectations often determine financial behaviors; young people are advised to put immediate financial needs above long-term development. (*Figure 1*) shows this trend quite clearly: attitudes toward risk-taking investments remain low. These results complement the studies by Shim et al. (2009) showing, especially in collectivist societies, family is a major determinant of financial

attitudes and practices. Family expectations have especially great influence in Laos, where family ties are strong and financial decisions are usually taken groupwise.

Additionally, the cultural focus on family responsibilities can lead individuals to prioritize saving for immediate family needs the most importance over long-term financial goals. Shim et al. (2009) claim that by guiding young people toward financially conservative behavior and inspiring risky investment decisions, parents and relatives significantly influence young adults' financial socializing in these environments. This impact emphasizes the need to include cultural background in financial education programs and policies meant to raise young adults' financial literacy and investment involvement in Laos.

2.3.4. Barriers to Saving and Investing in Laos

For young adults living in Laos, saving and investing present certain challenges. These statistical numbers show low financial literacy and inclusion ratings across many demographics and represent these obstacles (*Figure 1 & Table 1*).

For the rural area, the financial knowledge score is quite low at 3.7 from (*Figure 1*) and similar findings in (*Table 1*) highlight the many young people lacking the necessary knowledge to make sound financial decisions. More sophisticated financial products, including investment options, which are often avoided due to perceived risks, also suffer from this ignorance.

One of Laos's main challenges remains financial inclusion. (*Table 1*) shows young people under 30 years old with a score of only 2.63 on financial inclusion, suggesting restricted access to official financial services. In rural areas, where the financial inclusion score declines to 2.46, this is extremely significant. Young people are less likely to save in safe bank accounts or participate in investment activities without access to official financial institutions.

With a low financial attitude score of 3.3, the data from (*Figure 1*) underlines the risk-averse character of young adults in Laos. The results in (*Table 1*), where financial attitude scores remain low across all demographics, also help to support this. Young Laotians would rather save in low-risk accounts rather than invest in assets that could yield higher returns but carry more risk. Therefore, unpredictable economics and instability can explain their cautious approach. Furthermore, influencing the conservative financial practices observed in Laos are social and cultural factors. As shown in (*Table 1*), especially in rural areas and among women, family and social conventions are quite important in forming financial attitudes. Cultural expectations that give financial security top priority over wealth accumulation by risk-taking support the dependence on unofficial financial systems and the general inclination for saving over investing.

Young adults' financial literacy, saving, and investment behavior are influenced by low financial knowledge, limited access to financial products and services, economic instability, and cultural attitudes toward risk all combined. According to *Figure 1* and *Table 1*, the barriers keeping young

people from participating in more advanced financial activities like investing are financial education and inclusion. By focusing on the financial educational system and access to financial services improvement, boosting a more financially literate and empowered population in Laos.

2.4. Theoretical Framework

The Theory of Planned Behavior (TPB) and Behavioral Finance Theory are the main theoretical frameworks used in this study, which help to explore the factors influencing young adults' attitudes toward saving and investment in Vientiane Capital. TPB provides a thorough understanding of how personal beliefs, social influences, and perceived control over behavior affect the processes of decision-making. Particularly in terms of knowledge of the cognitive biases affecting financial behavior, the Behavioral Finance Theory offers insights complementary to TPB.

Theory of Planned Behavior (TPB)

According to Ajzen, I. (1991), the Theory of Planned Behavior (TPB) emerged in 1980, originally developed from the Theory of Reasoned Action. It explains how likely people are to act in certain ways depending on situations under human control. Fundamentally, behavioral intentions are determined by people's perceptions of the possible results of their activities and their evaluations of the risks and benefits involved—is what drives behavior. Three fundamental elements, according to the theory of Planned Behavior, shape an individual's intentions and later behavior: attitudes, subjective norms, and perceived behavioral control. The (Figure 2) aesthetically shows these elements:

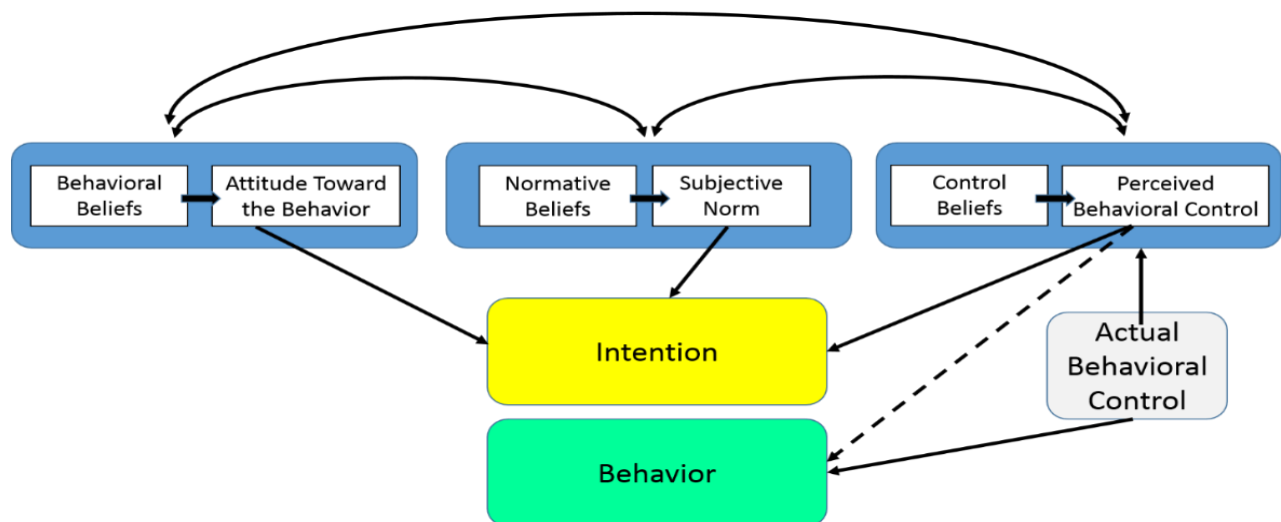


Figure 2: Model of Theory of Planned Behavior

Source: (LaMorte, W., 2018)

The TPB diagram illustrates how:

1. Behavioral Beliefs → Attitude Toward Behavior:

Young adults form attitudes toward saving and investing based on their beliefs about the outcomes of these actions. For instance, those who believe that saving leads to financial security or that investing yields long-term wealth are more likely to develop positive attitudes toward these behaviors. Conversely, those who perceive investing as too risky may hold negative attitudes.

2. Normative Beliefs → Subjective Norms:

Social and family expectations help to define individual norms. Family influence plays a major role in financial behavior—especially saving—in Laos. Imagine young people believing their family or friends support and value saving. In such situations, even if they lack the financial knowledge to make the best decisions, they are more likely to comply with these social expectations.

3. Control Beliefs → Perceived Behavioral Control:

This component reflects an individual's confidence in their ability to perform the behavior. For young adults in Laos, perceived behavioral control is often influenced by their access to financial services and their level of financial literacy. Those who feel they lack the knowledge or resources to invest may believe that they are unable to engage in such financial activities, which limits their participation in investment opportunities.

These three elements taken together contribute to a person's intention to engage in specific behaviors, whether saving or investing, which then results in actual behavior. Furthermore, the (*figure 2*) illustrates the connection between perceived and actual behavioral control, thereby emphasizing how directly perceived control determines whether a person carries out their intention.

Complementary Insights from Behavioral Finance Theory

While TPB concentrates on the interaction between attitudes, social influences, and perceived control, Hayes (2024) demonstrates the way psychological prejudices and emotional reactions affect financial decision-making, so often resulting in irrational behavior. It questions conventional economic theories based on the assumption that people are logical actors, always basing their decisions on logical calculations and complete information. The behavioral finance theory provides understanding of the psychological prejudices influencing financial decisions. Among the numerous biases identified in the literature, this study highlights the following three as particularly relevant as the following:

1. **Present Bias:** Many young people prioritize immediate spending rather than long-term saving or investment, leading them to face present bias. Even though they aware the long-term advantages of these behaviors, this bias can make them less inclined to save or invest.

2. **Loss Aversion:** Young adults may want to avoid losses more than seek gains. Despite the potential for higher returns, this bias explains why they could be reluctant to invest in riskier financial products such as stocks or cryptocurrencies. They might counteract negative attitudes or intentions, guiding more conservative financial behavior.
3. **Ambiguity Aversion:** They could prefer to avoid risky options due to unpredictable outcomes or limited financial education. They might see the risky investments as ambiguous or hard to understand, making them avoid these options.

In conclusion, the Theory of Planned Behavior (TPB) provides a strong framework for analyzing how attitudes, subjective norms, and perceived behavioral controls affect young people's saving and investing activities in Vientiane (*Figure 3*). Combining TPB with Behavioral Finance Theory concepts, we can fully understand how psychological biases influence the financial behavior of young people, including present bias, loss aversion, and ambiguity aversion. These ideas taken together offer a thorough grasp of the elements influencing young people's financial decisions in Vientiane Capital.

2.5. Gaps in Literature

Though the literature on financial literacy and behavior in undeveloped and developing countries is increasing, there are several gaps in the research, especially concerning young people in Vientiane Capital or even in Lao PDR. Most studies on financial literacy and behavior in developing countries tend to concentrate on broad age groups or specific demographics, such as women or whole populations in the country (Morgan and Trinh, 2020), thereby limiting the attention paid to young adults in Vientiane Capital. Particularly targeted research aimed at young population between the ages of 18 and 26 is lacking, a vital population negotiating the complexity of a changing economy like that of Vientiane, Laos. Understanding the viewpoints and behaviors of this group is crucial since they will be future contributors to the economy who will affect the financial stability and expansion of the nation.

Although most of the current research concentrates on basic financial literacy and saving practices, it offers scant understanding of the attitudes young people have toward investing in developing nations like Laos (Lusardi and Mitchell, 2014). Underexplored are investing behaviors and attitudes, including the readiness to use more high-risk financial products. This disparity deprives legislators and financial institutions of the required information for developing focused initiatives motivating young people to become involved in long-term wealth-building activities.

While some studies note how social norms and cultural expectations affect financial behavior, there is little research, especially looking at how these elements affect saving and investing activities among young people in Laos (Lusardi, 2019). Given Laos's strong collectivist culture, in which family and community expectations have a major influence, understanding how these social factors

affect financial decisions is crucial. Without these facts, initiatives to increase financial literacy could not fit the socio-cultural reality that young people in Laos live with.

According to Park and Mercado (2019), a search on financial inclusion and investment participation has shown that low financial literacy and limited access to financial services are among the barriers to saving and investing in developing countries. On the other hand, there are few studies on the specific difficulties young people in Vientiane face, especially those related to investment participation and experiences. Awareness of these challenges, such as psychological elements like risk aversion, present bias, and ambiguity aversion, can help to develop customized approaches to encourage financial inclusion and investment behavior in this demographic (Thaler, 1988).

Despite behavioral theories such as the Behavioral Finance Theory and the Theory of Planned Behavior (TPB) offering interesting models for understanding financial behavior, they are rarely applied in studies targeting young adults in Vientiane Capital. Combining these theoretical frameworks can help to gain a better insight into how attitudes, social influences, and cognitive biases affect financial behavior among young adults in developing countries like Laos.

2.6. Summary and Justification for Research

The body of studies on financial literacy, saving, and investing practices in underdeveloped nations highlights the need for financial education to advance personal financial growth and economic stability. Research underlines how young adults' financial behavior is influenced by knowledge, attitudes, social conventions, and financial service access. But as the literature review shows, especially with young people in Laos, there are major gaps. Though it is still unevenly distributed, particularly in Laos as a developing nation, financial literacy is crucial for enabling people to make wise financial decisions. Furthermore, indicated by the literature are inadequate saving and investment practices resulting from low financial literacy (Lusardi and Mitchell, 2014; Morgan and Trinh, 2019b).

Even with efforts to promote financial inclusion, low financial knowledge, limited access to services, and cultural norms are the main obstacles young people experience when actively engaging in saving and investing practices. Literary works draw attention to these challenges but fall short of explaining how especially they affect young people between the ages of 18 and 26 (Morgan and Trinh, 2020). Financial behavior in developing nations is much influenced by social and cultural expectations (Lusardi, 2019). However, research specifically on the value of family and community standards in influencing the financial attitudes of young adults in Laos is rare.

Justification for This Research

This paper is justified for the following reasons, considering the gaps found in the literature:

Focusing on young people from the ages of 18 to 26 in the Vientiane Capital helps to close the gap in the financial attitudes and behaviors of a population vital to Laos's economic development. The outcomes can offer insights on the financial needs and preferences of this group, so establishing a foundation for tailored financial education initiatives and legislative changes. This study fills in this void by investigating at both saving and investing concurrently, so offering a more whole picture of young people's financial activities in Laos. By understanding how young adults view both saving and investing, policymakers and financial institutions can design better financial education systems, financial products, and services that encourage long-term financial planning.

This paper provides a structured and theoretical knowledge of financial behavior through the application of the Theory of Planned Behavior (TPB) and concepts of Behavioral Finance Theory. These theoretical combinations enable the study to investigate the social and psychological dimensions (e.g., social norms and cognitive biases) influencing saving and investing behavior in addition to the logical elements of financial decision-making, for instance, financial knowledge and access.

The study aims to deliver insightful analysis that might guide private and public organizations, financial educators, and policymakers in Laos. Knowing certain points of view, knowledge gaps, and challenges faced by young people will help to promote the outcomes of this study, producing more successful formal financial literacy projects and policies suitable for Vientiane's requirements and preferences.

All things considered, the research of the literature stresses the need to address the financial literacy needs and behaviors of young people in Laos. Emphasizing closing the knowledge gaps about the financial attitudes of this group, analysis of both saving and investment practices, and strong theoretical framework application justifies this study. The findings of the study will help to guide targeted educational programs and laws meant to support stability for young people in Laos and financial inclusion.

CHAPTER 3. RESEARCH METHODOLOGY

This chapter explores the research methodology section consists of primary research, research design, sampling, data collection, data analysis, and ethical considerations

3.1. Primary Research

I have conducted an online survey to investigate the attitudes of young adults aged 18 to 26 in Vientiane Capital toward saving and investing. This study aims to understand how this demographic perceives the importance of saving and investing for their future, the factors influencing their financial behaviors, and the barriers preventing them when trying to save or invest.

3.2. Research Design

This study uses a quantitative research design to investigate young people between the ages of 18 and 26 in Vientiane Capital's attitudes toward investing and saving. The study used quantitative research because it helps the collection of standardized data from a large sample, which allows for the measurement and statistical analysis of variables such as financial literacy, attitudes toward saving and investing, and the influence of social and cultural norms (Rahi, 2017).

Quantitative research is suitable for this study for these reasons:

- Generalizability: A significant sample size enables results more closely reflecting the population of young adults in Vientiane. This suggests that the findings may be applied to a broader audience with higher confidence. (Rahi, 2017).
- Standardization: Structured questions assure consistent responses from all respondents, allowing direct comparisons of answers and reliable statistical calculation.
- Objective Data: By utilizing statistical data gathered through closed-ended questions and Likert scales, it obtains objective assessments of attitudes, behaviors, and barriers, which reduce researcher bias.
- Efficiency: Surveys are efficient for collecting data for gathering data from an extensive number of respondents in a rather limited time. This is especially helpful in this study since understanding the financial behaviors of young adults in Laos depends on timely data collection.

3.3. Sampling

The study's target population is young adults between the ages of 18 and 26 who live in Vientiane Capital, the largest urban area in Laos. This group was selected since they constitute a significant portion of the population making significant financial decisions, entering the workforce, and influencing the future economy of the entire country. Understanding their attitudes toward saving

and investing is essential for developing effective financial education programs and policies (Yasman, 2024b). To estimate the population size of young adults within this age range in 2025, I used data projections and calculated the relevant subgroups.

Population Estimation

Population data for nearby age ranges were used to estimate the number of young adults aged 18-26 in Vientiane. According to the Lao Statistics Bureau, the estimated young population in Vientiane is as follows:

Table 2: Laos Statistics Bureau, 2023. Population Pyramid Estimated in 2025

ຄາດຄະເນຜົນລະເມືອງ ແບ່ງຕາມໜວດອາຍຸ ແລະ ເພດ:2015-2045, ນະຄອນຫຼວງວຽງຈັນ(2025)

	ລວມ	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49
ລວມ	1,048,170	87,568	92,499	78,304	72,646	77,037	98,653	113,497	94,681	81,181	64,314
ຊາຍ	517,090	44,595	47,141	39,891	36,444	37,991	48,599	56,462	45,968	39,111	31,208
ຍິງ	531,080	42,973	45,358	38,413	36,203	39,046	50,053	57,035	48,712	42,070	33,106

Source: Laos Statistics Bureau (2023)

- 15-19 years old: 72,646 individuals
- 20-24 years old: 77,037 individuals
- 25-29 years old: 98,653 individuals

By assuming an equal distribution of individuals within each five-year age group, the number of 18-26-year-olds can be estimated as follows:

1. **18-19 years old:** Since 18-19 is 2 out of 5 years in the 15-19 group, calculated $\frac{2}{5}$ of 72,646, giving us approximately **29,058** individuals.
2. **20-24 years old:** The entire population of the 20-24 age group is included. Estimated population = 77,037 individuals.
3. **25-26 years old:** Since 25-26 is 2 out of 5 years in the 25-29 group, calculated $\frac{2}{5}$ of 98,653, giving us approximately **39,461** individuals.

By summing these values, the total estimated population of young adults aged 18-26 in Vientiane is approximately **145,556** individuals.

Sample Size Determination

The Krejcie and Morgan (1970) formula was used for this study to determine the suitable sample size. This method is widely used for calculating sample sizes based on the total population of the chosen areas and provides an effective method for calculating an appropriate sample size, given a defined level of confidence and margin of error.

The Krejcie and Morgan formula is as follows:

$$S = \frac{d^2 \times (N - 1) + X^2 \times (1 - P)}{X^2 \times N \times P \times (1 - P)}$$

Where:

S is the sample size.

X is the Z-value (1.96 for a 95% confidence level).

N is the population size.

P is the population proportion (assumed to be 0.5 for maximum variability).

d is the degree of accuracy (typically set at 0.05).

Using this formula, for a population size of approximately **145,556**, the ideal sample size would be approximately **384** respondents for a 95% confidence level and a 5% margin of error. However, due to practical constraints such as time and access, the study will aim to collect data from a smaller but representative sample of **250** participants.

While a smaller sample size may slightly reduce the generalizability of the results, it will still provide valuable insights into the attitudes and behaviors of young adults in Vientiane. The convenience sampling method will be used to gather data from readily available individuals willing to participate, ensuring that the study can be completed within the allotted time frame.

Inclusion Criteria

Participants in the study must meet the following criteria:

- Participants must be between 18 and 26 years old.
- Participants must live in Vientiane Capital, Laos.
- Participants must voluntarily agree to contribute to the study, after being informed of the study's purpose, their rights, and confidentiality.

Sampling Method

This study utilized a non-probability convenience sampling method. Convenience sampling is appropriate due to the time constraints and the difficulty of accessing a fully randomized sample of young adults in Vientiane. Through the application of convenience sampling, the researcher can collect data from readily accessible and willing participants, including students, employees, or social media users from Vientiane. Although convenience sampling has constraints regarding generalizability, it offers a practical method for collecting data from the target population within the study's time frame (Rahi, 2017). Efforts will be made to include a diverse range of respondents from different socioeconomic backgrounds to ensure that the sample accurately represents the population's heterogeneity.

3.4. Data Collection Methods

This study's main data came from a self-administered survey designed to gather quantitative information on the financial literacy, savings, and investment habits of young people aged 18 to 26 in Vientiane Capital. The online survey consists of closed questions, such as multiple choice and Likert scale questions, sent via several channels to ensure broad participation and help gather data on the respondents' financial attitudes and behaviors.

Survey Instrument

The survey was divided into 5 sections, each designed to collect specific information related to the study's research questions:

- **Demographic Information:** included age, gender, employment status, and monthly income.
- **Financial Literacy:** This included assessing respondents' knowledge of basic financial concepts like saving, investing, compound interest, risk involvement.
- **Saving and Investment Behavior:** focusing on the respondents' current saving and investment habits, the types of financial products they use, and whether they engage in investment practices, etc.
- **Attitudes Toward Saving and Investing:** Using Likert scales to measure respondents' attitudes toward the importance of saving and investing for their financial future.
- **Barriers to Financial Behavior:** Identifying the obstacles preventing respondents from saving or investing.

Survey Distribution

The survey was distributed through many channels to reach a diverse range of young adults:

- **Online Platforms:** such as Facebook and Instagram, allow for broad outreach and rapid data collection.

- Secondary schools, Universities, and Workplaces: to increase response rates and diversify the sample, the questionnaire was shared with high school students in their final year, university students, and young professionals.
- Respondents will be encouraged to share the survey with friends or peers, which can increase their reach and ensure that a larger number of respondents are engaged.

Survey Design and Pilot Testing

The survey was designed using Google Forms to facilitate easy distribution and data collection. To maximize inclusivity, the survey instrument was disseminated in English and Lao languages. Before full distribution, a pilot test will be conducted with a small group of 5-10 respondents. . The pilot test lets the researcher spot any problems with the survey's structure, question clarity, or the time it takes to complete. Feedback from the pilot test ensures that the final version of the survey is user-friendly and efficient.

Time Frame for Data Collection

The data collection process was carried out for around three weeks, from the 23rd of September to the 7th of October, to ensure adequate responses (aiming for 250 participants). This period ensures follow-up reminders via social media and other communication channels to increase participation rates.

3.5. Data Analysis

Microsoft Excel analyzed the survey data, providing a range of tools for descriptive and inferential statistical analysis. Given the structured nature of the survey, Excel is a suitable and accessible platform for analyzing the responses clearly and in order.

3.6. Ethical Considerations

The study takes ethical issues seriously to ensure participants' rights and privacy are respected. Participants will receive informed consent by outlining the study's purpose, the voluntary nature of participation, their right to withdraw at any time, and assurances of anonymity and confidentiality. No personally identifiable information will be gathered, and all responses will be kept securely in confidential databases accessible solely to the researcher.

CHAPTER 4. FINDINGS

In this chapter, the survey results will be presented in 5 sections: Demographic Information, Behavior Toward Saving and Investing, Attitudes Toward Saving and Investing, Factors Influencing Financial Decisions, and Barriers to Saving and Investing.

4.1. Results in Demographic Profile of the Participation

The demographic profile of the respondents highlights a balanced representation of young adults aged 18–26 from Vientiane Capital. With 55.2% of participants identifying as female, 41.6% as male, and 3.2% preferring not to mention their gender in the study. (*Figure 3*)

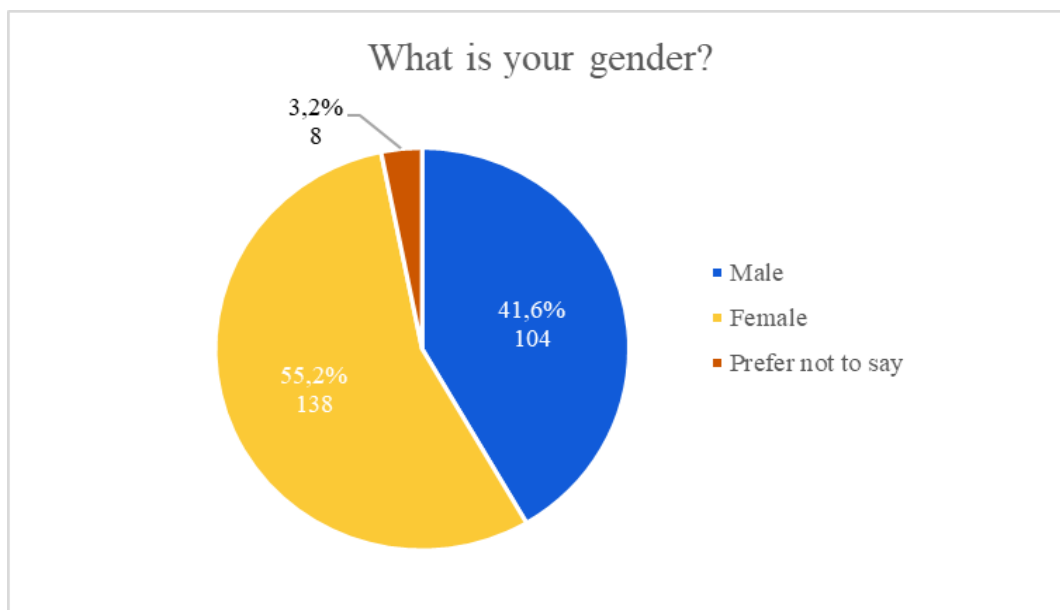


Figure 3: Respondent's Gender

Source: Own questionnaire data

The study sample is diverse and includes individuals between 18 and 26 years old, with the majority (36%) falling within the 18-20 age group, followed by 34% aged 21–23 and 30% aged 24-26. (*Figure 4*)

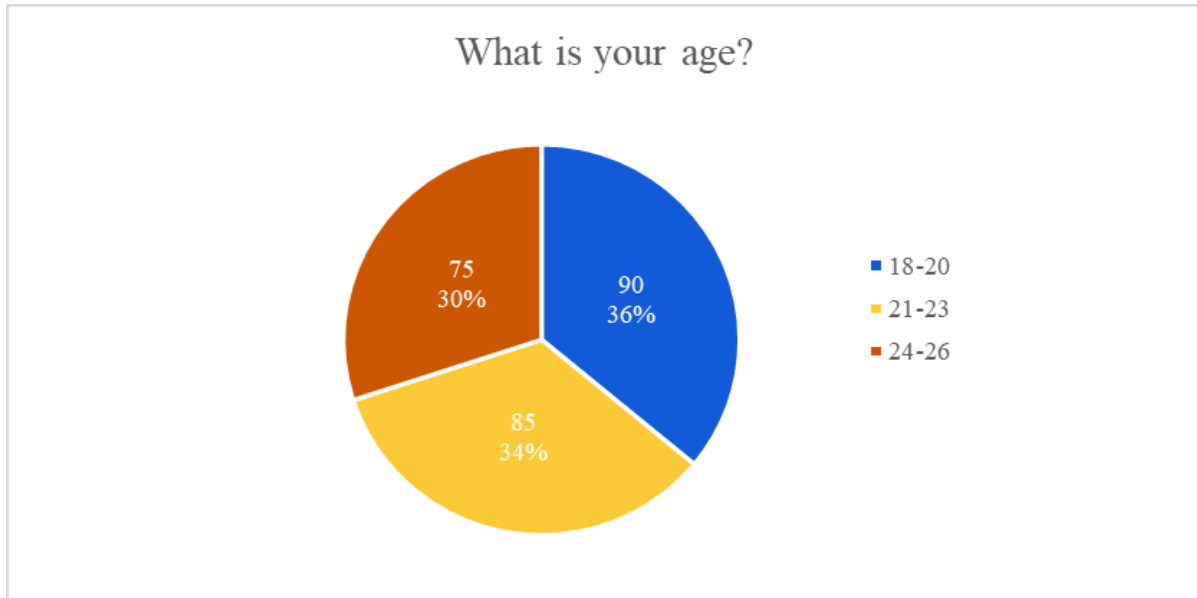


Figure 4: Respondent's Age

Source: Own questionnaire data

Regarding employment status, 43.1% of respondents identified as students, while 33.5% worked part-time, 22.2% were employed full-time, and 3% were unemployed. This provides a diverse representation of financial backgrounds. (Figure 5)

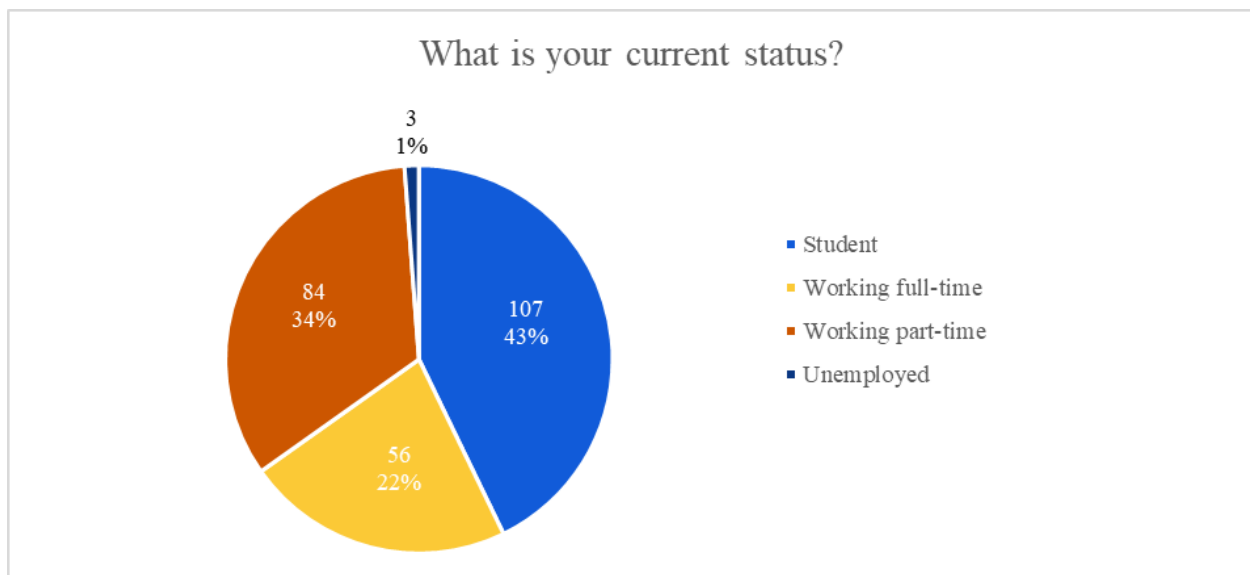


Figure 5: Respondent's status

Source: Own questionnaire data

Regarding monthly income, reflecting the student demographic of the sample, the most common income bracket was less than 1,500,000 LAK per month, reported by 37.6% of respondents; 24.8% earned between 1,500,000 and 3,000,000 LAK; 16.8% earned 3,000,000-5,000,000 LAK; and 20.8% earned more than 5,000,000 LAK. (Figure 6)

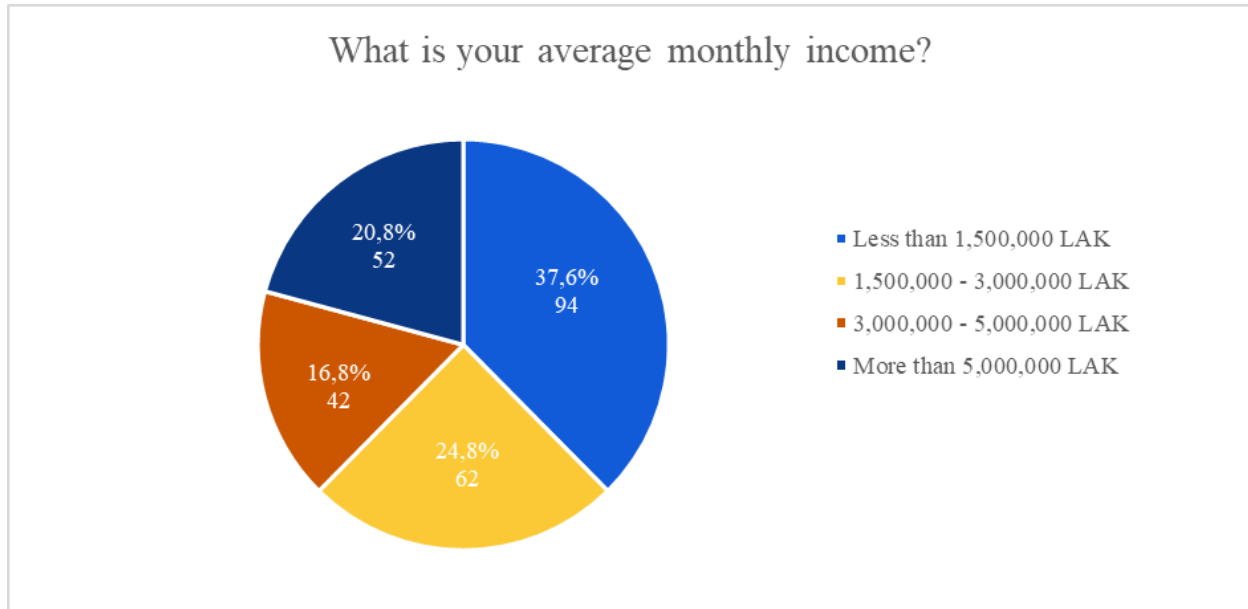


Figure 6: Respondent's Monthly Income

Source: Own questionnaire data

4.2. Results in Knowledge of Saving and Investing

When examining the understanding of the difference between saving and investing, a strong majority of 83.2% of respondents indicated a clear understanding of the difference between saving and investing, reflecting a relatively strong awareness among the respondents. However, 13.2% admitted they did not understand the difference, and 3.6% were unsure. Targeted financial education programs help to close this knowledge gap since achieving long-term financial goals and reducing financial risks depend on a clear knowledge of saving and investing. (Figure 7)

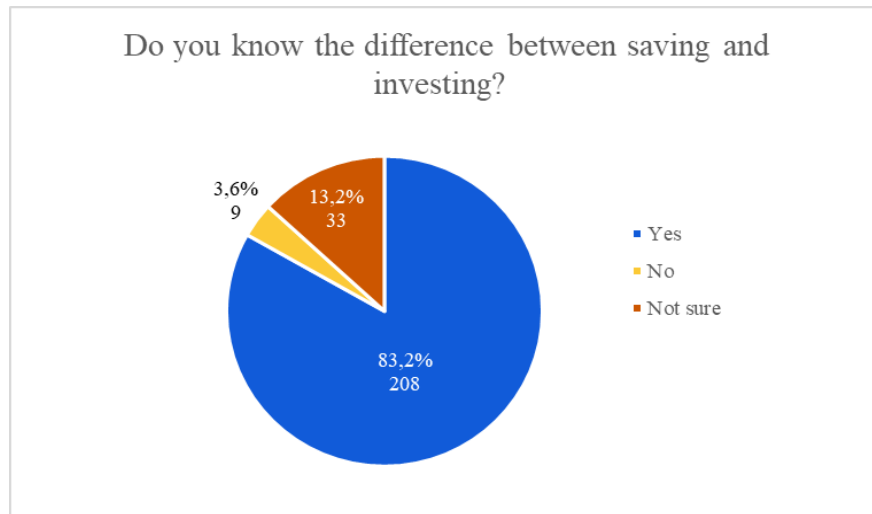


Figure 7: Awareness of the Difference Between Saving and Investing

Source: Own questionnaire data

When asked which description best defines saving, the majority (84.4%) of respondents correctly identified it as "putting money aside in a low-risk account," while 12% incorrectly associated saving with "buying assets like stocks or property to generate returns." A small portion (3.6%) identified saving as "spending money for immediate needs," revealing some misunderstandings regarding the purpose of saving. These findings highlight the importance of financial literacy education to promote sound saving habits and avoid misconceptions that could hinder long-term financial well-being. (Figure 8)

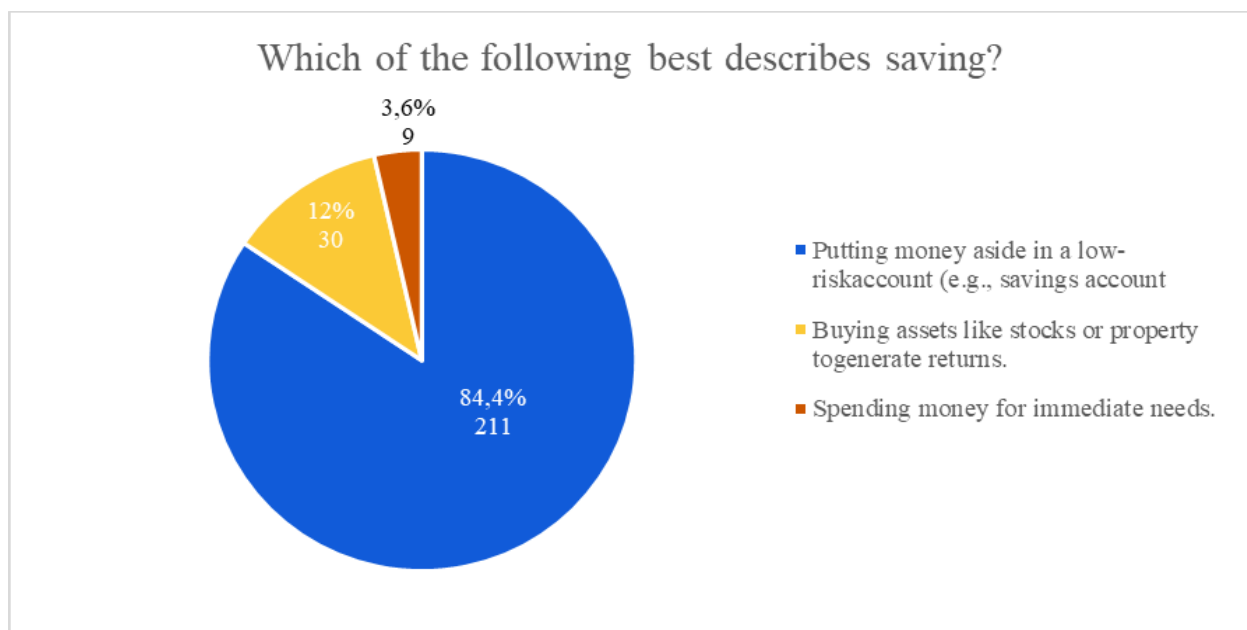


Figure 8: Perceptions of the Best Description of Saving

Source: Own questionnaire data

In terms of investing, 78.4% of respondents accurately described investing as "using money to buy assets (e.g., stocks, bonds, real estate) to earn a return," However 14.8% confused investing with "putting money in a savings account," which usually yields less and might not keep up with inflation. Furthermore, 6.8% stated investing was about "keeping money in cash for emergencies," which over time might reduce buying power. These false beliefs emphasize the need for financial education in order to advance a better knowledge of investing and its possible advantages. (Figure 9)

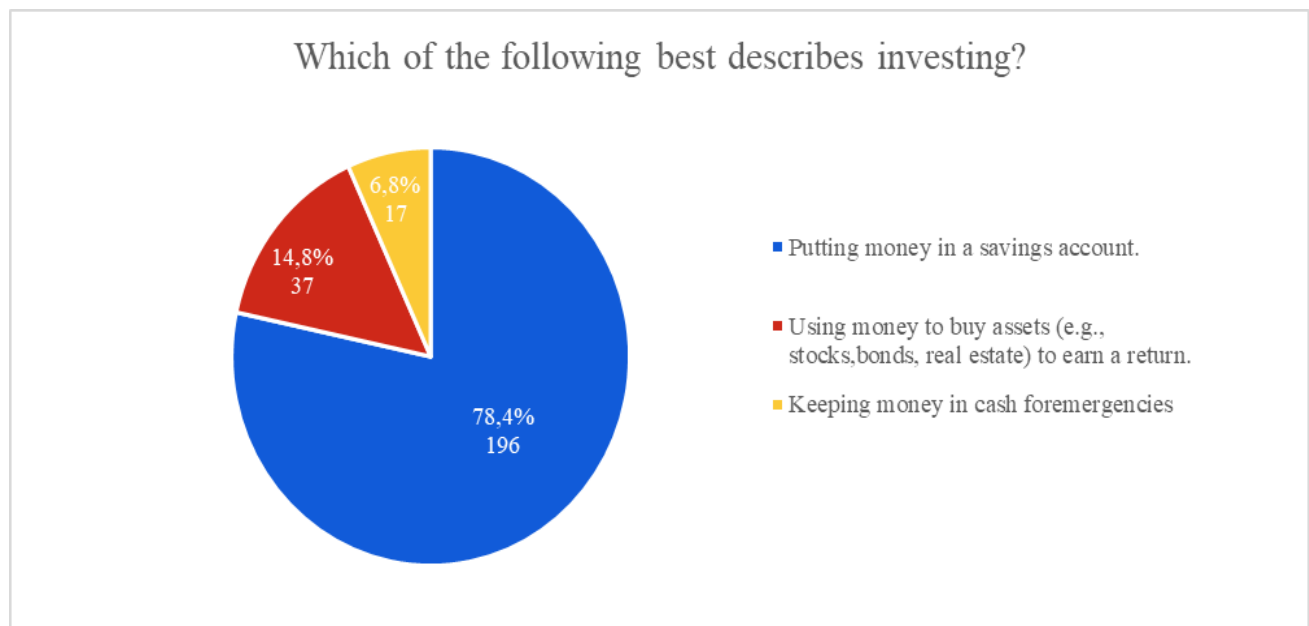


Figure 9: Perceptions of the Best Description of Investing

Source: Own questionnaire data

When asked whether they felt they had sufficient financial knowledge to start investing, half of the respondents (50.4%) admitted they did not feel they had enough knowledge. This lack of confidence emphasizes the need for readily accessible and strong financial education to enable people to make wise investment decisions. While 19.6% felt knowledgeable but admitted a lack of full understanding of the risks involved, 30% expressed confidence in their knowledge of investing and related risks. Encouragement of financial literacy is vital since it will equip people with the knowledge and abilities required to negotiate the complexity of the investment scene and make wise decisions. (Figure 10)

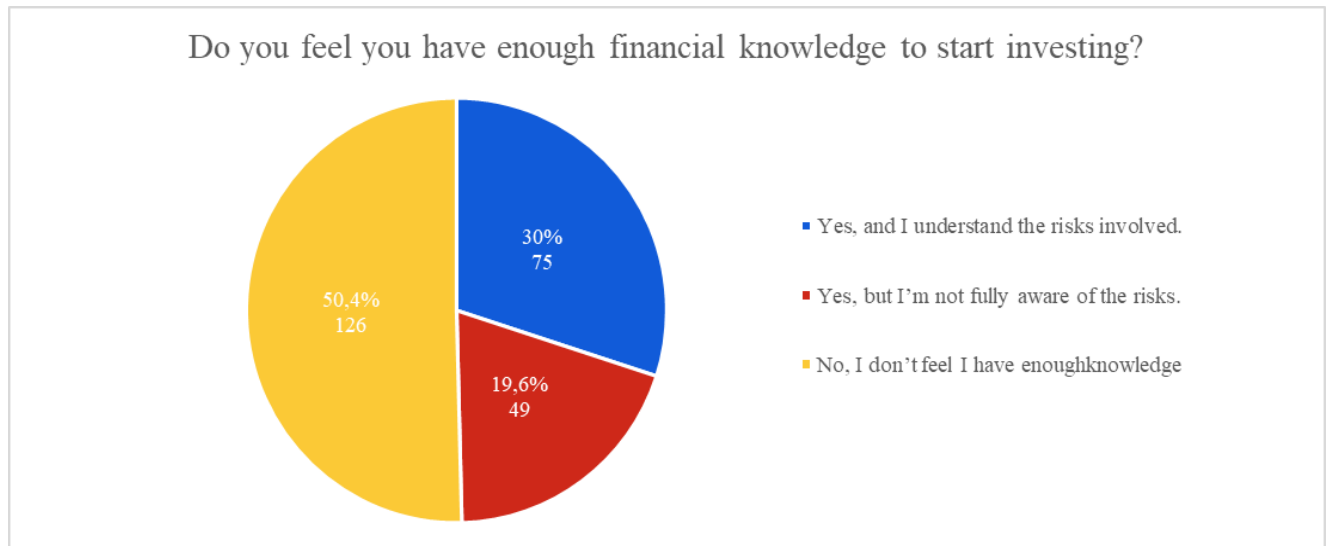


Figure 10: Confidence in Financial Knowledge to Start Investing

Source: Own questionnaire data

A significant portion of respondents (52%) do not understand the concept of compound interest, a fundamental concept crucial for long-term financial growth. This significant knowledge gap highlights the urgent need for improved financial education to empower individuals and unlock their full financial potential. While 30.8% indicated that they do, and 17.2% were unsure. (Figure 11)

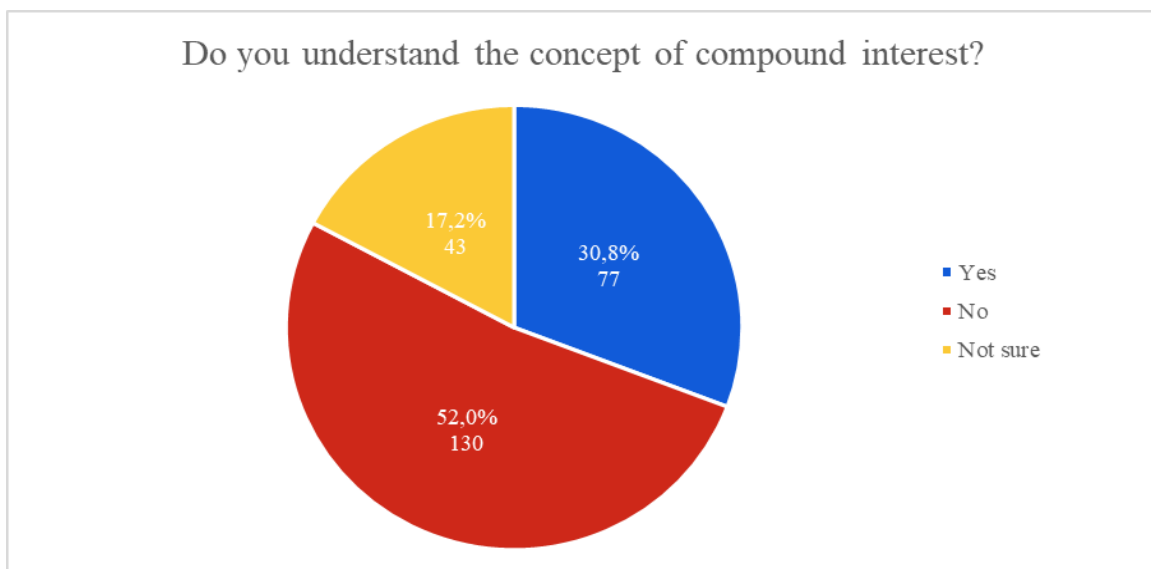


Figure 11: Understanding of the Concept of Compound Interest

Source: Own questionnaire data

When respondents were asked to choose the best description of compound interest, 32.7% of respondents correctly identified compound interest as 'interest calculated on both the initial principal and the accumulated interest from previous periods,' and a significant portion (37.8%) mistakenly believed it was calculated solely on the initial principal. Additionally, 29.5% incorrectly associated compound interest with a fixed interest rate, regardless of previous periods. (Figure 12)

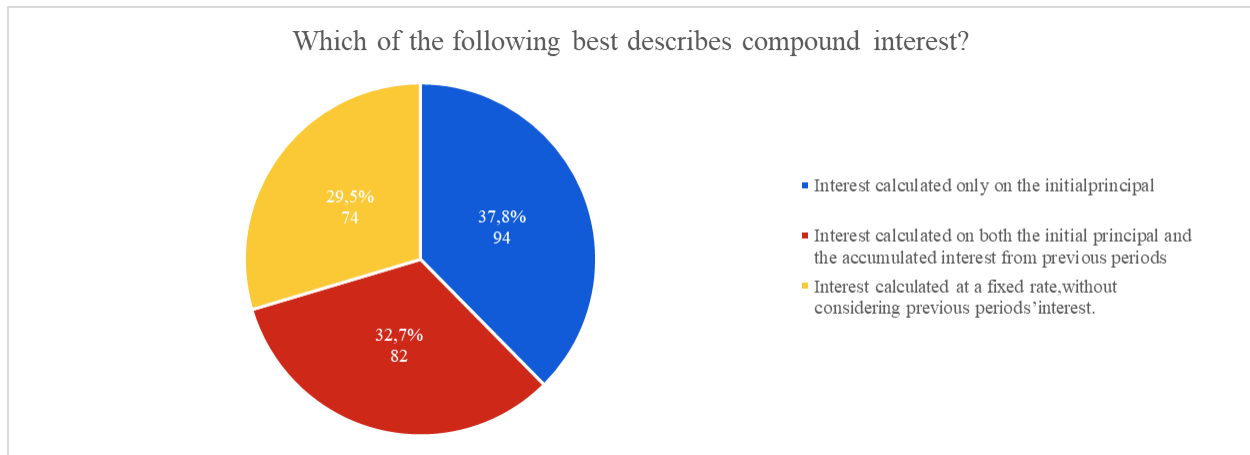


Figure 12: Perceptions of the Best Description of Compound Interest

Source: Own questionnaire data

In response to a practical question about calculating compound interest for a \$100 investment with 5% annual interest. A significant majority of respondents (69.2%) demonstrated a misunderstanding of compound interest, incorrectly selecting the formula for calculating simple interest. Only 30.8% correctly identified the formula for compound interest. This suggests a substantial knowledge gap in understanding the concept and its practical application. (Figure 13)

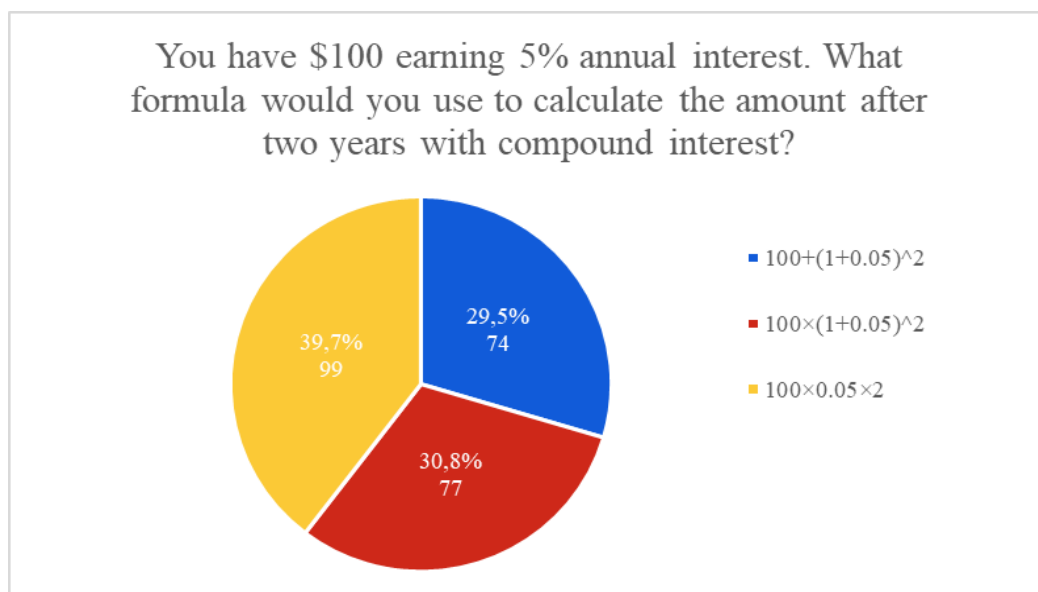


Figure 13: Assessment of Understanding Compound Interest

Source: Own questionnaire data

4.3. Results in Behavior Toward Saving and Investing

For the current saving habits, a large majority of respondents (68.4%) indicated that they are currently saving money, with 23.6% saving occasionally and 8% not saving at all, indicating a potential need for increased financial literacy and savings incentives. (Figure 14)

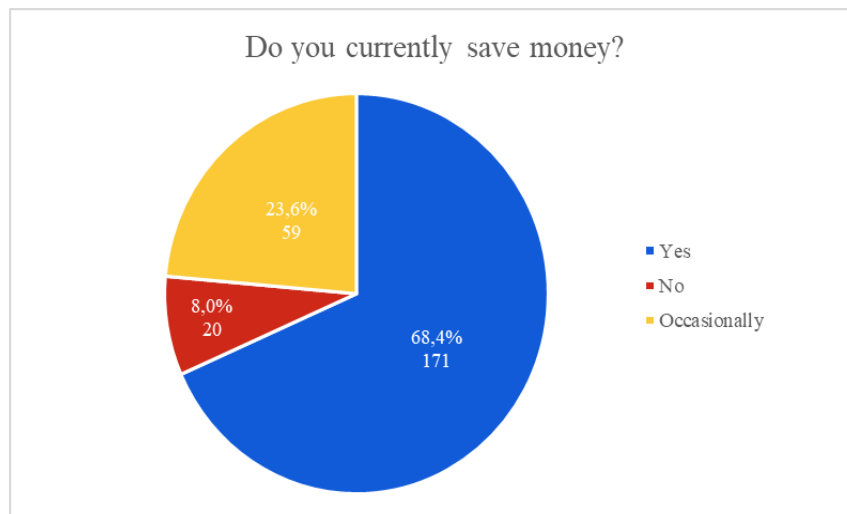


Figure 14: Current Saving Habits

Source: Own questionnaire data

Among 8% of all respondents or 20 respondents who reported that they do not currently save, the majority (60%) cited "low income" as the primary reason for not saving. Another 20% pointed to a "lack of financial discipline," while 10% each mentioned "high expenses" and "no access to banking services." (Figure 15)

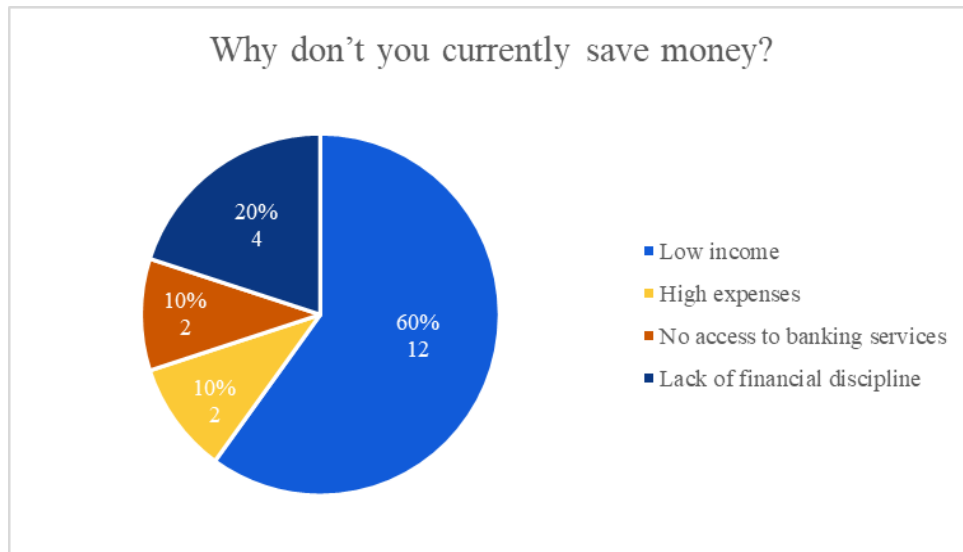


Figure 15: Reasons for Not Saving Money

Source: Own questionnaire data

For those who do save money, most of the participants (63.8%) set aside money monthly, while 13.1% save every week, 11.8% save rarely, and 11.4% save every few months. (*Figure 16*)

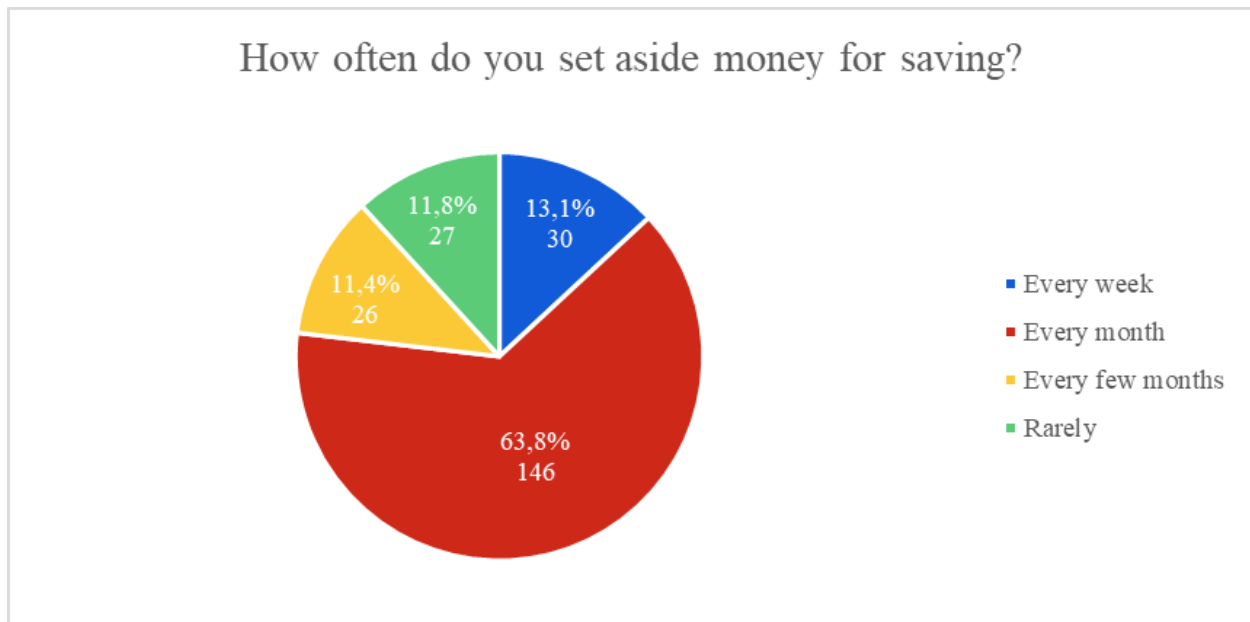


Figure 16: Savings Frequency

Source: Own questionnaire data

When asked about their current investment behaviors, a big portion (51.6%) reported that they are currently saving money but have not ventured into investing, potentially missing out on opportunities for higher returns and long-term wealth growth. While 22.4% are actively investing in financial products, another 19.6% are interested but have not yet started, highlighting the need for increased financial literacy and education to encourage more individuals to invest. A smaller group of 6.4% neither invests nor saves, indicating a need for targeted interventions to promote saving and investing habits. (Figure 17)

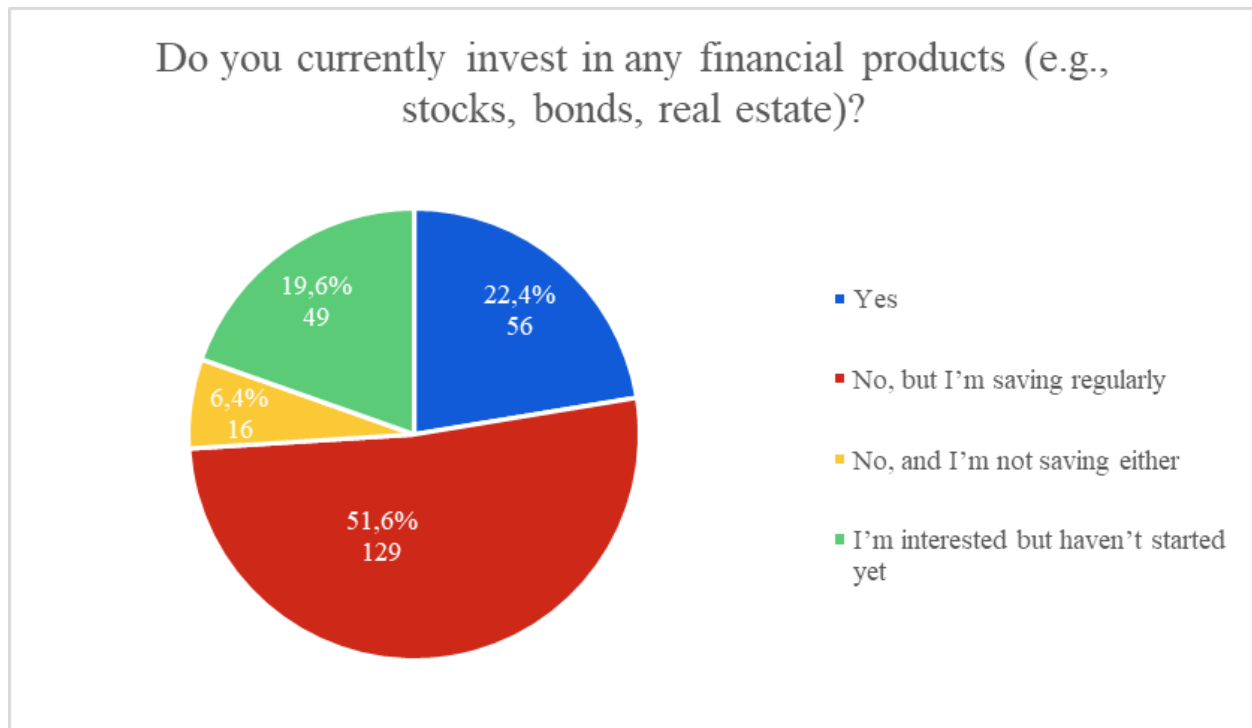


Figure 17: Engagement in Financial Products

Source: Own questionnaire data

For those who are investing, the most common investment frequency is monthly, with 71.4% of respondents indicating this practice. A smaller proportion invests every few months (19.6%), while only a small fraction invests weekly (5.4%) or rarely (3.4%). (Figure 18)

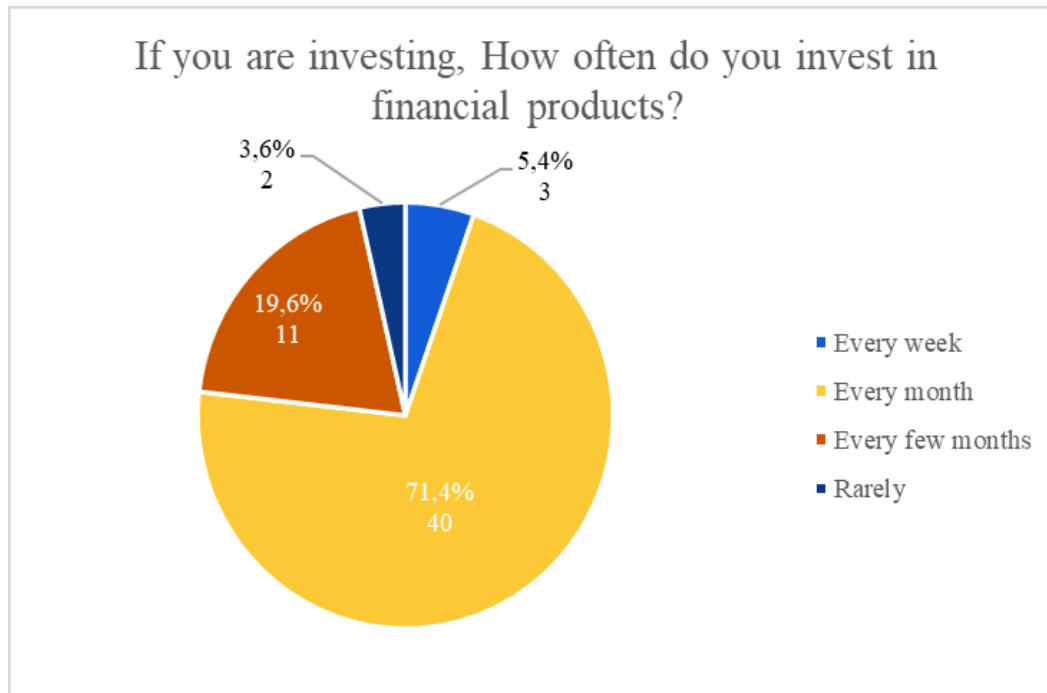


Figure 18: Investing Frequency

Source: Own questionnaire data

For those who do invest, 82.1% are involved in stocks, and 75% have fixed deposit or term deposit accounts, which are the most popular investment options, reflecting a mixture of risk tolerance and investment goals. Other popular investment options include Forex (50%), cryptocurrency (30.4%), bonds (25%), and gold (25%), remarking the growing interest in diverse investment strategies. (Figure 19)

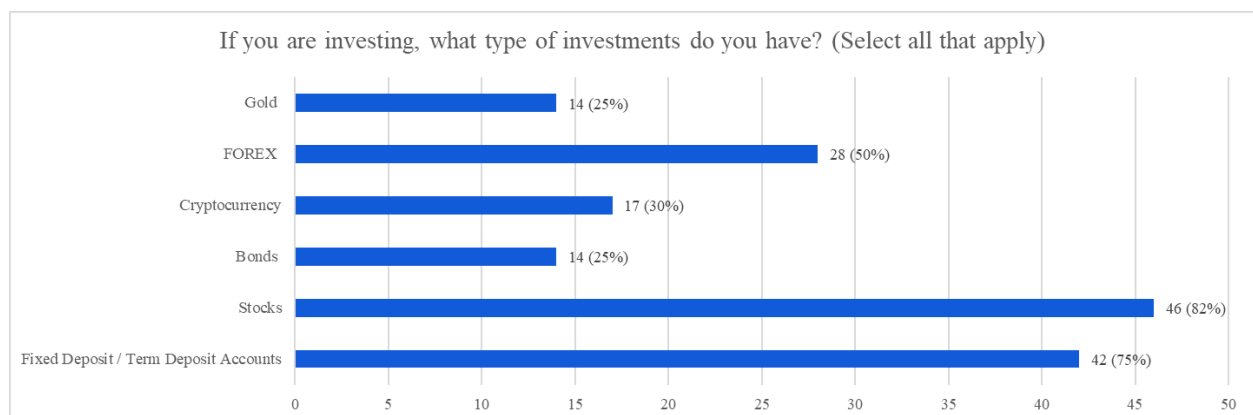


Figure 19: Types of Investment Products

Source: Own questionnaire data

Regarding the platforms where respondents invest, 87.5% use online investment platforms (e.g., brokers), while 62.5% use local banks, and 50% invest through international banks. 32.1% of respondents reported using cryptocurrency exchanges, indicating a growing interest in alternative investment options like digital currencies. (Figure 20)

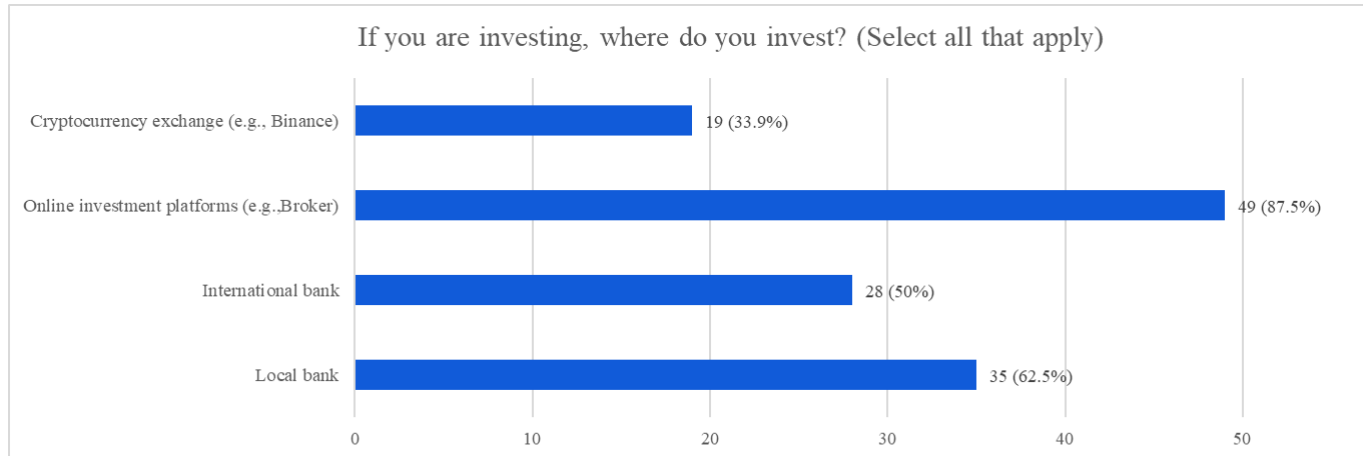


Figure 20: Preferred Investment Platforms

Source: Own questionnaire data

4.4. Results in Attitudes Toward Saving and Investing

Attitudes Toward Saving (Figure 21)

The first set of questions focuses on the respondents' attitudes toward saving money, measured on a 5-point Likert scale. The responses are summarized as follows:

1. Saving money is important for my future: 177 respondents strongly agreed with this statement, emphasizing the critical role that saving plays in ensuring their financial stability and future well-being.
2. I feel confident in my ability to save money regularly: Confidence in the ability to save regularly shows a more divided response. While 35 respondents strongly agreed, a significant portion (72 respondents) rated themselves low in confidence. This suggests that many individuals face challenges in consistently setting aside money for saving.
3. I find it easy to set money aside for saving: many respondents (77) found it difficult to set aside money regularly, while only 26 felt strongly that saving was easy for them, indicating a potential need for improved financial management skills and tools.
4. I have enough knowledge to manage my savings effectively: This statement saw mixed responses, with 91 respondents indicating low confidence in their knowledge and only 37

strongly agree that they feel knowledgeable about managing savings. This suggests a knowledge gap in financial literacy, particularly regarding saving and investment strategies.

5. I prefer saving money on low-risk financial products (e.g., bank deposits): A large number of respondents (120) leaned toward preferring low-risk financial products. This indicates a cautious approach to saving and investment, potentially influenced by factors such as risk aversion and a lack of financial literacy.

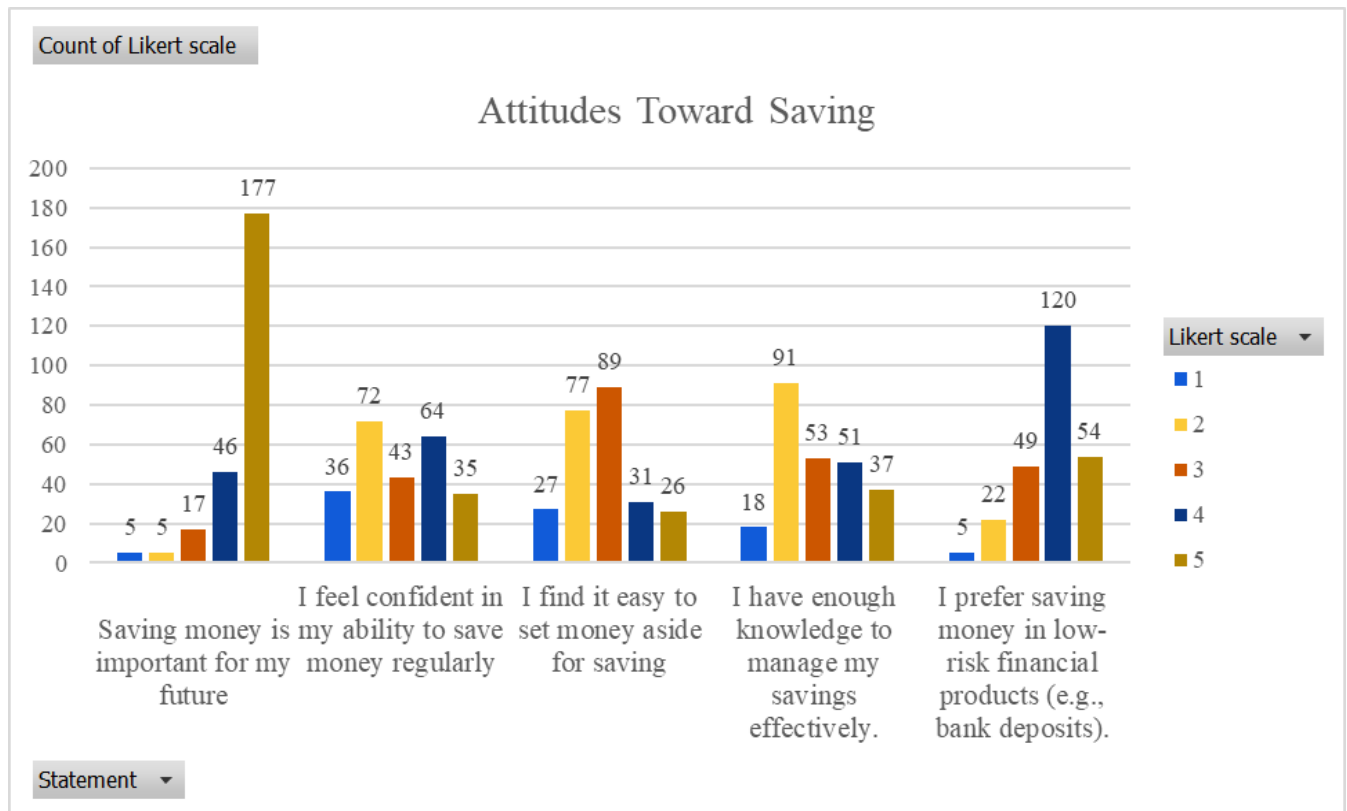


Figure 21: Attitudes Toward Saving

Source: Own questionnaire data

Attitudes Toward Investing (*Figure 22*)

The second set of questions focuses on the respondents' attitudes toward investing:

1. I am comfortable taking financial risks when investing: There is a notable lack of comfort with taking financial risks when investing, with 60 respondents strongly disagreeing and 72 disagreeing. This risk aversion may hinder individuals from exploring potentially higher-return investment opportunities.

2. I believe investing can help me achieve long-term financial goals: Despite the challenges mentioned above, 153 respondents strongly believed that investing could help them achieve their long-term financial goals. This positive outlook can be leveraged to encourage more individuals to consider investing.
3. I have enough knowledge to start investing: Many respondents (91) strongly disagreed that they had enough knowledge to start investing, and only 38 respondents strongly agreed. This highlights a significant knowledge gap in financial literacy, particularly regarding investment concepts and strategies.
4. I understand the risks of investing in financial products like stocks or bonds: Similar to the previous statement, a large portion of respondents (87) strongly disagreed with their understanding of investment risks, and only 42 respondents strongly agreed. This lack of understanding can lead to poor investment decisions and potential financial losses.
5. Investing is important for my future financial security: A huge portion of respondents (160) strongly agreed that investing is essential for future financial security. This positive attitude towards investing can be used to encourage more individuals to start investing early and consistently.

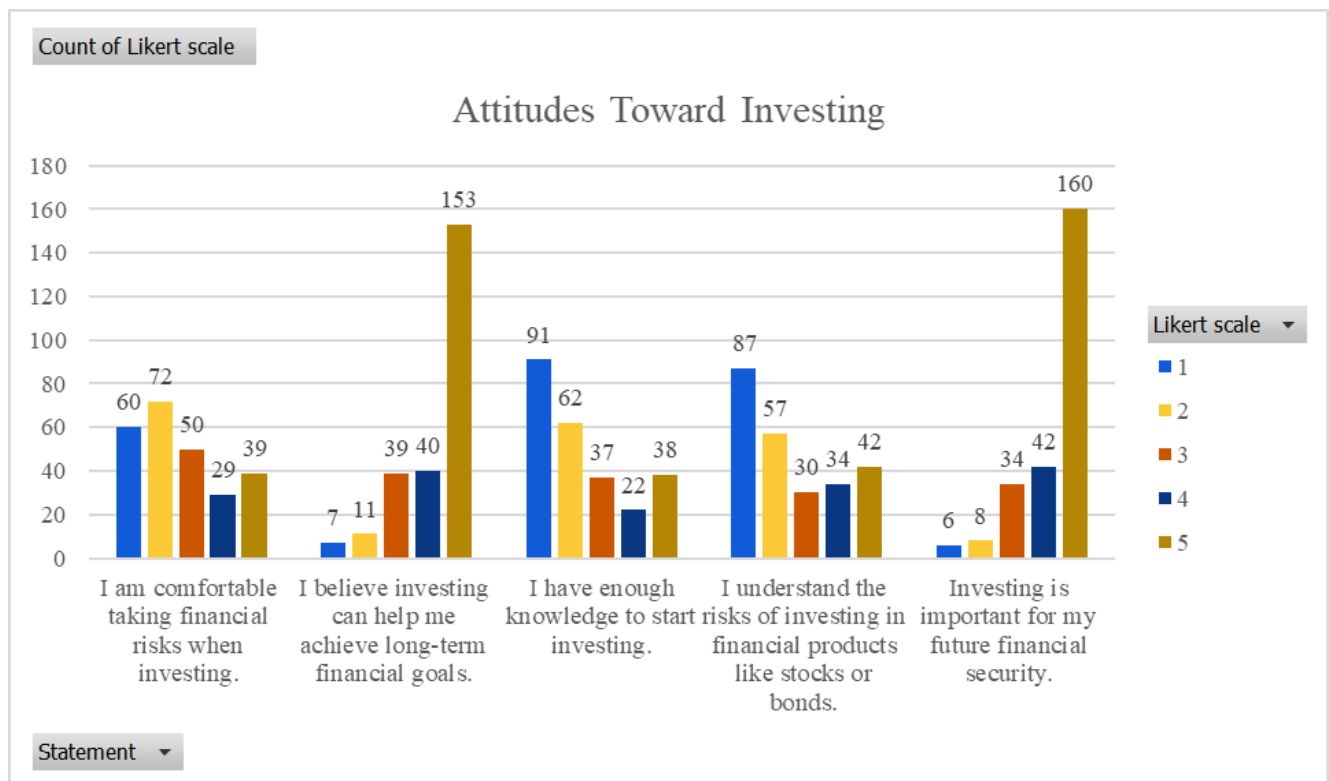


Figure 22: Attitudes Toward Investing

Source: Own questionnaire data

4.5. Results in Factors Influencing Financial Decisions

Key Influencers of Laotians young people in financial decision making:

- Family and personal motivations are the most significant influences on saving and investing decisions, with 56% and 52% of respondents citing them, respectively. This highlights the importance of familial values, financial education within families, and personal goals in shaping financial behaviors.
- Social media has emerged as a major influence, with 39.2% of respondents citing it as a source of information and inspiration. This underscores the power of social media platforms in shaping financial opinions and behaviors.
- While less influential than social media, educational content and financial advisors still play a role in influencing financial decisions, with 16% and 6% of respondents selecting it as a source, respectively. This indicates a need for accessible and engaging financial education to empower individuals.
- Peer influence, while less dominant than family and social media, still plays a role, with 11.2% of respondents citing friends as an influence. This suggests that social circles can impact financial decisions, particularly among younger individuals. (Figure 23)

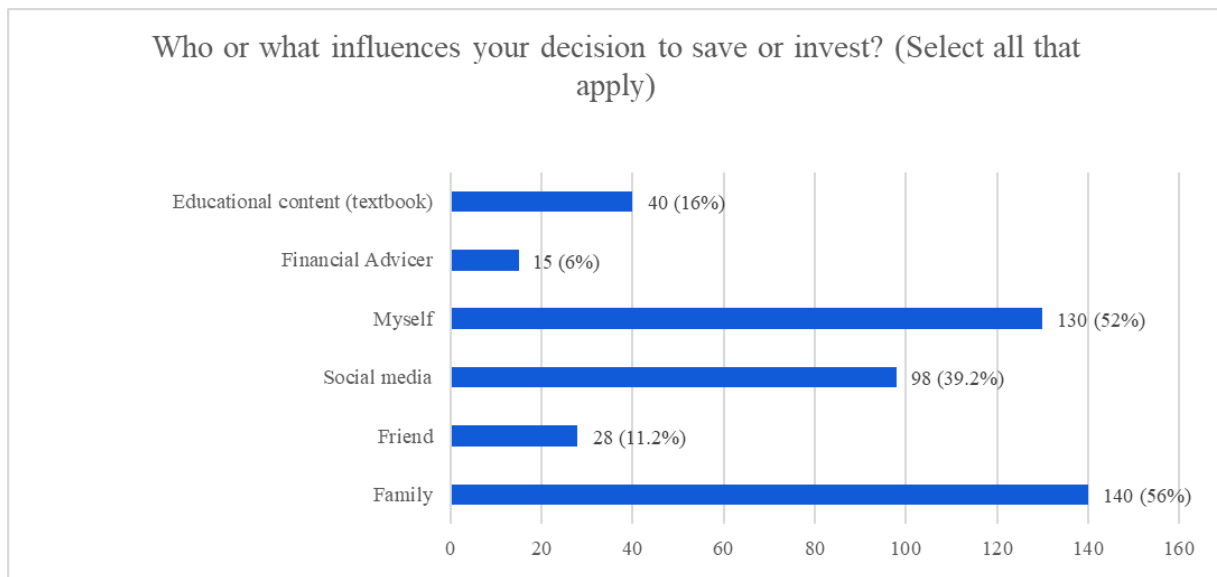


Figure 23: Factors Influencing Financial Decisions in Young Adults

Source: Own questionnaire data

While family influence is a significant factor in shaping financial behavior, the extent of this influence varies among individuals. Approximately 26.4% of respondents indicated a strong family influence (rating of 5), suggesting that family values, traditions, and discussions about money play a crucial role in shaping their financial decisions. On the other hand, only 7.6% reported minimal

family influence (rating of 1), indicating that family may not be a significant factor in their financial decision-making process. Most respondents (66%) fell within the moderate range (3-4), suggesting that family influence is a significant factor but is not the sole determinant of financial behavior. This indicates that while family may provide guidance and support, individual preferences and circumstances also play a role in shaping financial decisions. (Figure 24)

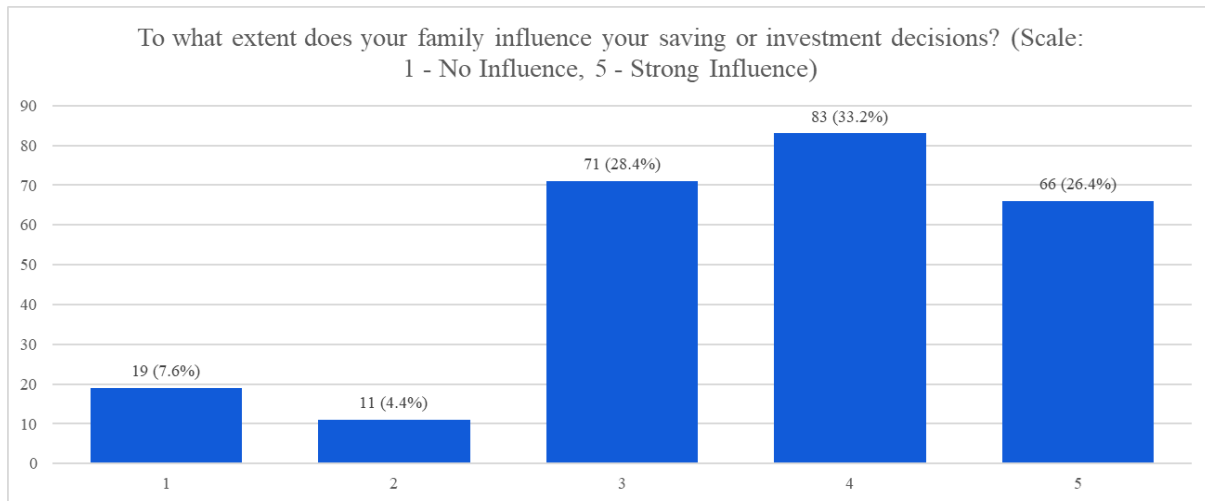


Figure 24: Family Influence on Saving and Investing Decisions

Source: Own questionnaire data

The data shows that only 21.7% of participants have received formal financial education. This data shows a significant gap in financial education, with only a tiny percentage of participants having received formal training. This lack of formal education can seriously affect financial decision-making, leading to poor choices and adverse financial outcomes. (Figure 25)

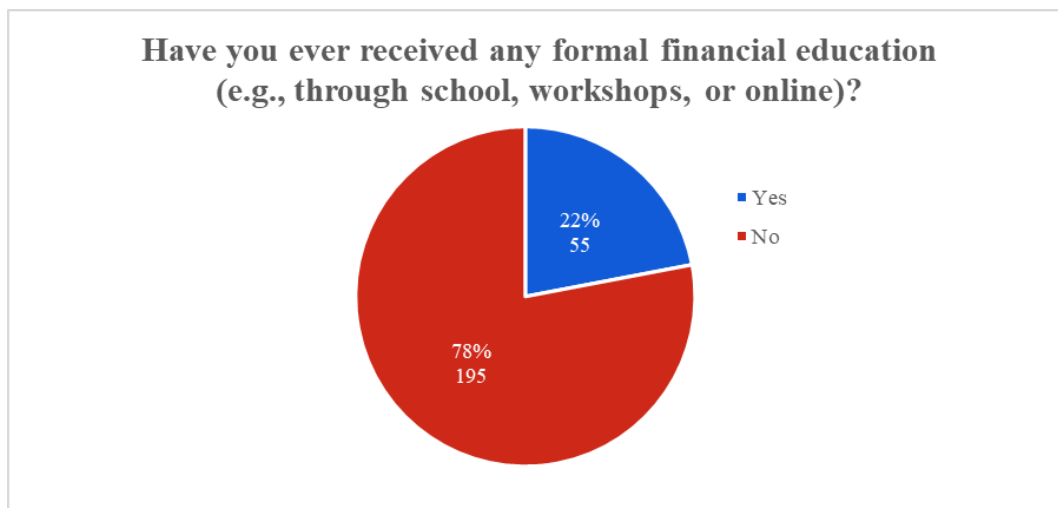


Figure 25: Exposure to Financial Education on Saving and Investing

Source: Own questionnaire data

The significant reliance on social media (82.4%) as a source of financial knowledge is a notable trend. While social media can be a valuable tool for accessing information, it's essential to critically evaluate the credibility of sources and be aware of potential biases. Despite the rise of digital platforms, traditional sources like educational institutions (52.4%) and families (23.6%) continue to shape financial literacy. Academic institutions can provide structured learning experiences, while families can instill valuable financial values and habits. Websites and blogs (66.4%) offer diverse financial information, from personal finance tips to investment strategies. However, the quality and accuracy of information can vary widely, so it's important to be discerning when consuming content from these sources. (Figure 26)



Figure 26: Main Sources of Financial Guidance

Source: Own questionnaire data

4.6. Results in Barriers to Saving and Investing

Regarding the barriers to saving, the most frequently cited barrier to saving was low income, selected by 38% of respondents, high expenses were identified as the second-largest barrier, affecting 28% of participants. These factors are interconnected, as low income can limit disposable income, and high expenses can reduce the amount available for saving. A lack of financial discipline, cited by 17.6% of respondents, can hinder saving efforts. This may involve impulsive spending, poor budgeting habits, or a failure to prioritize savings, while a smaller proportion (8.8%) identified a lack of financial knowledge as a barrier, it is still a significant issue. Financial education

can empower individuals to make informed decisions about saving and investing. In addition, some respondents (7.6%) indicated that they already save money and face no obstacles. (Figure 27)

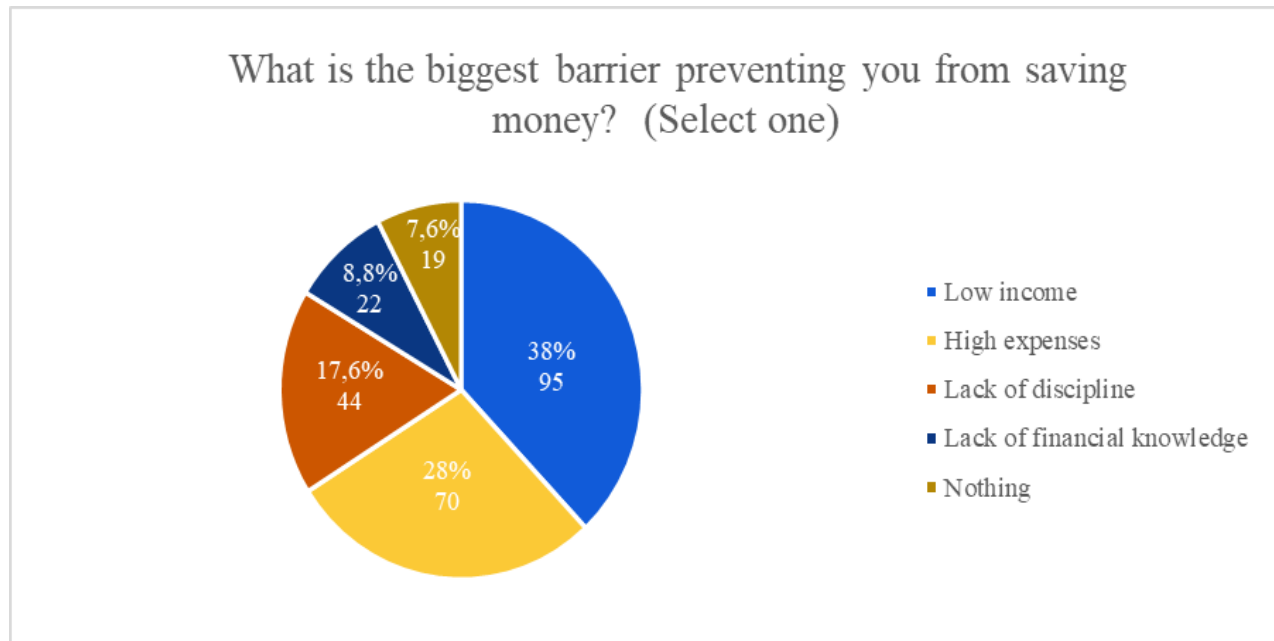


Figure 27: Biggest Barriers Preventing Saving Money

Source: Own questionnaire data

According to the survey results of barriers to investing, no access to financial products was the most significant challenge to investing, with 31.2% of respondents selecting this option, this could be due to various factors, such as limited access to banks or financial institutions, high fees, or complex investment products. With 29% of respondents identifying this as a barrier, financial education is crucial. A lack of understanding of investment concepts, risk tolerance, and portfolio diversification can hinder individuals from making informed investment decisions. For 20.4% of respondents, a lack of disposable income is a significant barrier to investing. This suggests that prioritizing saving and budgeting can be essential for accumulating investment capital. In addition, fear of losing money was a barrier for 12% of participants, and 7.6% said that nothing prevents them from investing. (Figure 28)

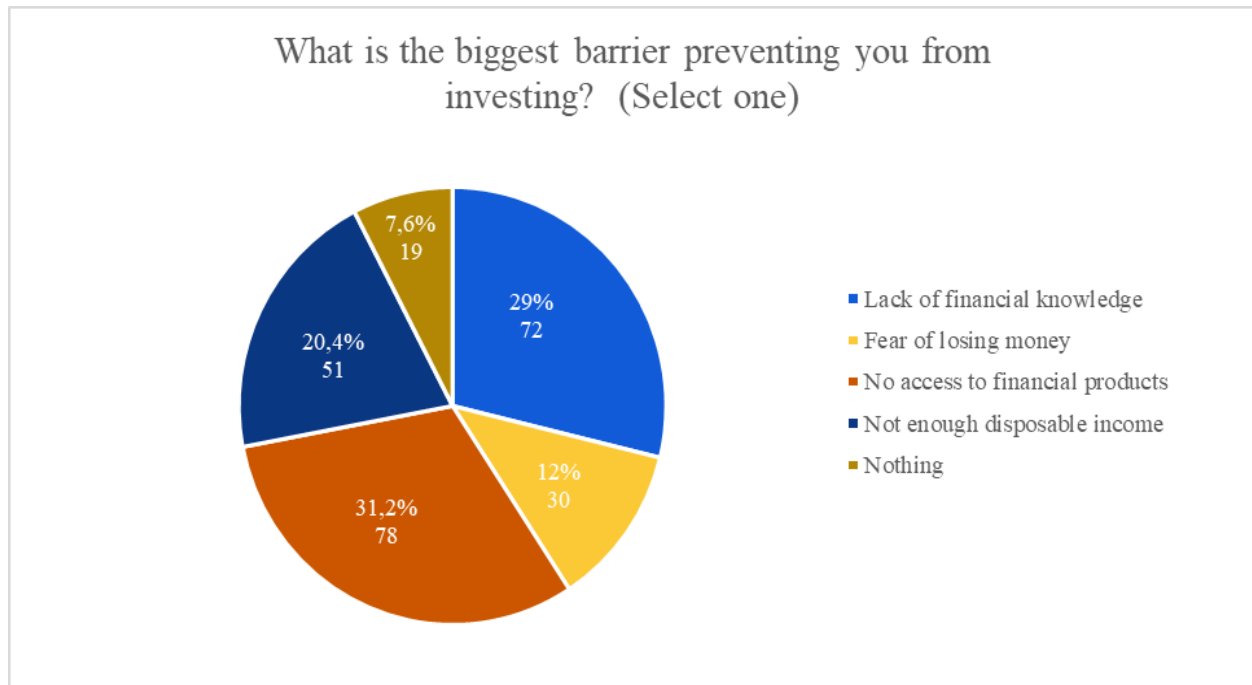


Figure 28: Biggest Barriers Preventing Investing

Source: Own questionnaire data

This study delved into the financial behaviors, attitudes, and knowledge of young adults in Vientiane Capital, Laos. Key findings include: The sample primarily consisted of young adults aged 18-26, with a sizable portion being students and part-time workers. While many respondents understood the basic concepts of saving and investing, there was a significant lack of knowledge regarding specific investment strategies and risk management. Furthermore, respondents recognized the importance of saving for future financial security but faced challenges in consistently saving and investing. Additionally, family and social media were identified as major influences on financial behavior. However, a lack of formal financial education and limited access to financial products were significant barriers.

CHAPTER 5. DISCUSSION

5.1. Attitudes Toward Saving and Investing

Over 80% of respondents understood the difference between saving and investing, indicating a reasonable understanding of the basics. However, regarding more complex aspects, such as the concept of compound interest, only 30.8% of respondents showed a clear understanding, while over 52% were unsure. This significant knowledge gap emphasizes the need for improved financial education, particularly about concepts fundamental to long-term financial planning and development.

Regarding financial behavior, most respondents reported actively saving, with 68.4% currently saving and 23.6% saving occasionally. While 51.6% of respondents showed they were not investing but were regularly saving, 22.4% of participants stated they were investing in financial products; 19.6% indicated interest in investing but had not yet started. This emphasis on short-term savings rather than long-term investments indicates a tendency among young people in Vientiane to place immediate financial security top priority over wealth accumulation, potentially due to the perceived difficulties and risks involved in investing.

Young adults in Vientiane place significant importance on saving and investing for their future financial security. For example, 89% agreed or strongly agreed that saving money is important for their future, and 40% expressed confidence in saving regularly. In contrast, attitudes toward investing were more varied, with 77.2% believing that investing is important for their future financial security. Additionally, more than half of the respondents (52.8%) did not feel comfortable taking financial risks, and 61.2% reported lacking sufficient knowledge to start investing. This suggests that even though many people agree that saving is essential for their future, investing is seen with more cause because of the knowledge limitation and risk perception.

5.2. Factors Influencing Financial Decisions

For young people in Vientiane, family determines their financial decisions most importantly. According to the questionnaire, 56% of participants said family had the main influence on their decisions on savings or investments. This great impact reflects the deep-rooted cultural relevance of family in Laos, where values and expectations usually direct financial decisions. In this regard, family is quite important in determining young adults' financial habits, pushing a careful attitude to financial planning, and stressing stability above risk.

Another significant influence is social media, with 39.2% of respondents indicating that platforms like Facebook, Instagram, and YouTube played a huge role in their financial decisions. Social media is a vital source of information, especially for younger generations who are more technologically connected. This raises questions about the accuracy and quality of online financial

information even while it gives an opportunity to promote financial literacy by means of social media. Incorrect data or too risky advice on social media can mislead young people and draw attention to the need for consistent, honest financial advice in these surroundings.

Though financial knowledge is crucial, just 21.7% of respondents had official financial education. This lack of formal direction suggests that many young people negotiate financial decisions without the required basis, fostering cautious attitudes about investing. Encouragement of long-term financial well-being and the knowledge to make wise financial decisions depends on increasing access to financial education, so arming young adults by helping young people to go beyond family and social media influences more independent and wise financial decision-making.

5.3. Barriers to Saving and Investing

The main reasons preventing them from being saved are low income and high expenses, with 38% and 28% of respondents, respectively. In developing countries, low and inconsistent incomes often make it challenging for individuals to allocate budgets for savings, just as in Laos, low and unstable incomes often make it difficult for young adults to set aside money for savings. This trend is evident in the income distribution of respondents in this study: 37.6% reported earning less than 1,500,000 LAK per month, 24.8% earned between 1,500,000 and 3,000,000 LAK, 16.8% earned between 3,000,000 and 5,000,000 LAK, and only 20.8% earned more than 5,000,000 LAK. These low-income levels limit disposable income and affect the ability to build financial reserves. Additionally, high expenses relative to income further challenge saving efforts, a common issue in low- and middle-income countries where inflation and limited financial safety nets contribute to financial instability.

Regarding investing, access to financial products is a common barrier, with 31.2% of respondents citing it as a significant challenge. Lack of banking services and investment associations among many young people limits their capacity to engage in financial markets. In financial inclusion, this is a typical issue since low poverty rates depend on the encouragement of economic development by utilizing financial products. With 29%, the lack of financial knowledge is another major obstacle to investments. Young people in Vientiane discovered that their limited engagement in the financial market resulted from knowledge of the available investment options or risks and the return connected with financial products. Lack of knowledge makes wise decision-making challenging and could support the inclination toward saving above investment. Finally, one of the main obstacles mentioned by 12% of respondents as related to investments is their fear of losing money. Lack of knowledge and experience in financial matters can be the cause of this anxiety; often this results in cognitive risk aversion. Often referred to as loss aversion, this inclination to concentrate more on possible losses than gains can deter young people from investigating investment possibilities that might improve their financial future. By helping young people have confidence to make wise investment decisions that guarantee long-term financial well-being, better financial education could help to reduce their worries.

CHAPTER 6. RECOMMENDATION

The biggest issue that this study reveals is the absence of financial knowledge, particularly with relation to investing. The results show that since they have no understanding of the financial foundations, including compound interest and risk management, almost one-third of the participants claimed that lack of financial knowledge is the main obstacle to investing. In order to solve this issue, educational institutions should take this problem seriously by enhance the financial education program including the pertinent courses at the beginning of early life. Collaborating with financial experts and companies, schools, colleges, and universities could help to design courses covering basic knowledge. Moreover, using practical or real-world applications in the program would help to increase the value of the educational system.

Furthermore, these outcomes highlight the need for policy actions to encourage young people to save and invest. Policies observing saving and investment behavior could be instituted by the government and financial institutions through government-matched savings programs or tax benefits for young investors. Given that 20.4% of participants cited limited access to financial products as a barrier, expanding access to financial services in both urban and rural areas through mobile banking, fintech solutions, and local bank partnerships would be very important. Policies targeted at enhancing digital literacy and internet infrastructure, especially in underprivileged rural areas, would also greatly help young people to access and apply financial services efficiently. Furthermore, the goals of financial policies should be to lower related fees and streamline opening account processes.

Simplified, low-cost banking services would help young people participate in financial events and create financial stability more easily. Projects encouraging the use of digital wallets, micro-saving accounts, and investment platforms could give young people easily available points of access, so motivating them to start early in life saving and investing. By encouraging a financially literate and active population, this strategy would not only support more general economic growth but also help individual financial stability.

These educational and policy recommendations reflect the urgent need to address the barriers and attitudes revealed in this study. By aligning educational programs with supportive financial policies, policymakers and educators can create a sustainable framework that empowers young adults in Vientiane Capital to make informed, confident financial decisions that contribute to their personal and national economic well-being.

CHAPTER 7. CONCLUSION

7.1. Answering Research Questions

This study sought to understand the attitudes of young adults aged 18-26 in Vientiane Capital towards saving and investing. Below are the answers to the main research question and sub-questions based on the survey findings:

What are young adults' attitudes toward saving and investing in Vientiane Capital?

Young adults in Vientiane recognize the importance of saving, with the majority actively saving to secure their financial future. However, their attitudes toward investing are notably more cautious. Although many view investing as essential for achieving financial stability, concerns about risk and limited financial knowledge lead to hesitancy, especially among those less familiar with investment products.

To what extent do young adults in Vientiane Capital consider saving and investing for their future?

Saving is widely acknowledged as essential, with over 89% agreeing or strongly agreeing that it is vital for their future. Conversely, while 77.2% consider investing important for financial security, there is a noticeable gap in participation, indicating that many prioritize saving over investing due to perceived risk.

What factors influence their saving and investment decisions (e.g., family influence, social norms, financial education)?

Family emerged as the most influential factor in financial decision-making, followed by social media influence. While social norms and peer influence are also relevant, formal financial education plays a minor role. This suggests that cultural and familial factors heavily guide financial behaviors among young adults.

What are the barriers people perceive when they start saving or investing?

Key barriers to saving and investing include low income, high living costs, limited financial knowledge, and fear of financial loss. Restricted access to banking and investment services also poses a challenge, particularly for those with limited financial resources. These barriers discourage many from participating in diverse financial activities beyond traditional saving methods.

7.2. Consideration for Further Research

While this study provides valuable insights into the saving and investing attitudes of young adults in Vientiane Capital, there are several areas that warrant further exploration. However, as with any

research, there are many possibilities of future directions that could be explored into for more research and analysis to achieve a better understanding of these changing insights.

- **Broader Demographic Scope:** Expanding the target by including young adults in rural areas or other big cities would give a better understanding of financial attitudes in different areas of Laos because rural participants may face different challenges and influencers compared to urban participants.
- **Longitudinal Studies:** Conducting research over a longer period may offer insightful data and long-term effectiveness especially as financial literacy programs are implemented.
- **Qualitative Approaches:** Adding the qualitative methods could give deeper and richer insights into the motivations, perceptions, and emotional factors behind the financial decision-making of young people.
- **Impact of Digital Financial Tools:** Future research may explore the role of digital financial tools, including online banking and investment platforms, influencing young adults' saving and investing habits and how it helps digital plans for financial education.

7.3. Limitations of the Study

This paper has successfully achieved its aims; it is not without constraints that must be considered when interpreting the results. The main constraint is limited research on young people aged 18-26 in Vientiane Capital, which might not fairly represent other age demographics or areas in Laos. By concentrating on this particular group, the findings of this study could not apply to older ages or rural participants, who could have different personal experiences and financial difficulties in saving and investing. Second, the study made a rather small sample size of 250 respondents out of time restrictions. A bigger sample size might have given a more accurate and comprehensive knowledge of the financial habits and obstacles young people in Vientiane encountered. Lastly, the study used a completely quantitative approach, relying solely on structured survey data. While this method allowed for the efficient collection of standardized data, it may not have captured the full complexity of young adults' financial attitudes. These restrictions draw attention to the need of future studies including a larger sample and using mixed methodologies to acquire a more complete knowledge of financial attitudes among several Laotian populations.

7.4. Summary

This research paper investigated the attitudes toward saving and investing among young adults between 18 and 26 in Vientiane, the capital of Lao PDR. The findings show that saving is widely valued as important for financial stability, despite investing being viewed with caution due to limited financial knowledge and perceived risks. Family is the strongest influence factor in financial decision-making; social media is also rather important. Moreover, low income, high

expenses, and lack of access to financial knowledge and products are the biggest barriers that limit the financial participation of young people. These insights highlight the role of enhancing the financial education system and accessible investment options to motivate them to make informed financial choices. Filling these gaps not only benefits individual financial security but also contributes to the economic stability and development of Laos. This study offers insightful information for legislators and financial institutions developing plans to raise financial literacy and accessibility to satisfy changing needs of young people in Laos.

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APPENDIX

Online Survey Questions

Section 1: Knowledge of Saving and Investing

1. Do you understand what is the difference between saving and investing?
 - Yes
 - No
 - Not sure
2. Which one of the following is the best description for saving?
 - Putting money aside in a low-risk account (e.g., savings account).
 - Buying assets like stocks or property to generate returns.
 - Spending money on immediate needs.
3. Which one of the following is the best description for investing?
 - Putting money in a savings account.
 - Using money to buy assets (Stocks, bonds, real estate) to earn a return.
 - Keeping money in cash for emergencies.
4. Do you feel you have enough financial knowledge to be ready to begin investing?
 - Yes, and I understand the risks involved.
 - Yes, but I'm not fully aware of the risks.
 - No, I don't feel I have enough knowledge.
5. Do you understand the concept of compound interest?
 - Yes
 - No
 - Not sure
6. Which of the following is the best description for compound interest?
 - Interest calculated only on the initial principle.
 - Interest calculated on both the initial principle and the accumulated interest from previous periods.
 - Interest calculated at a fixed rate without considering previous periods' interest.
7. In this situation, if you have 100 USD earning 5% annual interest. Choose one formula would you use to calculate the amount after two years with compound interest?
 - $100+(1+0.05)^2$
 - $100\times(1+0.05)^2$
 - $100\times 0.05\times 2$

Section 2: Behavior Toward Saving and Investing

8. Do you currently save money?
 - Yes
 - No
 - Occasionally

- If No:
 - What is the reason that you are not currently save money?
(Select one)
 - Low income
 - High expenses
 - No access to banking services
 - Lack of financial discipline
- If Yes or Occasionally:
 - How frequently do you set aside money for saving?
 - Every month
 - Every few months
 - Rarely
 - Never

9. Do you currently invest in any financial products (stocks, bonds, real estate or any investment product)?

- Yes
- No, but I'm saving regularly
- No, and I'm not saving either
- I'm interested but haven't started yet

10. If you are investing right away, how frequency do you invest in financial products?

- Every month
- Every few months
- Rarely
- Never

11. If you are investing, what type of investment? (Select all that apply)

- Fixed Deposit/Term Deposit Account
- Stocks
- Bonds
- Cryptocurrency
- FOREX
- Gold

12. Where do you invest? (Select all that apply)

- Local bank
- International Bank
- Online investment platforms
- Cryptocurrency exchange (e.g., Binance)

Section 3: Attitudes Toward Saving

13. For the following statements, please rate your level of agreement on a scale of 1 to 5, where 1 = strongly disagree and 5 = strongly agree:

1. Saving money is important for my future.
2. I feel confident in my ability to save money regularly.

3. I prefer saving money on low-risk financial products (e.g., bank deposits).
4. I have enough knowledge to manage my savings effectively.
5. I find it easy to set money aside for saving.

Section 4: Attitudes Toward Investing

14. For the following statements, please rate your level of agreement on a scale of 1 to 5, where 1 = strongly disagree and 5 = strongly agree:

1. Investing is important for my future financial security.
2. I am comfortable taking financial risks when investing.
3. I have enough knowledge to start investing.
4. I understand the risks involved in investing in financial products like stocks or bonds.
5. I believe investing can help me achieve long-term financial goals.

Section 5: Factors Influencing Financial Decisions

15. Who or what influences your decision to save or invest? (Select all that apply)

- Family
- Friends
- Myself
- Social Media
- Financial Advisors
- Educational content (e.g., online courses, books)

16. Have you ever received any formal financial education (e.g., through school, workshops, or online)?

- Yes
- No

17. To what extent does your family influence your saving or investment decisions?

(Scale: 1 - No Influence, 5 - Strong Influence)

18. Where do you get most of your financial knowledge or advice? (Select all that apply)

- Family
- Friends
- Social media (e.g., Facebook, Instagram, TikTok)
- Financial Institutions
- Websites or Blogs
- None of the Above

Section 6: Barriers to Saving and Investing

20. What is the biggest barrier preventing you from saving money? (Select one)

- Low income
- High expenses
- Lack of discipline
- Lack of financial knowledge
- Nothing

21. What is the biggest challenge that prevents you from investing? (Select one)

- Lack of knowledge
- Fear of losing money
- No access to financial products
- Not enough disposable income
- Nothing

Section 7: Demographic Information

22. What is your age?

- 18-20
- 21-23
- 24-26

23. What is your gender?

- Male
- female

24. What is your status?

- Student
- Working full-time
- Working part-time
- Unemployed

25. What is your average monthly income?

- Less than 1,500,000 LAK
- 1,500,000 - 3,000,000 LAK
- 3,000,000 - 5,000,000 LAK
- More than 5,000,000 LAK