INFLUENCE OF PEER PRESSURE ON INDIVIDUAL SAVINGS BEHAVIOUR

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ABSTRACT

For a very long time, the fields of economics, psychology, and sociology have known the importance of individual savings behaviour in determining financial security and well-being. Accepted in its significance, grasping just how people save, and the larger complex systems that can explain saving behaviour, remains a challenging and varied task. Traditional economic theories assume that people make rational decisions based on cost-benefit analysis. The fact remains, however, that a host of psychological, socio-economic, and cultural variables do, in most cases, take their toll on the saving pattern accumulation. This paper, therefore, seeks to explore the said intricate interplay within which individual savings and spending behavior is embedded. This information was collected using a structured questionnaire, analysis of which is done later in the paper. In this research, specific peer group saving practices were to be found out, which would help this paper in drawing similarities and dissimilarities of similar categories in the divers' peer dynamics. The comprehensive approach pursued in this study not only furthers the understanding of individualistic ways of making decisions related to finance but also provides worthwhile advice for encouraging financial well-being under a range of social circumstances.

Keywords: *individual savings, spending behaviour, peer pressure, financial decisions*

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1. INTRODUCTION:

Individual decisions on saving and spending are very important and greatly impact one's overall economic well-being and long-term security, as well as quality of life. Although traditional theories of economics have considered the behaviour of individual savings, a good deal of interdisciplinary research argues that psychological, social, and cultural factors are really important in determining how people save and spend their money. One major factor, among others, that has gained increasingly more study recently is how peer pressure affects people's habits when it comes to saving and general financial decision-making.

Individual savings behaviour is one of the cornerstones of long-term financial security and welfare. Disciplined and consistent savings behaviour is necessary for enjoying a pleasurable retirement and other important life events. These behaviours permit people to amass adequate savings to support their so-identified levels of living once they retire from work. The second reason is that, beyond retirement planning, they provide a very important buffer to weather unexpected financial storms such as medical emergencies, home or auto repairs, or periods of job loss—all without being forced into crippling debt. On a larger scale, long-term, steady saving and investing can really open one's ability to build much larger wealth and assets in the years to come. This will therefore open up chances for greater financial freedom, the ability to make major purchases, and leaving an inheritance for future generations.

Savings at large, generally, enable a person to avoid high-interest debt cycles and continuous worry about money, as it is a problem for many households. It also grants freedom to venture into business or to take calculated risks without the fear of bankruptcy. People save in different ways. The classical economic theories often oversimplify the decisions of saving; however, studies have shown that savings decisions are highly linked to various factors such as psychological, socio-economic, and cultural factors, which refer to the way people save and spend their money. There is also a socio-economic influence which includes family background, cost of living, level of income, job security, diverse cultures and demographic groups that have entirely different intentions of saving because of the deeply rooted cultural values and belief systems about money.

1.1. Objective:

1. To identify particular social, cultural, and economic peer pressure elements that might influence change in individual savings behaviour:
    (a) To explore the psychological factors at play when individuals succumb to peer pressure regarding savings, such as fear of social exclusion or the desire for social status.
2. To explore the psychological factors at play when individuals succumb to peer pressure regarding savings.
3. To assess the financial effects of peer pressure on individual savings, including changes in savings rates, spending habits, and financial goals.
4. To assess different peer groups and their specific savings practices.
5. Feasible strategies and interventions that people can use to resist negative peer pressure and uphold good saving practices.

2. LITERATURE REVIEW:

Peer pressure has been recognised as an important factor influencing individual behaviour in all aspects of life, including financial decisions such as saving behaviour. This literature review aims to explore the effects of peer pressure on individual savings behaviour by reviewing existing studies and research in the field.

Some studies have shown the importance of the influence of peer pressure on individual savings behaviour. For instance, a study by Mpaata, E., Koskei, N. ., & Saina, E. (2020) found that social influence (friends, colleagues etc) positively impacts savings behaviour in developed countries and negatively impacts developing countries. It was further highlighted that savings behaviour could be influenced by family, friends or colleagues through nurturing, mentoring and sharing of information.

In a study by Jumena et al., (2022), it was found that the factors influencing savings behaviour were divided into two categories: internal and external factors. Out of the total 15 factors identified 10 factors such as personal wealth, individual needs and dependency, financial literacy, psychological and social factors, financial service, self-preference, financial goals, anticipatory and profit were categorized as internal factors while factors like job profile, geographic location, demographic factors, macroeconomic and savings product marketing were categorized as part of the external factors. Even though peer influence wasn't delved into enough, the study recognised peer pressure as one of the factors influencing savings behaviour.

It was found in a study written by Dangol & Maharjan, (2018) that there is a significant relationship between peer influence and savings behaviour. It also highlighted the importance of parental influence on individual savings behaviour. Methods like independence, control, habit formation and encouraging savings were identified to influence savings behaviour, with parent's encouragement to save being particularly impactful. It was concluded in the study that by comparison of financial status, spending time with peers and discussing financial matters with them influence savings behaviour significantly.

Another important contribution to the literature is a randomized experiment by Duflo and Saez (2003) regarding peer effects in retirement savings decisions. They showed that informing a random subset of employees within a department about the benefits of TDA raises TDA participation not only among persons who directly received the information but also among their colleagues who were not so informed. This spillover effect is a vivid illustration of the role that social networks can play in transmitting financial information and influencing savings behaviour. It shows that well-targeted interventions may have an amplified effect through peer influence and hence might provide a cost-effective way to induce savings behaviour more broadly.

Brown et al. (2008) examined the role of community-level peer effects on individual savings decisions. The findings were that evidence was found for an influence of the average savings rate in an individual's community on his own savings rate, even when a whole range of individual and community-level characteristics were controlled. This is to suggest that this "keeping up with the Joneses" effect in savings behaviour has quite an important role in financial decision-making. It also pointed out that these peer effects were stronger in communities that showed a higher level of social capital and interpersonal trust, underlining the importance of social cohesion in facilitating positive peer influence on savings behaviour. These results point to possible community-based interventions, the promotion of financial discussions within social networks, and the encouragement of higher savings rates.

The literature review shows that peer pressure plays an important role in the development of individual savings behaviour. Understanding how these social interactions can provide insight to policymakers and financial institutions seeking to improve the health of individuals. More research is needed in this area to explore the nuances of peer pressure dynamics and develop intervention plans to encourage positive protective behaviours.

3. PEER PRESSURE AND FACTORS OF PEER PRESSURE:

3.1. Peer Pressure:

According to APA(American Psychological Association), peer pressure is "the influence exerted by a peer group on its members to fit in with or conform to the group's norms and expectations. Peer pressure may have positive socialization value but may also have negative consequences for mental or physical health." Peers can be your friends, colleagues or anyone with similar interests. Peer pressure can be the influence exerted by peers to do something you might be resistant to or may not otherwise engage in.

Peer pressure can either have a positive or negative influence. For instance, peer pressure may influence someone to live a healthy life, like exercising; this would be a positive influence. Peers might also negatively influence you, making you make wrong decisions in your life.

Generally speaking, there are 4 main types of peer pressure:

1. Spoken Peer Pressure:

   The term clearly tells that spoken peer pressure is when an individual verbally requests another to engage in some form of behavior. It may be a direct or indirect form of peer pressure.

2. Unspoken Peer Pressure:

   On the other hand unspoken peer pressure is when there is a silent pressure to get along with the trends and behaviour not to feel socially outcast. As mentioned above it can be direct or indirect.

3. Positive Peer Pressure:

   Positive peer pressure is when peers influence the person to make useful or effective decisions. This would be in forms of direct, indirect, spoken, or unspoken. Examples may include two friends hitting the gym to keep up their fitness goals, a group of friends volunteering for community service, etc.

4. Negative Peer Pressure:

The opposite of positive peer pressure is negative peer pressure. It is when an individual is pressured into engaging in something he or she would otherwise not do or be resistant to. The most common example of such pressure from peers would be friends pushing others to have a shot of alcohol or even try drugs.

3.2. Social Factors contributing to Peer Pressure:

Social conditions that make someone vulnerable to peer pressure include the following;

One of the most basic human needs goes even back to our social evolution; the urge need of one to have relationships and approval from their peers. From a very tender age, we learn that for our survival, safety, and general well-being, there is need to be in groups and ensure that we maintain good relations with other people. Another strong reason for conformity could be the fear of rejection or negative criticism by peers. People always equate being esteemed by their peers with a sense of self-importance, validity, and belonging. If people follow the rules and expectancies of their peers, they can feel more joined, secure, and like they belong to the group. The extent of self-esteem that an individual possesses significantly determines his or her psychological and overall well-being.

Our view about ourselves and other people around us, specifically our level people or peers significantly determines our identity. Numerous people describe themselves and who they are using the roles and statuses his peer group possesses. Therefore when such people perceives how the group treats him his general in the group, they thus risk having their self-esteem determined by how the group treats them. This could, therefore, translate to favourable self-image and increased self-esteem, if it subjects them to feel accepted and respected by others. On the other hand, if they feel that peers are rejecting or judging them, it can seriously hurt their self-esteem, leading to insecurity or poor self-worth. In this respect, getting along with the expectations and standards of the peer level, people thereby manage to gain satisfaction with their social status and self-esteem within the group. People are prone to follow through on what they see others doing who they look up to or accept the social norm, in the case of teenagers and young adults. This is known as social learning or peer modelling.

Whether it be a broader society, a social club, or a small circle of friends, these groups somehow coalesce into their own unique version of norms, beliefs, and expectations. These serve as the unwritten rules that govern members' behaviours, perspectives, and dispositions. These expectations and norms may range from anything such as dress codes and language to more serious matters such as morals and political stands. It is commonly assumed that adhering to these standards and accords will maintain the group cohesive and powerful and give the members a sense of belonging. Members who conform to these norms are considered the faithful, committed, and truthful embodiment of the group's character. but deviation from the accepted norms and expectations is perceived as a threat to the organisation's cohesion and cooperation. Members who deviate or question the rules of the organization are likely to be punished through several social sanctions or through forms of social exclusion. Conformity bias is a psychological influence in which people tend to go after other people's opinions, beliefs, and actions that run counter to their own judgment or conclusion. It may be assigned to some reasons, such as the need for upholding a positive self-image, wanting social acceptance, and fear of rejection. A vicious cycle may further intensify in situations where people can express, very much, their free wills. Digital technology and social media have not only changed how we interact with other people but also revolutionized it. Such digital places have determined huge peer networking, which cannot even be limited geographically or classically by social networks. It is in these virtual communities that new expectations, trends, and conventions come to life, which later define the attitudes and behaviours of people striving for belonging and approval.

Social media influencers are the newest justification for peer pressure. Desiring to fit in with those online networks, people—especially young people—may feel compelled to copy the beliefs, fashion choices, or lifestyles of the so-called influencers they look up to or would like to be like. The majority of our values, beliefs, and expectations about proper behaviour and attitude come mostly from our cultural and societal traditions. Some traditions are within different cultural settings and passed on from one generation to another. The cultural practice may be very strong, and thus people may abide by them in order to maintain their relationships, social status, and sense of belonging. The family ties play a significant role in building up an individual's self-esteem and self–confidence, right from childhood.

Parents therefore need to lead by example in order to teach their children the importance of saving. In this respect, a child shall learn the importance of saving money upon noticing his or her parent saving a certain amount of money frequently.

3.3. Psychological Factors contributing to Peer Pressure:

The adolescent and early adult years are usually important periods of life for social and identity development. At these stages, people are actively constructing and discovering their identities, values, beliefs, and social roles. Through this process of self-discovery and self-definition, individuals are significantly influenced by peers and social contacts; thus, at such formative years, they are more vulnerable to peer pressure.

Self-esteem can be simply defined as the overall subjective assessment of one's own value or worth. Individuals with low self-esteem most often doubt their abilities, beliefs, and opinions. Their lack of self-confidence, therefore, usually makes them more vulnerable to seeking others—especially their peers—for acceptance and approval. The individual with a lower regard toward oneself would be more concerned with rejection from peers. Due to this fear, they may move further toward fitting in and following group norms at the expense of their own opinions or values. Probably, the major force that will work to make them conform is the fear of being excluded by the group.

Such high-need belongingness individuals may be more susceptible to peer pressure to avoid the negative emotional and psychological consequences of rejection or isolation by their peers. Individuals with a high need for acceptance and integration within society often attach importance to their relationships and affiliations with groups. They could be afraid of the potential negative consequences that might come as a result of social exclusion, which include depressive symptoms, low self-esteem, and a lack of social support. Therefore, this suggests they will be willing to give up their uniqueness in order to stay in that group and not become an outcast.

4. FINANCIAL IMPLICATIONS OF PEER PRESSURE ON SAVINGS:

Personal finance is simply the set of activities undertaken with respect to the planning, execution, and control that is included in the domains of cash, credit, investments, insurance, retirement, and estate planning. It includes all financial decisions and activities of an individual or household, such as how he or it earns, saves, invests, and spends money.(Grable, Park and Joo, 2009)

According to Katona, 1974, saving refers to the part of income that is saved for use later and can also be used in creating wealth that lasts long. In a psychological setting, saving is holding money for use later rather than using it now. Savings behaviour therefore entails perceptions of needs in the future coupled with saving decisions and saving. However, most people relate saving to investing, opening a bank account, making speculation, and paying off mortgages. Sometimes saving can be about saving up money to buy something one desires, which would be an example of saving. Willingness to either save or spend one's money will be determined by what is expected of a person's finance and the attitude towards it. The decision to save should be made with some willpower, but still, it's up to the person wanting to save. People's willingness is influenced by their perception of the economy and how it's performing.

Concerning individuals' saving behaviour, a distinction needs to be put forward in relation to short- versus long-term goals of saving, and what drives each of them.

On the short-term side, saving normally includes setting aside money for more immediate expenses in the future, like emergencies, vacations, down payments, or some other large purchase. Priorities such as liquidity and ease of access make products like savings accounts and money market funds quite an appealing short-term vehicle for savings. This can sometimes get derailed because of psychological factors in the form of present bias and impulsiveness. Long-term savings, on the other hand, aim to build up funds for life events far into the future, such as retirement, education of children, leaving an inheritance, etc. In this case, priorities shift towards growth potential and accumulation of wealth over decades, and investment accounts and tax-advantaged plans become more suitable for long-term savings. Among others, delaying gratification, risk tolerance, financial literacy, and perceived time horizons all exert stronger effects on long-term savings rates. Friends' influence may have an extremely huge impact on how someone's saving rate and spending behaviour are. The tendency one feels to want to fit in and be accepted by friends may lead to the use of too much money for experiences or things that are not needed.

It could manifest in the form of eating out a lot, buying the latest technology or clothing, or spending much money on hobbies or entertainment. Because one feels pressured to keep appearances, socialize, and fear missing out, much of a person's disposable income may be spent on non-essential things. This could further contribute to making it difficult for people to save money for investment or savings purposes, thus lowering the savings rate. After giving in to peer pressure and spending what little money is left over, financial objectives such as building an emergency fund, funding the school/college fees of children, or saving for a down payment on a house become quite less important. Impulsive spending decisions, further instigated by a need to belong, might exacerbate matters, causing people to forgo financial planning and budgeting.

Effects of peer pressure on savings behaviour and spending behaviour can be long-lasting. Spending too much money becomes habitual, and the opportunity costs of deferring investments and savings continue to grow. People could get caught living from paycheck to paycheck, unable to grow their savings and establish a secure financial future. Together, a low saving rate and high non-essential spending can make it quite difficult to be independent and financially stable over the long run.

These adverse effects of overspending to belong have devastating impacts on a person's ability to fulfill long-term goals and to plan for the future. Crucial financial milestones become ever more elusive to meet as disposable cash is constantly diverted under peer pressure into frivolous activities. Furthermore, giving priority to short-term gratification over long-term financial planning may further hinder one's ability to save enough money for life's milestones. Very often, immediate gratification from surrendering to the pressure to spend is at the cost of disciplined, ongoing investments to retirement accounts or other long-term investment vehicles. The result in such cases can be that individuals find themselves ill-prepared for some of life's major milestones, from starting a family to funding college or simply maintaining their desired lifestyle.

Another consequence is that, when it becomes a habit, peer pressure-driven overspending may increase the accumulation of debts. People could start using credit cards or borrow loans to maintain their lifestyle and to continue spending on items not really necessary just to fit with their social circle. This has the potential to spiral out of control rapidly with the addition of interest rates and increasing minimum payments, raising the overall cost of the debt. Excessive indebtedness can result in financial insecurity, whereby even simple budgeting for basic needs becomes a stretch, not to mention having some left over for unexpected expenses or bills. It is, therefore a no-brainer to follow how someone's potential earnings can be highly diminished by the weight of debt servicing, not leaving much behind to plan for the future or to build a financial cushion for self-protection. Additionally, also since individuals do not have the level of cushion necessary to face up to such eventualities, they increasingly find themselves at risk of losing their jobs, experiencing either downturns in the economic cycle or any variant of these shocks.

It is somewhat disturbing to consider that people may be locked into an endless cycle of debt, relying first on credit expansion to pay off previous obligations and then on further credit expansion to pay those off and so on, never able to get out of debt. With fees and interest piling up and the total amount owed growing at exceptional rates, the spiral becomes ever more challenging to escape. Furthermore, being severely indebted and missing payments continually will surely mess up one's credit score, making it harder to get approval for future loans. Such instabilities in the financial system, together with debt cycles, can have a longer impact, reaching beyond short-term personal financial problems. The continuous worrying and stress related to debt are likely to further deteriorate relationships and mental health. In addition, weak financial standing will prevent one from creating opportunities for himself or herself in terms of buying a house or getting a promotion at work.

5. PEER GROUPS AND SAVING PRACTICES:

5.1. Peer Groups:

A number of peer groups can be identified and classified based on demographic, socioeconomic, and cultural characteristics. One very important variable is age, as unique forms of peer groups come into existence at different times in life. For instance, a peer group comprising young adults just out of college would meet to discuss such matters as struggling to pay off student loans, getting a job, and being independent. For mid-career professionals, however, such goals may focus on growing a business, starting a family, or accumulating resources like investments and homes. Usually, peer groups focused on retirement planning, management of healthcare-related expenses, and financial security of life after retirement as the members approached retirement years. Peer group dynamics are also largely affected by socioeconomic level. The rich will normally associate with other people having the same disposable incomes and investments. This may be contrasted with middle-class communities, which often put much emphasis on striking a balance between their necessary discretionary spending with modest savings. Common challenges faced by the lower-income peer groups are debt management, acquisition of financial resources, and meeting basic needs.

The cultural background, which includes racial or ethnic identification, religious affiliations, and generational disparities, may play a huge part in creating a certain attitude of the peer group related to spending, saving, and amassing money. Cultural conventions, traditions, and beliefs shape financial actions and priorities and eventually set up different group dynamics.

Another influential factor in the formation of peer groups would be education level. To this end, students in college can be saddled with student loans, income from part-time jobs, and planning of budgets for living expenses, while students in high school have low financial literacy, live with their parents, and are financially dependent. Individuals who hold graduate or professional degrees could form peer groups with higher earning potential and occupation-specific financial goals.

Different financial opportunities and problems arise in peer groups from metropolitan areas compared to those from rural ones, for example, greater living costs or access to a wider range of labour markets. Geographic location also makes a difference. Regional or cultural differences can also be a reason for peer group gaps in financial attitudes and practices.

5.2 Peer group differences in saving practices

5.2.1. Young Adults(18-24):

Young adults(18-24) often look for pleasures and rewards in the present. They place greater values on activities that pay off instantly, such as concerts, eating out, or travelling. Their buying decisions are driven by the value of social relationships, events, or gatherings. They work toward building relationships and creating memories. They spend money on non-essential things as they have less amount of money, mostly allowance from their parents or part-time jobs. Maybe they are spending more on things they really do not need because they believe these, like entertainments, technologies, or clothes, bring them to a better quality of life and aid in their social standing in their groups. Most young adults make the mistake of thinking that they have ample time to work and save later. They may not take long-term financial planning seriously because retirement is so far away. But there is also the tendency to be impulsive. Spending is done impulsively, without any thought about the consequences. Investments and long-term financial planning, which entails retirement funds, are put off. There isn't much of a feeling of urgency to save.

5.2.2. Career Beginning Professionals (25-34):

Most people actually start their financial journey at age 25. At this stage, most of them would focus on budgeting, paying off student loans, and starting work. For young adults, an emergency fund is of paramount importance, viz. they tend to save money to cover at least three or six months of living expenses in case of loss of job or unexpected medical expenses. Because life is full of surprises, a safety net of funds ensures that they can deal with unexpected events such as losing a job suddenly or experiencing auto breakdowns or medical emergencies. They set aside a portion of their salary to pay off debts if they have credit card debt, debt, student loans, etc.

5.2.3. Mid-Career Professionals(35-54):

Professionals in middle career are at an age when stability and long-term matters concern them. They need to reach key milestones so that they can be sure of their financial future. Very often, such goals will include retirement planning, funding the children's education, and saving for a deposit on a house. The focus shifts from short-term satisfaction to long-term planning. Mid-career professionals save for a purpose. Their understanding of the advantage of a secure financial position is different from that of younger age segments. Savings for a house will help them establish themselves and invest in real estate. The funds set aside to ensure their children's education will secure a bright future for themselves and their children. Money saved for retirement is a lullaby. Professionals in mid-career usually have higher earning potential. They have the experience and the career momentum working in their favor, so remuneration is commensurate with the work and experience. Since they draw a higher salary, they can now put more money toward investment and savings.

They are drawing more disposable income, which implies that finding an equilibrium among needs and wants is quite easy. Mid–career professionals usually save smartly. They set out financial budgets, track expenses, and set financial goals. They incorporate automatic savings into their routine by recurring contributions to investment portfolios or retirement accounts, like LIC or health insurance, etc. Consistency is everything for them. Mid-career professionals demonstrate a commitment to saving but realize the necessity of enjoyment, too. They strike a balance between responsible budgeting and living expenses. They save up money for needs and wants, whether hobbies, dining out, or a family vacation.

5.2.4. Retirees(55 or older):

At retirement age, protection of wealth takes prominence over accumulation. People wish their retirement years to be spent on the wealth earned with a lot of sweat and toil. The risk and reward are balanced by keeping a close check on one's investment portfolio. They set the same priorities for both the preservation of capital and its augmentation.

Investors in their retirement years more or less follow a conservative approach. Stability is given more importance than indulging in any risky business. It becomes quite appealing to invest in bonds, dividend-paying a dependable source of income is the target to be achieved. A large number of pensioners depend on fixed incomes. Some examples of these include pensions, social security payouts, and distribution from retirement accounts. These predictable cash flows increase their capacity to pay for their livelihood and other necessities, thereby providing them with financial security. Retirement brings a good deal of stress over healthcare costs. Their financial security may get impacted through long time care expenses, insurance premiums, and medical expenditures. Retirees also strive to maintain their preferred standard of lifestyle. This constitutes accommodation, utilities, food and entertainment. Freedom, that is newfound comes with retirement.

People who are retired often travel, visit relatives or engage themselves in things they never had time to do during their working life. Travel opportunities, enjoy leisure and experience quality things become possible. They save money to be spent on experiences that will bring enjoyment to life.

5.3. Observations:

The data clearly demonstrates that a significant number of respondents have changed their saving habits as a result of peer pressure. A significant number of participants admitted to being swayed by their peers' financial decisions, especially when it came to allocating funds for luxuries or social activities. 47 out of 170 respondents, or 27.6%, specifically said that they have experienced changes in their savings behaviour due to peer influence. A further 31.8% of respondents (54 out of 170), said that their savings behaviour may have been impacted by peer pressure. Thus, 59.4% of respondents overall said that peers had influenced their savings and financial decisions to some extent.

In addition, respondents gave a variety of examples when asked about particular occasions in which peer pressure affected their savings behaviour, including: ● Unscheduled get-togethers or social outings with friends

- Feeling pressured to spend money on luxury items or experiences in order to maintain one's social standing
- Giving in to peer pressure while purchasing, even if it means straying from their financial objectives.

Peer influence is widely acknowledged, which emphasises how common it is, particularly among particular age groups like young professionals and college students. Furthermore, a considerable proportion of participants (about 60%) expressed that they experience peer pressure to spend money rather than save it, and roughly 42% acknowledged that they make purchases purely to improve their reputation or social standing.

Many respondents have stated that they have experienced peer pressure to spend money on impromptu outings, trips or get-togethers, even if it means depleting their funds. One respondent mentioned, for instance, "Ordering food from outside very regularly" due to peer pressure.

According to several respondents, there is peer pressure to spend money on social activities or group activities in order to fit in and not feel alienated. One respondent stated "Joining friends for weekend plays or playing football" as an example of where they spent money due to peer influence. Improving one's reputation or social standing among peers turned out to be a major purchasing motivator. A respondent said that they have made purchases "just to improve [their] reputation or social status among [their] peers".

One common concern was that if they did not spend like their peers, they would be excluded from social activities or groups. One respondent expressed that they experienced a "fear of social exclusion" if they did not spend money similarly to their peers. There were instances where they spent money on luxuries or activities because their peers were having them, even if it wasn't a top priority for them. Another situation is giving in to "FOMO" (Fear of Missing Out) when friends spend money on particular events or activities. They also feel pressured to adopt the same spending patterns as their peers, even at the expense of their own savings objectives.

According to the findings, peer pressure frequently appeared when respondents felt compelled to follow the spending habits of their social circles in order to preserve their social status, prevent social exclusion or just because of the influence of group norms and expectations. Although some respondents felt that saving should take precedence over social expenditure, others found it difficult to strike a balance between the two. Many regretted giving in to peer pressure and spending money rather than saving for specified financial objectives.

On one end, some respondents said that, despite peer pressure, they preferred social expenditure over saving money. For instance, despite peer pressure, a few stated unequivocally, "Saving money is my top priority"(about 18%). Some reported being "Very disciplined" (about 17%) or "Moderately disciplined"(about 47%) when it came to their saving practices, indicating that they were able to withstand peer pressure to spend socially.

However, a significant percentage found it difficult to strike a balance and as a result of peer pressure ended up giving social spending priority. In response, 10% said that, for them, “social spending takes priority over saving”. Many said they were just “slightly” or “not at all” disciplined when it came to saving money. There were specific examples given, such as “Ordering food from outside very regularly” despite making an effort to save.

Those who attempted to find a middle ground frequently gave in to peer pressure and later regretted it was in the centre. About 68% said they regretted giving in to peer pressure and spending money rather than putting it aside for particular objectives. Statements such as “I try to balance saving with social spending” are fine as long as they acknowledge that peers regularly influence them.

Overall, many found it difficult to put savings ahead of caving into peer temptation to spend socially(especially college students), even though others were able to resist this pressure(usually adults aged between 35 and older). This frequently resulted in regret since they felt pressured to adopt their peers’ spending patterns, which compromised their financial discipline and savings behaviour.

When it comes to their priority for saving money and their sensitivity to peer pressure, the data clearly distinguishes between younger respondents-mostly college students- and older respondents- mostly working people.

Younger Respondents (College Students):

About 65% of college students who answered the survey said they had changed the way they saved as a result of peer pressure. Numerous people gave examples of how peer pressure resulted in impulsive social expenditure, such as going on trips, eating out with friends or outings. Their purchasing decision was frequently influenced by psychological issues such as the desire to improve their social status and the fear of social exclusion. Peer pressure to “order food from outside regularly” or to spend money on luxuries to maintain their social position were two specific examples of giving in to peer pressure. Overall, younger respondents seemed more concerned with short-term social spending and following the rules of their peer groups, even if it meant sacrificing their saving objectives.

Older Respondents(Employed individuals):

The respondents who were employed and often older in age had a greater level of financial discipline and a greater emphasis on long-term savings objectives. A lot of them mentioned making retirement savings, buying a house, or other long-term financial goals as a priority.

While some acknowledged the importance of peers, a significant portion claimed that peers had no influence on their savings or financial decisions. Their tolerance to peer pressure regarding social expenditure appeared to be influenced by attributes such as life experiences, income stability and financial responsibilities. Among those who were working, statements like “Saving money is my top priority” and “Very disciplined” savings habits were more prevalent.

It's important to note that there were exceptions in both age groups: some working adults acknowledged the importance of peer influence, while some college students demonstrated disciplined savings practices. However, the overall pattern of the data points to the fact that older, working people prioritize long-term savings goals and demonstrate greater financial discipline- possibly as a result of increased responsibilities and life experiences- while younger people in the college phase of life are more susceptible to peer pressure and its impact on their savings behaviour.

6. STRATEGIES AND INTERVENTIONS:

One has to be very clear about personal financial interests and goals amidst friends pressuring for a spending spree. One should sit and draw out a plan regarding short- and long-term financial goals, retirement, education, emergency, and funds for big-ticket items. These objectives must be ranked in order of importance and timeline to create a roadmap for this journey of savings. Repeating these goals over and over, and reviewing them periodically, allows one to see the detriment that overspending would bring to their growth, hence standing firm by their budget. Also, important to be asserted is the will not to give in easily to peers or gracefully decline peer invitation or requests one knows will not suit one's financial objectives.

This is writing scripts or responses to nicely, but firmly, say "no", without feeling obligated to provide too many explanations. Proposing alternative, less expensive alternatives that fit the goals of the savings may help in such matters. The confidence to stand one's ground, not giving in to peers even if it results in possible social embarrassment or disapproval, is a must. One can create positive peer pressure by seeking support from others who share similar goals, or from accountability partners who might have similar financial goals. A person can find others in his or her social network who hold similar goals and beliefs concerning finance to create small groups of people for purposes of accountability.

Here, peer support can let them fight off negative peer pressures through tip-sharing, strategies, and experiences while encouraging and pushing each other back on course. To a greater extent, people have to be more conscious of themselves and emotionally intelligent to identify situations or emotional states in which they are more susceptible to peer pressure and impulse buying. With mindfulness practices, most people do not act on impulse but stay within the moment to make sound decisions. Importantly, one should know their vulnerability or triggers to overspend and come up with effective management plans for these.

Emotional strength should also be built so as to counter and overcome the pressures from peers and other relatives or even criticism without compromising your financial goals to the end. Assuming budgets and setting apart a certain amount for social spending will prevent peer pressure from causing overspending. A good starting point would be to create a practical and realistic budget that aligns with one's income levels and savings goals and includes allocations for savings, discretionary spending, and needs. Setting up a special "social fund" for socializing and recreation with friends will help budgeting and not overspend over the quota budgeted for it, thereby preventing people from going overboard.

The budget, after being formulated, should be reviewed and revised periodically to update it with changing objectives and financial goals. There is also an urgent need to have lessons on early financial literacy included in school and university curricula. This can be done through the introduction of personal finance, budgeting, and the value of saving into relevant existing subjects or as standalone courses. Early exposure to financial literacy can provide learners with a sound base for appreciating the long-term benefits that accrue from saving and making sound financial decisions. It can be very beneficial to plan workshops, seminars, or courses that especially aim at how to overcome peer pressure in making financial decisions and upholding sound saving practices. Such focused seminars are able to dive deeper into the psychological aspects of peer pressure, provide methods for defending against undesirable peer pressure, and give many valuable tips for setting and maintaining effective savings goals.

This can further be reinforced through peer discussions, case studies, or even interactive exercises. Each of these platforms can be leveraged for the dissemination of success stories, advice, and instructional materials on the promotion of good saving habits, and repelling of peer pressure. When packaged as instructional videos and infographics, this material can be quite relatable and accessible to younger audiences on websites such as YouTube, Instagram, or TikTok. It is possible that financial literacy, educational initiatives, and empowerment regarding information, ability, and support might help people withstand peer pressure and start saving well early in life. Hence, they will be proactive and avoid undesirable temptations. In doing so, they will have a better understanding of the decisions to be taken about their finances, enhancing their long-term financial security and stability.

7. CONCLUSION:

Saving patterns and major influences on financial behaviour tend to change quite significantly across different life stages and demographic groups. For those starting out, college students and young adults with just-starting careers, peer pressure and desires for social status often stand in the way of saving. Funding social experiences, travel, or new independence may become more important than the discipline of long-term savings. For the working single without children, disposable income will be relatively high, although spending on housing, transportation, and lifestyle inflation make it tough to save. Married couples, especially those with children, have huge demands on their savings by caring for the children, educating them, finding suitable housing, and ultimately financing retirement based on two incomes. Family financial obligations and cost of living become the biggest drivers for saving. For those who are retired, the drawdown methods from lifetime savings are determined by psychological factors such as fear about the future, concerns about living a long life, and complex decumulation concepts. Planning for the future also comes into play.

Few key points from the findings of the questionnaire were:

- Peer pressure has a big impact on how people save money, especially while they are younger and in college.
- About 60% of the respondents admitted that they were at least somewhat influenced by the financial decisions and savings of their friends.
- Some of the means by which such peer influence manifested itself included impromptu social outings, the necessity to support a particular lifestyle or social status through spending, and fear of social exclusion.
- College students were more prone to peer pressure and usually gave short-term satisfaction priority over long-term financial goals.
- Older working respondents demonstrated financial discipline and a focus on long-term savings goals like retirement planning.
- While some older responding participants admitted they could be swayed by peers, most indicated that this had no bearing on their savings behaviour.
- The factors explaining older people's resilience against peer pressure may include life experience, steady income and more responsibilities.
- Though there were some exceptions at both ends, this general trend indicates that younger respondents are easily affected by peer-group pressure on their savings behaviour.

Such peer groups can mature to become a powerful force for change if effective strategies are put into practice and societal perceptions of savings and financial responsibility are changed. This can only be possible if individuals achieve a culture characterized by disciplined saving and long-term financial security through friendly competition, group support, and good role modelling, other than giving in to negative peer pressure.

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