



REPORT

- Shalvah Awah

Introduction

“[Best of Money: Why millennials go on holiday instead of saving](#)”, “[More than half of 20-somethings still count on money from their parents to pay their bills](#)”, “[A growing percentage of millennials have absolutely nothing saved](#)”, “[Millennials wonder: 'Where's my money going?'](#)”. Sound familiar? Those are a few of the many headlines I have seen in regard to millennials and their finances. “This is not good!” (in Donald Trump’s voice).

Based on conversations with friends and what I observed on social media to be the attitude of millennials towards money, a number of millennials struggle with their personal finances. “I’m broke,” is a phrase I am quite familiar with. It does not help that the older generations (Generation X and Baby boomers) constantly remark about how different millennials’ financial behaviors are to theirs. Through this survey, I hope to understand the relationship between millennials and personal finance by exploring the perceptions millennials have towards saving, budgeting and financial independence.

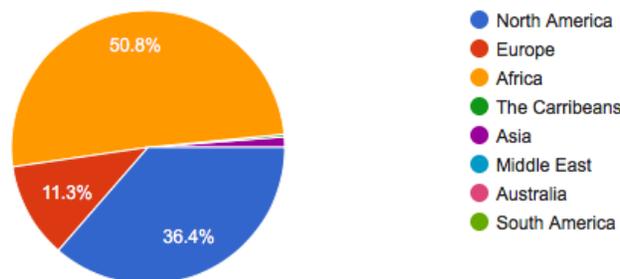
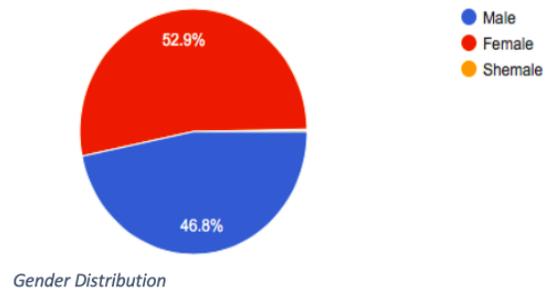
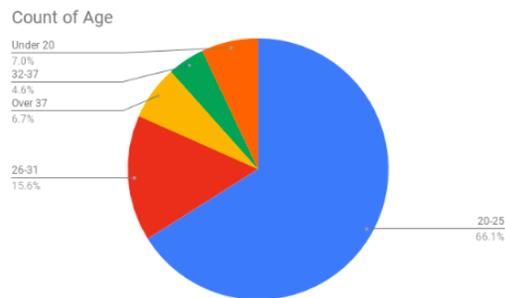
For the purpose of this study, millennials are aged 20-37 with young millennials being 20-25 and older millennials 26-37.

I) Background of Participants

Age: Of the 327 people who participated in the survey, 86.3% were millennials, 7% were under 20 and 6.7% over 37. As 66.1% of the participants fall between the 20- 25 age range, it is fair to say this study might be focused on individuals in that age group.

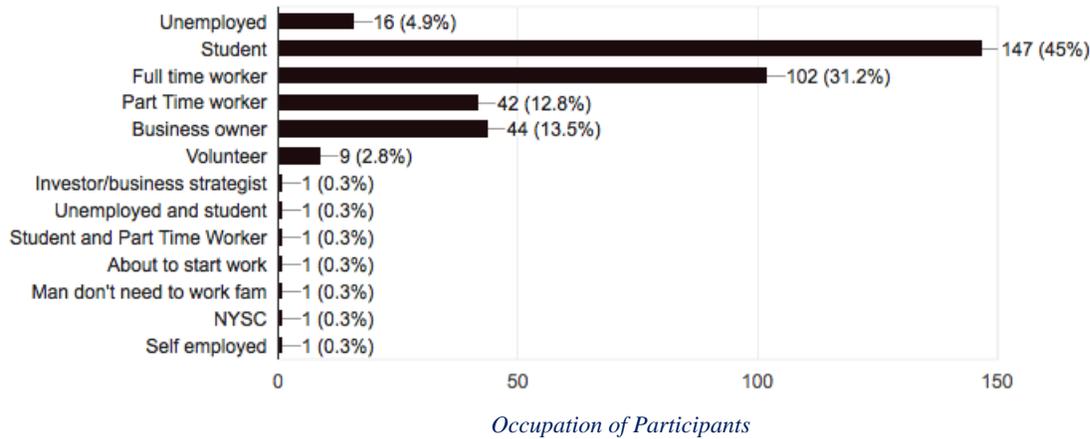
Gender: 53.9% identified as females, 0.3% as none and 46.8% as males.

Location: Half of the participants live in Africa (50.8%), 36.4% live in North America, 11.3% in Europe, 1.2% in Asia and 0.3% in the Caribbean.



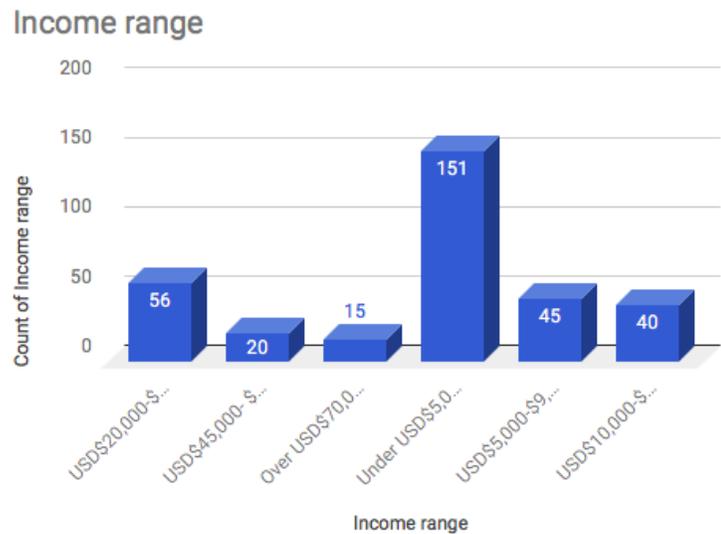
Location of Participants

Occupation: Most participants were students, which may explain why a majority of people fell under the under \$5,000/ annual income bracket. 45.6% were students in contrast to the 31.2% of people who worked full time. 5.5% were unemployed, 2.8% were volunteers, and 14.1% were business owners. 0.3% indicated there was no need to work, while 13.4% were part time workers. (Note: The diagram below shows a response based on responses received).



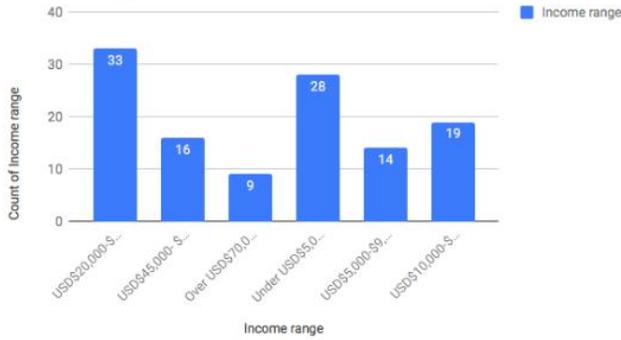
***National Youth Service Corps (NYSC) is a mandatory service to the Nigerian government once one completes post-secondary education.

Income Range: There are a couple of reasons why 46.1% of the people who took part in the survey make under \$5,000/ yearly. As noted, a number of the participants live in Africa which has a lower per capita income than other developed countries. Secondly, a greater fraction of the people who participated in this survey are students. That said, the results show 13.8% of participants make \$5-10k/annually, 12.2% make \$10-19k annually, 17.1% make \$20-45k annually, 6.1% make \$45-70k annually and 4.6% make over \$70K annually.

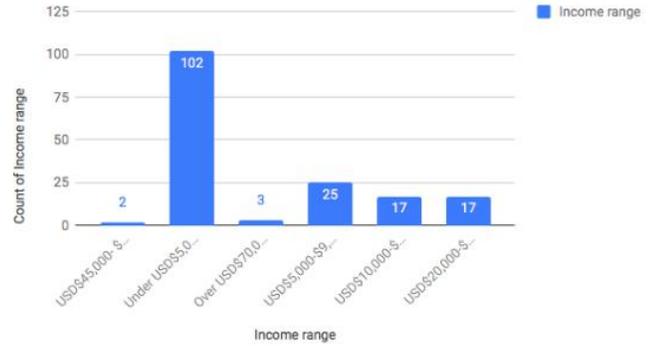


Comparison of Income Range in Africa vs North America, and amongst Students. Of the 166 participants from Africa, 61.4% make under \$5,000/ annually. However, the income range is evenly spread out for participants in North America with only 23.5% of the 119 participants making under \$5,000/ annually. Interestingly, of the 151 students that participated in this survey, 83 participants earn less than \$5,000 in a year and only 3.3% of the students make over \$45,000.

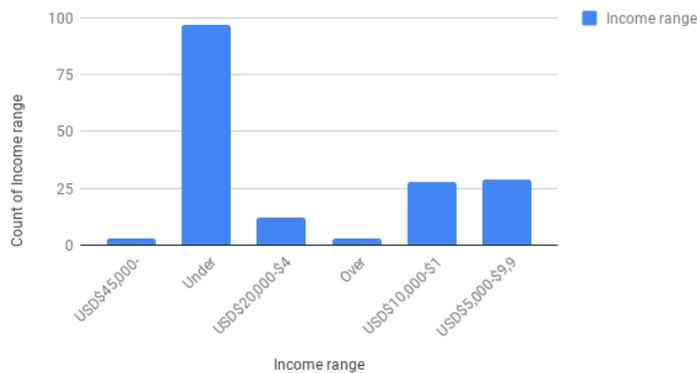
Income Range- North America



Income Range- Africa



Income Range (Students)

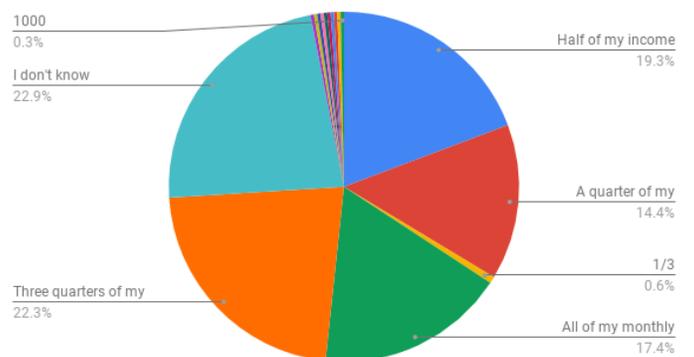


II) Participants on Spending & Budgeting

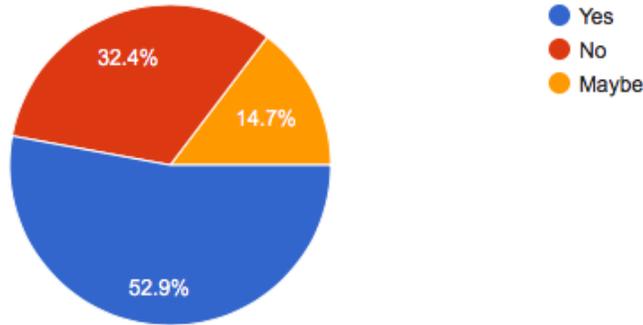
a) **How much they spend on monthly expenses?**

Based on their responses, 22.9% of participants **do not know how** much they spend monthly, 22.3% spend **three quarters** of their income, 19.3% spend **half** of their income, 17.4% spend **all** of their income and 14.4% spend a **quarter** of their income. 0.9% indicated they have no income while 0.6% indicated they spend \$1000. Some other answers were ‘no set value’, ‘depends’, ‘I’m not that sure but not that much’ and ‘I usually save 90% of my income’.

How much is spent on basic monthly expenses?



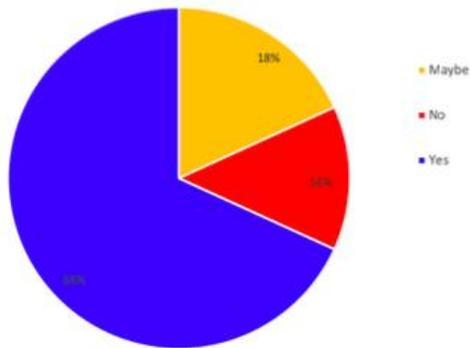
b) **On Budgeting:** When asked how many people have set budgets, 52.9% answered in the affirmative while 32.4% said 'No' and 14.7% answered 'Maybe'.



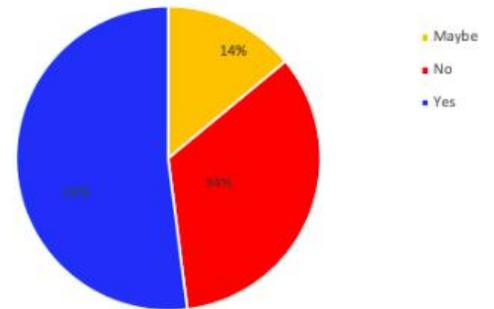
Participants responses when asked if they budget

In comparison to older generations, the results show that most millennials do not follow a budget when spending their monthly income.

Responses of Participants over 37 when asked if they have budgets

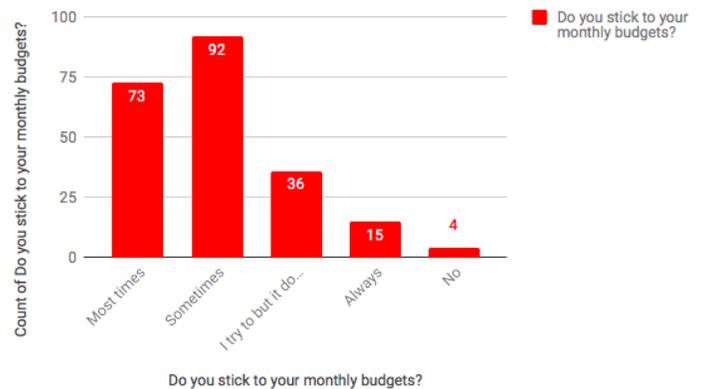


Millennials' responses when asked if they have budgets



Of the participants who confirmed they have a budget or may have a budget, 41.8% admitted to sticking to their budgets sometimes, 33.2% stick to their budgets most times, 6.8% always stick to their budgets while 18.2% admitted they do not stick to their budgets (this includes 16.4% who try to, although it doesn't work out). This shows that there might be a positive correlation between those who create budgets and the probability of them sticking to their budgets.

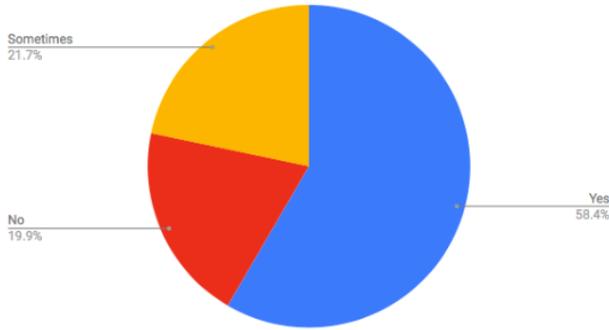
Do you stick to your monthly budgets?



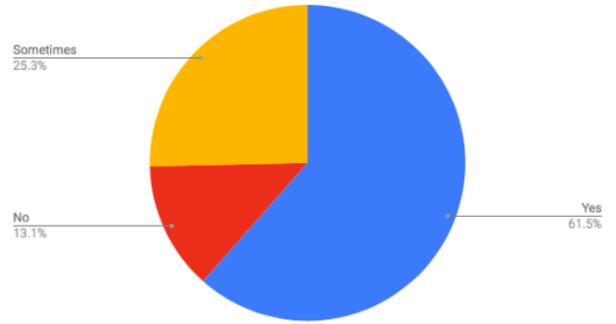
c) Monthly Review of Finances

Amongst the participants, 58.4% reported that they review their finances often, 21.7% review their finances sometimes and 19.9% do not review their finances. However, when compared to the participants who have set financial budgets, there is 3.1% rise in the number of people who review their finances and a 6.8% decline in the number of people who do not review their finances which may be significant.

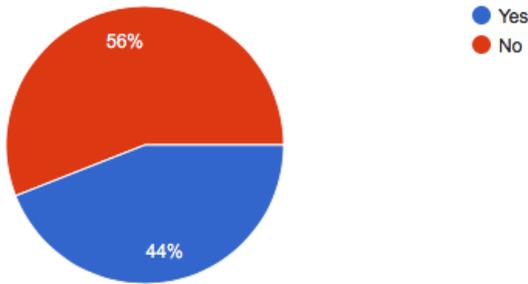
Do you review your finances often?



Do you review your finances often? (Those with budgets)



III) Participant's relationship with Investments and Debt

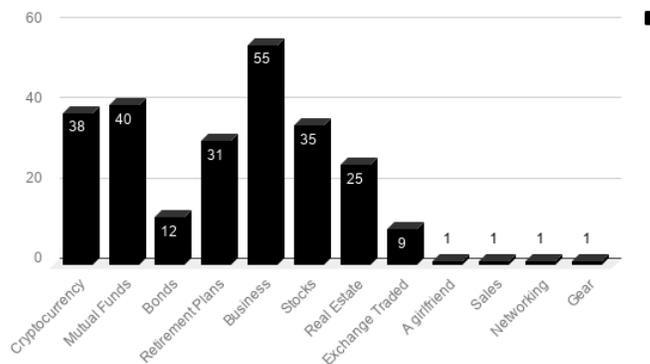


a) On Investments: 44% of the participants had investments while 56% have no investments.

Of the 44% of people who had investments, 0.03% of the participants who did not indicate they had investments listed some investments they had (this may be an indication that some may not know what investments are; interestingly, those who responded that they had no investments but listed investments they had were millennials). The chart below shows the type of investments amongst the participants.

Question: Do you have any investments?

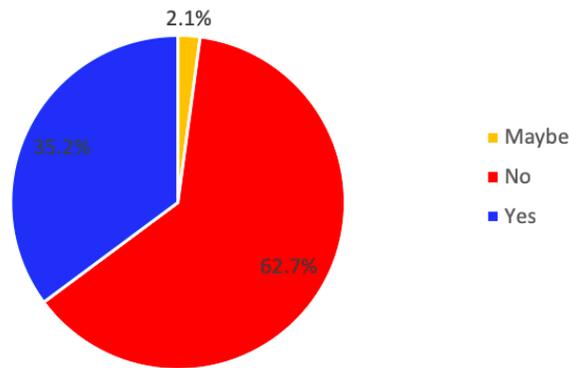
Investment Types Amongst Participants



b) On Debt:

I noticed some interesting results here. In a nutshell, most of the participants do not have debt (62.7%) and 2.1% indicated they may have debt.

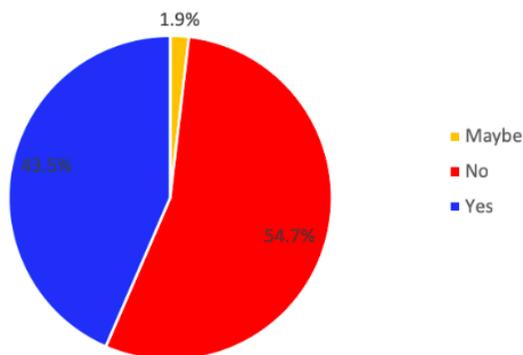
Responses to 'Do you have Debt?'



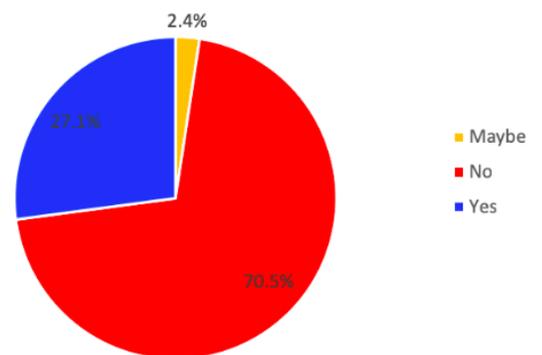
c) Relationship with debt based on geographic region

In comparison with participants from other parts of the world, the responses of participants in Africa were significantly different. 70.5% of those in Africa responded that they do not have debt compared to the 54.7% in other parts of the world. While this may be a good financial indicator in Africa, it also raises questions about the credit reporting/ debt management system prevalent in Africa.

Responses to 'Do you have Debt?' (Rest of the world)



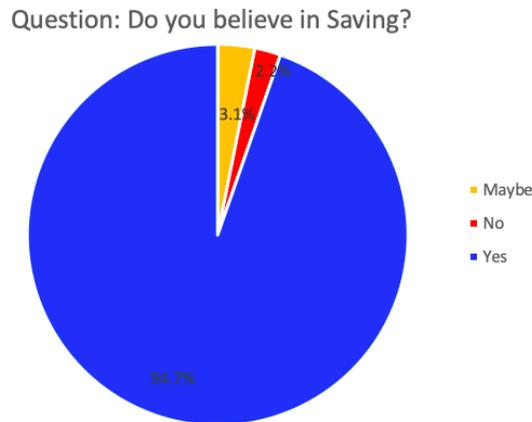
Responses to 'Do you have Debt?' (Africa)



Note: It will be interesting to explore the relationship between individuals who live in Africa and their behavior towards debt especially on a global front, as Africa's (as a continent) debt problem seems to be getting worse.

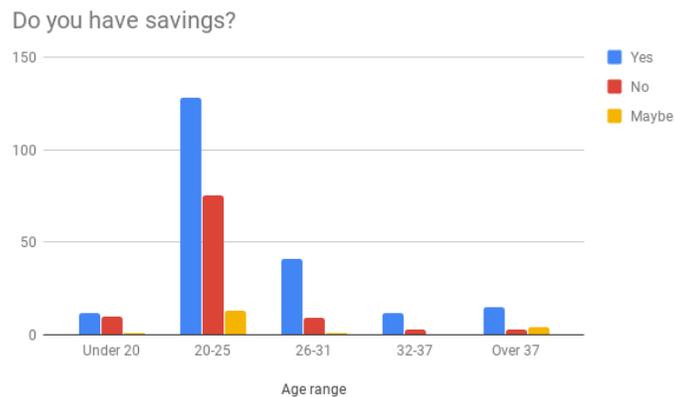
IV) Savings Culture

- a) **Beliefs in Savings:** 94.7% of the participants admitted they believe in saving while 2.2% do not believe in saving and 3.1% were unsure (answered maybe).



b) **Responses to the question “Do you have any savings?”**

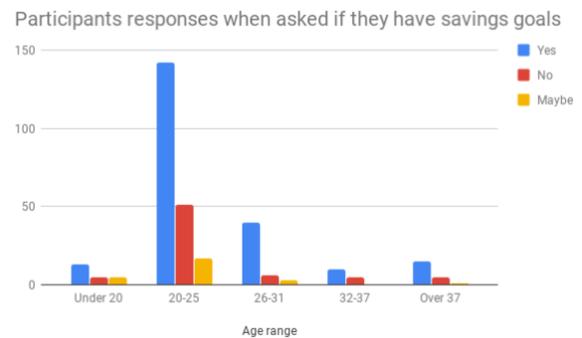
Amongst all the participants, 63.6% reported they have savings, 30.6% do not have savings and 5.8% indicated they may have savings. The graph below shows the responses of participants based on their age groups.



Distribution based on age group

c) **Responses to the question: Do you have a savings goal?**

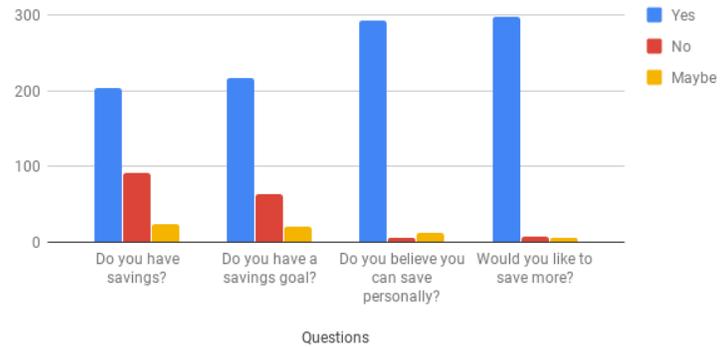
Amongst all the participants, 69.2% reported they have a savings goal, 22.6% do not have and 8.2% indicated they may have a savings goal. The graph below shows the responses of participants based on their age groups.



d) Brief Analysis of participants who believe in Saving

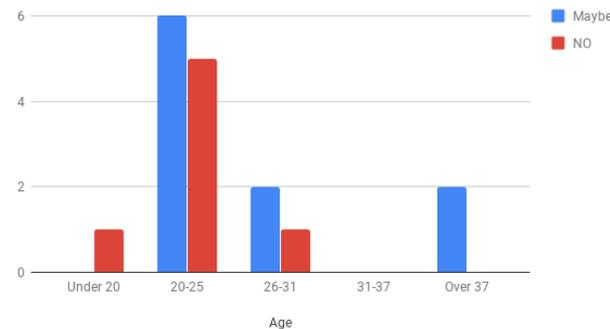
- Most participants in this group fall under the \$5,000/annually income range.
- The average age range is 20-25.
- A majority of the people in this group are students.
- A majority have savings and savings goals.
- They mostly believe they can save and would like to save more.
- Most participants in this group save to be financially independent.

General Savings Attitude Amongst Those who believe in Saving



e) Brief Analysis of those who answered NO/ Maybe to the Question, do you believe in saving?

Age distribution for those who answered Maybe/ NO



Analysis of those who answered they do not believe in Saving

- All earn less than \$5,000/ annually.
- The average age range is 20-25.
- Mostly students.
- Majority do not have any savings or a savings goal but would like to save more.
- Most believe they can save personally even though they do not believe in saving.
- Some of their prominent motivations for saving include *fear of poverty & financial independence*.

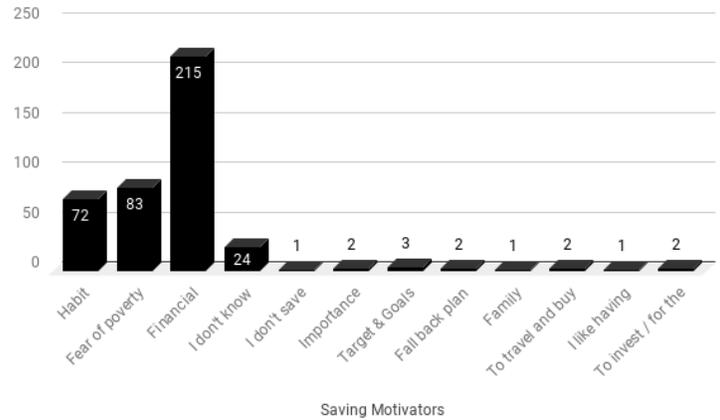
Analysis of those who answered “Maybe” when asked if they believe in Saving

- The income range amongst these individuals is equally spread out.
- The average age range is 20-25.
- A majority of the people in this category have either part time or full-time jobs.
- A majority are unsure if they have savings or a savings goal.
- They mostly believe they can save, and a majority would like to save more.
- Most participants in this group do not know why they save, while some of their answers include *fear of poverty and financial independence*.

f) Motivations for Saving

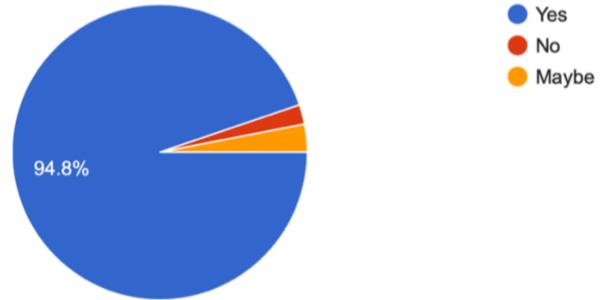
As shown below, a majority of participants save to be financially independent and out of fear of poverty. Only 22% report they save out of habit, and an interesting 7% do not know why they save. A closer look into the participants **who reported they save or may save** indicates a majority save to be financially independent (70%), out of fear of poverty (25%) and out of habit (28%), 3% reported they did not know why they saved.

What motivates you to Save?



g) Responses when asked if they would like to save more.

Amongst the participants, 94.8% reported they would like to save more, 3.1% answered 'Maybe' and 2.1% answered 'No'.

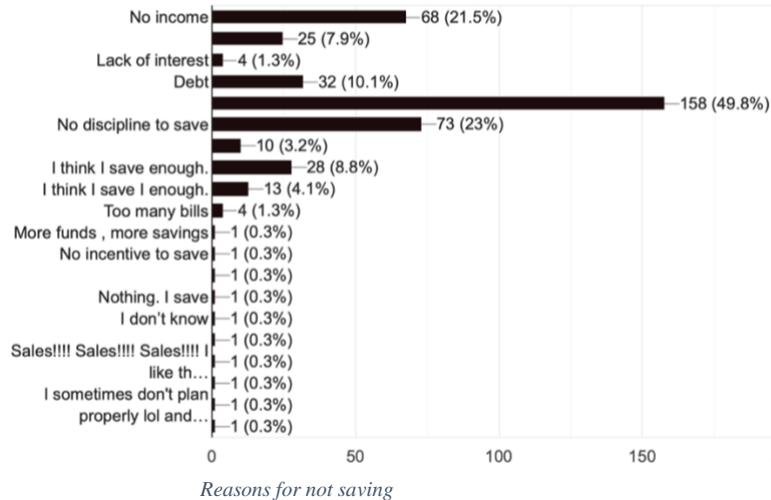


Question: Would you like to save more?

*No- 2.1%
*Maybe- 3.1%

h) Reasons participants do not save as they would like to

71.3% of the participants reported that they either do not save at all or save as much as they would like to due to insufficient income or lack of income. 23% reported that they do not have the discipline to save, while 12.9% believe they save enough.



Missing from the graph

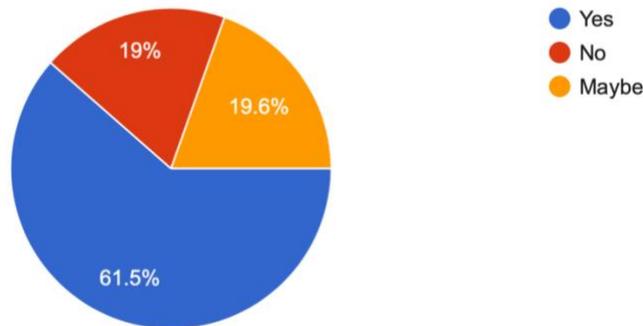
* 25 (7.9%)- No incentive
* 158 (49.8%) - Insufficient Income
* 10 (3.2%) Lack of faith in financial institutions

Noteworthy reasons some participants reported they do not save:

- 'Money is currency, and currency is only valuable when it is available and on the move. Its value drops as time goes on. What you could afford now with \$100 won't be gotten for the same price within a limited time.'
- 'I sometimes don't plan properly (lol) and instead of taking out money I continue to use the money (albeit on necessary things) until it runs out, I just need to change my methods.'
- 'Sales!!!! Sales!!!! Sales!!!! I like the finest things and when they offer a discount, I really can't let it go. It's like I'm investing in my future however at the cost of a dent in my savings. But money is meant to be spent right? I mean 1540 to like 420 ... c'mon!!!! It's like God would've been angry if I didn't bag that!'
- 'Don't need to. My parents through God can afford my expenses.'
- 'As money is coming, money is going.'

i) Expenses one can cut down on to save, and the willingness to cut down on these expenses.

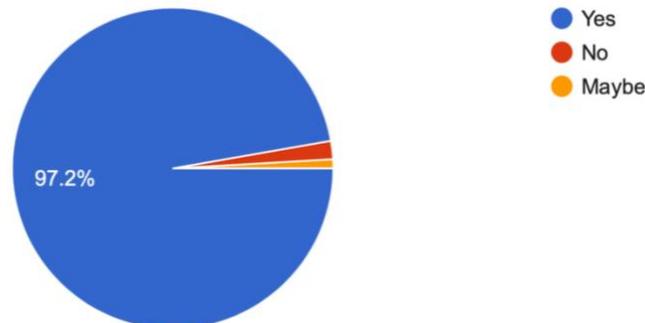
61.5% of the participants reported there are expenses they are can cut down on which will allow them to save more while 19.6% answered *maybe* and 19% answered *no*. Of the 61.5% that admitted there are expenses they are willing to cut down on to save more, 71% are willing to cut down on those expenses while 21% are unsure (responded *maybe*) and 5% are not willing to cut down on those expenses.



Participant's response when asked if there are expenses, they are willing to cut down on

V) On Financial Independence

As shown below, almost all the participants desire to be more financially responsible.



Participants' responses when asked if they would like to be more financially independent.

*Maybe – 0.9%

*No- 1.8%

Conclusion

In conclusion, millennials have a positive relationship with budgeting, saving and financial independence. Although not all participants responded that they save or budget, a majority save, budget and are conscious about their finances. As most of the participants were students, they noted that insufficient and no income is a major reason they do not save. A majority of the participants reported that they believe in saving although only fewer participants have savings or a savings goal. Financial independence is one of the main reasons the participants reported they save, and a majority agreed they would like to save more and be financially independent. That said, I believe some millennials have a positive relationship with their personal finances and actively save, budget, invest and review their finances.

Recommendations for those who would like to save more and be more financially independent

- I think the first step is for you to get uncomfortable with your present financial health, realize you could improve this, and actively work towards managing your personal finances better.
- Cut down on those expenses you can cut down on to save more. However, you need to know what those expenses are by dedicating time to review your finances.
- You could consider multiple sources of income if it is impossible to cut down on your expenses and save at the same time.
- You (especially if you are a student) need to recognize you can save even from the little income you have; it doesn't matter how little you save, once the habit is cultivated, it will be easier to save when your income increases.
- To help you save more, you should consider splitting your savings. Have an emergency fund, a long-term savings account, a fund(s) for the next major expense (vacation, clothing, a car, a house, or even a phone). Divide your savings if need be.
- Finally, I believe that whatever you make a priority, you can achieve. You need to be disciplined and intentional about saving and improving your financial health.

To Financial Institutions and Policy Makers: You can help to make savings more attractive amongst millennials by offering incentives and high rewards especially for first time savers. The terms and conditions should be explained in layman terms. For example, a bank or organization could offer a short term \$10 credit (10%) for every \$100 (10%) saved from an income of \$1000 monthly for a year. This will not only help the millennials to save more but could also bring businesses to the financial institution - a win-win situation for everyone. In addition, this could build up the faith of potential clients as 3.2% of participants reported that lack of faith in financial institutions is a reason they do not save.

Interesting Comments & Feedback on the Survey:

- Not sure where to start with savings so might need some guidance.
- Good idea to save especially for untold events.
- One other reason I noticed people cannot save isn't because they have a lot of expenses or not motivated to but, they have burdens; especially from family members they have to care of. I think that would be a lovely question to ask if family is one of the reasons why one cannot save.
- Always save before you spend.
- You have been so helpful, and I am really doing better at money principles.
- This made me think, thanks!
- Running a business, sometimes you might run into unforeseen circumstances especially in Nigeria. This would lead to dipping into your savings to mitigate the situation. In the event of this it is difficult to save.
- Saving helps though
- I would really love to have a saving chart as an app.
- I only seriously started saving last month, and things that require money just spring up. I need to save for different reasons. I'm not sure if I need an increase in monthly stipends or I'm just undisciplined to save. I hope I do better next month.

- I think most times what makes people encroach into their savings are unexpected expenses. There may be a budget, but things come up and one may not be able to follow the budget 100% or even 50% of the time. Hope this helps.
- Main point for me is that the habit hasn't fully been ingrained in me to take a percent of ANY money I get and chuck it in a savings account or investment. This is a habit I'm trying to cultivate by taking about 20-30% of any money I get whether it's a gift or whatever and put it in a savings account. I do want to do more research on the kinds of things I should put my money into for the future.
- In my 300 level, I conducted a little survey and then found out that kids with more pocket money, saved less and kids with less pocket money, saved more. In fact, most of the richer kids didn't save at all. Although, I didn't assess the volume of savings. I reckon, the ones with less allowances may have less savings volume than the 'richer' kids' savings. Perhaps, you may consider assessing savings habits of those who earn more, compared to those who earn less.
- We need personal finance experts and debt restructuring option in Nigeria
- Saving requires discipline and focus. There are so many outlays that erode savings; some are due to family (extended) pressures while most are just by the indiscipline to save.
- The survey actually exposed me to some bad financial habits I was maintaining. Especially in the area of discipline towards saving and planning. Thank you!