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Financial Behaviours in Millennials and Generation Z: A Comparative Study

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Abstract:** The financial behaviour of younger generations has gained increasing attention from researchers, policymakers, and financial institutions. Millennials (born between 1981–1996) and Generation Z (born between 1997–2012) represent two distinct groups whose economic experiences and digital integration significantly shape their money management practices. This study explores and compares their financial behaviour with respect to spending, saving, investment, impulse buying, brand preferences, online shopping, payment methods, and sustainability consciousness. Primary data was collected using a questionnaire administered to 39 respondents, comprising of 16 Millennials and 23 Gen Z individuals. Findings reveal that Millennials, largely employed full-time, report higher incomes and demonstrate more stable financial practices. On other hand, Gen Z, mostly students, reveals stronger inclination toward impulse purchases, online shopping, and digital payment methods, while also showing more sensitivity to brand names and eco-friendly products. And the study highlights the implications of digital finance, financial literacy, and sustainability on the economic behaviour of both generations. These insights can aid educators, policymakers, and financial institutions in designing targeted programs and tools to enhance financial well-being.

I. INTRODUCTION & BACKGROUND

The financial decisions of Millennials and Gen Z are increasingly shaping consumer markets and financial services. While Millennials entered adulthood during the global financial crisis of 2008, But Gen Z grown in a digitally hyper connected world and experienced the disruptions of the COVID-19 pandemic. These two different contexts influence their saving, spending, and investing behaviour. This paper aims to compare the financial behaviour of these two groups and provide insights into how digital tools, social values, and economic pressures shape their money management.

II. LITERATURE REVIEW

1. Dr. Anita Tiwari (2022) emphasizes the increasing importance of financial literacy in today's complex global financial environment. The study, based on responses from 109 millennials and Generation Z individuals, found that only 11% possess high financial knowledge, while 40% have an average level of awareness. Their preferred investments are mainly fixed deposits, savings accounts, and insurance, with around 40% also investing in shares and mutual funds. The research further highlights that the internet and television are major sources of financial information for the youth. Overall, the study suggests a need to improve financial literacy among younger generations to support better financial decision-making.

2. The study by Ms. Jainisha Dharmendra Pandy (2023) examines the financial literacy of Millennials and Generation Z, who face challenges like student debt and changing job markets. Using surveys and interviews, it evaluates their budgeting, saving, investing, and debt management skills. The findings show both strengths and gaps in their financial understanding, influenced by education and socioeconomic background. The study suggests the need for targeted financial education programs to improve informed financial decision-making among these generations.

3. Adhitya Rechandy Christian (2025) studied financial planning, literacy, and management across Gen-X, Gen-Y, and Gen-Z residents in Yogyakarta, with 60 respondents from each group. Using the Kruskal-Wallis test, the study found no significant differences in financial literacy or financial planning among the generations. However, there were notable differences in financial management practices. Gen-Z showed better financial management behavior compared to Gen-X and Gen-Y.

4. A. Arbour (2023) discusses how Gen Y (Millennials) and Gen Z differ from earlier generations in terms of financial priorities and lifestyle expectations. Although they are more educated, rising tuition costs and student debt have negatively affected their financial stability. These generations value work-life balance, flexibility, and

are more open to conversations about money. The article emphasizes the need for organizations to design financial wellness programs tailored to their unique financial challenges and priorities.

5. AH Manurung and R. Sembel (2023) conducted a quantitative study on investment behavior among Gen Z and millennial investors in Indonesia. Using purposive sampling, 120 respondents aged 17–35 with at least six months of investment experience were selected. The study found that availability bias and representativeness bias significantly influenced their investment decisions. These biases accounted for 14.7% of decision-making effects, while the remaining 85.3% were impacted by other factors.

III. RESEARCH METHODOLOGY

The study adopts a descriptive and comparative research design to analyse the financial behaviour of Millennials and Generation Z. A total of 39 responses has collected, comprising 16 Millennials and 23 Gen Z individuals. Using a random sampling method, data was primarily collected through a structured questionnaire, while secondary sources such as journals and articles were also referred for support. The collected data was subjected to descriptive analysis with the help of tables and graphs to interpret patterns and differences between the two cohorts.

The study was guided by the following hypotheses:
Null hypothesis (H_0): There is no significant difference in the spending behaviour of Millennials and Gen Z
Alternative hypothesis (H_1): There is a significant difference exists in their spending behaviour.

IV. RESULTS & ANALYSIS

The analysis reveals clear generational Differences in financial behaviour. Millennials are predominantly employed and report higher income levels ranging from ₹20,000 to ₹50,000, whereas Gen Z participants are largely students with incomes below ₹20,000. Gen Z demonstrates greater brand sensitivity, engages more frequently in impulse purchases, and relies heavily on online shopping compared to Millennials. Both cohorts show a preference for mixed payment methods, with the growing adoption of mobile payments reflecting the influence of digital finance. In terms of purchase motivation, price and discounts emerge as the strongest drivers, followed by brand loyalty. Sustainability is another shared concern, as both groups display eco-friendly awareness, though Gen Z shows a slightly stronger inclination towards sustainable products. Overall, spending among both generations reflects a balanced approach between needs and wants, indicating cautious yet value-driven financial behaviour.

V. SUGGESTIONS

1. Introduce practical financial literacy programs in educational institutions.
2. Guide Gen Z to manage digital spending and avoid impulse purchases.
3. Promote eco-friendly financial choices aligned with youth values.
4. Encourage balanced budgeting between needs and wants.
5. Use digital platforms and apps for spending analysis and goal-based planning.
6. Create awareness campaigns to support smart and informed buying decisions.

VI. CONCLUSION

The study highlights both differences and common traits in the financial behavior of Millennials and Generation Z. Gen Z tends to be more tech-driven and impulsive, whereas Millennials display more stable, income-focused financial habits. However, both groups show growing awareness of sustainable practices and balanced spending. These insights can guide policymakers, educators, and financial institutions in developing tailored financial programs and products that support informed and responsible financial decision-making for each generation.