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A Study on Financial Investment Behaviour of Gen'z'

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Abstract- Generation Z (Gen Z) is a new wave of investors entering the financial industry. It's generally defined as people born between 1997 and 2012. Unlike other generations, Gen Z has grown up in a digital world where social networking, online banking, mobile investing apps and financial information have all had a huge impact on their financial literacy and investment choices. Changes in technology, the economy, financial knowledge and how people view wealth creation all affect their investing behavior. cash management. The use of investment behaviour financial. Making financial choices and controlling money to help people reach financial goals like saving and investing. Gen Z investors prefer traditional investment options such as equities, mutual funds and fixed deposits over newer ones such as cryptocurrencies, exchange traded funds (ETFs) and digital investing platforms. "Risk appetite, income level, financial knowledge, peer pressure and recommendations from social media all influence their investment decisions. As Gen Z is predicted to be an important player in the global economy and financial markets, it is important to understand their financial investing behaviors. They are unlike previous generations with early adoption of technology, interest in digital financial services and increasing awareness of financial independence. But they also have to contend with market volatility, lack of investing expertise, and the impact of internet financial trends, all of which could erode the quality of their investment choices. The objective of this study is to study the investment behavior of Gen Z, the factors that influence their financial decisions and to understand their investment behavior, attitude and ability to take risk. The findings may be very useful for financial institutions, legislators, educators and investment service providers in developing products and financial education programmes that meet the demands and expectations of this new generation of investors.

Keywords - generation z (gen z), investment behaviour, investment decisions, financial literacy, risk appetite, financial knowledge, income level, peer influence, social media influence, cash management, savings, investment preferences, equities, mutual funds, fixed deposits.

I. INTRODUCTION

Due in major part to the growing participation of Generation Z, or individuals born between 1997 and 2012, India's investment climate is undergoing significant change. Due to their upbringing in the digital age, this generation has distinct financial perspectives and their constant exposure to social media, technology, and rapid information exchange. Peer networks, online influencers, and smartphone apps are often preferred by Gen Z investors over conventional financial advisors and institutions when making investment choices. Behavioral finance has concurrently challenged the conventional notion of investor rationality by emphasizing the impact of emotional and cognitive biases on financial decision-making. Individual investors often deviate from rational models because to psychological characteristics such as swarming behavior, overconfidence, loss aversion, and mental accounting, according to behavioral finance theories. These conditions notably impact younger, less experienced investors financial literacy and risk-assessment abilities.

II. LITERATURE REVIEW

S. Priyanka Rache (2026) In order to understand the variables driving Gen Z investors investment selections, risk preferences, and financial aspirations, this research looks at their financial behavior with a particular emphasis on the Hyderabad region. Priyam Sharma (2024) In the ever-changing world of contemporary finance, it is critical to comprehend the elements impacting the investing behavior of the younger generation, especially Gen Z. This study explores the complex ways that financial knowledge influences Gen Z investors choices. Dr. Preethi S L (2025) This research looks at Gen Z (born 1997–2012) investors using behavioral finance as a lens. It examines how 300 urban and semi-urban respondents' decisions psychological aversion, herd

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mentality, mental accounting, and overconfidence. Amrit Horo (2025) This article explores the spending patterns of Generation Z in India, focusing on the distinctions between young people in cities and rural areas between the ages of 13 and 28. It takes advantage of social, technical, and economic disparities that affect spending and saving habits. Peer pressure, digital lives, and individual independence with digital payments all contribute to urban youth's increasing discretionary spending.

Objectives For the Study

1. To recognize the important issues influencing the investment decisions of Gen Z
2. To evaluate the investment preferences and asset allocation patterns of Gen Z
3. To assess the level of financial literacy and its influence on investment behaviour
4. To observe the factors influencing the investment decisions of Gen Z.

Scope of the Study:
The present study is confined to examining the financial investment behaviour of Generation Z within the context of the evolving Indian financial ecosystem. Conceptually, the scope of this research encompasses the various dimensions that define how Gen Z approaches investment decisions, including their financial literacy levels, risk tolerance, investment objectives, asset preferences, and the influence of psychological and social factors.

Hypothesis:
H_{01}: There is no significant relationship between the demographic characteristics of Gen Z investors and their financial investment behaviour.

H_{11}: There is a significant relationship between the demographic characteristics of Gen Z investors and their financial investment behaviour.

H_{02}: There is no significant relationship between financial literacy and the investment behaviour of Gen Z.

H_{12}: There is a significant relationship between financial literacy and the investment behaviour of Gen Z.

H_{03}: There is no significant influence of risk tolerance on the investment decisions of Gen Z.

H_{13}: There is a significant influence of risk tolerance on the investment decisions of Gen Z.

III. RESEARCH METHODOLOGY

The research methodology outlines the systematic approach adopted to examine the financial investment behaviour of Generation Z. It provides a framework for data collection, sampling, and analysis to ensure that the objectives of the study are achieved with reliability and validity. The study adopts a structured scientific approach to investigate the financial investment behaviour of Generation Z. The following research methods are employed to ensure systematic data collection and analysis. Exploratory research is conducted to gain a improved considerate of a research problem when limited information is available. A combination of convenience sampling and stratified random sampling will be employed. Convenience sampling will be used to reach respondents through digital platforms, investment communities, and educational institutions where Gen Z is active.

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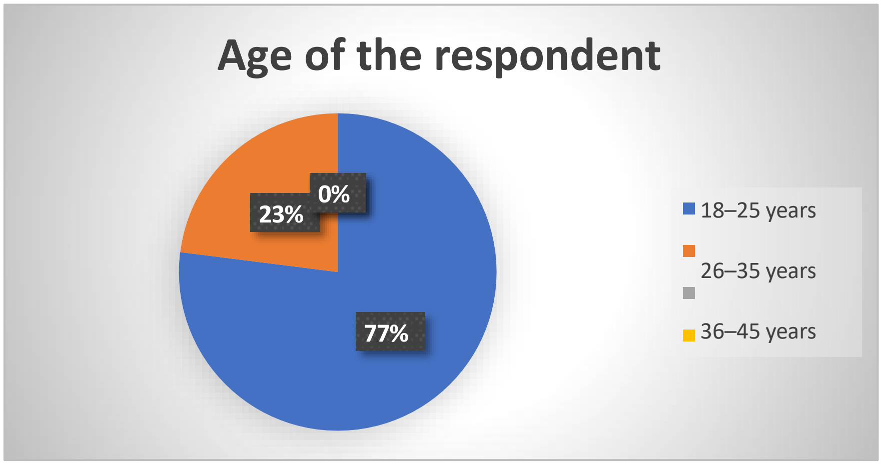
IV. DATA ANALYSIS AND DISCUSSION

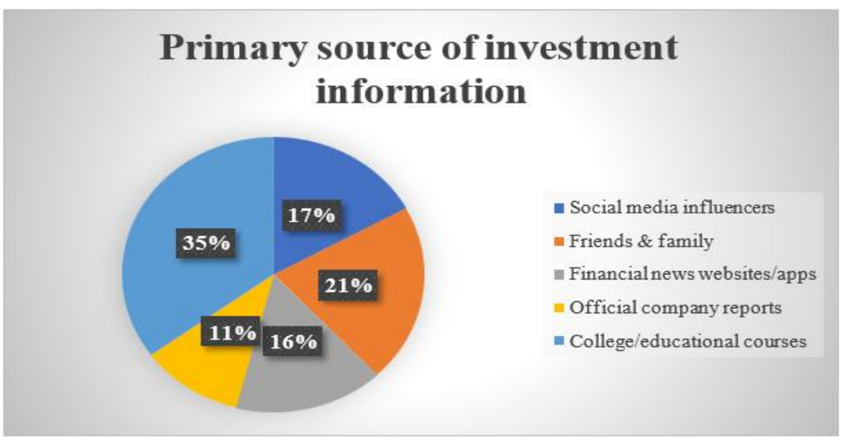
AGE OF THE RESPONDENT

Age of the respondent



The majority of respondents, 77%, belong to the 18–25 years age group, confirming that the study predominantly captures Gen Z. The remaining 23% are in the 26–35 years group, while there is no representation from 36–45 years and above 45 years.

What is your primary source of investment information?



College/educational courses are the primary source of investment information for 35% of respondents, followed by Friends & family at 21% and social media influencers at 17%. Financial news websites/apps and Official company reports are preferred by 16% and 11% respectively.

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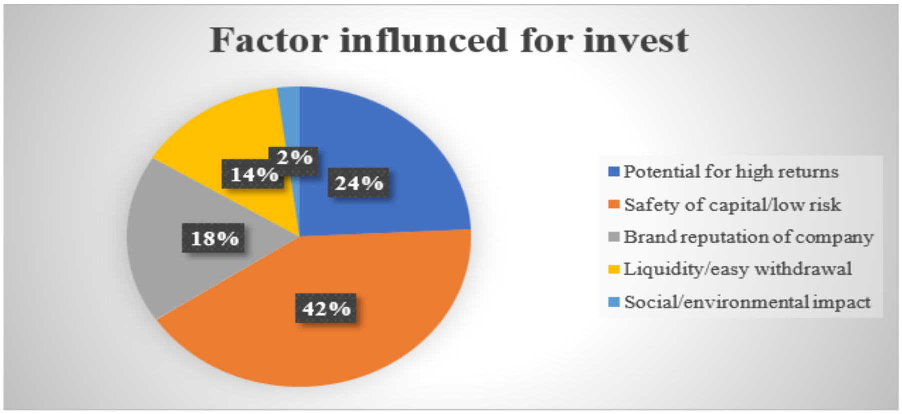
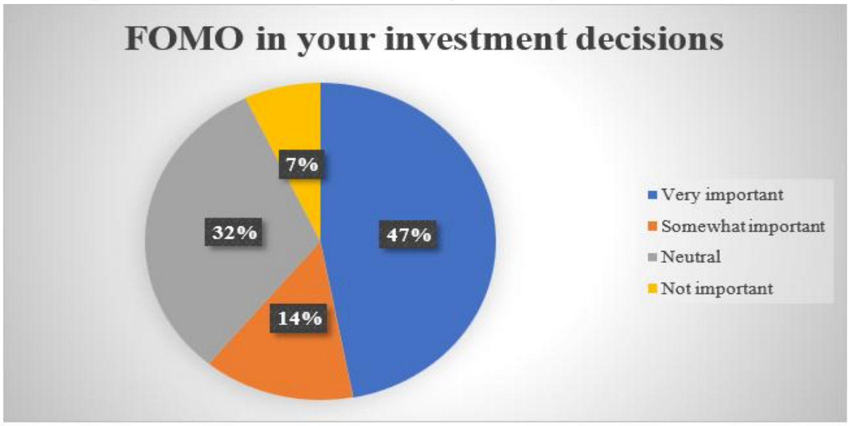
Which factor matters most when you choose an investment?



Safety of capital/low risk is the most important factor for 41% of Gen Z respondents when choosing an investment. Potential for high returns and Brand reputation of company are prioritized by 24% and 18% respectively, while Liquidity/easy withdrawal matters to 14%. Only 2% consider Social/environmental impact as the key factor.

How important is FOMO (Fear of Missing Out) in your investment decisions?



FOMO plays a significant role for Gen Z, with 47% saying it is Very important and 14% Somewhat important in their investment decisions. 32% remain Neutral, while only 7% state that FOMO is Not important.

V. FINDINGS:

- Most respondents (77%) belong to the 18–25 years age group, while 23% are 26–35 years.
- Safety of capital (41%) investments, followed by High Returns (24%) and Brand Reputation (18%).
- FOMO influences investment decisions, with 47% saying it is very important.
- Wealth creation (30%) is the main investment goal, followed by Short-term income (28%).
- Mutual Funds/SIPs (32%) are the most preferred investment option, followed by Stocks (24%) and Cryptocurrency (23%).
- Most respondents (54%) invest 1–10% of their monthly income.
- 44% prefer an investment period of 1 month to 1 year, indicating a preference for short- to medium-term investments.
- Most respondents rate their financial knowledge as Good (43%), while 14% rate it as Excellent.

VI. SUGGESTIONS:

- Financial literacy and financial institutions to enhance Gen Z's knowledge of investment planning, risk management and diversification of a portfolio.
- Investment platforms should be more transparent around brokerage charges and fees and other costs to establish greater trust with young investors.
- We need to shift investors' mindset from FOMO or short-term market movements to long-term wealth building.
- Digital investments will provide investors with intuitive interfaces, educational content and research tools to help them make informed decisions.
- The financial advisors and institutions must be champions of diversified portfolios by educating investors on the different asset classes and their risks and returns.
- Investors should be made aware of SEBI and RBI guidelines for safe and responsible investing through campaigns by regulators and financial institutions.

VII. CONCLUSION:

Studies show that Gen Z is a generation of investors that is engaged, tech-savvy and growing in appetite for financial markets and wealth creation. They learn about financial decisions, investments, mostly through online media, digital platforms and educational content. Cheap financial products, low transaction costs and easy-to-use apps have driven the rise in investors.

The findings also suggest Gen Z wants to preserve their capital but they're also looking for ways to grow their wealth and increase their financial gains.
Many of them are financially literate enough but when it comes to the investment, there is still a lot of FOMO and influence from the digital media. They are also more financially tech-savvy, using more AI-driven investment tools and understanding financial regulation better.

Limitations of the Study:
1. Limited scope for data collection.
2. There is a possibility of the unidentified incorrect or biased responses.
3. Limited time period for the study and data collection.

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