



Investment behaviour of Generation Z and Millennials: A systematic review of recent evidence

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Abstract

This review paper compiles and evaluates contemporary empirical and conceptual studies (2020–2025) on the financial behaviour of Generation Z and Millennials, with a focus on investment choices, financial literacy, risk appetite, and digital influences. Ten studies from India, Nepal, and other emerging economies were systematically analysed. Evidence suggests that Gen Z increasingly gravitates toward high-risk, technology-enabled investments such as cryptocurrencies, digital assets, and mobile trading platforms, while Millennials continue to favour relatively stable options like mutual funds, fixed deposits, and real estate. Digital financial ecosystems, social media, and online content creators have emerged as major forces shaping investment patterns among young adults. Nonetheless, challenges such as low financial literacy, impulsive consumption, and heavy dependence on digital content remain prevalent, especially among Gen Z. Existing work is dominated by cross-sectional, urban-based samples, leaving important gaps in rural youth behaviour, gender-specific financial outcomes, behavioural evolution across time, and the real effectiveness of digital financial literacy initiatives. This review synthesizes key findings, identifies structural gaps, and outlines future research pathways in understanding youth financial behaviour within emerging markets.

Keywords: Investment, investment behaviour, Gen Z, financial literacy

Introduction

Financial decision-making across generations—particularly among Millennials (Gen Y) and Generation Z—has gained significant scholarly interest, largely because these groups now form the largest segment of the global workforce. The rapid integration of digital finance, mobile-based investment platforms, fintech applications, and social-media-propelled financial advice has reshaped how young populations save, spend, and invest. In fast-growing economies like India, where digital adoption is widespread and youth participation in financial markets is rising, understanding generational differences in financial behaviour is crucial for designing financial tools, investor-protection strategies, and literacy initiatives.

Recent research highlights clear behavioural distinctions among Gen Z, Millennials, and Generation X in terms of financial attitudes, risk preference, and spending patterns. Gen Z is more inclined toward risk-taking, relies heavily on social media for financial cues, and engages more with digital investment avenues. In contrast, Millennials maintain a balance between traditional and modern financial products, influenced by financial stability concerns and historical economic shocks. Despite growing research, existing literature remains fragmented and region-specific. By reviewing ten recent studies (2020–2025), this paper offers an integrated perspective on behavioural drivers, investment choices, risk tendencies, and the digital environment shaping young investors. The review also underscores gaps related to rural representation, gender-based differences, influencer influence, and longitudinal assessments.

Methodology

This study adopts a structured qualitative review methodology by analysing ten selected studies drawn from the Review of Literature file. All the reviewed works were

published between 2020 and 2025 and specifically focus on Generation Z, Millennials, or comparative generational financial behaviour within India, Nepal, and other comparable emerging market contexts. The selected studies employ a wide range of methodological designs, including descriptive surveys, cross-sectional studies, Structural Equation Modelling (SEM), ANOVA, and mixed-method approaches. The diversity of research designs provides multi-dimensional and robust insights into the financial attitudes, preferences, and behaviours of young generations. The review process was conducted in three systematic phases to ensure rigor and transparency. The first phase, Identification, involved screening studies based on their direct relevance to key dimensions such as investment preferences, levels of financial literacy, the influence of digital platforms, and generational comparisons in financial decision-making. Only studies closely aligned with these criteria were included for further analysis.

The second phase, Evaluation, focused on the systematic extraction of critical information from each selected study. This included research objectives, theoretical frameworks, methodological approaches, sample size and characteristics, major findings, and identified limitations. This step enabled a consistent and structured comparison across studies, ensuring methodological clarity and analytical depth.

The final phase involved Thematic Synthesis, wherein the findings of the selected studies were organised into four broad thematic areas: financial literacy and financial behaviour, risk tolerance and investment choices, digital finance and fintech adoption, and generational or demographic variations. This thematic categorisation facilitated the identification of recurring patterns, converging evidence, and existing research gaps. Overall, the structured approach strengthened the analytical coherence of the review and contributed to a comprehensive

understanding of financial behaviour among Generation Z and Millennials.

Results & Discussion

1. Financial Literacy and Behavioural Outcomes

Across the reviewed studies, financial literacy consistently emerges as a core determinant of financial behaviour. Research by Sharma *et al.* (2024) ^[17], Pokharel & Maharjan (2024), Dr. Girimurugan (2024) ^[6], and Dugar & Madhavan (2023) ^[5] highlights that although Generation Z is digitally adept, their financial knowledge remains insufficient. This gap often results in unplanned spending, weak debt management, and speculative investment choices. Sharma *et al.* (2024) ^[17] found that targeted literacy programs enhance investment participation, while Pokharel & Maharjan (2024) confirmed that ethical considerations, attitudes, and financial knowledge jointly shape financial behaviour among Nepali youth. Shankar *et al.* (2022) ^[16] further argue that literacy alone cannot ensure financial well-being; responsible behaviour and resilience are equally important. Earlier works (Shyamala, 2022; Rohatgi *et al.*, 2019) ^[2] echo long-standing concerns about inadequate financial awareness among Indian youth. Overall, the literature suggests that knowledge must be supported by behavioural discipline and contextual support systems.

2. Investment Preferences and Risk Tolerance

A consistent theme across the literature is the marked difference in risk appetite and investment choices among generations. Studies by Thomas *et al.* (2024) ^[19], Jose (2024) ^[8], Gnanadeepan *et al.* (2024) ^[11], and Padavil (2024) ^[12] reveal that Gen Z has the highest risk tolerance, largely driven by technological exposure and easy access to investment apps. Popular Gen Z choices include cryptocurrencies, equities, and short-term trading tools. Millennials, however, prefer balanced portfolios such as SIPs, mutual funds, and other long-term products, while Generation X typically opts for low-risk options including fixed deposits, insurance, and real estate (Bhuvanewari & Mugesh, 2023; Patil & Gokhale, 2022) ^[3]. Gender differences also surface, with women showing greater risk aversion (Kumar *et al.*, 2021) ^[10]. Literature from other markets (Rosdiana, 2020) ^[14] supports the same trend, showing that younger investors value speed, convenience, and digital integration.

3. Digital Finance and FinTech Adoption

Digital finance plays a transformative role across generations, especially among Gen Z. Studies by Singh, Nagar & Singh (2025), Girimurugan (2024) ^[6], and Rosdiana (2020) ^[14] document widespread use of UPI payments, mobile wallets, online investment apps, and real-time trading platforms. Gen Z frequently uses digital systems such as Zerodha, Groww, Paytm Money, and PhonePe, often making quick investment decisions. However, high digital proficiency does not automatically translate into prudent financial choices; many young investors lack adequate risk analysis skills (Girimurugan, 2024) ^[6]. Millennials, by contrast, adopt fintech tools as extensions of traditional financial practices, while older generations show relatively slower adoption. Although digital finance has increased accessibility and transparency, it has also encouraged high-risk trading behaviour among youth.

4. Social Media and Financial Influencers

Social media and financial influencers (“finfluencers”) have become major drivers of youth financial decisions. Studies by Horo (2025) ^[7], Singh *et al.* (2025), Umakanth *et al.* (2024), Khatik *et al.* (2021) ^[9], and Smrithi & Selvi (2024) emphasise that Gen Z places considerable trust in online content creators and peer networks, often more than in formal financial advisors. Research shows that over half of Gen Z’s investment choices are influenced by social media, with Khatik *et al.* (2021) ^[9] reporting a 55.5% impact. Platforms like YouTube, Instagram, TikTok, and Reddit shape perceptions of returns, risk, and market trends, often encouraging short-term or speculative behaviour. Concerns persist regarding misleading information, lack of regulation, and psychological susceptibility among young audiences.

5. Saving and Spending Behaviour

Studies on saving and spending behaviour reveal clear generational contrasts. Horo (2025) ^[7] found that urban Gen Z displays higher discretionary spending, driven by digital lifestyles and instant payment systems, whereas rural Gen Z maintains stronger saving habits due to financial uncertainty and cultural norms. Padavil (2024) ^[12] notes that younger generations prioritise experiential spending and lifestyle consumption, while older generations focus more on financial security. Dugar & Madhavan (2023) ^[5] show mixed saving patterns among Gen Z, who increasingly rely on self-earned income. Research by Rosdiana (2020) ^[14] and Rohatgi *et al.* (2019) points to a shift from asset-based saving to convenience-driven digital spending. Overall, Gen Z emerges as consumption-oriented and digitally influenced, while older cohorts maintain greater budgeting discipline.

6. Theoretical Perspectives

Theoretical frameworks strengthen understanding of generational differences. Pokharel & Maharjan (2024) employ the Theory of Planned Behavior, Behavioral Finance Theory, and Generation Cohort Theory to explain variations in financial decisions, highlighting attitudes, ethical norms, and perceived control as key behavioural determinants. Thomas *et al.* (2024) ^[19] and Rosdiana (2020) ^[14] emphasize the role of shared historical and technological experiences in shaping generational mindsets. Studies by Bhuvanewari & Mugesh (2023) ^[3] further underline generational distinctions in financial outlooks. These theoretical approaches clarify why Gen Z is more digital- and risk-oriented, Millennials maintain balanced strategies, and older generations prioritize security.

7. Demographic Determinants

Demographic attributes—including gender, income, region, religion, and family background—affect financial behaviour. Girimurugan (2024) ^[6] and Dugar & Madhavan (2023) ^[5] confirm that women tend to be more risk-averse and have lower financial literacy. Horo (2025) ^[7] highlights regional variations, showing that rural youth save more and rely on traditional practices. Shankar *et al.* (2022) ^[16] identify income, parental education, and employment status as important predictors of financial well-being. Among Muslim Gen Z, Islamic financial literacy shapes ethical investment preferences (Girimurugan, 2024) ^[6]. These findings underscore the influence of sociocultural and economic contexts.

Research Gaps

Across the reviewed literature, several consistent gaps emerge. Most studies rely on urban-centric, small-sample, and cross-sectional designs, limiting broader applicability. Rural youth remains underrepresented. Longitudinal studies tracking behavioural changes over time are rare. The role of financial influencers, algorithm-driven content, and digital misinformation needs deeper examination. Gender-specific behaviours, sustainability investment choices, and psychological drivers also require more robust exploration. Furthermore, existing models seldom integrate financial literacy, behavioural factors, emotional triggers, and digital influences in a single framework. These gaps offer significant avenues for future research.

Conclusion

This review demonstrates that the financial behaviour of Gen Z and Millennials is undergoing rapid transformation driven by fintech innovation, digital ecosystems, social media, and changing economic conditions. Gen Z shows a clear preference for high-risk, digital-investment avenues and is strongly influenced by social media-based advice, while Millennials adopt a more balanced and long-term approach. Financial literacy remains a critical factor, but behavioural application and discipline are equally vital. The dominance of small-sample, short-term, and urban-focused research limits comprehensive understanding. Future work should adopt longitudinal, mixed-method, and intervention-based approaches, incorporate rural perspectives, assess gender dynamics, analyse digital influencers' real impact, and integrate socio-economic factors. Such efforts will help shape effective financial literacy programs and youth-focused financial policies.

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