

RESEARCH

A comparative study of financial behavior among Gen Z and Millennials

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This paper is a study about the behavior of Gen Z and Millennials done in Gujarat to study their preferences related to awareness about the financial avenues, their saving habits, and spending. A questionnaire was used in collecting a sample of 250 respondents. The statistical tools used are regression analysis and analysis of variance (ANOVA) using Statistical Package for the Social Sciences (SPSS) software. The research findings are that adults are “moderately” confident in their financial literacy; when it comes to investing and long-term financial planning, they have less confidence. Gen Z has access to online information but lacks financial world experience, while Millennials are better at saving and managing risk. These findings are important for financial institutions to target their customers, for educators to teach the unaware crowd, and for policymakers to promote it as a compulsory subject in schools for a better future generation so as to cultivate financial well-being among young Indian consumers.

Keywords: retirement, planning, gen z, millenials, financial literacy, avenues, risk, return

Introduction

In this environment that has more access to information about the investors’ financial planning landscape, having insights into how different generations handle their finances can be an important research area for policymakers, financial services providers, and educators. Two of the most significant narrow age ranges (not demographic cohorts)—Gen Z (born 1997–2012) and Millennials (born 1981–1996)—have now become an influencing force in consumption patterns, investment trends, and digital finance engagement. While today’s young adults are equipped with tools like the Internet, their access and usage of data can be limited; as a result, members of both the Millennial and Gen X generations continue to struggle to achieve financial stability based on differences in financial knowledge, behaviors, and backgrounds.

Household financial behaviors can be diverse, comprising financial activities like budgeting, saving, borrowing, spending, and investing. These behaviors are driven by financial literacy, mentality, confidence, and external factors such as employment and income. In the aftermath of the 2008 global financial crisis and the ascent of digital banking, Millennials are a lot more pragmatic and risk averse. Generation Z, on the other hand, is tech-savvy and financially curious and influenced by online trends but has limited financial experience out on the streets.

This study looks into how Gen Z and Millennials in India manage their finances. It focuses on important areas like how aware they are of financial matters, their habits around saving and spending, how they plan investments, and how factors like income, education, and employment influence their choices. By highlighting both the similarities and the differences between the two groups, the research aims to

provide insights that could help shape more practical and relevant financial literacy programs for young people.

Literature review

Pamikatsih et al. (1) did research on the financial behavior of Gen Z, and the result is that factors like personal income, financial attitude, and financial literacy have a prominent role in almost 52% of their financial decisions. Rosdiana (2) investigated how Gen Z and Millennials approach investments, revealing that financial literacy, personal motivation, and social influence all contribute significantly. They have considered factors like herding, risk aversion, and risk perception. Pamella and Darmawan (3) researched the financial behavior among Millennials; the result is that financial literacy and attitude have a positive effect on decisions. There is influence of factors like psychology on money management. Qamar et al. (4) studied digital financial literacy in shaping financial behavior. They concluded that financial attitude and actual saving habits have helped Millennials and Gen Z in making better financial decisions (5). Role of Financial Literacy in Retirement Planning Among Urban Millennials. In this research it has been found that financial literacy has a significant influence on the preparation of retirement for Millennials (6). Understanding the attitude of Gen Z towards the workplace. This research has been done to explore the attitude of Gen Z towards the workplace.

Research methodology

This research about the financial behavior of Gen Z and Millennials is by using primary data as a survey. It is a descriptive analysis of financial knowledge, attitudes, and habits and investment decisions.

Objective

1. All identified factors have an equal impact on financial behavior among Gen Z and Millennials.
2. To study the impact of demographics on financial behavior.
3. To study the impact of Financial Awareness and Confidence, Saving and Spending Habits, Investment and Financial Planning on financial behavior.
4. To determine how a person's financial behavior is influenced by demographic factors such as income, education, and employment status

Problem statement

The financial strength of Gen Z and Millennials is crucial as they have faced financial crises during COVID and the evolving digital financial landscape. Despite increased access to financial tools, people still have a lot of problems when it comes to investment decisions. This study explores the factors influencing their financial habits to improve financial education and decision-making strategies.

Data Analysis Tools: Statistical Package for the Social Sciences (SPSS).

Sample Design: Descriptive.

Sampling Method: Non-probability, convenience sampling.

Population: All the Millennials and Gen Z of Gujarat is about 30–40 million.

Sample Size: 250 respondents in June 2025.

Target Groups:

Generation Z: Age group 18–26.

Millennials: Age group 27–42.

Data analysis

Gen Z comprises 58% of the respondents and Millennials 42% (Figure 1).

Interpretation

Millennials (ages 25–40) make up 42% of the population, while Gen Z (ages 18–24) makes up the majority (58%). This implies that the majority of responders are younger, which could have an impact on their financial behaviors and practices.

Gender analysis says that 56% are females (Figure 2).

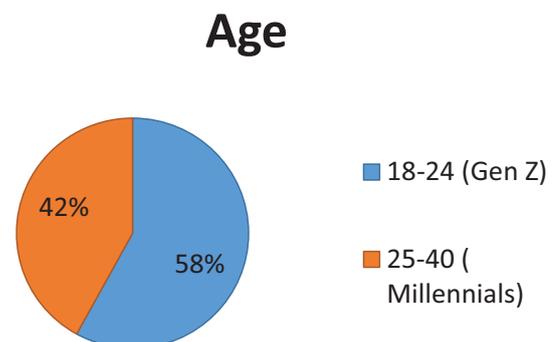


FIGURE 1 | Age.

Gender

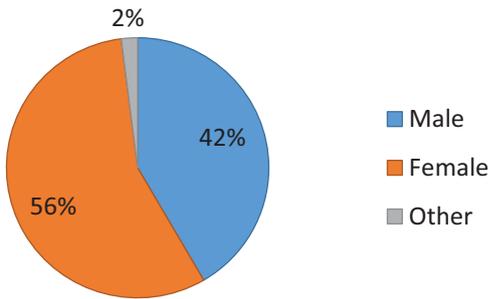


FIGURE 2 | Gender.

Income Level

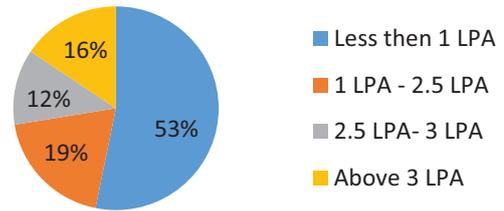


FIGURE 4 | Income.

Employment Status

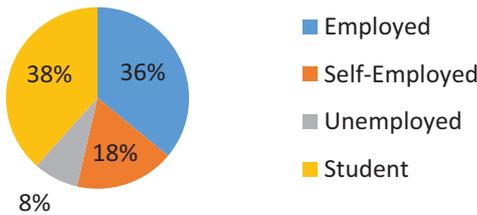


FIGURE 3 | Employment status.

Cronbach's Alpha	N of Items
.932	24

FIGURE 5 | Reliability statistics.

Interpretation

The proportion of female respondents (56.4%) is higher than that of male respondents (41.6%), with only 2% choosing “Other.” Given that research indicates gender disparities in risk tolerance and financial decision-making, this may have an effect on financial habits.

36% of the respondents are employed, and 18% are self-employed (Figure 3).

Interpretation

The majority (38%) are students, followed by those who are employed (36%), self-employed (18%), and unemployed (8%). Given the large number of students, income management and financial literacy may be major issues.

53% of the respondents have an income level less than 1 lakh (Figure 4).

Interpretation

A majority (53.2%) earn less than 1 LPA, with 19.2% earning between 1 and 2.5 LPA. Only 15.6% of respondents make more than three LPA, suggesting that the majority are either

still financially dependent or in the early phases of their employment.

The data is highly reliable, as the value is more than 0.8. The value is 0.932, which is considered excellent (Figure 5).

Interpretation

The high reliability score shows that the survey questions effectively measured financial behavior. This supports the idea that financial awareness, saving and spending habits, and investment planning have a strong impact on financial behavior.

Factor Analysis Hypothesis 1

H₀ (Null Hypothesis): All identified factors (financial awareness and confidence, saving and spending habits, investment and financial planning, and financial attitudes and behavior) have an equal impact on financial behavior among Gen Z and Millennials.

H₁ (Alternative Hypothesis): At least one factor has a significantly different impact on financial behavior among Gen Z and Millennials (Figure 6).

Component Matrix ^a	
	Component 1
AWARENESS AND CONFIDENCE	.871
SAVING AND SPENDING HABITS	.911
INVESTMENT AND FINANCIAL PLANNING	.898
FINANCIAL ATTITUDES AND BEHAVIOR	.854

FIGURE 6 | Factor analysis.

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	234.678	5	46.936	4.028	.002 ^b
Residual	2843.422	244	11.653		
Total	3078.100	249			

FIGURE 7 | Analysis of variance (ANOVA).

Interpretation

Since all factor loadings are above 0.85, it confirms that financial awareness, saving and spending habits, and investment planning strongly influence financial behavior. This supports the acceptance of H₁ (alternative hypothesis) that financial literacy factors significantly impact financial behavior.

Hypothesis 2

H₀ (Null Hypothesis): There is no significant impact of demographics on financial behavior.

H₁ (Alternative Hypothesis): There is a significant impact of demographics on financial behavior.

Based on the analysis of variance (ANOVA) results, the *p*-value (Sig.) is 0.002, which is less than the standard significance level of 0.05. This means we reject the null hypothesis (H₀) and accept the alternative hypothesis (H₁) (Figure 7).

Hypothesis 3

H₀ (Null Hypothesis): There is no significant impact of financial awareness and confidence, saving and spending habits, investment, and financial planning on financial behavior.

H₁ (Alternative Hypothesis): There is a significant impact of financial awareness and confidence, saving and spending habits, investment, and financial planning on financial behavior.

Since the ANOVA test shows a significant effect (*p* < 0.001), we reject the null hypothesis (H₀) and accept the alternative hypothesis (H₁). This means that financial

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1721.038	3	573.679	103.993	.000 ^b
Residual	1357.062	246	5.517		
Total	3078.100	249			

FIGURE 8 | ANOVA.

awareness and confidence, saving and spending habits, and investment and financial planning have a significant impact on financial behavior (Figure 8).

Findings

Objective 1 – To study Gen Z and Millennials’ levels of financial confidence and awareness

The majority (82.8%) are confident in managing finances. Over 75% understand interest rates and actively seek financial knowledge. Around 68% are familiar with investment options, though some show uncertainty.

Objective 2 – To study and identify patterns in their spending and saving behaviors

Most respondents prioritize saving monthly (83.2%) and maintaining an emergency fund (71.6%). They show responsible spending habits, like comparing prices and avoiding unnecessary expenses. Use of financial tracking apps (67.6%) indicates digital financial engagement.

Objective 3 – To study their financial planning factors and investment behavior

Over 77% invest part of their savings and understand investment risks. A high percentage (80.4%) set financial goals and plan accordingly. Many (74.8%) consult before investing, showing cautious financial planning.

Objective 4 – To determine how a person’s financial behavior is influenced by demographic factors such as income, education, and employment status

Regression shows demographic impact is statistically significant but weak (*R*² = 0.076). Employment, gender, income, and marital status show slight influence; age is not significant. Financial behavior is more shaped by knowledge and habits than demographics.

Conclusion

This study explores the financial behavior of Gen Z and Millennials, highlighting their confidence in managing finances, saving habits, and investment planning. While

financial awareness plays a key role, gaps remain in investment knowledge and decision-making. The findings suggest that financial education is essential to enhance financial literacy and long-term stability for these generations.

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Conflict of interest

The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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