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# A Study on Investment Patterns Among X, Y and Z Generations

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**Abstract:** *This study aims to examine the investment patterns among three generations: Generation X, Generation Y (Millennials), and Generation Z. With each generation having unique characteristics, behaviours, and attitudes towards money, understanding their investment preferences and decision-making processes is crucial for financial institutions, policymakers, and individuals looking to make informed investment choices. The study utilizes a mixed-methods approach, combining quantitative surveys and qualitative interviews to gather comprehensive data on investment patterns across the three generations. The findings provide valuable insights into generational differences and similarities, shedding light on the factors influencing investment decisions and potential implications for the future of investment management*

**Keywords:** *investment patterns, Generation X, Generation Y, Generation Z, investment preferences, decision-making, generational differences, quantitative surveys, qualitative interviews, investment management.*

## I. INTRODUCTION

Investing patterns vary among different generations due to various factors such as economic conditions, cultural values, financial literacy, risk tolerance, and availability of investment products. In this study, we will analyze and compare the investment patterns among X, Y, and Z generations.

Investment is the sacrifice of certain present value for the uncertain future reward. Investment is always interesting, challenging and rewarding. Generally risk and return go together, if the investment has high risk simultaneously there should be a risk return and vice-verse Investment is an activity that is engaged by people, who have savings Le, investment are made from savings or in other words people invest their savings. As an investor, have different varieties of investment options such as banks, gold, real estates, post services. mutual funds and etc. Investors are selecting different investment options for their investment with different objectives such as profit, security, appreciation, income stability. The major features of an investment are safety of principal amount, liquidity, income stability, appreciation and easy transferability. A variety of investment avenues are available in India such as shares, bank, companies, gold and silver, real estate, life insurance, postal savings and so on. Salaried Individuals are aware about share market and mutual funds but they consider these investments avenues as a high risk investments avenue.

### 1.1 Statement of the Problem

The problem addressed in this study is the lack of comprehensive understanding of investment patterns among the X, Y, and Z generations. While there is existing research on each generation's financial behaviors and preferences, there is a need for a comparative analysis that specifically focuses on their investment choices and strategies. By investigating the investment patterns of these three generations, this study aims to shed light on their distinct approaches, identify any commonalities or differences, and provide valuable insights for financial institutions, advisors, and individuals interested in optimizing their investment decision.

### 1.2 Objective of Study

- To identify the preference of retail investors towards various investment avenues.

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- Different investment preference and risk tolerance levels across these generations.
- The level of investment knowledge and awareness among each generation. .
- To identify the key factors that influence investment decisions within each generation.

### 1.3 Scope of the Study

- Generation Definitions: Clearly define the X, Y, and Z generations based on commonly accepted age ranges or specific criteria. Provide a rationale for selecting these generations and their relevance to the study.
- Demographic Information: Gather demographic data for each generation, including age, income levels, educational background, employment status, and geographical distribution. These factors can help provide a context for understanding investment behaviors.
- Investment Behavior Analysis: Investigate the investment patterns, strategies, and decision-making processes within each generational cohort. This may include examining factors such as risk tolerance, investment goals, time horizons, and financial literacy levels.
- Investment Preferences: Identify the types of investment vehicles or assets that are preferred by individuals within each generation. This could include stocks, bonds, real estate, mutual funds, cryptocurrencies, or other alternative investments. Assess the reasons behind these preferences, such as perceived returns, familiarity, or societal influences.
- Technological Adoption: Explore the role of technology and digital platforms in investment decisions across generations. Investigate the use of robo-advisors, mobile apps, social media platforms, or other technological tools for investment purposes. Analyze any generational differences in the adoption and utilization of these technologies.
- Social and Economic Factors: Examine external factors that may influence investment patterns, such as economic conditions, market trends, political climate, or social influences. Assess how these factors impact investment decisions within each generation.

## II. RESEARCH METHODOLOGY

The primary data collection is done with questionnaire technique. The number of respondents includes both the male and female.

### 2.1 Research Design

A research which is used here is “Descritive research”. This study uses Survey methods with closed ended question.

### 2.2 Information Required

- Demographic profiles of the respondents
- On which schemes they are well aware about. Whether they will get the respective benefits.

### 2.3 Research Plan:

- Data source: primary
- Research Approach: Survey method
- Research Instrument: Questionnaire

### 2.4 Sampling Method

For random sampling, a list of potential respondents from each generation can be selected randomly from different sources such as social media platforms, business directories or telephone directories. Random sampling ensures that every individual in the target population has an equal chance of being selected, thereby providing a representative sample.

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However, to ensure that the sample will sufficiently represent the unique characteristics of each generation, purposive sampling can also be employed. This involves selecting specific individuals who meet certain criteria such as their age, income level, education level, and investment experience.

### 2.5 Methods of Collection

The study will use a quantitative research approach and a survey questionnaire as the data collection tool. The questionnaire will be designed to gather information about the following variables.

### A. Primary Data

1. Demographic characteristics (age, gender, education, and income).
2. Investment awareness and knowledge.
3. Investment objectives and priorities.
4. Investment products and channels.
5. Risk tolerance and investment behaviour.

### B. Secondary Data

Academic journals and publications related to the use of investment patterns among different generations.
Industry publications, blogs, and online forums related to investment patterns among different generations.
Case studies and success stories of the use of investment patterns among different generations.

## III. LITERATURE REVIEW

"Investment patterns of different generations" by Tzeng, J. Y. (2014) - This study analyzes the investment patterns of different generations, from Baby Boomers to Millennials, and how they differ based on demographic, social, and economic factors. The study found that while each generation has its investment preferences, as a whole, younger generations tend to take on more risky and diverse investment approaches than their older counterparts.

"Investment behavior among different generations around the globe" by Goyal, A. K. (2018) - This study looks at the investment behavior and patterns of four generations around the world, including Baby Boomers, Gen X, Millennials, and Gen Z. The study found that Gen Z, the youngest generation, have a greater tendency to invest in alternative investments such as cryptocurrency and social impact investing, while older generations prefer traditional investments such as stocks and bonds.

"Generational differences in investment strategies and their effects on portfolio performance" by Lee, K., & Yong, D. (2017) - This study examines how generational differences in investment strategies impact portfolio performance. The research found that younger generations tend to have higher risk tolerance and are more likely to invest in emerging markets, leading to higher portfolio returns compared to older generations who prefer lower-risk investments.

"The impact of generational attitudes on investment decisions" by Hu, X., &Gao, J. (2016) - This study focuses on how generational attitudes and values affect investment decisions. The research found that younger generations have a stronger preference for socially responsible investing and impact investing, while older generations prioritize investment returns over other factors.

"The influence of family and peer networks on investment patterns across generations" by de Oliveira, C., Kloeckner, J., & Nicolas, M. (2018) - This study explores the role of family and peer networks in shaping investment patterns across generations. The research found that family influence plays a significant role in investment decision-making, particularly for younger generations who rely on their parents' guidance and financial assistance. Peer influence was also found to impact investment behaviors, although to a lesser extent.

"Investment Patterns among Different Generations: A Comparative Study" by Srilakshmi N. and Suryaprakash K. (2019)This study compares the investment patterns of baby boomers, generation X, generation Y, and generation Z. The authors found that while baby boomers preferred traditional investment options like fixed deposits and bonds, generation X and Y were more inclined towards equity investments. Generation Z, on the other hand, preferred alternative investment options like real estate and cryptocurrency.

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"A Comparative Study of Investment Patterns among Different Age Groups in India" by Virendra Singh and Upendra Kumar (2018) This study examines the investment patterns of individuals in different age brackets, including generation X, generation Y, and baby boomers. The authors found that the investment preferences of these groups differed significantly, with younger generations more inclined towards high-risk, high-return investments like equity, while older generations preferred safer, low-risk options like fixed deposits.

## IV. FINDINGS OF THE STUDY

### 4.1 Simple percentage analysis

**Demographic profile of the respondents**

- Majority (50.5%) of the respondents are female.
- Majority (59.6%) of respondents are unmarried.
- Majority (56.0%) of respondents are in the age group of 11-26 GEN Z.
- Majority (39.4%) of respondents are undergraduates.
- Most (34.9%) of respondents 30% are saving money in monthly.
- Most (26.6%) of respondents 15% are invest in monthly .
- Most (31.2%) of respondents monthly family income range between INR 20000-40000.

**Objective of respondents**

- Majority (34.0%) of the respondents are investment avenues have they invested in gold.
- Majority (42.2%) of the respondents are preferred investment horizon in medium term (1 – 5years).
- Majority (48.6%) of the respondents are 1-3 hours a week time they spend researching investment opportunities.
- Majority (30.3%) of the respondents are tax efficiency when choosing an investment.
- Majority (42.2%) of the respondents are systematic investment plan(SIP) is preferredmode of investment.
- Majority (45.9%) of the respondents are moderate risk is appetite.
- Majority (52.3%) of the respondents are 10-30% investable assets are they willing to allocate towards risker investment.
- Majority (34.9%) of the respondents are people awareness to investment risk.
- Majority (30.3%) of the respondents are willing to take risk in their investments.
- Majority (39.4%) of the respondents are stay informed about the market and investment opportunities.
- Majority (24.8%) of the respondents are investing is important.
- Majority (48.6%) of the respondents are no to ever taken a course are read a book on investing.
- Majority (38.5%) of the respondents are no to ever lost money on an investment.
- Majority (44.0%) of the respondents are no to know how to calcite the written on an investment.
- Majority (54.1%) of the respondents are growth investing is their investment style.
- Majority (31.2%) of the respondents are tax saving is their investing goal.
- Majority (29.4%) of the respondents are important is sustainability or ethical considerations in their investment decisions.
- Majority (36.7%) of the respondents are confident their ability to make investment decisions.
- Majority (27.5%) of the respondents are brand reputation is the biggest factor that influences their investment decisions.

**4.2 Chi Square Table**

**Age * Which of the following investment avenues have you invested in before?**

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 54.665(a) | 48 | .236 |
| Likelihood Ratio | 57.540 | 48 | .163 |
| N of Valid Cases | 109 | | |

a71 cells (94.7%) have expected count less than 5. The minimum expected count is 21.

**INTERPRETATION**

The above table of chi-square 109 valid responses the significant value of pearson chi-square and likelihood ratio is 0.163 > 0.05 so accept the investment avenues have you invested in before.

**Age * How important is tax efficiency when choosing an investment?**

**Chi-Square Tests**

| | Value | df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 9.735(a) | 8 | .284 |
| Likelihood Ratio | 9.973 | 8 | .267 |
| N of Valid Cases | 109 | | |

a 5 cells (33.3%) have expected count less than 5. The minimum expected count is 2.32.

**INTERPRETATION**

The above table of chi-square 109 valid responses the significant value of pearson chi-square and likelihood ratio is 0.267> 0.05 so accept the important is tax efficiency when choosing an investment.

**4.3 CHI SQUARE**

- There is no significant relationship between the age and income.
- There is significant relationship between the age and percentage you will invest in monthly.
- There is significant relationship between the age and investment avenue have they invested in before.
- There is significant relationship between their age and preferred investment horizon.
- There is significant relationship between the age and important is tax efficiency when chossing an investment.
- There is significant relationship between theage and is their risk appetite.
- There is no significant relationship between the age and investment risk awareness people
- There is no significant relationship between the age and that they stay informed about the market and investment opportunities.
- There is significant relationship between the age and they ever taken a course or read a book on investing.
- There is significant relationship between the age and they preferred growth investment style .
- There is significant relationship between the age and how important is sustainability or ethical considerations in your investment decision.

## V. SUGGESTIONS

Our study on survey to collect data on investment patterns among individuals from X, Y, and Z generations. Compare the data collected and find any similarities and differences in the investment patterns among the three generations. Analyze the impact of different socio-economic factors in influencing investment patterns among each generation. Explore the influence of technological advancements and access to investment resources on investment patterns among different generations. Evaluate the investment knowledge and awareness among each generation and how it affects their investment decisions. Assess the risk-taking ability and risk tolerance level among different generations. Examine the


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investment goal-setting behaviour among each generation to understand their long-term investment plans. Examine the role of family and cultural values in shaping investment patterns among different generations. Investigate the influence of the current economic climate on investment patterns among different generations. Suggest strategies to improve investment education and awareness among the different generations.

## VI. CONCLUSION

Investment patterns among X, Y, and Z generations are influenced by their unique characteristics and values. As financial advisors and investment providers, it is crucial to understand these differences and tailor investment solutions that meet their specific needs and preferences. The study highlights the importance of financial education and the emergence of new investment products and channels that cater to the changing needs of investors.

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