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Generational Investment Approaches: A Study of Gen X, Gen Y, and Gen Z in Bengaluru South

Bharath N, Vidya R

Department of MBA, Dr. Ambedkar Institute of Technology, Bangalore, India

Assistant Professor, Department of MBA, Dr. Ambedkar Institute of Technology, Bangalore, India

ABSTRACT: This study examines the investment strategies adopted by Generation X, Generation Y (Millennials), and Generation Z in Bangalore South. As each generation navigates distinct stages of financial life, the research aims to explore how their investment behaviors, risk tolerance, and financial goals vary. Utilizing a sample size of 100 respondents the study investigates factors such as asset allocation, financial literacy, technological influence, and attitudes toward retirement planning.

KEY WORDS: Investment Strategies, Financial Literacy, Asset Allocation, Technology in Investing, Investment Preferences.

I. INTRODUCTION

This analysis explores the investment strategies of Generation X, Y (Millennials), and Z, examining how their unique experiences and values influence financial behavior. Generation X, born between the mid-1960s and early 1980s, tends to adopt a cautious approach, focusing on traditional investments and retirement planning as they approach later life. Millennials, born in the 1980s to mid-1990s, prefer digital platforms and socially responsible investments, balancing financial security with innovative industries. Generation Z, born from the mid-1990s to early 2010s, is drawn to high-risk options like startups and cryptocurrencies, motivated by a desire for financial independence and willingness to explore unconventional avenues.

The comparison of their risk tolerance, investment choices, and long-term goals highlights how technology and economic factors shape their financial decisions. These insights are valuable for financial advisors and policymakers to tailor strategies for each generation's specific needs.

II. NEED FOR THE STUDY

This study will provide valuable insights into generational differences in investing, helping financial institutions tailor products effectively. It will highlight varying financial literacy and risk tolerance levels, guiding targeted educational efforts. The research explores the impact of technology on investment behavior, offering insights into digital platforms' role across generations. Additionally, it will inform policymakers on crafting regulations to address unique challenges and promote financial security for all age groups.

III. OBJECTIVES OF THE STUDY

- To ascertain the level of financial literacy among Generation X, Generation Y and Generation Z.
- To understand the impact of investment behavior of Generation X, Generation Y and Generation Z on their portfolios.
- To probe generational differences in financial goals among Gen X, Gen Y and Gen Z.

Hypothesis 1

H₀: There is no significant association between the generation an investor belongs to and their preferred investment vehicle.

H₁: There is a significant association between the generation an investor belongs to and their preferred investment vehicle.

Hypothesis 2

H₀: There is no significant relationship between risk tolerance on investment returns for generation X, Y and Z. ($r=0$)

H₁: There is a significant relationship between risk tolerance on investment returns for generation X, Y and Z. ($r\neq 0$)

Hypothesis 3

1) Annual Income Range:

- **H₀:** There is no significant difference between annual income range of Generation X, Generation Y, and Generation Z. ($\mu_1 = \mu_2 = \mu_3$)
- **H₁:** There is a significant difference between annual income range of Generation X, Generation Y, and Generation Z. ($\mu_1 \neq \mu_2 \neq \mu_3$)

2) Savings Based on Income:

- **H₀:** There is no significant difference between savings based on income of Generation X, Generation Y, and Generation Z. ($\mu_1 = \mu_2 = \mu_3$)
- **H₁:** There is a significant difference between savings based on income of Generation X, Generation Y, and Generation Z. ($\mu_1 \neq \mu_2 \neq \mu_3$)

3) Monthly Investment:

- **H₀:** There is no significant difference between monthly investment for Generation X, Generation Y, and Generation Z. ($\mu_1 = \mu_2 = \mu_3$)
- **H₁:** There is a significant difference between monthly investment for Generation X, Generation Y, and Generation Z. ($\mu_1 \neq \mu_2 \neq \mu_3$)

4) Monthly Expenditure:

- **H₀:** There is no significant difference between monthly expenditure for Generation X, Generation Y, and Generation Z. ($\mu_1 = \mu_2 = \mu_3$)
- **H₁:** There is a significant difference between monthly expenditure for Generation X, Generation Y, and Generation Z. ($\mu_1 \neq \mu_2 \neq \mu_3$)

5) Expected Annual Return on Investment:

- **H₀:** There is no significant difference between expected annual return on investment for Generation X, Generation Y, and Generation Z is equal to zero. ($\mu_1 = \mu_2 = \mu_3$)
- **H₁:** There is a significant difference between expected annual return on investment for Generation X, Generation Y, and Generation Z is equal to zero. ($\mu_1 \neq \mu_2 \neq \mu_3$)

IV. REVIEW OF LITERATURE

Rao, M. R. (2023): study explores the integration of AI and human expertise in investment strategies across generations, highlighting Millennials' preference for AI-driven solutions and Gen X's focus on human capital. The research uses statistical tools to analyze generational differences, providing insights for financial advisors and policymakers. **Sapatnekar, S. L. (2022):** study analyzes generational differences in social impact investing among Gen X, Y, and Z in India, with Gen Z showing the highest participation due to their social and environmental awareness. The research uses statistical tools to highlight varying attitudes, providing insights for financial consultants and regulators. **Venkataraman, P. S. and Banwait, S. S. (2022):** study examine how global economic events influence investment strategies of Gen X and Millennials in India, showing that Gen X prefers conservative investments during instability, while Millennials take more risks with equities and mutual funds. The research uses statistical tools to analyze generational differences, providing insights for financial services and policy formulation. **Ghosh, P. K. (2021):** study explores retirement planning perspectives among Millennials and Gen X in India's gig economy, highlighting Millennials' low savings consistency due to irregular income and Gen X's reliance on traditional retirement plans despite adaptation challenges. The research uses statistical tools to analyze generational differences, offering insights for financial planners and policymakers. **Pillai, P. N. Ramachandran (2021):** study examines how financial technology (FinTech) influences investment behaviors among Millennials and Generation X in India, finding that Millennials are more likely to embrace FinTech solutions, while Gen X prefers traditional investment methods. The research uses statistical analysis to highlight generational differences, providing insights for financial advisors and policymakers on adapting to evolving technological trends. **Prasad, S. V. (2020):** study explores generational

differences in attitudes toward digital currencies in India, revealing that Millennials are more inclined to invest in cryptocurrencies due to their tech comfort, while Generation X prefers traditional investments. The research employs various statistical methods to analyze these behaviors, offering insights for financial planners and policymakers. **Thampi, S. M. (2020)**: study analyzes generational investment preferences toward digital currencies in India, finding that Millennials are more willing to invest in cryptocurrencies due to their technological comfort, while Generation X remains risk-averse, favoring traditional investments. The research uses statistical methods to highlight these differences and offers insights for financial planners and decision-makers. **Keshav, R. P. (2019)**: study explores generational perspectives on ethical investing among Millennials and Generation X in emerging markets, highlighting differing motivations and levels of engagement with ethical investment strategies. The research employs various statistical analyses to inform financial intermediaries and policymakers about ethical investment practices and marketing strategies. **Srivastava, S. K. (2019)**: study examines how economic uncertainty influences investment strategies among Millennials and Generation X in India, revealing that Gen X favors conservative options like fixed deposits, while Millennials are more willing to take calculated risks with stocks and mutual funds. The research employs statistical tools to provide insights for financial advisors and policymakers on generational investment behavior during economic downturns. **Balasivanandha Prabu, S. (2019)**: study analyzes investment preferences among Generation X, Y, and Z in emerging markets, finding that Gen X favors traditional investments like fixed deposits, Gen Y adopts a mix of conventional and modern options, and Gen Z leans toward internet-based investments. The research employs statistical analyses to highlight generational differences and provide tailored financial strategy recommendations for emerging economies.

V. RESEARCH GAP

While existing literature offers insights into the investment behaviors of Generation X, Y, and Z, there is a notable gap in studies that comprehensively analyze all three generations together, especially in the context of evolving financial technologies and global economic uncertainties. Most research focuses on only two generations or specific aspects of investment behavior, with limited exploration of emerging trends like sustainable investing, cryptocurrencies, and AI-driven financial tools. This study aims to fill these gaps by examining the investment strategies of Gen X, Y, and Z in light of technological advancements, economic factors, and changing social priorities.

VI. LIMITATIONS OF THE STUDY

- Limited sample size of 100 respondents may: not fully represent the entire population.
- Limited geographical scope.
- Limited ability to control factors beyond generational differences.

VII. TYPE OF RESEARCH

This study is both descriptive and analytical in nature. This study captures the various investment strategies of Generation X, Generation Y, and Generation Z and analyse the changes in the strategies adopted by various generations. The study will not only narrate their financial behavior but will, at the same time, focus more attention on the specific investment preferences, risk, and technological usage by each generation when making their financial decisions. The study would apply both descriptive and analytical methods to reflect how each generation approaches investment, with consideration of the underlying reasons and patterns that make them distinguishable from one another in today's dynamic financial environment.

VIII. POPULATION SAMPLING METHOD AND SIZE

This study examines investment behaviors of these generations within Bangalore's population of over 12 million. It estimates that there are approximately 1.8 to 2.4 million Gen X, 2.4 to 3 million Gen Y, and 1.8 to 2.4 million Gen Z individuals in the city, aiming to provide insights into their distinct investing styles and financial choices. The study employs convenience sampling to target 100 respondents from Generation X, Y, and Z in South Bangalore over 10 days, using Google Forms for efficient data collection. This approach ensures a representative sample of the investment strategies among these generations. 100 participants were selected for this study sample size. There will be a survey with a sample size of 100 respondents because of time constraints.

IX. STATISTICAL TOOLS AND TECHNIQUES

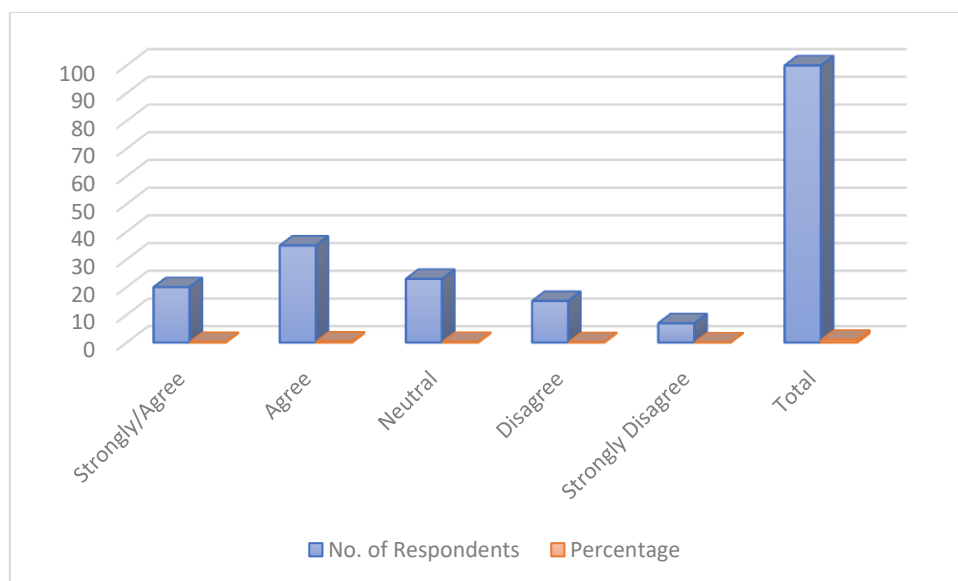
The study uses tables and bar graphs for data presentation and employs statistical tools like SPSS and EXCEL. By using this tool, the chi-square test, correlation analysis, and t-tests to assess hypotheses and relationships. The chi-square test provides p-values to evaluate variable associations, correlation measures the strength and direction of relationships between two variables, and the t-test determines significant differences between the means of two groups, especially useful for small sample sizes.

X. DATA ANALYSIS AND INTERPRETATION

Table 1 showing Self-assessment of Financial Literacy

Response	No. of Respondents	Percentage
Strongly/Agree	20	20%
Agree	35	35%
Neutral	23	23%
Disagree	15	15%
Strongly Disagree	7	7%
Total	100	100%

Graph 1 showing Self-assessment of Financial Literacy



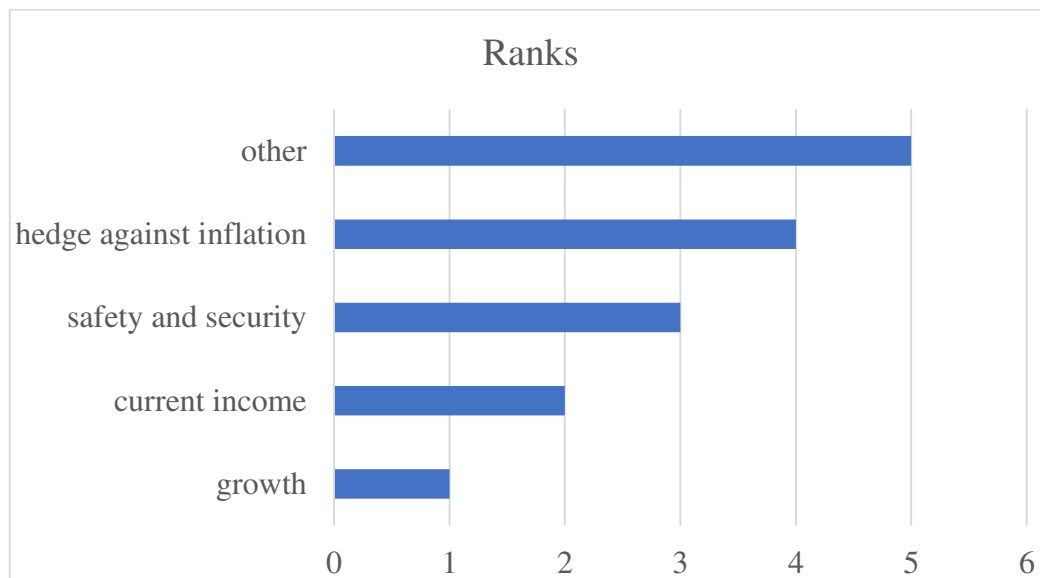
The analysis indicates that Most of the information is represented by the participants who “Agree” with the statement. This indicates a general support for the proposition, suggesting that many individuals find merit or validity in it. The

prevalence of agreement may be influenced by factors such as shared values, positive experiences related to the statement, or a desire to align with the prevailing opinion. Additionally, the degree of agreement reflects a willingness to endorse the proposition while keeping some space available for differing perspectives, as indicated by the presence of neutral and dissenting responses.

Table 2 showing Frequency of Investment Portfolio Review

Review of portfolio	very important	Important	Neutral	Not important	Not very important	weights	ranks
Growth	60	25	8	4	3	4.35	I
Current income	21	40	26	8	5	3.64	II
Safety and security	10	8	45	27	10	2.81	III
Hedge against inflation	5	6	15	42	32	2.1	IV
Other	4	8	21	25	42	2.07	V

Graph 2 showing the Frequency of Investment Portfolio Review



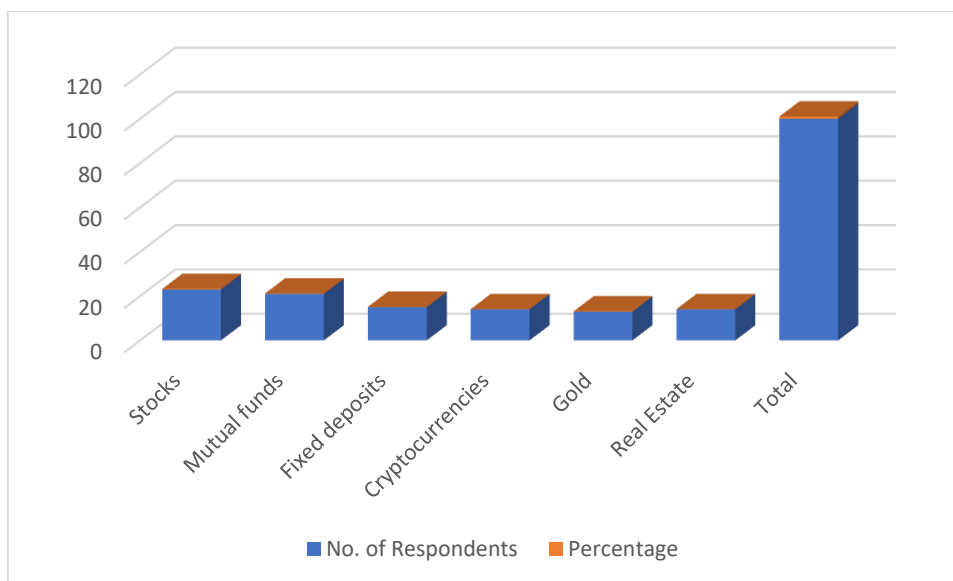
The analysis reveals that the data reveals that investors prioritize growth when reviewing their portfolios, suggesting a strong focus on maximizing returns. Current income is also significant, indicating a balance between growth and immediate financial needs. However, factors like safety, inflation hedging, and other considerations receive relatively low importance, which may imply a potential oversight in comprehensive risk management strategies. This highlights the need for investors to reassess their priorities in order to guarantee a well-rounded investment approach that addresses both growth and security.

Table 3 showing Most Preferred Investment Vehicle

Investment Vehicle	No. of Respondents	Percentage
Stocks	23	23%
Mutual funds	21	21%
Fixed deposits	15	15%
Cryptocurrencies	14	14%

Gold	13	13%
Real Estate	14	14%
Total	100	100%

Graph 3 showing Most Preferred Investment Vehicle

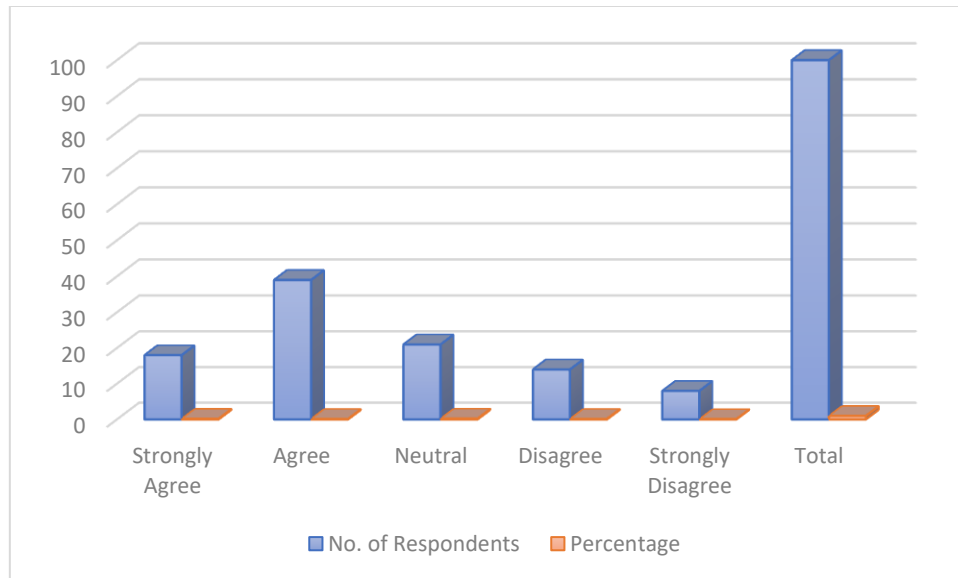


The analysis reveals that The majority of the data is represented by investment in shares. This preference is likely due to the potential for higher returns that shares offer compared to other investment options. Investors often seek growth and capital appreciation, and shares have historically provided significant returns over the long term. Additionally, the liquidity and accessibility of stock markets make shares an attractive option for many investors looking to diversify their portfolios and take advantage of market opportunities.

Table 4 showing Regular Setting and Reviewing of Financial Goals

Reviewing financial goals	No. of Respondents	Percentage
Strongly Agree	18	18%
Agree	39	14%
Neutral	21	21%
Disagree	14	14%
Strongly Disagree	8	8%
Total	100	100%

Graph 4 showing Regular Setting and Reviewing of Financial Goals



The analysis indicates that Majority of the data is represented by respondents who answered “Agree.” This suggests that the majority of This suggests that many people have a favorable considering the notion, suggesting a general acceptance or support for it. This high level of agreement may be influenced by shared beliefs, positive experiences, or a sense of alignment with the idea being evaluated. The strong tendency toward agreement highlights a predominantly positive opinion among the respondents.

XI. HYPOTHESES VALIDATION

Chi-square

H₀: There is no/significant association between the generation an investor belongs to and their preferred investment vehicle.

H₁: There is a significant association between the generation an investor belongs to and their preferred investment vehicle.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	252.432 ^a	18	.000
Likelihood Ratio	183.490	18	.000
N of Valid Cases	101		

a. 21 cells (75.0%) have expected count less than 5. The minimum expected count is .01.

The chi-square test was conducted to yielding a Pearson Chi-Square value of 252.4. Since p value is less than significance threshold of 0.05 null hypothesis (H₀) is rejected and can be concluded that there is a statistically significant association between the generation an investor belongs to and their preferred investment vehicle.

Correlation

H₀: There is no significant relationship between annual income and savings, investment and spendings for generation X, Y and Z. (r=0)

H₁: There is a significant relationship between annual income and savings, investment and spendings for generation X, Y and Z. (r≠0)

Correlations

		Annual income	savings	Investment	Spending
Annual income	Pearson Correlation	1	.944**	.961**	.951**
	Sig. (2-tailed)		.000	.000	.000
	N	100	100	100	100
savings	Pearson Correlation	.944**	1	.952**	.959**
	Sig. (2-tailed)	.000		.000	.000
	N	100	100	100	100
Investment	Pearson Correlation	.961**	.952**	1	.949**
	Sig. (2-tailed)	.000	.000		.000
	N	100	100	100	100
Spending	Pearson Correlation	.951**	.959**	.949**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	100	100	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

The Pearson correlation coefficients between annual income and the other variables (savings based on income, monthly investment, and monthly spending) are all very high, ranging from 0.944 to 0.961, there exists high degree of direct relationship between income and savings, income and investment, income and spendings for the data.

t-test

1) Annual Income Range:

H0: There is no significant difference between annual income range of Generation X, Generation Y, and Generation Z. ($\mu_1 = \mu_2 = \mu_3$)

H1: There is a significant difference between annual income range of Generation X, Generation Y, and Generation Z. ($\mu_1 \neq \mu_2 \neq \mu_3$)

2) Savings Based on Income:

H0: There is no significant difference between savings based on income of Generation X, Generation Y, and Generation Z. ($\mu_1 = \mu_2 = \mu_3$)

H1: There is a significant difference between savings based on income of Generation X, Generation Y, and Generation Z. ($\mu_1 \neq \mu_2 \neq \mu_3$)

3) Monthly Investment:

H0: There is no significant difference between monthly investment for Generation X, Generation Y, and Generation Z. ($\mu_1 = \mu_2 = \mu_3$)

H1: There is a significant difference between monthly investment for Generation X, Generation Y, and Generation Z. ($\mu_1 \neq \mu_2 \neq \mu_3$)

4) Monthly Expenditure:

H0: There is no significant difference between monthly expenditure for Generation X, Generation Y, and Generation Z. ($\mu_1 = \mu_2 = \mu_3$)

H1: There is a significant difference between monthly expenditure for Generation X, Generation Y, and Generation Z. ($\mu_1 \neq \mu_2 \neq \mu_3$)

5) Expected Annual Return on Investment:

H0: There is no significant difference between expected annual return on investment for Generation X, Generation Y, and Generation Z is equal to zero. ($\mu_1 = \mu_2 = \mu_3$)

H1: There is a significant difference between expected annual return on investment for Generation X, Generation Y, and Generation Z is equal to zero. ($\mu_1 \neq \mu_2 \neq \mu_3$)

One-Sample Test
Test Value = 0

	t	D F	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference Lower
Annual income range	23.416	99	.000	2.40000	2.1966
savings based on income	19.522	99	.000	3.20000	2.8748
what is your monthly investment	21.895	99	.000	2.33000	2.1188
How much do u spend per month?	20.833	99	.000	3.58000	3.2390
what is your expected annual return on investment of your portfolio?	27.181	99	.000	3.28000	3.0406

One-Sample Test
Test Value = 0
95% Confidence Interval of the Difference Upper

Annual income range	2.6034
savings based on income	3.5252
what is your monthly investment	2.5412
How much do u spend per month?	3.9210
what is your expected annual return on investment of your portfolio?	3.5194

The table presents results from a one-sample t-test for five variables related to income and investment behaviors across three generational cohorts (Generation X, Y, and Z).

The null hypothesis (H0) suggests that there is no significant difference in the annual income range among the generations. However, the t value is 23.416 and p-value (Sig.) is .000. Therefore, null hypothesis(H0) is rejected and can be concluded that the annual income of all the three generations differ significantly from each other i.e. income of Generation X, Y, and Z are not the same.

Savings Based on Income, the null hypothesis states there is no significant difference in savings based on income across generations. However, the result of t-value is 19.522 and a p value of .000. Therefore, null hypothesis (H₀) is rejected and can be concluded that savings based on income of all the three generations differ significantly from each other i.e. income of Generation X, Y, and Z are not the same.

Investment the null hypothesis assumes no significant difference in monthly investments across the generations. The t-value is 21.895 and a p-value is .000. therefore, null hypothesis (H₀) is rejected indicating that the monthly investment of all the three generations differ significantly from each other i.e. income of Generation X, Y, and Z are not the same.

Expenditure also rejects the null hypothesis, with a t-value of 20.833 and a p-value of .000. This means there is a significant difference in how much different generations spend monthly, suggesting generational differences in spending behavior.

Expected Annual Return on Investment, the null hypothesis posits that there is no significant difference in the expected annual return on investment across the generations. The value is 27.181 and p-value is .000. Therefore, null hypothesis is rejected indicating that expected returns on investments of all the three generations differ significantly from each other i.e. income of Generation X, Y, and Z are not the same.

XII. SUMMARY OF FINDINGS

- The majority of investors prioritize growth when reviewing their portfolios, with current income as the second priority.
- Shares (stocks) are the most preferred investment vehicle (23%), followed closely by mutual funds (21%).
- Most respondents agree that they have a solid understanding of financial concepts, with about 55% of the participants showing confidence in their financial literacy
- Most respondents regularly set and review their financial goals,

XIII. CONCLUSION

The study compares investment strategies across generations X, Y, and Z, highlighting differences shaped by technology, economy, and life experiences. Younger individuals prefer online and mobile banking for investments, while older generations tend to favor safer options like real estate. Differences in financial literacy, risk tolerance, and investment goals are evident. All age groups increasingly recognize the importance of long-term financial and retirement planning, with younger people seeking investment education online. To adapt, finance, government, and education sectors must blend digital and traditional approaches to meet diverse investment needs.

XIV. SUGGESTIONS

- Investors should focus more on comprehensive risk management. While growth and current income are prioritized, factors like safety and inflation hedging are relatively neglected. A balanced approach that addresses both growth and security could improve long-term financial outcomes.
- The majority prefer **stocks**, indicating they seek higher returns. Investors may consider **diversifying** by including other options like mutual funds or real estate to mitigate risk while maintaining growth.
- The correlation analysis shows a strong relationship between **income and savings**. Individuals should prioritize **saving a higher percentage** of their income as it has a direct impact on their financial security.

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