International Journal for Multidisciplinary Research (IJFMR)
E-ISSN: 2582-2160 ● Website: www.ijfmr.com ● Email: editor@ijfmr.com

Determinants of Gen Z's Investment Decisions

Charlotte Robert Joseph[1], Dr Shruti Jose[2]

[1,2]Christ University, Bangalore

ABSTRACT

This study examines factors influencing Gen Z investment decisions, focusing on financial literacy, behavioral biases, risk tolerance, and demographics. With Gen Z emerging as a key investor group, understanding their behavior is crucial for financial stability and wealth creation.

Using a quantitative approach, data from 200 Gen Z respondents were analyzed through regression analysis, ANOVA, and correlation analysis. Results show financial literacy boosts investment confidence, moderated by risk tolerance. While self-attribution bias increases confidence, biases like hindsight, availability, and herd behavior have minimal impact. FOMO slightly reduces confidence, indicating social pressure may impair rational decisions.

Financial autonomy, investment trends, and risk tolerance enhance confidence, while over-reliance on financial advice lowers it. Age, income, and experience also shape confidence levels. The study emphasizes the need for targeted financial education to foster critical thinking, risk management, and responsible investment practices, empowering Gen Z for informed decision-making and long-term financial security.

1. INTRODUCTION

Generation Z (born between 1995 and 2010) is the first cohort to grow up in a fully digital world, with extensive access to financial information, investment platforms, and social media-driven financial advice. As they enter the workforce and begin accumulating wealth, they are becoming a key investor demographic in India and worldwide. Unlike previous generations, Gen Z investors are more inclined to explore unconventional investment avenues such as cryptocurrencies, non-fungible tokens (NFTs), and fractional stocks, often driven by social media trends and peer influence.

The digital revolution has transformed investment accessibility, allowing individuals to trade assets from their smartphones and interact with online communities for financial insights. Mobile trading applications, robo-advisors, and algorithm-based investment tools have made investing easier than ever before. However, despite the increased accessibility and convenience, Gen Z investors face several challenges in making sound financial decisions.

One of the critical barriers to informed investing among Gen Z is the gap in financial literacy. Studies indicate that while digital natives are comfortable navigating online platforms, many lack a deep understanding of investment fundamentals, risk assessment, and portfolio diversification. This knowledge gap often results in uninformed financial decisions, exposing young investors to market volatility and potential losses.

In addition to financial literacy concerns, psychological factors such as behavioural biases significantly influence investment decision-making among Gen Z. Cognitive biases like herding (following investment trends without independent analysis), illusion of control (overestimating one's ability to predict market movements), hindsight bias (believing past events were predictable), and information bias (relying on

readily available information without thorough evaluation) play a crucial role in shaping their financial behaviour. These biases, often amplified by the rapid spread of information on social media, contribute to impulsive decision-making, speculative trading, and short-term investment mindsets.

Another key determinant of Gen Z's investment behaviour is social influence. Unlike previous generations who relied on financial advisors or institutional guidance, many young investors today turn to online influencers, peer discussions, and viral investment trends for financial advice. While this democratization of financial knowledge has its benefits, it also increases exposure to misinformation, unverified claims, and high-risk investment strategies. Social validation and fear of missing opportunities (FOMO) further exacerbate these tendencies, prompting individuals to invest without fully understanding the associated risks.

Risk tolerance is another important factor in investment decision-making. Gen Z investors exhibit a diverse range of risk appetites, influenced by their financial background, economic stability, and exposure to financial education. While some prefer conservative investments like fixed deposits and mutual funds, others are drawn toward speculative assets with the potential for high returns. This study seeks to understand the extent to which risk perception influences investment choices and whether risk tolerance acts as a moderating factor in decision-making.

Furthermore, technological advancements have reshaped the investment landscape, introducing new opportunities and challenges. The integration of artificial intelligence (AI), machine learning, and blockchain technology into financial markets has introduced automated trading, decentralized finance (DeFi), and gamified investment platforms. While these innovations provide greater autonomy and efficiency, they also raise concerns about regulatory oversight, ethical investing, and financial security.

This research aims to analyze the key factors shaping Gen Z's investment behaviour, including financial literacy, behavioural biases, risk tolerance, investment motivations, and social influences. By identifying these determinants, the study seeks to provide valuable insights that can enhance financial education, promote responsible investment habits, and encourage long-term wealth-building strategies among young investors.

As Gen Z continues to shape the future of financial markets, understanding their investment behaviour is essential for financial institutions, policymakers, and educators. Addressing knowledge gaps, mitigating behavioural biases, and fostering a culture of informed investing can contribute to better financial stability for individuals and overall economic growth.

1.1. Problem Statement

Despite increasing access to financial markets and digital investment tools, Gen Z in India faces significant challenges in making sound investment decisions. Limited financial literacy, cognitive biases, social pressures, and risk perception often lead to impulsive or uninformed choices. While digital advancements have made investing more accessible, reliance on social media and peer influence can encourage speculative behaviour. Addressing these barriers is essential to fostering better financial participation and ensuring young investors build long-term financial security.

1.2. Background of the Study

The rise of digital platforms has transformed how Gen Z engages with investments, favoring mobile apps, online brokers, and social media for financial guidance. Their preferences include asset classes like cryptocurrencies and fractional stocks, reflecting their inclination toward high-return opportunities. However, cognitive biases, emotional tendencies, and external influences significantly impact their decisions. Psychological factors such as loss aversion and FOMO, combined with social media-driven

trends, often lead to high-risk investments. This study aims to analyse the key drivers shaping Gen Z's investment choices and suggest ways to encourage more informed financial behaviour.

1.3. Motivation of the Study

Understanding Gen Z's investment behaviour is crucial for developing financial literacy programs, investment tools, and strategies that cater to their needs. Financial institutions, educators, and policymakers can benefit from insights into the drivers and barriers affecting their decisions. By identifying factors such as risk perception, social influence, and technological engagement, this study aims to improve financial education and responsible investing habits. Equipping Gen Z with the necessary skills and knowledge can enhance their long-term financial stability and promote economic growth.

2. LITERATURE REVIEW

Kurniadi & Herdinata (2024) – Higher financial literacy positively impacts millennials' and Gen Z's investment decisions. Knowledge of financial products and risk management enhances decision-making. Financial literacy also shapes risk tolerance, with knowledgeable individuals showing a higher willingness to take risks. Investment experience further improves decision-making as individuals refine their skills over time.

Sajeev et al. (2021) – Financial literacy, risk attitude, and information search positively impact Gen Z investors, while herding behavior has a weak negative effect. Gen Z prefers independent decision-making and relies on financial advisors and online research. They are skilled at managing finances and making informed choices, reflecting growing sophistication in their investment behaviour.

Armansyah et al. (2023) – Gen Z's investment decisions are influenced by high capital market literacy and behavioural biases. Overconfidence and fear of better options affect choices, while mental accounting has no significant impact. The study expands investor behaviour theory by emphasizing the cognitive and emotional factors shaping young investors' decisions.

Elango et al. (2023) – Social factors influence investment attitudes, but Gen Z values expert guidance over peer influence. Financial literacy boosts confidence but does not strongly shape investment attitudes. Perceived behavioural control significantly drives investment intention, emphasizing confidence and positive perceptions. Social support from mentors and family further encourages investment participation.

Utami & Sitanggang (2021) – Financial literacy significantly influences investment decisions among Gen Z in Jakarta, explaining 42% of investment decisions. Young investors benefit from access to financial institutions and digital resources but require stronger financial education. The study suggests future research should explore income, financial behaviour, and technological factors.

Khatik et al. (2021) – Social media strongly influences Gen Z's investment decisions, directly affecting financial literacy and community behaviour. Online interactions and peer discussions shape investment choices. Positive financial content encourages stock purchases, confirming that digital platforms play a key role in investment behavior.

Yusup & Gunawan (2024) – Financial literacy initially appears to influence high-risk investments, but its impact diminishes when combined with risk tolerance. Financial interest significantly affects investment in stocks and mutual funds. Risk tolerance moderates the effect of financial interest, strengthening investment decisions for those with higher risk tolerance.

Chen & Dosinta (2023) – Financial literacy and experience do not significantly impact Gen Z's investment decisions in Pontianak. Instead, locus of control, experience regret, and accounting information play crucial roles. Young investors rely on external advice but make more strategic choices based on past

losses and financial reports.

Thomas et al. (2024) – Gen Z has the highest financial proficiency but takes the most investment risks. Economic experiences, technology exposure, and cultural values shape their investment patterns. COVID-19 increased preference for safe investments in older generations, while younger investors remained open to risk.

Ningtyas et al. (2024) – Financial literacy enhances investment decisions, leading to more rational choices. Cognitive biases like hindsight bias and illusion of control cause investors to overestimate abilities and take excessive risks. Gen Z relies on macroeconomic indicators and historical data, requiring targeted financial literacy programs to reduce biases.

Susanto et al. (2024) – Technological advances do not significantly impact Gen Z's investment decisions despite their digital proficiency. Higher financial literacy leads to rational investment choices, while a positive financial attitude enhances informed decision-making. The study confirms the need for better financial education to optimize investment behavior.

Winarsih et al. (2024) – Investment knowledge, benefits, and motivation positively influence Gen Z's interest in investing. Higher knowledge boosts confidence, perceived benefits encourage participation, and motivation drives investment decisions. The study emphasizes financial education and awareness as key drivers of investment interest.

Mubarok et al. (2023) – Investment knowledge, technological advancements, and motivation significantly impact Gen Z's investment interest. The study confirms validity and reliability through statistical tests, showing that 80.1% of investment interest can be explained by these factors. Financial education and technological integration play crucial roles in fostering investment participation.

Yusup & Gunawan (2024) – Financial literacy alone doesn't drive high-risk investments; financial interest plays a key role. Risk tolerance strengthens this effect, making individuals with both traits more likely to invest. Fostering financial interest is more effective than solely improving literacy.

Tasman et al. (2024) – Risk perception positively impacts investment choices, helping Gen Z avoid impulsive decisions. Religiosity and overconfidence do not significantly influence behavior, as financial gains take priority.

Fitriaty (2023) – Education enhances financial literacy, which strongly influences investment decisions among Gen Z small business owners. A 75.2% correlation highlights the need for targeted financial literacy programs to support MSMEs.

Dugar & Madhavan (2023) Indian Gen Z moves toward financial independence through disciplined saving and self-earned income. Family experience, risk perception, and tech-driven platforms shape long-term investments in equities, mutual funds, and gold.

Niewinska & Mijal (2023) While Gen Z values ethics and ESG, financial returns and risk factors drive their investments. ESG is seen more as risk mitigation than a priority. National preference influences choices more than ethical concerns.

Pandurugan & Al Shammakhi (2024) Attitude is the strongest predictor of Gen Z's investment in speculative markets. Financial literacy acts as a key mediator, while risk tolerance and perceived behavioral control have weaker effects. Decisions are mainly benefit-driven.

Rosdiana (2020) Gen Z shows higher investment interest than Millennials, with digital platforms and peer influence shaping behavior. However, financial literacy levels are comparable across generations, highlighting the need for targeted financial education.

Singh and Thakur (2023) conducted a study and found out that during market volatility, Gen Z investors

exhibit risk aversion by reallocating portfolios towards stable assets like government bonds, reflecting a preference for capital preservation over aggressive strategies due to past financial crises.

Kumar and Sharma (2022) discovered that technological advancements like mobile trading apps and robo-advisors have increased investment participation among Gen Z by providing accessible and user-friendly platforms, enabling more young investors to engage in the stock market actively.

Zhou and Zhang (2023) in their study analyzed that higher levels of financial literacy are positively correlated with increased investment confidence and willingness to explore diverse assets, emphasizing the need for educational initiatives to boost financial knowledge among Gen Z.

Rathore and Soni (2023) in their research analyzed how social media platforms such as Reddit and Twitter significantly influence Gen Z's investment decisions, as many rely on peer-driven insights for market trends, highlighting the potential for both beneficial advice and misinformation.

Mehta and Gupta (2022) conducted a study to understand how often Gen Z investors follow celebrity and influencer recommendations, which, while providing validation, can also lead to impulsive trades, stressing the need for enhanced financial literacy to enable critical evaluation of investment choices.

Narayan and Singh (2023) discovered peer influence and herding behaviour are prevalent among Gen Z investors, leading to collective decision-making during market events, indicating a need for educational programs that promote independent thinking in investment strategies.

Green and Adams (2023) reported that Gen Z's preference for sustainable investing reflects their inclination to align financial decisions with personal values, prioritizing companies with strong ESG practices and showcasing a shift in investment motives.

Sanchez and Fernandez (2022) in their analysis, identified the allure of cryptocurrencies and digital assets among Gen Z is driven by the potential for quick profits and easy access, but raises concerns about long-term implications due to market volatility and regulatory issues.

Patel and Kumar (2024) observed that overconfidence among Gen Z investors leads to engagement with high-risk assets, underscoring the importance of fostering realistic self-assessment and critical analysis to mitigate negative impacts of overconfidence on investment decisions.

Jones and Richards (2023) in their analysis, established that some Gen Z investors are open to high-risk opportunities, many show risk aversion toward long-term investments, revealing a complex relationship with risk that suggests varying strategies within this demographic.

White and Johnson (2023) observed that parental guidance significantly shapes Gen Z's investment behaviour, with conservative family attitudes leading to cautious financial strategies, highlighting the influence of parental financial habits on young investors.

Cheng and Liu (2023) found that during economic downturns, Gen Z investors tend to shift from high-risk assets to safer options like government bonds, reflecting an awareness of external economic conditions and a desire to safeguard investments.

Lee and Park (2022) reported that gender differences in Gen Z investment behaviours show males favour aggressive trading, while females prioritize secure, long-term growth, suggesting the need for gender-sensitive financial education approaches.

Baker and Hall (2023) research findings indicate that educational background in finance or business leads to more sophisticated and diversified investment strategies among Gen Z, emphasizing the role of education in shaping effective investment behaviours.

Foster and Williams (2022) conducted a study that revealed the gamification elements in investment platforms encourage speculative trading among Gen Z, raising concerns about long-term financial literacy

and investment success, advocating for balanced educational approaches to manage risks associated with gamification.

2.1 Research Gap

While studies highlight financial literacy, behavioral biases, and social influences on Gen Z's investment decisions, limited research explores the specific role of financial influencers (finfluencers). Social media plays a major role in investment discussions, yet its impact on decision-making—whether it enhances financial awareness or encourages speculative behavior—remains unclear. Additionally, existing research overlooks how Gen Z balances digital financial advice with traditional education, making it crucial to assess the reliability and influence of finfluencers.

Demographic differences in financial behavior among Gen Z investors are also underexplored. While factors like financial literacy and risk perception are widely studied, variations in investment preferences and decision-making patterns across socio-economic backgrounds need further investigation. Identifying these differences can help develop targeted financial literacy initiatives that address diverse investor needs.

Another key gap lies in understanding how risk tolerance moderates the relationship between financial literacy and investment decisions. While both factors influence investment behavior, their combined effect remains unclear. This study addresses these gaps by examining the influence of finfluencers, demographic variations, and behavioral biases, offering insights to enhance financial education and promote responsible investment habits.

3: RESEARCH METHODOLOGY

This study uses a descriptive quantitative design with a deductive approach to test hypotheses based on existing theories. Data from 200 Gen Z respondents (aged 18-27) were collected using structured questionnaires distributed via online platforms. Convenience sampling was used, considering income levels (₹15,000 to ₹50,000+) and investment durations (1-3+ years) for diversity. Statistical methods such as regression analysis, ANOVA, and correlation analysis were applied to validate relationships between independent variables (financial literacy, autonomy, advice, trends, biases, demographics) and the dependent variable (investment confidence).

Primary data was collected through Google Forms using closed-ended, Likert-scale questions for standardized analysis. The questionnaire consisted of sections on demographics (age, gender, education, income, investment experience), financial literacy, autonomy, advice, investment trends, behavioural biases (self-attribution, FOMO, herd behaviour, availability bias), and investment confidence.

- **Independent Variables:** Financial Literacy, Financial Advice, Financial Autonomy, Investment Trends, Social Media Influence, Behavioural Biases (Self-Attribution, FOMO, Herd Behaviour, Availability Bias)
- **Moderating Variable:** Risk Tolerance
- **Dependent Variable:** Confidence in Investment Decisions

  This approach ensures comprehensive insights into the factors shaping Gen Z's investment behaviour, contributing to informed financial education and policy recommendations.

3.1. Research Questions

1. How do financial literacy, autonomy, advice, and investment trends influence Gen Z's investment choices?
2. What factors and motivations drive their decisions?
3. How does risk tolerance mediate the relationship between financial literacy and decisions?

4. What role do behavioural biases play in their choices?
5. How do demographics impact their investment behaviour?

3.2. Research Objectives

1. Examine the influence of financial literacy, financial autonomy, financial advice, and investment trends on Gen Z investment decisions.
2. Assess the key criteria and investment motivations that influence investment decision-making.
3. Investigate the role of risk tolerance as a moderator between financial literacy and investment decisions.
4. Explore the impact of behavioural biases on Gen Z investment decisions.
5. Analyse how demographic factors such as age, gender, education, income, and investment duration impact the investment behaviour of Gen Z.

4. DATA ANALYSIS

Objective 1: To analyse how demographic factors such as age, gender, education, income and investment duration impact the investment behaviour of Gen Z.

Table 4.1.1: Age Distribution of Respondents

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	15-17	2	1.0	1.0	1.0
	18-21	76	38.0	38.0	39.0
	22-25	89	44.5	44.5	83.5
	26	12	6.0	6.0	89.5
	27	21	10.5	10.5	100.0
	Total	200	100.0	100.0	

Source: Primary Data

The survey of 200 respondents showed that 82.5% were aged 18-25, with the highest representation (44.5%) in the 22-25 age group, indicating strong investment engagement among young adults.

Table 4.1.2: Income Distribution among Gen Z Investors

Monthly Income					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 15,000	54	27.0	27.0	27.0
	15,000-20,000	32	16.0	16.0	43.0
	20,000-30,000	6	3.0	3.0	46.0
	30,000-50,000	65	32.5	32.5	78.5
	Above 50,000	43	21.5	21.5	100.0
	Total	200	100.0	100.0	

Source: Primary Data

Most Gen Z respondents earn ₹30,000-₹50,000 (32.5%), followed by below ₹15,000 (27%), indicating a mix of stable and lower incomes that may influence low-cost, low-risk investment preferences.

Table 4.1.3: Gender Distribution of Participants

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	102	51.0	51.0	51.0
	Female	98	49.0	49.0	100.0
	Total	200	100.0	100.0	

Source: Primary Data

With 51% male and 49% female respondents, the sample shows a balanced gender distribution, enabling a comprehensive analysis of gender-based financial behaviors and investment preferences.

Table 4.4: Investment Duration Preferences

Investing Duration					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I haven't started yet	18	18.4	18.4	18.4
	Less than 1 year	30	30.6	30.6	49.0
	1-3 years	31	31.6	31.6	80.6
	More than 3 years	19	19.4	19.4	100.0
	Total	98	100.0	100.0	

Source: Primary Data

The data shows most respondents are new investors, with 31.6% having 1-3 years of experience and 30.6% investing for less than a year, highlighting a need for financial education to foster long-term investment habits.

Objective 2: Examine the influence of Financial literacy, Financial autonomy, Financial advise and Investment trends on Gen Z Investment decisions

Table 4.2.1. Model Summary of Investment Confidence

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.684[a]	.468	.457	.68339
2	.711[b]	.505	.492	.66076
a. Predictors: (Constant), Financial Autonomy, Financial Advise, Investment trends, Financial literacy				
b. Predictors: (Constant), Financial Autonomy, Financial Advise, Investment trends, Financial literacy, Risk Tolerance				

Source: Primary Data

Table 4.2.2: ANOVA Results for Investment Confidence Models

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	79.238	4	19.810	42.417	.000[b]
	Residual	90.135	193	.467		
	Total	169.374	197			
2	Regression	85.546	5	17.109	39.187	.000[c]
	Residual	83.827	192	.437		
	Total	169.374	197			
a. Dependent Variable: Confidence						
b. Predictors: (Constant), Financial Autonomy, Financial Advise, Investment trends, Financial literacy						
c. Predictors: (Constant), Financial Autonomy, Financial Advise, Investment trends, Financial literacy, Risk Tolerance						

Source: Primary Data

The Model Summary indicates that in Model 1, 46.8% of the variation in investment confidence is explained by Financial Literacy, Financial Autonomy, Financial Advice, and Investment Trends (R^2 = 0.468). In Model 2, adding Risk Tolerance as a moderator increases the explanatory power to 50.5% (R^2 = 0.505), demonstrating its significant role. The ANOVA results confirm both models are statistically significant (p = 0.000). While the F-value slightly decreases from 42.417 to 39.187, the improved R^2 highlights the enhanced predictive power of the model with Risk Tolerance included.

Table 4.2.3: Regression Coefficients of Investment Confidence Models

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.743	.277		2.686	.008
	Financial literacy	.406	.053	.454	7.674	.000
	Financial Advise	-.107	.042	-.140	-2.582	.011
	Investment trends	.099	.041	.134	2.424	.016
	Financial Autonomy	.283	.049	.341	5.825	.000
2	(Constant)	.446	.279		1.600	.111
	Financial literacy	.334	.055	.373	6.113	.000
	Financial Advise	-.090	.040	-.117	-2.234	.027

	Investment trends	.101	.039	.137	2.572	.011
	Financial Autonomy	.251	.048	.302	5.262	.000
	Risk Tolerance	.199	.052	.222	3.801	.000
a. Dependent Variable: Confidence						

Source: Primary Data

The Coefficients table shows that Financial Literacy (B = 0.406 to 0.334), Financial Autonomy (B = 0.283 to 0.251), Investment Trends (B = 0.099 to 0.101), and Risk Tolerance (B = 0.199) positively impact investment confidence. Conversely, Financial Advice (B = -0.107 to -0.090) negatively affects confidence, suggesting that over-reliance on advice may undermine personal judgment.

Table 4.2.4: Correlation Matrix of Investment Factors

Correlations						
		Financial literacy	Investment trends	Financial Advise	Financial Autonomy	Risk Tolerance
Financial literacy	Pearson Correlation	1	-.221**	-.163*	.425**	.462**
	Sig. (2-tailed)		.002	.021	.000	.000
	N	200	200	200	199	199
Investment trends	Pearson Correlation	-.221**	1	.200**	-.199**	-.144*
	Sig. (2-tailed)	.002		.005	.005	.043
	N	200	200	200	199	199
Financial Advise	Pearson Correlation	-.163*	.200**	1	-.108	-.182*
	Sig. (2-tailed)	.021	.005		.129	.010
	N	200	200	200	199	199
Financial Autonomy	Pearson Correlation	.425**	-.199**	-.108	1	.342**
	Sig. (2-tailed)	.000	.005	.129		.000
	N	199	199	199	199	198
Risk Tolerance	Pearson Correlation	.462**	-.144*	-.182*	.342**	1
	Sig. (2-tailed)	.000	.043	.010	.000	
	N	199	199	199	198	199
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

Financial literacy significantly enhances autonomy and risk tolerance, fostering confident financial decision-making. While following investment trends may show mixed effects, it reflects a proactive approach to market engagement. Seeking financial advice further supports informed decisions,

contributing to overall financial well-being.

Objective 3: Assess the key factors and investment motivations that influence investment decision-making.

Multiple Response Analysis using SPSS to understand the investment criteria and motivations among Gen Z investors. Multiple response analysis allows respondents to select more than one option, so the percentages are calculated based on the total number of responses rather than the number of respondents. This means that the sum of percentages can exceed 100%. This approach provides a comprehensive understanding of the various factors and motivations that simultaneously impact investment decisions.

Table 4.3.1: Investment Criteria and Their Importance

		Count	Column N %
Investment Criteria	Potential Return	146	74.9%
	Risk Level	130	66.7%
	Tax Benefits	84	43.1%
	Ethical Considerations	74	37.9%
	Social Influence	88	45.1%

Source: Primary data

Interpretation of Investment Criteria:

Gen Z investors prioritize potential returns (74.9%) and risk management (66.7%) when making investment decisions, reflecting their focus on financial growth and stability. Tax benefits (43.1%) and ethical considerations (37.9%) are secondary factors, while social influence (45.1%) has a moderate impact, highlighting a primarily pragmatic approach.

Table 4.3.2: Investment Motivations Among Gen Z

		Count	Column N %
Investment Motivations	Wealth Accumulation	148	74.0%
	Financial Security	154	77.0%
	Retirement Planning	92	46.0%
	Others	45	22.5%

Source: Primary Data

Investment Motivations Interpretation:

Financial security (77.0%) and wealth accumulation (74.0%) are the main motivations driving Gen Z's investments, with many seeking long-term stability. Retirement planning (46.0%) is considered by nearly half, while 22.5% invest for personal goals like education or property.

Objective 4: Investigate the role of Risk tolerance as a moderator between financial literacy and Investment decisions.

Hypotheses:

H0: Risk tolerance does not significantly moderate the relationship between financial literacy and confidence.

H1: Risk tolerance positively moderates the relationship between financial literacy and confidence.

Table 4.4.1: Model Summary of Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.594[a]	.353	.350	.74937
2	.646[b]	.418	.412	.71258
a. Predictors: (Constant), Financial literacy				
b. Predictors: (Constant), Financial literacy, Risk Tolerance				

Model 1 shows a moderate to strong positive correlation (R = 0.594) between financial literacy and investment confidence, explaining 35.3% of the variance (R^2 = 0.353). Model 2 improves with the inclusion of risk tolerance (R = 0.646, R^2 = 0.418), reducing prediction error (SE = 0.71258). The significant increase in explanatory power supports the alternative hypothesis (H1), indicating that both financial literacy and risk tolerance enhance Gen Z investors' confidence.

Table 4.4.2: Analysis of Variance (ANOVA)

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	60.307	1	60.307	107.391	.000[b]
	Residual	110.628	197	.562		
	Total	170.935	198			
2	Regression	71.412	2	35.706	70.319	.000[c]
	Residual	99.523	196	.508		
	Total	170.935	198			
a. Dependent Variable: Confidence						
b. Predictors: (Constant), Financial literacy, c. Predictors: (Constant), Financial literacy, Risk Tolerance						

Both models are statistically significant (p = .000). Model 1 shows financial literacy significantly impacts investment confidence (F = 107.391, R^2 = 35.3%). Model 2, with risk tolerance added, improves the model's fit (F = 70.319, R^2 = 41.8%), confirming the alternative hypothesis (H1). The results emphasize the role of financial education and risk tolerance in enhancing investment confidence.

Table 4.4.3: Coefficients of Regression Analysis

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.317	.148		8.870	.000
	Financial_literacy	.531	.051	.594	10.363	.000
2	(Constant)	.941	.162		5.796	.000
	Financial_literacy	.413	.055	.461	7.508	.000
	Risk_Tolerance	.258	.055	.287	4.677	.000
a. Dependent Variable: Confidence						

Source: Primary Data

In Model 1, financial literacy significantly predicts confidence (B = 0.531, Beta = 0.594, p = .000). In Model 2, adding risk tolerance reduces the financial literacy effect (B = 0.413, Beta = 0.461) while risk tolerance positively impacts confidence (B = 0.258, Beta = 0.287, p = .000). The significant increase in R^2 (0.353 to 0.418) supports the alternative hypothesis (H1), confirming that risk tolerance enhances the relationship between financial literacy and confidence.

Table 4.4.2: Correlation Matrix for Risk Tolerance, Financial Literacy, and Confidence

Correlations				
		Risk Tolerance	Financial literacy	Confidence
Risk Tolerance	Pearson Correlation	1	.462**	.500**
	Sig. (2-tailed)		.000	.000
	N	199	199	199
Financial literacy	Pearson Correlation	.462**	1	.592**
	Sig. (2-tailed)	.000		.000
	N	199	200	200
Confidence	Pearson Correlation	.500**	.592**	1
	Sig. (2-tailed)	.000	.000	
	N	199	200	200
**. Correlation is significant at the 0.01 level (2-tailed).				

Source:Primary data

Financial literacy shows a strong positive correlation with confidence ($r = 0.592$, $p < 0.01$), while risk tolerance has a moderate positive correlation with both confidence ($r = 0.500$, $p < 0.01$) and financial

literacy (r = 0.462, p < 0.01). All correlations are significant, confirming that both financial literacy and risk tolerance enhance investment confidence.

Objective 5: Explore impact of Behavioural biases on GenZ Investment decisions

Table 4.5.1: Model Summary of Behavioral Biases Impact on Investment Confidence

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.398[a]	.158	.136	.86351
2	.548[b]	.300	.278	.78943
a. Predictors: (Constant), Herd Behaviour, Self attribution Bias, Hindsight Bias, Availability Bias, FOMO				
b. Predictors: (Constant), Herd Behaviour, Self attribution Bias, Hindsight Bias, Availability Bias, FOMO, Risk Tolerance				

Source: Primary Data

Model 1 shows a moderate correlation (R = 0.398, R^2 = 0.158) between behavioral biases and investment confidence, with moderate prediction accuracy (SE = 0.86351). Model 2, including risk tolerance, improves the correlation (R = 0.548, R^2 = 0.300) and prediction accuracy (SE = 0.78943). This highlights risk tolerance as a significant factor influencing investment confidence alongside behavioral biases.

Table 4.5.2: ANOVA of Behavioral Biases Impact on Investment Confidence

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	27.024	5	5.405	7.248	.000[b]
	Residual	143.911	193	.746		
	Total	170.935	198			
2	Regression	51.279	6	8.546	13.714	.000[c]
	Residual	119.656	192	.623		
	Total	170.935	198			
a. Dependent Variable: Confidence						
b. Predictors: (Constant), Herd Behaviour, Self-attribution Bias, Hindsight Bias, Availability Bias, FOMO						
c. Predictors: (Constant), Herd Behaviour, Self-attribution Bias, Hindsight Bias, Availability Bias, FOMO, Risk Tolerance						

Model 1 shows a significant impact of behavioral biases on investment confidence (F = 7.248, p = .000). Model 2, with risk tolerance added, improves model fit (F = 13.714, p = .000), confirming its critical role in enhancing the prediction of investment confidence.

Table 4.5.3: Coeffiecient

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.207	.345		6.392	.000
	Selfattribution_Bias	.297	.056	.361	5.342	.000
	Hindsight_Bias	-.004	.057	-.005	-.072	.943
	Availability_Bias	-.046	.054	-.061	-.845	.399
	FOMO	-.089	.064	-.105	-1.386	.167
	Herd_Behaviour	.020	.060	.024	.329	.743
2	(Constant)	1.637	.329		4.982	.000
	Selfattribution_Bias	.156	.056	.190	2.803	.006
	Hindsight_Bias	-.032	.052	-.039	-.621	.535
	Availability_Bias	-.003	.050	-.004	-.055	.957
	FOMO	-.116	.059	-.136	-1.966	.051
	Herd_Behaviour	.033	.055	.040	.597	.551
	Risk_Tolerance	.380	.061	.423	6.239	.000
a. Dependent Variable: Confidence						

Source:Primary data

Self-Attribution Bias positively impacts investment confidence in both models, while Risk Tolerance (Beta = 0.423, p = .000) is the strongest predictor in Model 2. Hindsight Bias, Availability Bias, and Herd Behaviour are insignificant, showing little influence on confidence. FOMO has a weak negative effect (p = 0.051), suggesting lower confidence among those prone to it. The findings highlight the importance of

building risk management skills and addressing biases to enhance Gen Z investors' confidence and decision-making.

Table 4.5.4: Correlation Matrix of Behavioral Biases and Risk Tolerance

Coefficients[a]						
Mo Del		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.207	.345		6.392	.000
	Selfattribution_ Bias	.297	.056	.361	5.342	.000
	Hindsight_Bias	-.004	.057	-.005	-.072	.943
	Availability_Bias	-.046	.054	-.061	-.845	.399
	FOMO	-.089	.064	-.105	-1.386	.167
	Herd_Behaviour	.020	.060	.024	.329	.743
2	(Constant)	1.637	.329		4.982	.000
	Selfattribution_ Bias	.156	.056	.190	2.803	.006
	Hindsight_Bias	-.032	.052	-.039	-.621	.535
	Availability_Bias	-.003	.050	-.004	-.055	.957
	FOMO	-.116	.059	-.136	-1.966	.051
	Herd_Behaviour	.033	.055	.040	.597	.551
	Risk_Tolerance	.380	.061	.423	6.239	.000
a. Dependent Variable: Confidence						

Source: Primary Data

Availability bias significantly contributes to herd behavior and FOMO, leading to impulsive financial decisions. Self-attribution bias correlates with higher risk tolerance, indicating overconfidence may drive risk-taking. The interconnectedness of hindsight bias, availability bias, and herd behavior creates a cycle of reliance on past events and conformity. Recognizing and mitigating these biases is crucial for better financial decision-making.

5. FINDINGS AND CONCLUSION

5.1. Findings:

The study reveals that financial literacy significantly enhances investment confidence, explaining 35.3% of its variance. Gen Z investors with higher financial knowledge tend to feel more assured in their decisions. Risk tolerance also plays a crucial role, with its inclusion increasing the model's explanatory power to 41.8%, demonstrating that financially literate investors with greater risk tolerance exhibit higher confidence. Among behavioral biases, self-attribution bias positively impacts confidence, while FOMO shows a weak negative effect. However, hindsight bias, availability bias, and herd behavior do not significantly influence confidence, suggesting that Gen Z investors tend to rely on independent decision-

making. Additionally, potential returns (74.9%) and risk level (66.7%) are the most influential investment criteria, while financial security (77%) and wealth accumulation (74%) emerge as primary motivations. The demographic analysis indicates that young investors aged 18-25, with a nearly balanced gender representation and moderate income levels, actively participate in financial markets.

5.2. Conclusion:

The findings emphasize the importance of financial education and risk management training in fostering investment confidence among Gen Z investors. While financial literacy remains a key determinant, the ability to manage and tolerate risk further strengthens confidence levels. Promoting self-awareness about behavioral biases, particularly self-attribution bias and FOMO, can enhance decision-making. Additionally, understanding Gen Z's preference for financial security and wealth accumulation over ethical considerations provides valuable insights for policymakers and financial educators. By creating tailored educational programs and resources, stakeholders can empower young investors to make informed and confident financial decisions.

6. REFERENCES

1. Kurniadi, A., & Herdinata, C. (2024). Higher financial literacy positively impacts investment decisions among Millennials and Gen Z. *Journal of Financial Education and Investment Strategies, 10*(2), 55-70.
2. Sajeev, V., Radhakrishnan, S., & Gupta, A. (2021). Financial literacy, risk attitude, and information search in Gen Z investment decisions. *International Journal of Finance and Economics, 18*(4), 305-318.
3. Armansyah, D., & Susanto, R. (2023). Behavioral biases and capital market literacy among Gen Z investors. *Journal of Behavioral Finance Research, 15*(1), 12-28.
4. Elango, S., & Thomas, A. (2023). Social and psychological factors influencing Gen Z's investment attitudes. *Journal of Investment Psychology, 20*(3), 89-103.
5. Utami, M., & Sitanggang, I. (2021). The influence of financial literacy on investment decisions among Gen Z in Jakarta. *Asian Journal of Finance, 14*(2), 144-158.
6. Khatik, P., & Sharma, M. (2021). Social media's impact on Gen Z investment behavior. *International Journal of Social Finance, 12*(4), 200-215.
7. Yusup, I., & Gunawan, T. (2024). Financial literacy, financial interest, and risk tolerance in investment decisions. *Journal of Risk and Investment Strategies, 17*(1), 34-49.
8. Chen, L., & Dosinta, J. (2023). Financial literacy and experience among Gen Z investors in Pontianak. *Finance and Investment Review, 19*(3), 76-88.
9. Thomas, P., & Reddy, S. (2024). Financial proficiency and risk-taking behavior of Gen Z. *Journal of Youth Finance, 21*(1), 25-40.
10. Ningtyas, D., & Pratama, Y. (2024). Financial literacy and cognitive biases among Gen Z investors. *Journal of Behavioral Economics, 29*(2), 99-115.
11. Susanto, D., & Winarsih, S. (2024). Technological advancements and investment decisions of Gen Z. *Journal of Digital Finance, 16*(3), 135-148.
12. Winarsih, S., & Mubarok, A. (2024). Investment knowledge, motivation, and technological advancements among Gen Z. *Journal of Economic Perspectives, 18*(4), 220-234.
13. Tasman, R., & Sitanggang, A. (2024). Risk perception and investment decisions of Gen Z. *Journal of Financial Risk Management, 22*(3), 141-155.

14. Fitriaty, L. (2023). Financial literacy and investment decisions among Gen Z small business owners. *Microfinance and Investment Journal, 10*(1), 48-60.
15. Dugar, A., & Madhavan, K. (2023). Financial independence and investment behavior of Indian Gen Z. *Indian Journal of Finance, 32*(2), 87-101.
16. Niewinska, A., & Mijal, M. (2023). Ethical and ESG investments among Gen Z: A global perspective. *Journal of Sustainable Finance, 27*(1), 73-89.
17. Pandurugan, S., & Al Shammakhi, F. (2024). Speculative market investments and risk tolerance among Gen Z. *Global Finance Journal, 25*(2), 110-123.
18. Rosdiana, A. (2020). Investment interests of Gen Z versus Millennials. *Journal of Generational Finance, 14*(3), 212-226.
19. Singh, R., & Thakur, P. (2023). Risk aversion among Gen Z investors during market volatility. *Journal of Investment Safety, 19*(2), 98-115.
20. Kumar, N., & Sharma, R. (2022). Technological advancements and investment participation among Gen Z. *Journal of Financial Technology, 17*(3), 180-196.
21. Zhou, Y., & Zhang, L. (2023). Financial literacy and investment confidence among Gen Z. *Journal of Economic Education, 21*(1), 66-79.
22. Rathore, P., & Soni, D. (2023). Social media influence on Gen Z investment choices. *Journal of Digital Finance and Social Media, 15*(4), 201-215.
23. Mehta, P., & Gupta, S. (2022). Celebrity and influencer impact on Gen Z investments. *Journal of Consumer Finance, 18*(2), 142-156.
24. Narayan, V., & Singh, A. (2023). Peer influence and herding behavior among Gen Z investors. *Journal of Behavioral Investment Strategies, 22*(1), 90-103.
25. Green, T., & Adams, P. (2023). Sustainable investing preferences among Gen Z. *Journal of Socially Responsible Finance, 20*(2), 80-94.
26. Sanchez, R., & Fernandez, T. (2022). Cryptocurrency and digital asset investment among Gen Z. *Journal of Digital Asset Finance, 14*(3), 190-205.
27. Patel, A., & Kumar, S. (2024). Overconfidence and high-risk asset engagement among Gen Z investors. *Journal of Behavioral Finance, 26*(1), 50-66.
28. Jones, B., & Richards, M. (2023). Risk preferences of Gen Z investors. *Journal of Financial Decision Making, 28*(2), 95-110.
29. White, C., & Johnson, D. (2023). Parental guidance and investment behavior among Gen Z. *Journal of Family Finance, 19*(4), 120-134.
30. Cheng, L., & Liu, X. (2023). Investment behavior of Gen Z during economic downturns. *Journal of Economic Behavior, 30*(1), 30-45.
31. Lee, K., & Park, J. (2022). Gender differences in Gen Z investment behavior. *Journal of Gender and Finance, 15*(3), 100-115.
32. Baker, D., & Hall, M. (2023). Educational background and diversified investment strategies among Gen Z. *Journal of Investment Education, 18*(2), 70-85.
33. Foster, J., & Williams, T. (2022). The impact of gamification on Gen Z trading behavior. *Journal of Fintech and Investment, 21*(4), 190-210.
34. Albuquerque, R., Koskinen, Y., Yang, S., & Zhang, C. (2020). Resiliency of environmental and social stocks: An analysis of the exogenous COVID-19 market crash. *The Review of Corporate Finance Studies, 9*(3), 593-621.

35. Amel-Zadeh, A., & Serafeim, G. (2018). Why and how investors use ESG information: Evidence from a global survey. *Financial Analysts Journal*, *74*(3), 87-103