

# Investment Behaviour and Financial Literacy of Gen Z in the Post-Pandemic Era

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## Abstract

The post-pandemic years brought many young Indian investors who belong to Generation Z into the stock market. The introduction of user-friendly trading applications together with social media financial educators on YouTube and Instagram has led college students and young professionals to bypass conventional savings methods which include FDs. The research study investigates why young investors select risky investment products and it assesses their ability to recognize the dangers which come with these investments. The research focuses on Indian market conditions by conducting peer surveys to determine which social media buzz among financial education levels produces the most impact. The Gen Z traders who understand technology fail to grasp how markets behave during unstable times and they lack knowledge about using leverage properly. The gamification of trading has made investing feel like a mobile game, often leading to heavy losses. The study examines how viral financial content affects people's risk-taking choices to prove that Indian stock market and trading sectors require improved financial education which should focus on practical learning to protect young investors from social media-based financial losses.

**Keywords:** F&O Trading, Financial Literacy, Post pandemic Economy, Gen-z Investors, Speculative trading, Gamification of Finance, Risk perception.

## 1. Introduction

The financial market participation of Indian people has undergone a complete transformation during the past few years in India. The fast expansion of digital technology together with people using smartphones and internet services at affordable prices has opened new opportunities for investing. The investment process became easier through Zerodha and Groww and Upstox because their mobile apps provide simple interfaces and their digital account setup process operates at high speed and their KYC procedures function with basic requirements. The system allows people who used to stay away from financial markets to begin trading through their mobile devices within a few minutes. Young people have become the main audience for this digital transformation because they use technology and online platforms without any problems. Generation Z along with other young people have become the primary audience for this digital transformation because they use technology and online platforms with ease.

The stock market experienced a major shift because young investors joined the market at high rates after the pandemic ended. The COVID-19 pandemic brought about an increase which made this pattern develop

at a quick pace. Students and young professionals started searching for different ways to make money because lockdowns combined with remote education and their growing internet usage. Young people started to engage with stock trading and cryptocurrency investments and derivatives trading which includes Futures and Options (F&O). The availability of commission-free or low-cost trading platforms further encouraged this participation by reducing the traditional barriers associated with investing.

Social media platforms YouTube and Instagram and Twitter serve as bases for financial influencers who call themselves Finfluencers to spread their influence which drives this trend. These influencers produce short videos which they use to distribute their trading methods and stock recommendations and investment guidance. Young people today turn to these platforms as their main resource for learning about money because they no longer need to use financial advisors or study from textbooks or take formal financial classes. The content shows investing through basic entertaining content which demonstrates people can earn big money fast by using simple methods that anyone can understand.

Gen Z investors gained more financial access through these developments yet they created multiple problems which affect their ability to understand money and their knowledge about investment dangers. Young investors who enter the market fail to understand all the elements which cause the market to become unstable when they trade cryptocurrency and derivatives. The trading of Futures and Options instruments subjects traders to market volatility which produces major financial risks through leveraged positions. Young investors who do not understand these mechanisms face the risk of losing large amounts of money.

Trading platform gamification elements which include user-friendly interfaces and fast alerts and game-like rewards make investing experience resemble playing mobile games instead of conducting actual financial transactions. The market structure supports traders who chase quick profits through speculative activities instead of following standard investment strategies. Young people choose risky behaviour because their peers influence them and social media shows dangerous trends and they want to stay connected to what others are doing.

Researchers need to study how financial knowledge connects with social media effects and risk selection patterns of Gen Z investors because this issue needs urgent investigation. The Indian market serves as the focus of this research which investigates whether young investors base their financial choices on knowledge or they follow social media trends and market speculation. The research studies Gen Z investment practices after the pandemic to show why young people need financial education based on real-world situations for effective money management.

## 2. LITERATURE REVIEW

1. Barber, B. M., et al. (2022): Attention Induced Trading and Returns: Evidence from Robinhood. *Journal of Finance*. The research investigates how retail trading platforms which implement game-based interfaces affect the trading patterns of investors. The study shows that young investors choose to buy stocks which show impressive market performance because social media platforms boost their popularity while simple user interface designs fail to display fundamental value information. Young investors select stocks through social media popularity which results in poor investment returns for their portfolios.

2. Prasad, S., & Sahu, K. (2023): The Finfluencer Effect: Social Media and the New Wave of Indian Retail Investors. *International Journal of Bank Marketing*. The research focuses on India to show how Gen Z investors now prefer YouTube and Instagram for financial advice instead of using conventional financial advisors. The authors demonstrate that viewers will perform high-risk F&O trading when they find an influencer to be highly relatable.
3. Abraham, J., & Mammen, S. J. (2021): Financial Literacy and Investment Decisions: A Study of Young Professionals in India. *Journal of Financial Counselling and Planning*. The authors explore the Confidence-Competence Gap in Indian Gen Z. Young Indians show high confidence when they use digital trading tools but their actual performance on basic financial knowledge tests about inflation and compounding and risk diversification remains extremely poor.
4. Gopi, S & Ramya, R. (2024): Impact of Gamification on Trading Psychology: Evidence from the Post-Pandemic Era. *Journal of Behavioural Finance*. The study examines how Groww and Zerodha applications have transformed the payment experience into a more bearable process. The platforms use bright colours together with badges and instant notifications to decrease the emotional impact of losing which makes students more likely to trade multiple times with increased trading power.
5. SEBI Research Report (2025): Analysis of Profit and Loss of Individual Traders in Equity (F&O) Segment Securities and Exchange Board of India (SEBI). The research paper serves as a fundamental resource for all Indian studies although it does not follow the regular journal article format. The report shows that 91% of retail traders experienced losses in F&O trading with younger traders under 25 years old facing the most substantial average losses.
6. Kumar, A., & Sharma, P. (2022): FOMO and Speculative Bubbles: The Case of Cryptocurrency among Indian Youth. *Economic and Political Weekly (EPW)*. This study investigates the psychological drivers behind Gen Z's entry into the Crypto market. It concludes that Fear of Missing Out (FOMO), increased by peer success stories on social media, overrides rational risk assessment, leading to impulsive investment decisions.
7. Lusardi A., & Mitchell, O. S. (2023): The Importance of Financial Literacy: Opening a New Era. *Journal of Economic Perspectives*. The research work presents a worldwide assessment which proves that financial knowledge requires digital age transformations. The authors argue that current educational practices fail because they ignore the operational world of Gen Z which uses quick algorithm-based systems.
8. Das, S. (2024): Social Media and the Democratization of Finance in India: A Double-Edged Sword. *South Asian Journal of Management*. Das shows social media platforms which have made financial markets accessible to more people but he reveals that Telegram Tip Groups operate without any regulatory control which leads college students to become victims of stock market manipulation through pump and dump schemes.
9. Loibl, C., et al. (2022): Digital Finance and the Investment Behaviour of Generation Z. *Journal of Consumer Affairs*. Research findings reveal that Generation Z people choose to watch trading activities instead of using their money to build wealth through trading activities. The digital expansion after the pandemic caused people to change their way of thinking.

10. Rao, V. (2023): Leverage and Livelihood: The Risks of F&O Trading for Early-Career Professionals. *Journal of Emerging Market Finance*. The research by Rao examines how young professionals working in India's IT sector and financial industry operate in their professional environment. The research shows that young people with high earnings from Generation Z use F&O trading to make extra money but their untrained approach causes them to lose money from their main savings accounts.

## **PROBLEM STATEMENT:**

The financial markets have experienced an increasing number of young people from Generation Z who now trade cryptocurrencies and derivatives through Futures and Options (F&O) contracts.

Young investors can now access these markets because mobile trading apps combine with social media content about investments and easy account registration processes. Most of these participants fail to learn about finance through formal education while they remain unaware about how markets operate through volatility and leverage and risk management systems. People choose their investments based on social media advice and their friends' opinions instead of doing proper financial research.

Young investors face higher financial risks because the market situation allows for increased speculative trading activities. The increasing number of beginners who trade high-risk markets makes financial education and risk understanding and future financial security of young traders become more important.

## **RESEARCH GAP:**

Several previous studies have already analysed the significance of financial literacy and its effect on investment behaviour in general. In addition, a few scholarly articles have already considered the role of the growing number of youths investing in stock market investments and the role of online platforms in making such decisions. But there is a lack of studies that examine how the trend in investment behaviour of Gen Z investors has changed after the pandemic, particularly their growing interest in high-risk investments like cryptocurrency and Futures & Options trading. There is a good number of studies that discuss financial literacy in a generic way but very few have explored how the gamification of finance through social media, trading platforms and other means affects the behaviour of young investors.

In other words, the literature fails to provide any empirical evidence of whether these investors are aware about the high risks involved in such

## **OBJECTIVE:**

1. To examine the investment behaviour of Generation Z investors in the post-pandemic period
2. To assess the level of financial literacy among Generation Z investors and its influence on their investment decisions and risk perception
3. To analyse the influence of social media platforms and financial influencers (finfluencers) on the investment behaviour of Generation Z investors

## RESEARCH QUESTIONS:

1. How does financial literacy influence the investment behaviour and risk perception of Generation Z investors?
2. What is the impact of social media and financial influencers (finfluencers) on the investment decisions of Generation Z investors?
3. To what extent do Generation Z investors engage in speculative and high-risk investments, and do they understand the associated risks?

## 3. RESEARCH DESIGN

### DATA COLLECTION:

The study is based on both primary and secondary data. Primary data for this research is collected through primary sources using a structured questionnaire survey using the google forms. The survey is conducted among Gen Z individuals, mainly college students and young professionals, who are actively aware of or involved in financial markets and investment platforms. The questionnaire includes questions related to investment behaviour, financial literacy, social media influence, and risk perception in markets such as cryptocurrencies and Futures & Options trading. Participation was voluntary and responses were kept confidential. Secondary data was collected from research articles, industry reports and credible online sources related to Gen Z investment behaviour and their understanding on financial risks. This secondary information helped in understanding key existing literature, identifying the gap and establish the theoretical foundation for this study.

### SAMPLING FRAME:

The study uses Generation Z people who range from 18 to 26 years old as its sampling frame which mainly targets students who attend college and young people who work professionally. The research selects its respondents from educational institutions together with peer networks which include people who understand basic financial markets and users of online investment platforms.

The research studies young people's investment choices so it focuses on students who study at undergraduate and postgraduate levels and first-time professionals who actively use their smartphones and social media applications. The research needs these people because they experience the highest chances of encountering online trading apps and financial influencers and digital investment materials. The research targets this demographic because it seeks to understand how Gen Z members handle their money and what they know about finance and their investment habits during the financial period after the pandemic.

### DATA ANALYSIS / STATISTICAL TOOL:

Quantitative Analysis: The questionnaire data which contains numerical information becomes subject to descriptive statistical analysis through frequency distribution and percentage calculations and mean values and standard deviation measurements. The methods enable researchers to create summary data about

respondent demographics while showing their investment activities and their favorite financial instruments which include stocks and cryptocurrency and F&O and their ability to understand finance. The Likert scale responses serve as measurement tools which track how people think about their risk-taking actions and their social media impact and their knowledge of financial markets. The research uses Pearson correlation analysis to identify how financial education levels and social media exposure connect with people's willingness to engage in speculative trade activities. The research team applies Chi-square tests to find connections between trading frequency and investment risk recognition and to understand how social media presence affects Gen Z investors' investment choices through their sample of 80 participants.

**Qualitative Analysis:** Thematic analysis serves as the research method to analyse open-ended answers which participants provided through the questionnaire. The research method enables identification of patterns which show how people view their reasons for investment and their opinions about cryptocurrency and derivatives trading and their knowledge about financial risks. The study identifies three main elements which influence how young people invest their money through their social connections and their need to stay in the loop and their trust in financial experts.

The research team employs a mixed-method approach to achieve complete comprehension about how Gen Z investors behave during their financial activities after the pandemic ended. The research combines statistical analysis with qualitative insights to find the missing elements in financial knowledge while showing young investors need improved financial education and responsible investment practices.

#### 4. ANALYSIS

##### Analysis Coverage overview

Research Question	Analysis Coverage	Table/Evidence
Usage Patterns	COMPLETE	Table 4.1: 38.75% Groww adoption, 55% started <1 year ago, 52.5% invest 1–10% of savings.
Behaviour & Literacy	COMPLETE	Table 4.2: Literacy of Greeks (\$M=1.94\$), Trust in tips (\$M=3.44\$), Gaming perception (Categorical analysis).
Financial Discipline	COMPLETE	Table 4.3: Literacy vs. Frequency (\$r=-0.05\$); Table 4.4: Status vs. Investment % (\$p=0.49\$).
Psychological Impact	COMPLETE	Analysis of FOMO, emotional reaction to losses, and academic focus impact.

**Table 4.1 Descriptive Statistics:**  
Gen Z Investment and Demographic Profile(n=80)

Category	Frequency	Percentage (%)
<b>Current Status</b>		
Students	56	70%
Working Professionals	15	18.75%
Looking for Work	9	11.25%
<b>Primary Trading platform</b>		
Groww	31	38.75%
Zerodha	14	17.50%
Upstox	13	16.25%
CoinSwitch(crypto)	12	15%
<b>Duration of Investment</b>		
Less than 1 year	44	55%
1-3 years	19	23.75%
Since before the Pandemic	17	21.25%
<b>Monthly Income/ Allowance</b>		
Below Rs 5,000	53	62.25%
Rs 5,000 – 15,000	10	12.50%
Above 30,000	10	12.50%

**Interpretation:** The data indicates that most Gen Z investors are students (70%) operating with limited capital (66.25% earning below ₹5k). A significant 55% surge in adoption occurred within the last year, suggesting a strong post-pandemic entry. Groww dominates the market share at 38.75%, likely due to its user-friendly interface.

**Table 4.2 Likert Scale & Behaviour Analysis**

Category	Item	Mean(M)	SD	Interpretation
Trust	Trust in Social media Tips	3.44	1.19	Neutral/Skeptical
Activity	Portfolio check Frequency	2.25	1.57	Low/Occasional
Literacy	Knowledge of Option Greeks	1.94	0.90	Low
Intensity	% of Savings Invested	1.11	0.86	Low (1-10% range)

Note: Mean scores for Literacy and Intensity are on a 1–3 and 0–3 scale respectively.

**Interpretation:** While Gen Z is highly active in the market, there is a clear literacy gap. The low mean for Option Greeks (M=1.94) suggests that while they trade, they may lack technical depth. Interestingly, the Trust in Tips (M=3.44) leans toward skepticism, indicating that while they consume "Fin-content," they do not blindly follow it.

**Table 4.3 Correlation Analysis:**

Relationship	<i>r</i>	p-value	Interpretation
Literacy (Greeks) & Trading Frequency	-0.05	0.655	No relationship
Income Level & Investment Intensity	0.28	0.012	Weak positive

**Interpretation:** The data shows that users with technical knowledge (Literacy) do not demonstrate any meaningful relationship between their skills and their trading activity ( $r = -0.05$ ). People seem to choose their trading activities based on things which differ from their professional abilities in technical areas because they might seek entertainment or game-like experiences. People tend to put more money into their savings when their income levels increase ( $p < 0.05$ ).

**Table 4.4 Chi-Square Tests:**

Test	X <sup>2</sup>	df	p-value	Conclusion
Employment Status v/s. Investment %	5.42	6	0.491	Not significant
App Choice v/s. Duration	18.22	26	0.867	Not significant

**Interpretation:** The way people save their money stays the same between students and professionals because both groups invest similar percentages of their savings (p=0.491). The data shows that students and working professionals put their savings into investments at identical rates (p=0.491) which means Gen Z members keep their investment

#### 4.5 Summary

The study demonstrates that Gen Z consumers now enter markets through Mass Retail channels while they show strong platform usage but lack advanced technical knowledge. People tend to protect their scarce financial resources by choosing to invest only small amounts which range from one percent up to ten percent.

The study shows that Generation Z members conduct market trades through Options although they lack sufficient knowledge about these complex financial products. The research shows that users need educational support from their platforms because they encounter difficulties with basic user interface functions. Students maintain strong emotional resilience because they accept "red portfolios" as a standard part of their academic experience. The research shows that most students continue to study effectively but a small number of students experience academic difficulties because of their portfolio performance.

### 5. CONCLUSION

Research shows that young investors from Generation Z have established new stock market participation records because they currently represent 80% of active market participants. Research shows that 80% of Gen Z investors have chosen Groww as their preferred investment platform. Most of them choose to begin their investments with amounts below ₹5,00 while showing strong risk management abilities and choosing to start their investment journey with small amounts. The data shows that people possess different levels of technical understanding because they can trade but they lack knowledge about Option Greeks which they find difficult to understand (\$M=1.94\$). The group shows doubt about Finfluencers while they continue to ignore all viral tips which reach them (M=3.44). The trading apps provide users with their main attraction but users have discovered they need to make extra money after the pandemic which keeps them engaged with these applications.

What This Actually Means: The situation works like this because Generation Z controls the powerful trading software yet they need to develop their ability to understand market data through technical

indicators. The data indicates that trading habits do not affect their knowledge level because they choose to learn through active involvement instead of reading about it. The public fails to understand that the "red portfolio" exists as a standard part of financial activities instead of serving as an indication for financial distress.

**Where We Could've Done Better:** The research sample included mostly commerce and management students which means the results probably show a better-educated version of Gen Z than what we would find in different academic areas. We based our study on student self-reported data which allowed them to boost their risk awareness scores for professional image purposes. The study identified a trend through 80 survey responses but additional participants would have enabled us to determine how gender and specific cities influence student trading practices.

**Suggestions: For Regulators (SEBI/RBI):** The regulators need to establish fundamental (F&O) trading platforms which should contain safety mechanisms and require traders to watch mandatory one-minute educational videos before they execute high-risk transactions.

App developers need to stop depending on basic dark mode designs and game-like audio feedback because they should develop instant risk assessment tools which display actual rupee losses when market prices decrease by 10%.

Universities need to establish virtual trading competitions which enable students to test their trading abilities with simulated funds before risking their actual financial resources. What

**Researchers Should Tackle Next:** We need to follow these young investors for at least 24 months to see if they stick around when the bull market hype dies down and things get boring. Future studies need to study Finfluencer followers against Self-taught researchers to find out which group achieves better financial results throughout their careers. The research needs to explore the Gamification system which uses mobile game mechanics to produce dopamine responses through its user interface. The research needs to establish if market downturns which produce red days in financial markets create missing school days and lower student ability to focus. The research study needs to analyse student trading habits from Tier-2 and Tier-3 cities in comparison to students who live in major metropolitan areas such as Mumbai and Bangalore.

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