



A Study on Financial Anxiety and Spending Behaviour Among Gen Z

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ABSTRACT

The present study titled “Financial Anxiety and Spending Behaviour among Gen Z” aims to analyse the level of financial anxiety experienced by Generation Z and to examine its impact on their spending behaviour. The main objectives of the study are to understand the concept of financial anxiety, identify the major factors contributing to financial stress among Gen Z, analyse their spending behaviour patterns, and examine the relationship between financial anxiety and financial decision-making. The research is based on primary data collected through a structured questionnaire from selected Gen Z students and young adults. Secondary data were collected from books, journals, research articles, and reliable online sources. The collected data were analysed using Percentage Analysis and Weighted Average Method. The study concludes that improving financial literacy, encouraging disciplined budgeting methods like the 50–20–30 rule, and promoting responsible spending habits can help reduce financial anxiety and improve long-term financial security among Gen Z.

INTRODUCTION

Financial anxiety refers to feelings of fear, stress, nervousness, or worry related to money and financial matters. It arises when individuals feel uncertain about managing their income, controlling expenses, paying debts, or securing their financial future. Financial stress not only affects economic stability but also impacts mental health, decision-making ability, and overall well-being.

Generation Z, commonly known as Gen Z, includes individuals born between 1997 and 2012. This generation has grown up in a digital era where smartphones, social media platforms, online shopping, and digital payments are a normal part of daily life. Unlike previous generations, Gen Z is highly exposed to online trends, influencer culture, lifestyle marketing, and peer comparison through social media platforms.



While Gen Z is considered tech-savvy and independent, they also face unique financial challenges. Many students depend on parents or part-time jobs for income. At the same time, they are influenced by trends that encourage instant gratification and impulsive buying. Rising tuition fees, cost of living, and uncertainty about job opportunities also contribute to financial anxiety.

Understanding the relationship between financial anxiety and spending behaviour is essential to promote better financial management practices among youth. Therefore, this study focuses on analysing financial stress and spending patterns among Gen Z.

STATEMENT OF THE PROBLEM

In recent years, financial anxiety has become increasingly common among young individuals. Despite having access to digital payment systems, online earning opportunities, and financial information, many Gen Z individuals struggle with managing money effectively. Spending patterns among Gen Z show higher expenditure on lifestyle-related activities such as fashion, entertainment, gadgets, and online subscriptions. Social media creates a culture of comparison and peer pressure, which influences purchasing decisions. Impulsive buying and lack of financial planning often result in financial stress. Although financial anxiety affects mental health and future financial stability, many young individuals lack proper financial literacy and budgeting skills.

OBJECTIVES OF THE STUDY

The main objective of the study is to examine financial anxiety and spending behaviour among Gen Z.

Specific Objectives:

- To analyse the spending behaviour pattern of Gen Z
- To examine the relationship between financial anxiety and spending habits
- To study the impact of social media on financial decisions
- To measure savings habits among Gen Z
- To create awareness about budgeting and financial planning.

REVIEW OF LITERATURE

Khan, Khurram Ajaz et al., (2020) This study sets out to solve a couple of research problems. First, to explore the correlation between individuals' financial anxiety, financial advice, and EPS (electronic payment system use) initially. Secondly, to explore the perceived differences among males and females, and to answer whether the gender inequality still prevalent amongst generation Z in India. This study applies basic statistics, spearman correlation and Man-Whitney U test on the dataset collected through 205 questionnaires from the northern states in India. The outcomes reveal few significant correlations and also give a positive indication that the gender differences are reducing, especially among the youth belonging to generation Z.

Kaiser, T., & Menkhoff, L (2017) This research explores in depth the intricate relationship between financial behavior and impulsive buying behavior among Generation Z and Millennials two cohorts that have grown up in the digital era and are heavily influenced by online platforms. As digital payment systems, e-commerce applications, and social media marketing continue to expand, these generations face increasing exposure to persuasive digital advertising and instant purchasing options. Such exposure often leads to emotionally driven and unplanned purchases, raising concerns about long-term financial well-being.



In contrast, participants with weaker financial management skills tend to exhibit higher impulsivity, particularly within digital shopping contexts where convenience and social influence are strong.

RESEARCH METHODOLOGY

The study is descriptive in nature. Both primary and secondary data are used.

Primary Data

Primary data were collected through a structured questionnaire distributed among selected Gen Z students and young adults.

Secondary Data

Secondary data were collected from:

- Books on financial management
- Research journals
- Online articles
- Educational websites

Sampling

Convenience sampling method was used to select respondents.

Tools of Analysis

- Percentage Analysis
- Weighted Average Method.

DATA ANALYSIS AND INTERPRETATION

Table 1 Age-wise Classification

Age Group	No of Respondents	Percentage
18 - 20	35	35%
21-23	40	40%
24-26	25	25%
Total	100	100%



Age Group-wise Distribution of Respondents

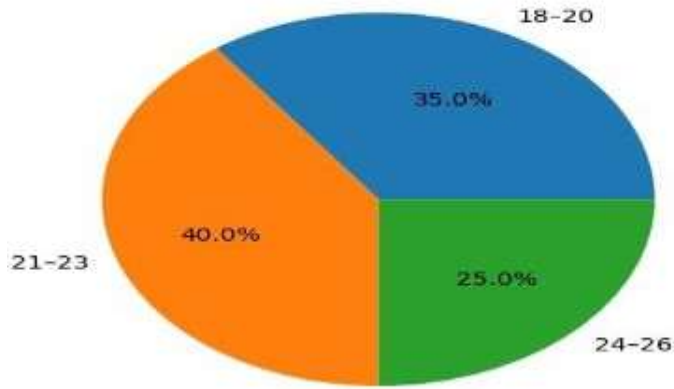
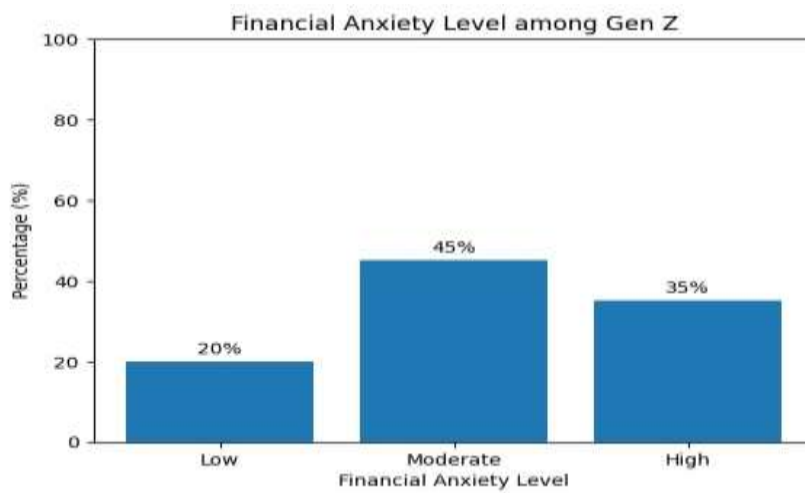


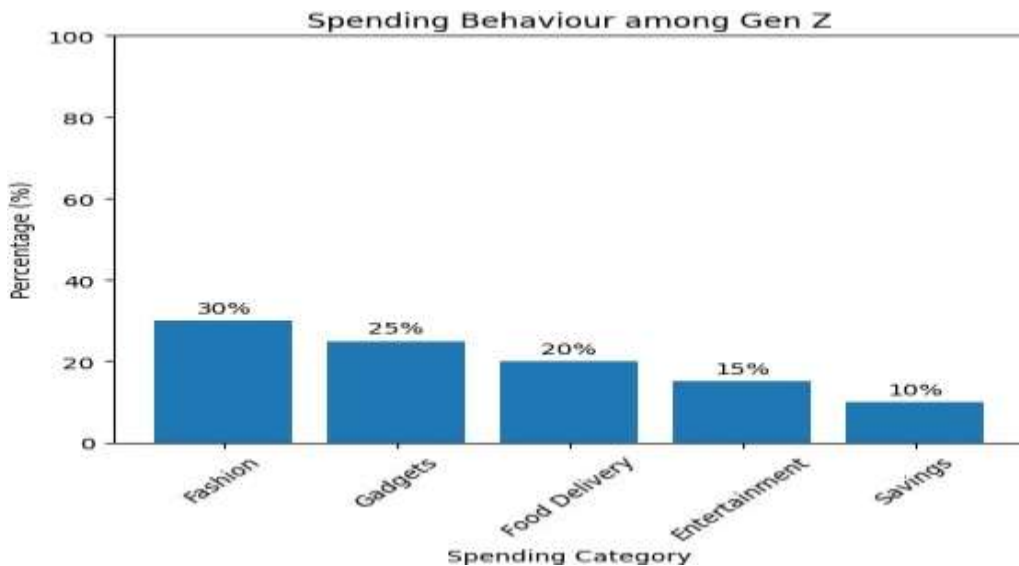
Table 2 Financial Anxiety Level



Financial Anxiety Level	Percentage
Low	20%
Moderate	45%
High	35

Table 3 Spending Behaviour among Gen Z

Spending Behaviour among Gen Z	Percentage
Fashion	30%
Gadgets	25%
Food Delivery	20%
Entertainment	15%
Saving	10%



INTERPRETATION

Age Group

- Majority of respondents belong to 18–22 age group.

Level of Financial Anxiety

- More than 60% respondents report moderate to high financial stress.
- High spending on fashion and online shopping
- Moderate spending on food delivery.

Spending Behaviour among Gen Z

- The analysis indicates that higher spending on lifestyle activities is associated with increased financial anxiety

FINDINGS OF THE STUDY

- Majority of Gen Z experience moderate to high financial anxiety
- Social media strongly influences spending decisions
- Peer pressure increases unnecessary expenditure
- Savings habits are relatively low
- Financial literacy level is moderate to low
- Impulsive buying behaviour is common
- Students with irregular income show higher stress



SUGGESTIONS

- Introduce financial literacy programs in colleges
- Encourage students to prepare monthly budgets
- Promote the 50–20–30 budgeting rule
- Reduce impulsive online shopping
- Conduct awareness programs on investment and savings
- Encourage use of expense tracking mobile apps
- Provide career guidance to reduce future financial uncertainty

CONCLUSION

The study concludes that financial anxiety is a common and growing issue among Generation Z. Spending behaviour is highly influenced by social media trends, peer pressure, and lifestyle expectations. Many young individuals lack proper financial planning and budgeting skills, which increases financial stress. However, financial anxiety can be reduced through proper financial education, disciplined spending habits, and improved savings practices. Promoting financial literacy and responsible money management at an early age is essential to ensure long-term financial security and mental well-being among Gen Z.

FUTURE SCOPE OF THE STUDY

- Larger sample size can be included for better accuracy.
- Comparison between students and working professionals can be done.
- Study on the impact of digital banking and online loans can be conducted.
- Relationship between financial anxiety and mental health can be explored.
- Financial literacy programs can be developed to reduce financial stress.

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