



A ROAD MAP TO GEN Z ON WEALTH CREATION THROUGH STOCK MARKET

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ABSTRACT:

Growing wealth over time happens only with proper investment. Hence today investment has become a tool for building wealth and achieving financial goal. Investment is not just investing money into various assets, it is an understanding about different types of investment, risk involved in it and how it is matching with financial goals. Investment journey starts with the basic foundation which in future explores new opportunity. This paper is a road map to increase the chance of achieving financial security. The researchers has used both primary and secondary data to give information to Gen Z to operate in this new financial environment.

Key words: Wealth, Risk, Financial goal, Gen Z, Stock market

INTRODUCTION:

Wealth creation ensures that the savings grow over time by investing assets rightly for long term. The strategy needed to grow the investment is buy and hold, this strategy could lead to possibilities of better returns. Though the world of investing seem to be too complex for beginners, it will be an effective tool to build financial goals. Every beginners need to build a strong foundation to navigate investment with confidence. Today's investment scenario is changing, many surveys have noted the change in financial behaviour especially among millennials. (2024 Business Today Desk) Young Indians' Saving Habits Outlook 2024, compiled in collaboration with Nielsen, revealed that 93% of young adults consistently save money, with many setting aside 20-30% of their monthly income for future financial goals. But surprisingly, 45% of respondents preferred stocks as their primary investment choice over traditional options like gold and fixed deposits. Stock market is a key to wealth creation, the average return of stock market is more than that of bank account or bonds, but still investors fail to earn because they don't stand invested for long enough. Investing in stock is a way to build wealth as it has the potential for growth

GENERATION Z:

Gen Z prove to be financially independence than any previous generation was at their age. They are though confident about their savings, the knowledge about managing their finance is limited. But within this group itself there are adults who are not investing, as they do not know where to start. At times their attitude towards investment is different from that of their parents. This generation differ in their view point, but previous generation focus on necessities and saving. Gen z targets on wealth creation and early retirement as they give importance to YOLO (You Only Live Once). Many digital platform have exposed them to money management and diversification. But at the same time overloaded information has made them more risk tolerant which left them with the FEAR OF MISSING OUT (FOMO Effect).

Need for Gen Z: When it comes to financial literacy Gen Z are moving too fast on their own when compared to their previous generation. Abundance of information in Google sometimes leads to a false sense of security, hence it is better to slow down and figure out a development plan.

OBJECTIVES OF STUDY:

- ❖ To provide guidelines for the investors to grab the opportunity of stock market.
- ❖ To find out the behaviour pattern of Gen Y and Gen Z regarding investment.

- ❖ o provide information about the different awareness program conducted by NSE
- ❖ To prepare a comparison scoring system for types of investment through which an awareness is created among general public

REVIEW OF LITERATURE:

Dr. V. Santhi (2016) focused on different stages of capital market and discussed about the various reasons for up and down trend in stock market.

Harris Poll (2020) conducted a survey where they found among the youngest generation 71% are comfortable talking about money with friends and 67% are comfortable talk about money with family.

Investopedia Financial Literacy Survey (2021) studied from 4000 US adults that they are in the beginning of their financial independence. 46% of Gen Z felt confident about their financial knowledge which is a lower percentage than Gen X (54%) and Boomer(52%). Investopedia surveyed Gen Z and the study revealed that almost 54% of Gen Z hold different investment but only (31%) feel confident to explain about how the stock market works to a friend.

Nesan Venkatesan (2023) studied the awareness among Generation Z in Chennai regarding financial education, diversification and perception of risk. They identified most of the Gen Z rely on family and friends for stock market information.

SEBI(2023) survey reports that 89% of individual equity (F&O) traders lost money in FY22.

Dr. S. Anupriya et.al (2024) insist the importance of giving attention to the financial needs and aspirations of individuals with varying level of income particularly those in the early stage of career. Majority of them prefer to save within a specific range.

INDEX-Index is a benchmark consisting of basket of securities of a certain sectors in the market. They are used as representational sample to test the market performance. Calculation of Price Index is done by weighting the average performance of the company. Market is analyzed by price fall and rise, if price of the index falls then the securities are not performing well and hence market is not in a favourable state and the converse is also true.

NIFTY 50 - Stock market today has occupied a very prominent place and it plays a very important role in the economy of India. Hence a financial decision should be taken based on the financial knowledge, for which every investor should know about Nifty 50.

We use certain benchmark like Sensex, nifty 50, nift100, nifty200 ; but of all these nifty 50 is popular as it recognize most of the stock. Nifty 50 is made up of 50 stocks which are referred to bench mark index of NSE. This benchmark index is made up of stocks 1 of sectors like automobiles, cement, cement products, construction, consumer goods, financial services, fertilizers, information technology, metals, media entertainment, oil and gas, power, pharmaceuticals, pesticides. Thus Nifty 50 reflects the condition of overall Indian market. Indian economy will phase an adverse effect if Nifty 50 is not performing well. In the last 28 years it has helped many investors to asses the Indian Capital market.

As on March 2024 Nifty 50 has witnessed growth in market capitalization expanding from 33.7% to 47.35% of traded equity at NSC.

Table 1 - Showing from inception the performance of Nifty 50



Source :NSE Indices

From the above chart it is clear that dot com crisis occurred in the year 2001 because of rampant speculation and bullish investment led to overvaluation of internet technology industry. It is tech boom occurred due to two important factors like rising interest rates and recession in Japan. The expansion of mortgages to high risk borrowers, coupled with rising house price led to a Sub-prime crisis in 2010, Borrowers were been approved for loans that they could not offer. It affected the global credit market resulting in higher interest rate and reduced availability of credit. The Pandemic crisis occurred because of fear and anxiety among the public in order to survive.

Awareness program by NSE -

In order to educate and create awareness about the financial and securities market among smart investors NSE conducts Investor awareness camp free of cost in different places all over India to help in taking a better decision on investment. NSE ensures that candidates attending this program get important information like investment options to meet his/her financial goals, seek help at time of grievance and precaution need to be taken as an investor etc

Table 2 - Factors determining the Investment Behaviour Gen Y and Gen Z

Factors given importance	Gen Y/ 64	Gen Z/64
Risk tolerance	28(43.8%)	59(92%)
Adoption of technology	58(90.6%)	63(98.4%)
Choice of Investment	35 (54.7%)	51(79.9%)
Retirement investment propensity	56(87.5%)	32(50%)
Consideration to ESG metrics	54(84.3%)	56(87.5%)
Faster return	29(45.3%)	58(90.6%)
Investment decision after conducting research	59(92%)	51(79.9%)
Attending awareness program	20(31.2%)	21(32.8%)
Watch NSE Index before making decision on investment	32(50%)	34(53.13%)

Source: Primary data

From the above table it is inferred that when compared to Gen Y Gen Z give more importance to risk tolerance , adoption to technology, choice of investment and ESG metrics when it comes to investment.

Guidelines for Investors to grab the opportunity

- ❖ Every investor should start thinking about investment very early.

- ❖ Investment should be for long term.
- ❖ Understand financial goal before investing
- ❖ Deal with listed share brokers on recognized stock exchanges
- ❖ Avoid tips and rumors about stock
- ❖ Knowledge about the financial situation
- ❖ Consult with registered investment advisor
- ❖ Do not borrow funds and invest
- ❖ Invest money in productive schemes
- ❖ Diversity and invest in different sectors
- ❖ Always update on the prevailing market condition
- ❖ Purchase first and sell later when market witness an upward trend, buy later and sell first when market dips.
- ❖ As an investor do not invest in unauthorized investment agents.

Table 3 - Comparison scoring system for three major type of investment

INVESTMENT PORTFOLIO	LAND	GOLD	SHARES
Protection	Private	Private	Central Govt
Maintenance	Security	Locker	Digital Wallet
Availability form	Physical Asset	Physical Asset	Digital Asset
Risk	Low	Medium	High
Returns	High	Medium	Very High
Natural Calamity	Price falls	Price increase	Price Increases because of demand
Govt Control	High	Low	Low
Reason for Govt Control	City Infra Expansion	Commodity Demand	Economic demand

The above table provide an awareness among the public to make a proper investment portfolio.

Table 4 - Showing sector wise weightage

Sector	Weight(%)
Financial Services	34.53
Information Technology	13.76
Oil, Gas & Consumable Fuels	10.41
Fast Moving Consumer Goods	8.00
Automobile and Auto Components	7.44
Construction	4.05
Telecommunication	4.03
Healthcare	3.87
Metals & Mining	3.38
Power	2.97
Consumer Durables	2.28
Construction Materials	2.08
Consumer Services	1.39
Capital Goods	1.02
Services	0.81

Source:: NSE Indices, March 2024

The weight shown on the above table determines the impact of stock performance on the overall index value. This information helps investors to make a decision by identifying which sector is influencing the market. Apart from this it also provides information to analyze about the market performance of each sector.

CONCLUSION:

The findings has highlighted the investment behaviour of Gen Z. As both Gen Y and Gen Z are not aware of the program conducted by NSE ,it is the need for investors to identify and participate in the awareness program before deciding on investment. The study has also provided an insight to promote financial literacy with stock market.

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