

**A STUDY OF FINANCIAL LITERACY AMONG GEN Z IN NAVI MUMBAI****Ms. Divya Jadhav**

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**ABSTRACT**

*Financial literacy is an essential skill for effective financial decision-making, especially for Generation Z, which is actively engaged with digital financial services from a young age. This study analyses the level of financial literacy among Generation Z in Navi Mumbai, with emphasis on financial knowledge, saving and spending behaviour, investment awareness, and use of digital financial tools. The study follows a descriptive research design and is based on primary data collected from 32 Gen Z respondents using a structured questionnaire, supported by secondary sources such as journals and reports.*

*The findings indicate that Gen Z in Navi Mumbai possesses adequate basic financial knowledge and shows high adoption of digital payment systems. However, awareness and participation in investment instruments, insurance, and long-term financial planning are relatively low. The study also reveals inconsistent budgeting practices and limited risk awareness among respondents. The research highlights the importance of structured financial education to bridge the gap between financial awareness and financial behaviour and to promote informed financial planning among Generation Z.*

**Keywords:** *Financial Literacy, Generation Z, Digital Finance, Financial Behaviour, Navi Mumbai*

**INTRODUCTION****1.1 Meaning and Concept of Financial Literacy**

Financial literacy refers to the knowledge and ability to understand and effectively manage personal financial matters such as saving, budgeting, investing, insurance, and debt management. It enables individuals to make informed and responsible financial decisions that contribute to financial security and long-term wealth creation. Financial literacy is not limited to theoretical knowledge but also includes the practical application of financial skills in daily life.

**1.2 Overview of Generation Z**

Generation Z, commonly known as Gen Z, includes individuals born between 1997 and 2012. This generation has grown up in a digital environment with early exposure to smartphones, online banking, and digital payment platforms. Gen Z is highly tech-savvy, financially independent at an early age, and influenced by social media and online trends. However, despite high digital exposure, many lack structured financial knowledge and long-term financial planning skills.

**1.3 Importance of Financial Literacy for Gen Z**

Financial literacy is especially important for Gen Z as they face financial responsibilities such as managing education expenses, online spending, investments, and future career planning at a young age. Proper financial knowledge helps them avoid overspending, debt traps, and financial fraud, while encouraging disciplined saving and informed investment decisions. Financial literacy empowers Gen Z to build financial stability and independence.

**1.4 Profile of Navi Mumbai**

Navi Mumbai is a well-planned metropolitan city with a young, educated, and economically active population. It is home to educational institutions, corporate offices, and financial service centers. The widespread availability of banking facilities, digital payment systems, and investment options makes Navi Mumbai an ideal location to study financial literacy among urban youth, particularly Generation Z.

**1.5 Need and Significance of the Study**

With the rapid growth of digital finance and easy access to financial products, it is essential to understand how financially literate Gen Z is. This study is significant as it highlights gaps between financial usage and financial understanding among Gen Z. The findings can help educators, policymakers, and institutions design effective financial literacy programs.

### **1.6 Scope of the Study**

The scope of the study is limited to Generation Z respondents residing in Navi Mumbai. It focuses on their financial knowledge, attitudes, behaviour, digital financial usage, and awareness of banking, insurance, and investment products.

## **REVIEW OF LITERATURE:**

### **2.1 Review of International Studies**

International studies indicate that young adults and Generation Z possess basic financial knowledge related to savings and budgeting but lack understanding of advanced financial concepts such as investment planning, risk diversification, and retirement planning. Lusardi and Mitchell (2011) highlighted that inadequate financial knowledge leads to poor long-term financial decisions.

Similarly, OECD (2018) reported low financial literacy among youth across developed and developing countries, emphasizing that access to digital financial services alone does not improve financial literacy without formal education. Xiao and O'Neill (2016) also found that despite frequent use of digital financial tools, young adults lack confidence in investment and insurance decisions, underscoring the importance of structured financial education.

### **2.2 Review of Indian Studies**

Indian studies reveal a moderate level of financial literacy among youth, with better awareness of basic financial products but limited understanding of insurance, mutual funds, and stock market investments. Agarwal et al. (2009) observed that financial decision-making ability improves with age and experience.

According to RBI (2013), the lack of financial education at school and college levels is a major reason for low financial preparedness among Indian youth. Bhushan and Medury (2014) emphasized that education, income, and family background significantly influence financial literacy, while Kumar and Sethi (2020) noted that increased digital financial inclusion has not led to a proportional rise in financial literacy among young individuals.

### **2.3 Research Gap:**

Existing literature mainly focuses on national-level or broad regional studies, with limited city-specific research on Generation Z. There is a clear lack of studies examining the financial literacy and financial behaviour of Gen Z in Navi Mumbai. Given the city's rapid urbanization and high digital penetration, a focused study is required, which the present research aims to address.

## **RESEARCH METHODOLOGY:**

### **3.1 Research Design**

The present study adopts a descriptive research design, as it aims to systematically describe and analyze the level of financial literacy and financial behaviour of Generation Z in Navi Mumbai. Descriptive research is appropriate for this study because it helps in understanding existing conditions, patterns, and characteristics related to financial awareness, saving habits, investment preferences, and the use of digital financial tools among Gen Z respondents.

### **3.2 Objectives of the Study**

- The main objectives of the study are as follows:
- To assess the level of financial literacy among Generation Z in Navi Mumbai.
- To analyze the saving and spending behaviour of Gen Z respondents.
- To study the level of awareness regarding various financial tools such as banking products, insurance, mutual funds, and digital payment systems.
- To understand the role and impact of digital finance on financial decision-making among Gen Z.

### **3.3 Hypotheses:**

The study is based on the following hypothesis:

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- **H<sub>0</sub> (Null Hypothesis):** There is no significant relationship between financial literacy and saving, investment, and financial planning behaviour among Gen Z.
- **H<sub>1</sub> (Alternative Hypothesis):** Higher financial literacy positively influences saving, investment behaviour, and financial planning among Gen Z.

### 3.4 Sample Design and Sample Size

The study is based on primary data collected from 32 Generation Z respondents residing in Navi Mumbai. A convenience sampling method was used due to ease of access and time constraints. The respondents mainly include students and young working individuals belonging to the Gen Z age group.

### 3.5 Sources of Data

The study uses both primary and secondary data sources.

Primary data was collected through a structured questionnaire designed to measure financial literacy, saving habits, investment awareness, and use of digital financial services.

Secondary data was collected from textbooks, academic journals, research papers, government reports, and relevant online sources to support the theoretical framework of the study.

### 3.6 Tools and Techniques of Analysis

The collected data was analyzed using simple statistical tools, mainly percentage analysis. The results were presented in the form of tables and charts to facilitate easy understanding and meaningful interpretation of the data.

### 3.7 Limitations of the Study:

- Despite best efforts, the study has certain limitations:
- The sample size is small, which may limit the generalization of results.
- The study is restricted to Navi Mumbai and may not represent Gen Z in other regions.
- The findings are based on self-reported responses, which may involve personal bias or inaccuracies.
- Time constraints also restricted the scope of the study.

## CONCEPTUAL FRAMEWORK OF FINANCIAL LITERACY:

### 4.1 Components of Financial Literacy

Financial literacy is a multidimensional concept that includes financial knowledge, financial skills, financial attitude, and financial decision-making ability. Financial knowledge refers to understanding basic and advanced financial concepts such as budgeting, saving, investment, insurance, and credit management. Financial skills involve the ability to apply this knowledge in real-life financial situations. Financial attitude reflects an individual's mindset and beliefs towards money, while financial decision-making ability enables individuals to make informed and responsible financial choices. Together, these components help individuals manage their finances effectively and achieve financial well-being.

### 4.2 Financial Knowledge, Attitude, and Behaviour

Financial knowledge plays a significant role in shaping an individual's attitude toward money and financial planning. A positive financial attitude encourages responsible financial behaviour, including regular saving, controlled spending, informed investing, and prudent borrowing. Conversely, a lack of financial knowledge often leads to poor financial habits and weak financial discipline. Thus, financial knowledge, attitude, and behaviour are closely interrelated and collectively influence overall financial literacy.

### 4.3 Digital Financial Literacy among Gen Z

Generation Z is highly engaged with digital financial platforms such as UPI, digital wallets, and mobile banking applications. While Gen Z demonstrates convenience and efficiency in using digital payment systems, their awareness of digital investment products, cybersecurity risks, data privacy, and online fraud prevention remains limited. This gap highlights the need to strengthen digital financial literacy to ensure safe and informed usage of digital financial services.

4.4 Role of Education and Technology

Education and technology play a vital role in enhancing financial literacy among individuals, especially Gen Z. Formal education provides a structured understanding of financial concepts, while technology offers easy access to financial information through online platforms, mobile applications, and digital learning resources. Practical exposure through simulations, financial apps, and real-time digital transactions further improves financial understanding. The combined role of education and technology is essential for developing financially informed and responsible individuals.

DATA ANALYSIS AND INTERPRETATION:

5.1 Demographic Profile of Respondents

The respondents of the study mainly consist of students and young professionals belonging to Generation Z, aged between 18 and 25 years, and residing in Navi Mumbai. This demographic profile represents young individuals who are actively exposed to digital financial platforms and are at an early stage of their financial decision-making journey.

5.2 Analysis of Financial Literacy Levels

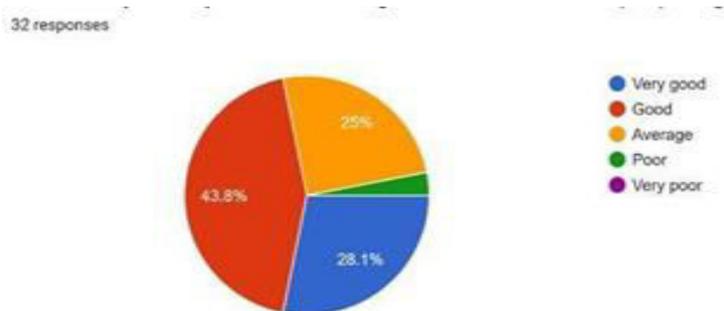
The analysis reveals that most respondents possess a basic understanding of financial concepts such as saving and budgeting. However, knowledge related to investment options, insurance products, and long-term financial planning remains comparatively low. While respondents are familiar with day-to-day financial activities, their exposure to advanced financial instruments is limited.

5.3 Awareness of Banking, Insurance, and Investment Instruments

The findings indicate high awareness and usage of banking services and digital payment systems. A majority of respondents actively use UPI, digital wallets, and savings accounts. However, awareness and participation in insurance policies, fixed deposits, mutual funds, and stock market investments are significantly lower. This reflects a gap between basic financial usage and long-term investment planning.

5.4 Interpretation of Survey Findings (Chart-wise Analysis)

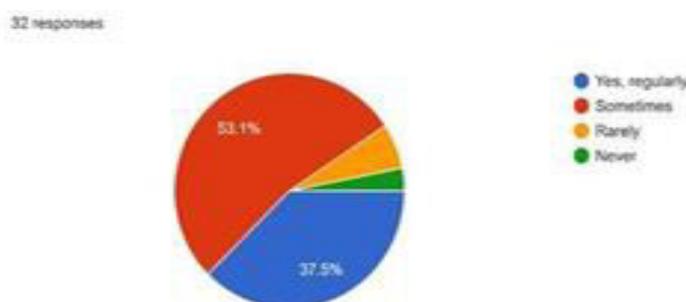
How would you rate your understanding of basic financial concepts (saving, budgeting, investing)?



Understanding of Basic Financial Concepts

The data shows that 43.8% of respondents rated their understanding as good, 28.1% as very good, and 25% as average. This suggests that most Gen Z respondents have a satisfactory level of basic financial knowledge. However, there is a need for improvement in advanced areas such as investment planning and risk management.

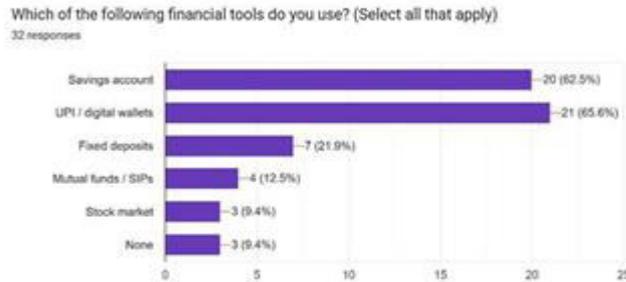
1. Do you Actively Track your Monthly Income and Expenses?



### Tracking of Monthly Income and Expenses

The analysis reveals that 53.1% of respondents sometimes track their income and expenses, while 37.5% track them regularly. Although budgeting practices are present, they are not consistently followed by a majority of respondents, indicating a lack of disciplined financial planning.

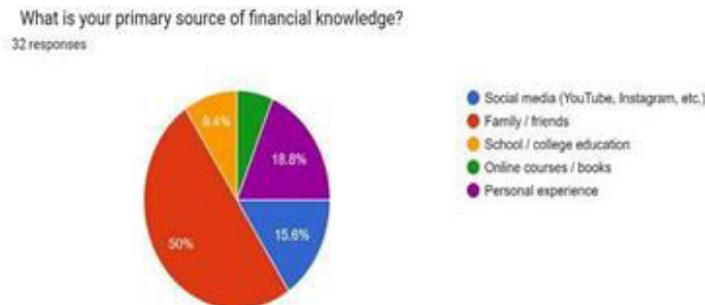
### 2. Which of the following Financial Tools Do You Use?



### Usage of Financial Tools

The study shows that 65.6% of respondents use UPI or digital wallets, and 62.5% use savings accounts. In contrast, only 21.9% use fixed deposits, 12.5% invest in mutual funds, and 9.4% participate in stock market investments. This clearly indicates high digital payment usage but low investment participation among Gen Z.

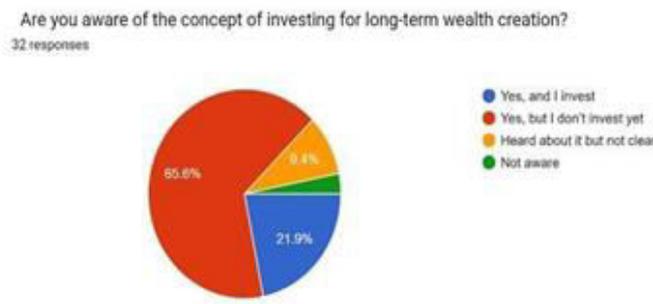
### 3. What is your Primary Source of Financial Knowledge?



### Sources of Financial Knowledge

The findings indicate that 50% of respondents rely on family and friends as their primary source of financial knowledge. This is followed by personal experience (18.8%) and social media (15.6%). Only 9.4% gain financial knowledge through formal education, highlighting the limited role of structured financial learning systems.

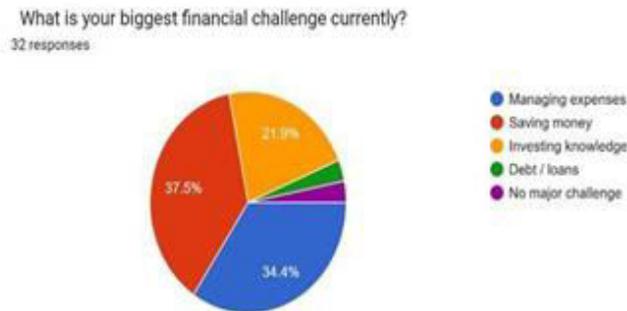
### 4. Are you aware of the concept of investing for long-term wealth creation?



### Awareness of Long-Term Investment for Wealth Creation

The data shows that 65.6% of respondents are aware of long-term investment concepts but have not invested, while 21.9% are both aware and actively investing. This highlights a significant gap between financial awareness and actual investment behaviour among Gen Z.

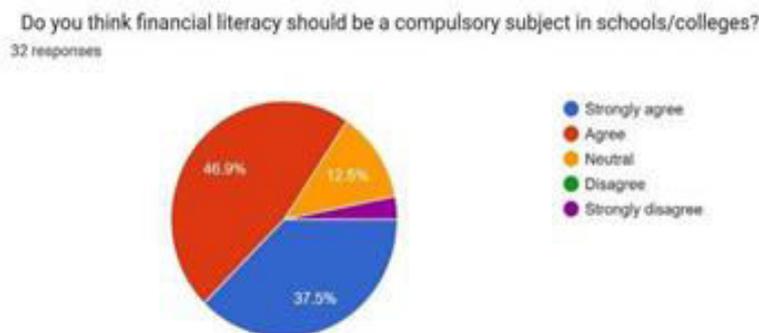
### 5. What is your biggest financial challenge currently?



### Major Financial Challenges Faced by Gen Z

The analysis reveals that 37.5% of respondents face difficulty in saving money, 34.4% struggle with managing expenses, and 21.9% lack investment knowledge. These findings suggest that financial discipline, expense management, and investment awareness are major challenges for Gen Z.

### 6. Do you think financial literacy should be a compulsory subject in schools/colleges?



### Opinion on Financial Literacy as a Compulsory Subject

The results show strong support for formal financial education, with 46.9% of respondents strongly agreeing and 37.5% agreeing that financial literacy should be a compulsory subject in schools and colleges. This reflects the growing recognition among Gen Z of the importance of financial education.

### 5.5 Overall Interpretation of Findings

Overall, the study indicates that Generation Z in Navi Mumbai demonstrates good basic financial awareness and high usage of digital financial tools. However, inconsistent budgeting practices, low investment participation, and limited structured financial education remain key concerns. The findings highlight the urgent need for formal financial literacy programs to bridge the gap between financial awareness and effective financial behaviour.

### Financial Behaviour of Gen Z in Navi Mumbai:

#### 6.1 Saving and Spending Behaviour

The study reveals that Generation Z respondents in Navi Mumbai tend to allocate a larger portion of their income towards lifestyle-related and digital consumption, including entertainment, online shopping, and subscription-based services. Savings behaviour among respondents is irregular and largely short-term oriented,

with limited emphasis on systematic or long-term saving practices. This pattern indicates a preference for immediate consumption over future financial security.

### **6.2 Investment Preferences**

The findings indicate that a majority of Gen Z respondents prefer low-risk and easily accessible financial instruments such as savings accounts and fixed deposits. Participation in mutual funds, equity markets, and other long-term investment options is relatively low. This preference reflects limited risk tolerance, inadequate investment knowledge, and a lack of confidence in market-based financial instruments.

### **6.3 Use of Digital Financial Services**

The study highlights a high level of adoption of digital financial services among Generation Z in Navi Mumbai. Most respondents actively use UPI, mobile wallets, and online banking platforms for daily financial transactions. This strong digital engagement demonstrates convenience-driven financial behaviour; however, it is primarily restricted to payments and basic banking rather than digital investment or wealth management services.

### **6.4 Risk Awareness and Financial Planning**

The analysis shows that risk awareness among Gen Z respondents is limited, particularly with respect to investment-related risks and long-term financial uncertainties. Long-term financial planning, including retirement planning and wealth creation, is not a major priority for many respondents. This lack of forward-looking financial planning highlights the need for improved financial education and awareness initiatives.

## **FINDINGS, SUGGESTIONS, AND CONCLUSION:**

### **7.1 Major Findings of the Study**

Based on the analysis and interpretation of data, the following key findings are drawn:

- Generation Z in Navi Mumbai possesses good basic financial knowledge, particularly in areas such as saving, budgeting, and digital payments.
- Awareness and usage of digital financial services such as UPI, mobile wallets, and online banking are very high among respondents.
- Investment awareness and participation in instruments like mutual funds, fixed deposits, and the stock market are relatively low.
- Most respondents do not consistently track their income and expenses, indicating weak budgeting discipline.
- A significant gap exists between financial awareness and actual financial behaviour, especially in long-term investment planning.
- Family and friends remain the primary source of financial knowledge, while formal education plays a limited role.
- Gen Z respondents show low risk awareness and limited understanding of long-term financial planning such as retirement and wealth creation.
- A majority of respondents strongly believe that financial literacy should be a compulsory subject in schools and colleges.

### **7.2 Suggestions**

Based on the findings of the study, the following suggestions are recommended:

- Financial literacy should be included as a compulsory subject at the school and college level to provide structured financial education.
- Educational institutions should conduct workshops, seminars, and practical training sessions on budgeting, investing, and financial planning.
- Gen Z should be encouraged to develop regular saving habits and adopt systematic investment options such as mutual funds.

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- Awareness programs should focus on risk management, insurance planning, and long-term wealth creation.
- Digital financial education should include topics on cybersecurity, fraud prevention, and safe digital transactions.
- Government bodies, banks, and financial institutions should collaborate to design youth-oriented financial literacy programs.
- Parents and families should be encouraged to play a positive and informed role in guiding financial decisions of young individuals.

### 7.3 Conclusion:

Financial literacy plays a crucial role in shaping the financial behaviour and future financial stability of Generation Z. The present study concludes that while Gen Z in Navi Mumbai demonstrates strong digital financial engagement and basic financial awareness, there exist significant gaps in investment knowledge, budgeting discipline, risk awareness, and long-term financial planning.

Despite easy access to digital financial tools, the absence of structured financial education limits the ability of Gen Z to make informed and responsible financial decisions. The study highlights the urgent need for formal financial literacy initiatives to bridge the gap between financial knowledge and financial behaviour.

In conclusion, improving financial literacy among Gen Z will not only enhance individual financial well-being but also contribute to broader economic stability and responsible financial participation in the future.

### 7.4 Scope for Further Research

Future research can be conducted with a larger sample size and across different cities or regions to enhance the generalizability of findings. Comparative studies between urban and rural Gen Z, or between different age groups, can provide deeper insights. Further studies may also focus on the impact of formal financial education programs, gender-wise analysis, and the role of fintech and digital investment platforms in improving financial literacy among youth.

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### Annexure – Questionnaire

1. How would you rate your understanding of basic financial concepts (saving, budgeting, investing)?
2. Do you actively track your monthly income and expenses?
3. Which of the following financial tools do you use?
4. What is your primary source of financial knowledge?
5. Are you aware of the concept of investing for long-term wealth creation?
6. What is your biggest financial challenge currently?
7. Do you think financial literacy should be a compulsory subject in schools/colleges?