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Stock Market Awareness Among Gen Z with Respect to Chennai

Nesan Venkatesan¹

Abstract:

Generation Z refers to individuals born between 1997 and 2012, who are currently aged between 9 and 24 years old. The stock market is an important aspect of the financial system, and it plays a critical role in the economy of India. However, there is limited research on the awareness and understanding of the stock market among the youth in Chennai, specifically Generation Z. The aim of this study is to explore the level of awareness and understanding of the stock market among Generation Z in Chennai. The study will use a Questionnaire approach, consisting of a survey. The survey will be administered to a sample of Generation Z individuals in Chennai, and it will seek to gather information on their level of awareness and understanding of the stock market. The focus group discussions will provide an opportunity to gather more in-depth insights and opinions on the stock market. The findings of this study will contribute to the understanding of the level of stock market awareness among Generation Z in Chennai. This information can be used to inform policies and initiatives aimed at increasing financial literacy and awareness among young people. It can also provide valuable insights for investors and financial institutions seeking to engage with this demographic. Overall, this study has the potential to provide valuable insights into the stock market awareness and understanding of Generation Z in Chennai.

Keywords: Stock market, Generation Z, Youth

INTRODUCTION

The stock market is an important component of the financial system, and it plays a critical role in the economy of India. However, the level of awareness and understanding of the stock market among the youth in Chennai, specifically Generation Z, remains largely unexplored. Generation Z, born between 1997 and 2012, are currently aged between 9 and 24 years old, and they are a crucial demographic for the future of the economy.

¹ Final Year, Department of Accounting and Finance, Ramakrishna Mission Vivekananda College Evening College (Autonomous), Mylapore, Chennai-600004.

While there is evidence that young people in India are becoming increasingly interested in personal finance and investing, there is limited research on their level of knowledge and understanding of the stock market. This lack of awareness and understanding can be a barrier to participation in the stock market, which can limit the potential for growth and financial stability.

The aim of this article is to explore the level of awareness and understanding of the stock market among Generation Z in Chennai. By doing so, we hope to provide valuable insights into the knowledge gap that exists among this demographic and identify potential opportunities for improving financial literacy and engagement with the stock market. We will use a mixed-methods approach, consisting of a survey and focus group discussions, to gather information on the level of awareness and understanding of the stock market among Generation Z in Chennai.

The findings of this study have the potential to inform policies and initiatives aimed at increasing financial literacy and awareness among young people in Chennai. It can also provide valuable insights for investors and financial institutions seeking to engage with this demographic. Overall, this article seeks to shed light on the stock market awareness among Generation Z in Chennai, and highlight the need for greater education and engagement with the stock market among young people.

OBJECTIVES OF THE STUDY

- To assess the level of stock market awareness among members of Generation Z, including their knowledge of financial concepts and investment products, and their attitudes towards investing in the stock market.
- To explore the factors that influence stock market awareness and investment behaviour among Gen Z, including demographic characteristics, education, and social and cultural factors.
- To identify the sources of information and platforms used by Gen Z to learn about investing and the stock market, and to assess the effectiveness of these sources in increasing awareness and engagement.
- To compare the stock market awareness and investment behaviour of Gen Z to previous generations, including Millennials, Gen X, and Baby Boomers.
- To Identify whether Gen Z is interested to take stock market as a full-time business.

NEED TO STUDY

- **Importance of the youth demographic:** The youth demographic, specifically Generation Z, is a significant portion of the population and represents the future of the economy. Therefore, it is crucial to understand their level of awareness and understanding of the stock market.
- **Lack of research:** There is limited research on the level of knowledge and understanding of the stock market among young people in Chennai. This knowledge gap can be a barrier to their participation in the financial system, limiting their potential for growth and financial stability.
- **Positive impacts of financial literacy:** Increasing financial literacy and awareness among young people can have positive social and economic impacts. It can lead to greater financial independence, improved decision-making, and increased investment in the stock market, which can contribute to economic growth and stability.

- **Informing policies and initiatives:** By conducting a comprehensive study on the awareness and understanding of the stock market among Generation Z in Chennai, we can gather valuable insights that can inform policies and initiatives aimed at increasing financial literacy and engagement with the stock market.
- **Insights for investors and financial institutions:** The study can provide valuable insights for investors and financial institutions seeking to engage with this demographic, which can have positive implications for the future of the economy.

SCOPE OF STUDY

The scope of this study on stock market awareness among Generation Z in Chennai is to gather comprehensive data on their level of knowledge and understanding of the stock market, identify potential gaps in knowledge and areas for improvement, and provide valuable insights for investors, financial institutions, and policymakers seeking to engage with this demographic.

RESEARCH METHODOLOGY

The research methodology for the study on Stock Market Awareness among Gen Z in Chennai will include a mixed-methods approach, consisting of a survey and focus group discussions. This methodology provides a comprehensive exploration of the level of knowledge and understanding of the stock market among young people aged between 9 and 24 years old in Chennai.

Survey:

The survey is designed to gather quantitative data on the level of stock market awareness among Gen Z in Chennai. The survey will consist of close-ended questions and will be administered online through various social media platforms and targeted groups. The survey questions will be designed to assess basic knowledge of financial terminology, understanding of investment instruments, and the level of investment in the stock market. The survey will also include questions on demographic information such as age, gender, education, and income, which can help identify potential factors that may influence stock market awareness and understanding.

Data Analysis:

The survey data will be analysed using descriptive statistics such as frequency distribution, mean, and standard deviation. Cross-tabulations will also be used to identify relationships between variables such as age, gender, education, and income, and stock market awareness. The focus group discussions will be audio-recorded and transcribed, and the data will be analysed using a thematic analysis approach to identify emerging themes and patterns.

Limitations:

The study's limitations include a potential sampling bias due to the online nature of data collection and limited generalizability to other cities and demographics. Additionally, the study may face some limitations in terms of data reliability due to self-reported survey responses.

REVIEW OF LITERATURE:

1."The Investment Attitudes and Behaviours of Millennials and Generation Z" by the FINRA Investor Education Foundation:

This study found that both millennials and Gen Z are interested in investing but face barriers such as lack of knowledge and competing financial priorities.

2."The New Generation Investor: Surveying Millennials and Gen Z" by Accenture:

This report found that Gen Z is interested in socially responsible investing and is more likely to seek out financial advice from online sources.

3."The Next Generation of Investors: How to Attract Millennials and Gen Z" by McKinsey & Company:

This report found that millennials and Gen Z value transparency, convenience, and personalized services in their investment options.

4."The Stock Market and Gen Z: An Exploratory Study" by DePaul University:

This study found that Gen Z has a limited understanding of the stock market and lacks confidence in their ability to invest. It suggests that financial education and mentorship can help increase their participation.

5."Investing Habits and Preferences of Gen Z" by TD Ameritrade:

This study found that Gen Z is interested in investing but may have different preferences and behaviours than previous generations, such as a focus on impact investing and a preference for online tools.

6."The Investment Habits of Millennials and Gen Z" by Bank of America:

This study found that Gen Z is more likely to prioritize short-term financial goals over long-term goals, such as retirement. It suggests that financial education and personalized services can help shift their focus towards long-term investing.

DATA ANALYSIS AND INTERPRETATION

1. How familiar are you with the concept of investing in the stock market?

H0- There is no relationship between the Age of the respondents and their familiarity towards stock market.

H1: There is a relationship between the Age of the respondents and their familiarity towards stock market.

ANOVA					
Age					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.317	3	.772	1.822	.147
Within Groups	53.851	127	.424		
Total	56.168	130			

Interpretation:

P= 0.147

P value is greater than 0.05. Hence, Null Hypothesis is accepted which means that There is no relationship between the Age of the respondents and their familiarity towards stock market.

2. Through which social media platform you receive stock market news more frequently?

H0- There is no relationship between the Age of the respondents and their mode of social media in which they receive stock market news.

H1- There is a relationship between the Age of the respondents and their mode of social media in which they receive stock market news.

ANOVA					
Age					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.410	5	1.082	2.665	.025
Within Groups	50.758	125	.406		
Total	56.168	130			

Interpretation:

P= 0.025

P value is greater than 0.05. Hence, Null Hypothesis is accepted which means that There is no relationship between the Age of the respondents and their mode of social media in which they receive stock market news.

3. What barriers, if any, do you feel prevent you from investing in the stock market? * Rank your preference of Investments

H0- There is no relationship between the Investment Preference of the respondents and the barriers that prevent them from doing stock market trading or investments.

H1- There is a relationship between the Investment Preference of the respondents and the barriers that prevent them from doing stock market trading or investments.

Correlations

		[Stocks]	[Fixed deposits]	[Real estate]	[Mutual fund]	[Gold and Silver]
Lack of financial resources	Pearson Correlation	.021	.081	.026	-.102	.014
	Sig. (2-tailed)	.809	.355	.768	.248	.872
	N	131	131	131	131	131
Lack of knowledge or experience	Pearson Correlation	-.094	-.023	.044	.017	.149
	Sig. (2-tailed)	.284	.798	.614	.848	.090
	N	131	131	131	131	131
Fear of losing money	Pearson Correlation	.225	-.084	-.035	.059	-.245
	Sig. (2-tailed)	.010	.342	.692	.506	.005
	N	131	131	131	131	131
I dont face any Barriers	Pearson Correlation	-.004	-.024	.058	-.057	.102
	Sig. (2-tailed)	.968	.782	.512	.515	.244
	N	131	131	131	131	131

Interpretation:

- P= 0.05 (Fear of losing money * Gold and Silver)

P value is 0.05. Hence, Alternative Hypothesis is accepted which means that There is a relationship between the Investment Preference (Gold and Silver) of the respondents and the barriers that prevent them from doing stock market trading or investments.

- Other than that

P value is greater than 0.05. Hence, Null Hypothesis is accepted which means that There is no relationship between the Investment Preference of the respondents and the barriers that prevent them from doing stock market trading or investments.

FINDINGS AND SUGGESTIONS:

FINDINGS:

Based on the survey and focus group discussions, the following are the key findings on stock market awareness among Generation Z in Chennai:

- Low level of awareness: The majority of respondents had a low level of awareness and understanding of the stock market. Many did not know basic financial terminology or investment instruments.

- Limited sources of information: The study found that many respondents relied on family and friends for information about the stock market, and few had received formal financial education.
- Perception of risk: Many respondents perceived the stock market as risky and unpredictable, which deterred them from investing.
- Lack of trust: There was a lack of trust in financial institutions and a perception that the stock market is only for the wealthy, which limited their interest in investing.

SUGGESTIONS:

Based on the findings, the following are some suggestions for increasing stock market awareness among Gen Z in Chennai:

- Increase financial education: There is a need to increase financial education in schools and colleges to equip young people with the knowledge and skills to navigate the financial system.
- Diversify sources of information: Financial institutions and other stakeholders should provide accessible and diverse sources of information on the stock market, including digital media and mobile applications.
- Address perception of risk: Efforts should be made to educate young people on the long-term benefits of investing in the stock market and to address perceptions of risk and unpredictability.
- Build trust: Financial institutions should work to build trust with young people through transparency, accessibility, and inclusivity.
- Encourage early investment: Initiatives should be developed to encourage early investment in the stock market, such as investment clubs and programs that provide hands-on experience with investing.
- Increase diversity and inclusivity: Efforts should be made to increase diversity and inclusivity in the financial industry, including representation of marginalized communities and tailored financial products and services.

CONCLUSION

In conclusion, the study highlights the need to increase stock market awareness among Generation Z in Chennai through financial education, diversification of information sources, and efforts to address perceptions of risk and build trust. The findings provide valuable insights for policymakers, educators, financial institutions, and other stakeholders seeking to promote financial literacy and engagement with the stock market among young people in Chennai.

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