International Journal of Financial Management
11 (2) 2021, 19-31
http://publishingindia.com/ijfm/

Decoding Financial Investment Opportunities for Gen-Z

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Abstract

Seeing Gen-Z struggling with financial investments and literacy was the motivation for conducting a research study like this. As members of this generation, we felt that there are a number of bridges between the financial world and the youth of India, which need to be studied and analysed before being addressed. This research paper is an embodiment of that. We chose three broad segments to study the cause-and-effect relationship on Demat accounts, financial literacy, and financial investments. The study provided valuable insights and concluded on a descriptive understanding.

Keywords: Financial Investment Opportunities, Financial Literacy, Dematerialisation Account, Gen-Z

Introduction/Theoretical Perspective

Each investor needs to put their funds into the best investment alternatives present in India, so that they can benefit from great returns in a particular residency, with the least risk implied. A few groups contribute, in light of the fact that they need monetary security, while others contribute to accomplish their venture objectives. The venture choices one ought to pick relies on the level of risk, investment horizons, monetary objectives, and liquidity needs.

For banking and instalment agents, drawing in these clients while they are young could prompt worthwhile connections for the duration of their lives, with esteem expanding as they age; they bring in more cash, and grow the quantity of monetary items they connect with. Most Gen-Zs have not begun utilising monetary items past a financial balance, which gives them a ready open door for major parts in the sector.

Everywhere and anywhere, in our century, the financial sector has the reigns to it all. Whether it is the millennials or boomers, everyone wants to have an influx of cash from investing. The ease of access through technology, making transactions as simple as a click of one's mouse, gives a sense of willingness that was not present before. But how connected is Gen-Z with this humongous financial world? This technology obviously brings benefits, but it also brings extensive research and information, which is difficult to navigate. In the world of advisors and personal portfolio managers, will Gen-Z be able to keep up? Do they have enough financial literacy to do so? Are the youth in India actually willing to invest? The ability to make sound investment decisions is extremely tricky, and this research is primarily based on understanding the current trend of investment opportunities among the young in India and the gaps which should be addressed and focused on.

Therefore, numerous organisations target 20-30-year-olds and Gen-Zs together, in a push to draw in more youthful clients. Yet, this could be restricting their capacity to adequately catch the interest of tweens, adolescents, and youthful grown-ups, in light of the fact that Gen-Z varies from their more seasoned partners. Collectively, they are more receptive to impact from companions and friends than they are to customary promoting; they are less inclined to recollect life before the Web and more open to an extensive assortment of monetary specialist organisations, compared to other consumers. Understanding what really matters to Gen-Z is basic for advertisers, tacticians, and engineers hoping to take into account these more youthful clients and work out a set-up of items, devices, and administrations that they will need to receive.

Cooremans (2011) stated that benefit is not the primary driver of capital venture dynamic; monetary assessment

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instruments frequently assume an auxiliary part in corporate investment decisions; organisations do not follow capital money hypothesis solutions, in opposition to standard cases; and the essential character of speculations has a heavier decisional weight than profitability. Financial variables and capital planning examination do not decide investment decisions, and organisations regularly do not comply with capital investment hypothesis directives. The incomplete impact of financial variables and the significance of key elements in speculation choices involve a few pragmatic ends for professionals, just as for public arrangement programmes intending to advance corporate energy-productivity ventures.

Pike (2020) observed that financial education in a period of monetary vulnerability and difficulties turns out to be more imperative to individual financial management and monetary security. Imparting the standards of personal financial and retirement system early can help understudies lead a calm and healthy life for prospering in any financial condition. With the COVID-19 pandemic and its appalling effect on the world economy, the capacity to oversee individual accounting records and practices is becoming more essential to gain monetary security.

Beck and Garris (2019) stated that financial education is indispensable on the grounds that it increases financial dynamics and information. Generation-Z had restricted information on personal finance. Most of the members attempted to define individual budget. Of the members ready to give a definition, gaps of note were taxes, credit, cash on board, investments, and financial balances. In spite of having restricted information and experience, all members perceived the significance of personal finance. This gathering of members seemed to stress over the future economy, despite the fact that they did not completely get a handle on the ideas.

Chung and Charoenwong (1991) observed that the current worth of development openings mirrors the worth of future investments, which are required to yield paces of return in excess of the opportunity cost of capital. Development openings exist when the serious cycle that drives the pace of profit from capital investment projects towards the company's expense of capital is stopped or postponed.

Jovanovic (2009) stated that an investment alternative is a profit opportunity that requires a venture to execute. It may be postponed in the event that it is a licensed creation, or in the event that it is exclusive to a firm so others cannot decrease its worth by duplicating it.

Dieckmann, Speyer, Ebling and Walter (2007) observed that the microfinance area is right now going through a huge change, from a customary giver-driven, NGO-overwhelmed system towards a more noteworthy level of capital market contribution, while simultaneously adhering to its unique mission of destitution lightening and social turn of events. A more noteworthy level of institutional and individual financial backer inclusion is not simply a critical essential to limit the massive subsidising hole of MFIs and to increase microfinance, but additionally, to offer private area financial backers an appealing double nature venture opportunity that joins social and monetary returns.

Investment in financial opportunities requires a whole lot of funds. Businesses, companies, and the youth should know if it is viable to invest in various financial instruments, and if it actually provides returns or not. There are a lot of articles already published which talk about different aspects of types, profitability, advantages, and disadvantages of all the options available in India. However, does it actually provide clarity to a beginner investor? With the changing environment, Gen-Z need to plan and execute the way they are going to start investing and their action plan to do it.

Literature Review

Financial Literacy

Consumers should face confounded monetary choices at a young age in the present monetary climate; monetary mix-ups made in life can be expensive. Youngsters regularly wind up conveying huge educational loans or MasterCard obligations, and such early snares can obstruct youngsters' capacity to gather riches. To help them, it is necessary for scientists to investigate how monetarily learned the youthful grown-ups are. Understanding the components that add to or diminish the obtaining of monetary information can help policymakers plan powerful intercessions designed for the youthful populace (Lusardi, Mitchell & Curto, 2010). We observed that both instructive accomplishment and psychological capacity are significant determinants of monetary education, yet they are not the sole determinants. Truth be told, numerous factors were significant indicators of monetary proficiency, even in the wake of representing schooling and psychological capacity. Besides, training and intellectual capacity alone neglect to represent the wide variety of monetary information among the youth. Therefore, specialists and policymakers would profit from social affair data on monetary proficiency; regularly utilised pointers to intermediary monetary education, like instruction, make a lackluster display of estimating respondents' monetary information.

Several studies showed that financial literacy is positively related to self-beneficial financial behaviour. Hilgert, Hogarth and Beverly (2003) added monetary conduct and monetary proficiency inquiries to the cross-country survey of consumer finances. They framed a financial practices index dependent on conduct in four factors: income of the executives, credit of the board, reserve funds, and speculation rehearses.

Financial Applications

Managing your money is not the easiest thing to do. Now that many of us no longer balance a cheque book, tracking expenses and keeping up with the bank balance can get a little difficult. Personal finance apps can connect with your bank account and help you keep up with your spending.

Versatile data administrations have reformed plans of action and administration conveyance strategies by working with buyer admittance to data and request situation through mobile applications. In created markets, portable banking (m-banking) and versatile instalment (m-instalment) applications have supplanted text-based portable administrations. The apparent worth of MFSAs yields solid constructive outcomes on clients' general fulfilment and obligation to their bank (Karjaluoto, 2019).

The best personal financial app of 2021, according to a survey conducted by the Balance, is Mint. It helps you reach your goals with personalised insights, custom budgets, spend tracking, and subscription monitoring.

Dematerialisation Account

The banks started i-banking initially with simple functions such as real-time access to information about interest rates, checking account balances, and computing loan eligibility. Then, the services were extended to online bill payment, transfer of funds between accounts, and cash management services for corporates (Sadique et al., 2009).

The young generation can play a major role by providing e-banking facilities and make the country reliable, secure, and discipline financial transactions performed over electronic media (Chavan & Gaikwad).

The major achievement and initiatives taken by the National Securities Depository Limited (NSDL) in this innovative scenario is to get approval as the payment bank. NSDL, India's first and largest depository of electronic securities, provides permanent account number (PAN), registers individuals for the exercise of the Aadhar project, and manages IT professionals' repository, subsidised these services while upcoming as payments bank, and also, as of December 31, 2016, the NSDL boasts a little over 1.5 crore demat accounts. It holds the track record for handling huge volume transactions as a depository at a lower cost. While working parallel as a payment bank with depository business, the growth and vision will be fruitful to new as well existing investors, business partners, and depository. It will also open new ventures and avenues in capital market and banking industry. G. V. Nageswara Rao, managing director of NSDL, after bagging in-principal license, said, "We are the largest depository in the world with the lowest cost. We charge only Rs. 4.50 on one side for a transaction." Commenting on touching Rs. 100 lakh crore in value of assets held in the depository, Rao said. "NSDL's focus would be to initiate customers into the digital payments ecosystem." NSDL, as the first depository setup in 1996, is promoted by professional institutions since establishment as maintaining international standards that handles a majority of securities held and settled in dematerialised form. Using innovative and flexible technology systems, NSDL aims to ensure proper care, safety, and soundness of investors as well as brokers in the capital market of the country by developing settlement solutions which raises efficiency, and reduces risk and costs. Ownership transfer of securities is executed through account transfer. This method minimises the risks and hassles compared to paperwork.

In the India depository system adopted for electronic trading, in lieu of paperless-based scrip trading, book entry form and physical form of shares or securities is replaced by the electronic form. Before this, the process of sale, purchase, and transfer of securities was a massive obstacle, and was not safe. Electronic trading made price discovery more efficient; it also sent volumes soaring. There were transactions happening every day, but all the trades would be cleared once a fortnight.

International Journal of Applied Business and Economic Research engages in settling the trades, ensuring that sellers got their money and buyers, their shares. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) are 2 market players in the depository system.

Gupta (2015) examined the diversification and expansion of the banking system. These niche banks, like payment banks, are likely to take on basic banking services, including acceptance of deposits and lending operations (in case of small finance banks), as well as facilitate use by the unserved and underserved sections of the population. Financial experts are going to the extent of calling this initiative the biggest banking reform since the bank nationalisation of 1969.

In fact, giving opportunities to new players in this segment, RBI has ironically ensured that the cycle of institutional reform experiments that started with the 1969 round of bank nationalisation has now come full circle. The responsibility lies in financial inclusion, which means a bouquet of financial products is now almost entirely entrusted to the private sector. While the road ahead is full of challenges and opportunities, the fact remains that the RBI approval for setting up payment banks opens the avenues for financial inclusion with visions of branches and digital platforms. Pande (2015) studied the banking revolution with upcoming payment banks in 11 entities in India. A new division to the banking sector, cost for transfer of money or settlements is minimised dramatically for end users. Payment banks will not be allowed to carry out normal lending activities. To this end, customers' expectations for faster, easier, and simpler workings of banking facilities push the bankers to work with creativity and passion, which contributes to the growth of cross-sections of our society, and therefore minimising the challenges. Kesavan (2015) studied changes in the banking sector. Technology and the introduction of payment banks have made tremendous impact in the banking sector. In the 21st century, dreams have become reality. The objectives include small savings accounts, and payment and remittance services in e-commerce platform It includes the scope and benefits of payment banks and requirements of the same. This era of innovative mechanism is surely going to be a great challenge in the near and upcoming future for banks in the country.

The three-in-one account is a set of combos, including a bank account (a normal bank account), a trading account (a share broker account), and a demat account (holding shares). The enhancement of three-in-one account provides consistent transactions between these accounts. Through this circulation and buying of shares in trading account, the money will automatically be debited from the savings bank account and the demat account of the investor will be credited with the shares. Similarly, in the case of selling, the money is credited to the bank account and shares are withdrawn from the demat account. The money in the bank account can be used like any normal bank account. These accounts are especially beneficial for people whose vision in stock market is on a long-term basis or for the hassle-free service in terms of low brokerage sentiments. For a beginner or an investor in the market (not a frequent trader), this type of account is highly recommended. Some other benefits include investment and trading in equity, investment in IPOs, online mutual funds investments, and so on (Mahajan & Sharma).

Research Methodology

The research design will be structured to get real-time data for understanding the entire current foundational data in depth. The research will be conducted by means of surveying the eligible respondents (from ages 18-24), primarily focusing on those who have either surface or in-depth knowledge of financial investment opportunities. A primary list of questions was developed covering all aspects of our research, such as investment opportunities the respondents were already aware of, types of risks and amount of profit the respondents would prefer, factors affecting their decision to invest, financial literacy among them, and various fundamental questions regarding their demat account. A mixture of both quantitative and qualitative data was collected through this survey process, using an online primary medium. The data was collected in 3 separate categories for ease of our analysis, namely, financial literacy, the trend of current investment opportunities, and the fundamentals of accessing a dematerialisation account.

The present study is quantitative and exploratory in nature, giving the researchers the flexibility under various categories to analyse and come to a conclusion. Exploratory research, seeks to generate a hypothesis by examining the data-set collected and looking for potential relations between variables. The greatest advantage of choosing exploratory research as the paper's research type is that it is easier to make new discoveries. This is because of the less stringent methodological restrictions. The research is descriptive and non-scientific, in the sense that it does not seek to develop any novel techniques or procedures, rather it seeks to develop knowledge, based on information that is already available in the public domain and the data-set. This research problem is one that has not been researched intensively for this age group and country before.

Though the data collected is mostly in a structured quantitative format, the background and previously existing knowledge has been methodologically researched by using various secondary resources which provided direction to the study. Sources, including various databases like SCOPUS, books, webpages, articles, journals, reports, and related documents were used. This data was gathered to get an insight into past topics.

It is hypothesised that the youth is interested in availing these opportunities, but do not have the accurate resources to make sound financial decisions, or do not have enough funds to invest. A well-constructed research structure should come into place, wherein young players in this market can be informed and educated properly about how to go about the entire process, and how to invest soundly according to their needs. The findings and conclusion derived upon after this extensive research should give Gen-Z in India a clearer picture regarding investments.

Discussion and Findings

We received a total of 210 survey responses in the online survey we circulated. We had 56.2% males and 41.4% females. Their ages varied from 18 to 23, but the maximum number of respondents were from the age group 21-23 (37.1%) and the minimum below 18 (9%). This data (gender and age) is presented in the 2 pie charts captioned Fig. 1 and Fig. 2.

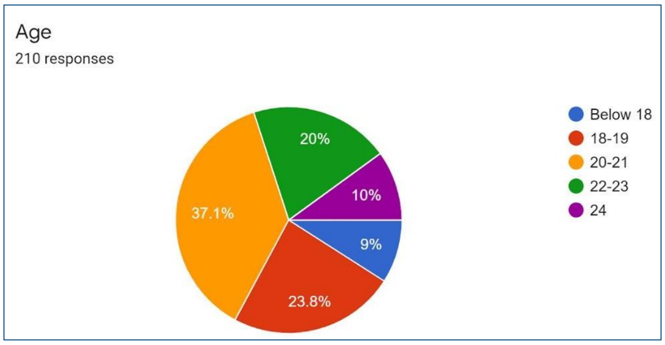

Fig. 1: Pie Chart Depicting Age

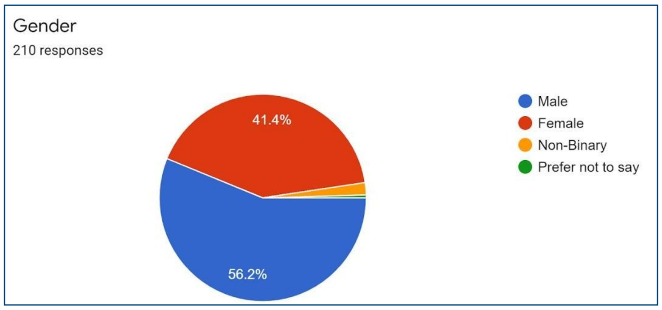

Fig. 2: Pie Chart Depicting Gender

For ease of analysis, this study categorically divides the survey and data set findings into 3 segments:

Financial Literacy among Gen-Z

At the point when a great many people consider contributing, they consider customary speculations- specifically stocks, bonds, and cash. Regardless of whether it is the index fund in your 401(k) or the money in your bank account, these customary ventures are normal for most individual financial backers.

In any case, that is just essential for the image. There is another classification for contributing past conventional speculations, called alternative investments. Quite possibly the most powerful resource classes, choices cover a wide scope of ventures with special attributes. Numerous choices are becoming progressively open to retail, or individual, financial backers, making thinking about them progressively significant for a wide range of financial backers and industry experts.

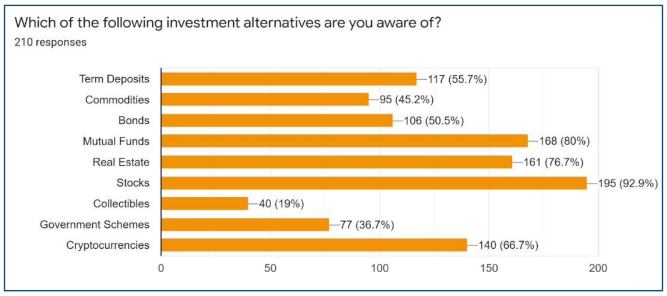

Fig. 3: Graph Representing Awareness of Investment Alternatives

We asked all the respondents regarding the investment alternatives they have heard of. Among 210 respondents, 195 of them were aware of stocks as a financial instrument. Approximately 50% were also aware of instruments such as term deposits, mutual funds, real estate, and cryptocurrencies. Collectibles are items that have a worth far more than their original value. The lowest level of awareness among the respondents is of collectibles as an alternative investment. Awareness regarding various government schemes is just 36.7%.

Numerous resources are referred to by individuals and institutions while making investment decisions. Investors need to consider various factors, such as risk, principles, returns, and value while making a choice. One of the things you will probably notice right away when you first start investing is the bewildering array of choices you will have for education, training, and information.

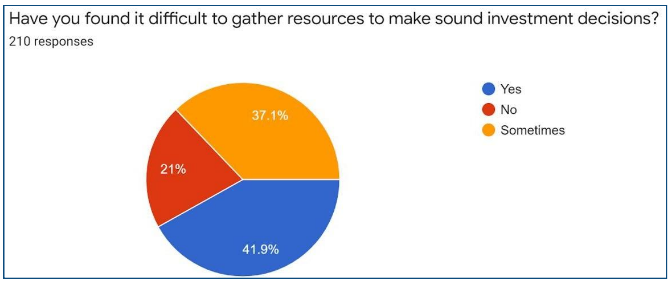

Fig. 4: Chart Depicting Difficulty in Making Sound Investment Decisions

An important aspect to cover was to understand if the potential investors or investors are satisfied with the availability of resources to make sound decisions while investing in various alternatives. The research uncovered that approximately 42% of the respondents found it difficult to gather the information and resources at their disposal. Only 21% were content with the resources available, which enabled them to make their decisions effectively.

While the news is overflowing with extensive predictions on what stocks to watch out for, and the reasons given must be very appealing, as a beginner investor it is impossible to try and predict what will happen in the short-term. Hence, it is of great importance to regularly keep updated regarding the various upcoming opportunities, using resources and platforms such as articles, newspapers, or the Internet.

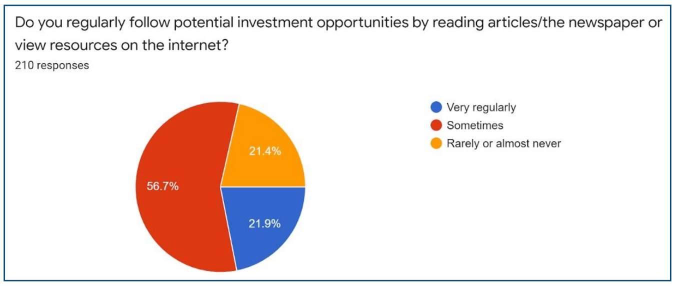

Fig. 5: Chart Depicting Financial Literacy

In this research, the objective was to understand whether respondents follow potential investment opportunities in order to be actively involved and alert with the options and the influential factors. Approximately 22% of the respondents are very regular in being engaged in a follow-up of the happenings in the investment sector. Again, approximately 22% rarely or almost never are active in utilising such resources. The remaining refer to these resources sometimes.

The research was conducted to understand the reasons that act as a barrier in dissuading them from investing. It is of prior concern to understand what stops them from making their investment choices. The summarised reasons which were brought together are:

- Lack of knowledge and experience in the field.
- Not being financially independent to invest.
- Associated risk that discourages them from investing.
- Inadequate resources to make sound decisions.

Trend of Current Investment Opportunities

Our survey wanted the respondents to first identify the types of investments they had been made aware of, such as term deposits, bonds, government schemes, mutual funds, real estate, and so on. We gave them 9 different types, out of which at least 19% knew one of the options and the range ended at 92.2%. This question was followed by how much they would be willing to invest, or even think about investing. Surprisingly, even though there were 6 out of 9 options of which more than 50% of our respondents were aware, 55.2% would only like to invest in 1-3 options. Around 32.9% would invest in 3-6 of the stated options, and 11.4% would invest in 6-9 options.

The analysis we decipher from this data is that, even though half of our respondents knew about 6 or more different investment options, they were only willing to invest in 1-3. This drastic reduction from awareness or information to the point of willingness of actually investing is high in nature. This non-willingness of the youth gives stance to the trend that even though they have some level of financial literacy among them, there might be other factors influencing their decision to not invest.

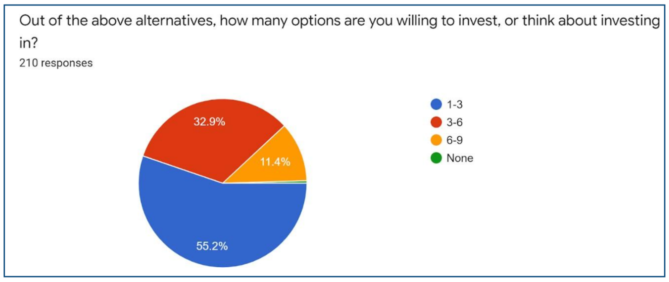

Fig. 6: Chart Depicting Willingness of Gen-Z towards Financial Investing Opportunities

An important aspect of this study was to determine how much risk and returns the youth would be willing to take. The study creates a 3-segmented approach to this, namely:

- Greater risk, greater but uncertain returns.
- Moderate risk, limited but likely returns.
- Lower risk, negligible but fixed returns.

These 3 segments have been broadly classified, based on the current investment types available in India, and majorly throughout the world. Previous literature has always shown that the greater amount of risk taken proves to either have greater profits or losses. When the level of risk decreases, the returns or rewards would also decrease. They are said to be directly proportional.

Decoding the data, 65.2% of respondents would go for the second segment, moderate risk, but likely limited returns; 20% would go for greater risk, and greater returns; and only 14.3% would choose an option which has lower risk and negligible but fixed returns.

We can conclude by saying that the youth would opt for the second segment based on the assumption that due to the restriction in the available funds, they would not take high risks, but because there are likely returns, they can take some risk. Another finding that we have is that a beginner investor would more likely go for a greater risk, but an uncertain return, rather than a lower risk and a fixed return. We can conclude that the youth is willing to take up great or moderate risk for high returns.

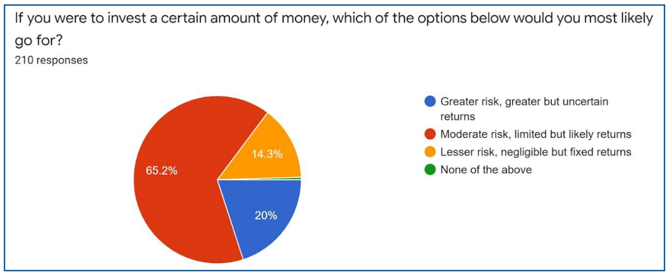

Fig. 7: Chart Depicting Ranges of Risk and Returns While Investing

After analysing the willingness and awareness of the youth with different investment opportunities, we wanted to study which factors ultimately help them make their investment decision.

We shortlisted 5 major parameters based on our literature review, namely interest rate, volatility of investment, availability of finance, market research done beforehand, and risk. The respondent had to select 2 factors that influenced them the most.

The 2 major factors which played a role in most of our respondents' decisions were availability of finance and market research done beforehand, at 64.3% and 55.7%, respectively. Only 33.3% (70 respondents) were affected by the interest rate, 27.6% (58 respondents) by the volatile nature of the investment, and 34.3% (72 respondents) by the level of risk.

As the amount of funds available to any individual investor, whether a beginner or an experienced one, plays the main or major role in the investment decision process, this data came as no surprise. Every investor has to do some amount of market research before investing, whether it is the company's past performances, quarterly profits, policy changes, overall growth and performance, and so on. Hence, the second major factor would be market research. Interest rate and risk have relatively the same percentage of respondents, which supports the fact that they are important factors, but are not the focus as much as the other roles. Therefore, there is an understanding regarding the factors influencing an investment decision.

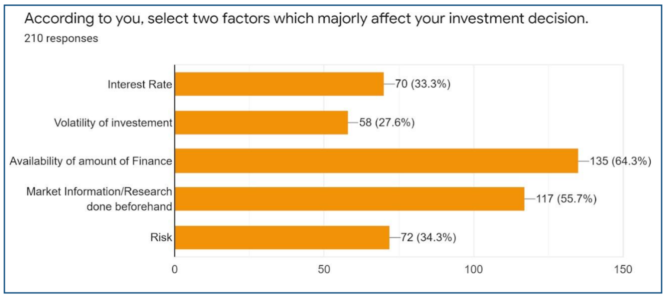

Fig. 8: Chart Depicting Major Factors Influencing the Investment Decision

The global stock markets are extremely complex in nature and need to be studied and researched beforehand, to make any kind of sound investment. To give an array of the global stock markets, there are various exchanges, such as the New York Stock Exchange, the Shanghai Stock Exchange, the Stock Exchange of Honk Kong, and so on. So, basically, it is the multitude of markets and exchanges that exist worldwide. The main purpose of their existence is to assist with the issuing and trading of equities or stocks of publicly held companies. Not only this, they also deal with bonds and other classes of securities. Stocks of companies with a large capital base are usually traded through major stock exchanges, which are usually in the prominent capitals of the world. Some of the most prominent stock exchanges are the New York Stock Exchange (NYSE), the NASDAQ, the London Stock Exchange, and so on, based on market capitalisation. As there are many exchanges or a multitude of companies when compared to India as a single company, where only 2 main exchanges are established, it proves to be difficult for a beginner investor. This is mainly due to the complex process, extensive availability of information and financial research, and definitely more funds as now multiple currencies are involved.

We wanted to know how many respondents would be willing to invest in global stock markets, to understand the trend or financial opportunities one could get investing internationally.

Around 47.6% of respondents were willing to invest, 15.7% were not willing, and 36.7% were unsure. This gives rise to the fact that even though a large percentage would be willing, they might not have the financial literacy at hand to actually invest. The unsure segment also is at a high level, proving that either they might take a chance, but would rather not, depending on the complexities mentioned above. Around 15% of the youth straight-up said that they were not willing to invest, due to probable factors such as risk, volatility, and complexity. Therefore, the trend established is that the youth might be willing to invest, but are more likely to be unsure about this type of investment.

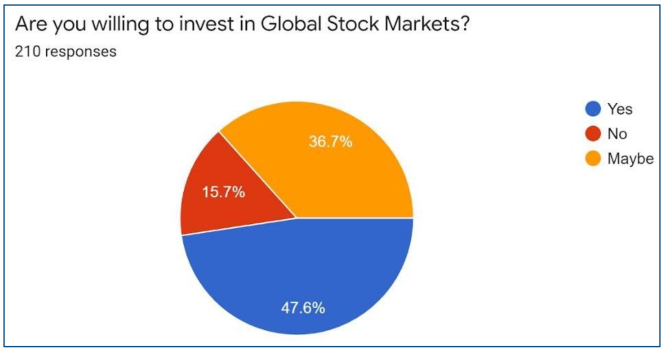

Fig. 9: Chart Depicting Willingness to Invest in Global Markets

This question of the study focuses on how often the youth invests. We created a set of 6 comprehensive durations based on previous study. These durations are mentioned in the pie chart in Fig. 10. We can see that

- Respondents rarely invested once a day.
- 16.2% of them invested 2-3 times a week.
- 24.8% of them invested 2-3 times a month.
- 11% invests once in 2 months.
- 14.8% invests very rarely.
- 29.5% of the respondents will not invest.

Our study noticed that those who voted for never investing could be based on the fact that all of these respondents do not have a personal dematerialisation account created. Not having a personal one either means they are not aware of investment opportunities or they have to rely on their guardians' demat account to trade. We saw that a major portion of Gen-Z would invest 2-3 times a month, which goes along with the trend of other experienced investors as well. The ideal or most common duration of investors, regardless of experience, is once or twice a month. One important analysis which we came across is that the amount is synchronised with the investors' pay-day, which is usually at the 1st of every month. This brings afloat a major trend in the investing cycle.

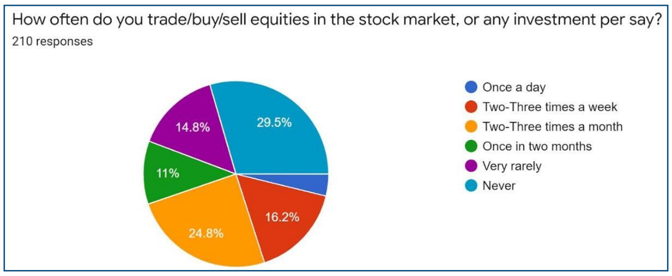

Fig. 10: Chart Depicting the Number of Times and Duration Gen-Z Prefers

The questionnaire asked the respondents how much of their earnings or savings they would invest in financial investments. As each respondent would have a different range of earnings or savings, we decided to give a variation in percentage to determine this, instead of absolute values. We saw that 41.4% would invest 20-40% of their funds in various financial opportunities, and 38.1% would not be willing to invest any amount. In Fig. 11, we can determine that these 2 are the major sectors of this segment of study.

Professional financial analysts say that one should invest 10-15% of the investor's annual income. This is the ideal percentage across the world. However, we see that in the case of Gen-Z the percent is a little higher for a majority of the respondents. This may be due to the fact that more funds would lead to greater returns. One other major role could be that in India, the dependence for finance is usually on their guardians till the age of 22-23. As a majority do not have their own source of income at this particular age, they do not have to manage their expenses as such. Hence, availability of funds to invest becomes higher. Another majority of respondents would not be willing to invest any amount. This also is a result of the fact that they do not have their self-source of income at this stage, which is why they might not be able to take risks, and hence are unwilling to invest. This gives way to the trend that either the youth invest 20-40% or do not invest at all.

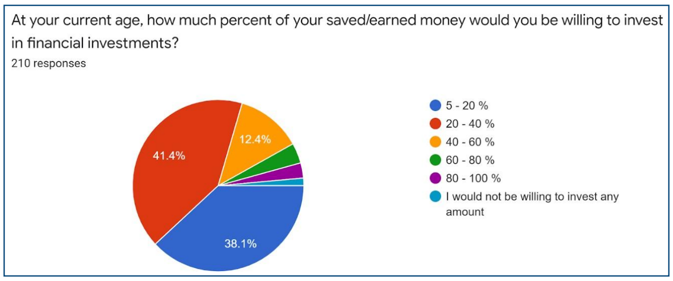

Fig. 11: Percentage Depiction of Amount of Finance Gen-Z is Willing to Invest

Fundamentals of a Dematerialisation Account

A demat account is an account that is used to hold shares and securities in an electronic mode. The full form of demat is dematerialised. Basically, the main purpose of starting one is to control and hold shares that have been dematerialised, i.e., been converted from physical to electronic shares. This new-age process has made share trading extremely easy for users, through the mode of online trading.

Now, even though the major purpose of a demat account is to trade stocks, securities, or any type of investment, there are an extensive number of benefits one enjoys by having their personal demat account. Regardless of whether a youth actually invests, a demat account provides and improves the level of financial literacy by providing analysis reports, articles, constant updates, a portal with huge quantitative data regarding almost every company listed, and so on. It is a comprehensive space where one can improve their financial literacy multifold. Nowadays, if one has a demat account in a high-end bank, they also provide webinars to help you begin investing.

First and foremost, we wanted to identify how many beginner investors had a personal demat account in their name. Around 62.9% did have an account in their name, whereas 37.1% did not. As a demat account is one fundamental thing required before going on the journey of investing, a high percentage of Gen-Z having an account is favourable to the financial world. One more analysis we could conclude on is that not many adults are willing to help set up these demat accounts as they are afraid of risk and other security issues. Also, a demat account can be set up for a minor in his/her guardian's name, and it will be theirs once they turn 18.

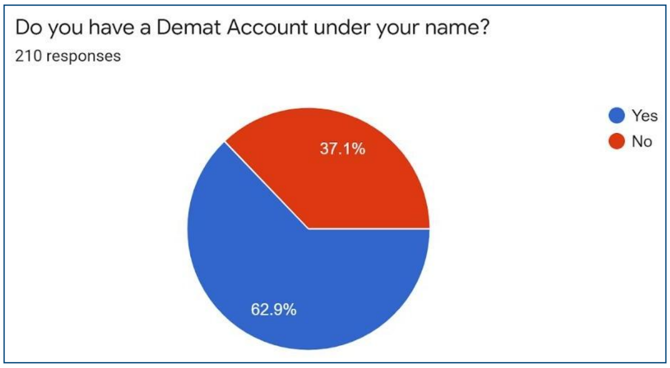

Fig. 12: Chart Depicting Personal Demat Accounts

Ease of accessibility is one factor that plays a huge role in the process of investing. Due to increasing dependency on technology, Gen-Z wants the whole process to be smooth and hassle free. We questioned if making a demat account was easy and accessible in nature. About 58.3% responded with a yes, 32.6% responded by saying it was easy to an extent, and 9% did not feel it was accessible at all. The process of setting up a demat account requires a software for verification of identity, which includes scanned copies of the Aadhar card in India, the PAN card, and identity verification (signature and facial recognition). The ease of setting up and submitting all these documents directly depends on the software being used. One conclusion derived from this part of the study is that there should be constant improvement to the demat creation process until it is hassle-free. This can be done by upgrading software so that they have a more user-friendly approach and are free of bugs. Further, it takes up to 2-3 days for a demat account to be set up. If this time duration could be reduced, the ease would definitely improve.

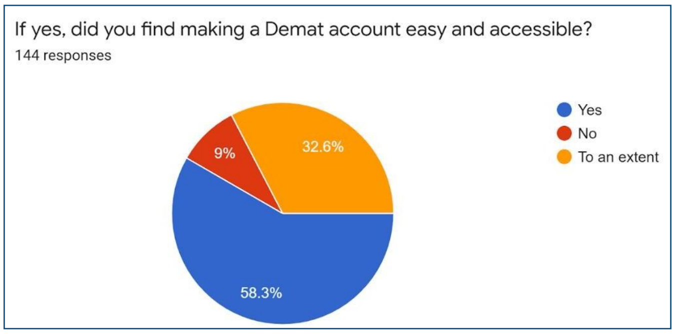

Fig. 13: Chart Depicting Accessibility of Setting up a Demat Account

Risk and security issues are common misconceptions among the Indian population regarding the use of demat accounts. As demat accounts are electronic in nature, people seem to think that any breach in data could lead to a catastrophe, as all bank details and accounts are connected to a demat account for transactions. Though the banks try to ensure maximum security through various complex software, when it comes to a man's hard-earned money, no one likes to take any kind of risk.

Most of our respondents seem to agree with the above stated fact. Around 55.2% of respondents believe that a demat account does not exactly lead to security-to-security issues, but definitely can; 32.9% believe that demat accounts never lead to any risks; and 11.9% believe that it does.

The inference we can take from this is that security and risk-based issues are in the minds of many potential investors, and banks should constantly reassure them of the demat account's safety. Constant auditing and checking of software should be done, and in a more public fashion.

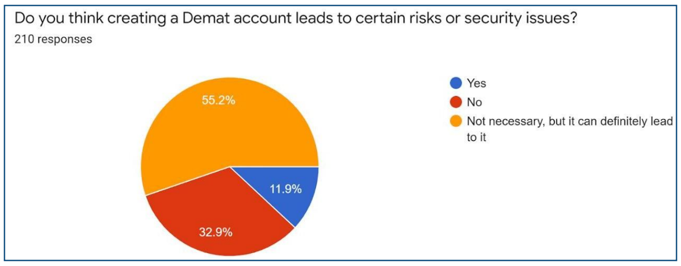

Fig. 14: Risks or Security Breaches in a Demat Account

As mentioned above, a demat account aims to provide a wholesome experience to the investor while trading. There are a number of advantages of a demat account, and the study selected 5 major advantages of using a demat account. We wanted to ascertain what advantages Gen-Z was actually aware of.

More than 50% of the investors knew about safety and security, fast settlements, and easy transmission. These are some of the most important factors of trading online. Only approximately 30% of the investors knew about reduced errors and better liquidity.

It is important to know the advantages of a demat account, as these advantages can help transform a potential investor into an actual one, and increase the accessibility and reliability of demat accounts as a whole.

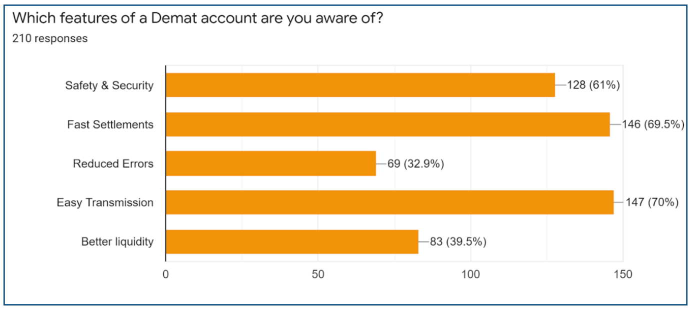

Fig. 15: Bar Chart Depicting Features of a Demat Account

Even though every bank aims for their demat account and process to have no disadvantages, there are definitely some disadvantages. Based on our literature review, we compiled 4 disadvantages that investors majorly face. These were cost associated, dishonest brokers, constant portfolio churning, and requiring one to be tech savvy. Around 40% of the respondents did identify cost association and the demat account's tech savvy nature to be disadvantageous. Dishonest brokers were one disadvantage mentioned by 80 respondents. Banks should identify and work towards eliminating or minimising these negative aspects.

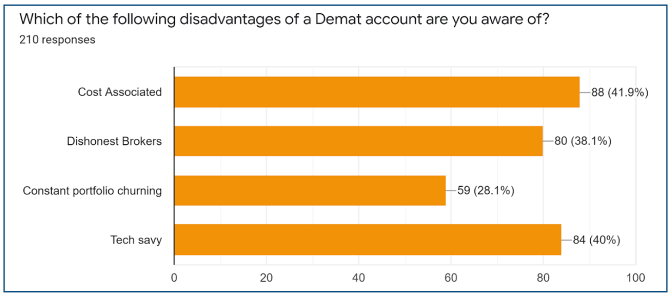

Fig: 16: Bar Chart Depicting Disadvantages of a Demat Account

Findings and Discussion

Young people, millennials to be specific, have always matched their careers and their earnings. This gives them the opportunity to step into the investment industry and explore all the alternatives available to them, by making decisions for maximum returns. Being free and independent financially is a major factor motivating them to invest in risky financial instruments and earn uncertain but greater returns.

While recent college grads can here and there be attentive about contributing, the accessibility of online media instruments is making it easier and more agreeable to this age group, helping them to learn. With an end goal to verify they do not encounter similar issues as past generations, recent college grads are moving towards investing resources in a completely unique way compared to their guardians and grandparents. Given their affection for anything tech-related, it should come as little surprise that recent college grads are exploiting an assortment of cutting-edge and Web-based media devices that permit them to furrow their abundance into venture instruments of their choice. Individuals younger than 35 are bound to exploit online tools for observing their portfolios.

The most common aspect that drives most youngsters away from taking their first step into financial independence is the complexity and jargon. What this Instagram-generation is looking for is an intuitive solution that understands the gaps in their financial knowledge and fills it in an uncomplicated way. From the design to the recommendation engine, financial solutions need a whole new look and approach to keep Gen-Z engaged.

The research made one thing clear; Gen-Z is directly or indirectly involved in and aware of the world, wherein some of them currently are and some of them plan to invest their earnings in the system. They evidently have numerous choices at their disposal, which will not only make their decisions inclusive, but also give them an experience to earn parallel incomes from these returns.

The basic agenda behind financial literacy is to be alert about the dos and don'ts of managing your money. When it comes to Gen-Z, there exists an endless list of sources that can be used by them to gather all the knowledge they need to take calculated steps. A majority of the respondents also illustrated how they are well-versed with the alternatives that can be used, but lack in only one aspect, knowledge. They basically have all the information they need, but are not up-to-date with it. The reason is lack of activeness and enthusiasm in regularly keeping track and following such financial resources while investing in instruments. This acts as a major indicator while making wise decisions to manage and invest their earnings and money in a tool that will bring them the highest returns possible. Another factor that restricts them is the lack of financial independence. Few of the respondents explained how they do not have any personal earnings, which discourages them to invest due to parental permissions. For them the required level of financial literacy can only be earned once they have an independence to earn the best for themselves. Alongside this, once they have the money to invest, on an average, the scope lies in only 5-20% of their incomes being invested in the market, which might gradually decline due to the returns earned by them.

The investment industry has gone for sixes after the COVID-19 pandemic. There have been instruments showing losses, while others emerge as trendsetters. The survey illustrated that the generation has a sufficient level of financial literacy, but when it comes toactually stepping into the market, a majority of them want to play safe by only investing in a minimum number of investment alternatives. They are looking forward to instruments that have both average risk and average returns. This might give them a sense of security to not risk all their earnings at such an early stage.

Gen-Z is considered to be the most enthusiastic and impulsive population when it comes to their investing decisions. In the research, it was clear that the factor that affects their investing decision the most is the availability of finance. Alongside this, the information they have regarding the market/instrument plays a subsequent role. They are only focused on making the optimal use of the resources they have and not on the consequences of the same. Volatility and risk associated with the investment alternatives can only be a secondary option for them.

Globalisation and access to global markets has been made easy with the help of technological tools. Global markets have lately offered numerous opportunities to take advantage of foreign investment opportunities. The research showed that scope of investment in global markets is definitely going to increase by folds in the coming year due to the high level of encouragement among the millennials to involve themselves in these returns offered.

A millennial is viewed as being savvy, but valiant financial backer. Regularly, a failing to meet expectations value market sees a fall in the client procurement measurements among share broking firms. Each exchange in a stock trade is done through an enrolled stockbroker. There is a storehouse member who gives the demat account, through which you can take part in value exchanging and speculation. While putting resources in the value market you ought to have functioning information on the operational side of the market and a comprehension of its developments. With technology monitoring all the transactions and decisions made while using a demat account, it is important for Gen-Z to be alert regarding its applications. The respondents were rightly able to identify the benefits and risks associated with the usage of dematerialisation accounts to invest their earnings securely.

Conclusion

Gen-Z has significantly established their place and level of individualism among everyone. They have their own significant characteristics; they are highly valued and appreciated for their creative and enthusiastic style. The question addressed in this research was if they were engaged in efficiently managing their personal finance by understanding the practice of investments. Investing decisions is a technical yet practical subject requiring attention to details and the flow of information on that specific aspect. The research showed us how there exists a sufficient level of knowledge and understanding among Gen-Z, where they involve themselves in choosing the right investment alternatives for themselves. These might be from those existing in the market, as well as them being open to broadening their horizon towards global markets.

There exists numerous investment alternatives in the market, including some lesser known avenues. To make optimal utilisation of these, Gen-Z needs a significant level of guidance and motivation to explore the options at their disposal, such as collectives, government schemes, and bonds. This can be done by giving equal importance to such instruments in the discussion spaces. There exists one hurdle in the investing process, which is the lack of monetary independence. Measures can hence be taken to offer these young budding mindsets a way of earning for themselves at an early stage using their skills and talents.

We have noticed that Gen-Z is extremely willing in nature regarding financial investment opportunities. However, they need easily available tools which will guide them through this ever-changing sector. We deciphered many factors that influence their investment decisions. An analysis based on the ease and accessibility of demat accounts also decoded that even though as of 2021, the process is mostly hassle-free, there still seems to be some level of improvement that needs to be undertaken.

We believe that there is huge scope for Gen-Z to partake in financial investments, and if the potential is correctly utilised, the financial sector will reach new heights.

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