

Gen Z and Investing

Social Media, Crypto, FOMO, and Family



About this study



The study examines attitudes and behaviors around investing among two U.S. Gen Z segments ages 18 to 25— *Investors (with investment accounts)* and *Non-Investors (without investment accounts)*— and compares the investing segment with their investing Millennial and Gen X counterparts.

Methodology

- Online survey with 18 – 57 year-olds across the U.S.
- Sample Source: Sago’s national database
- Sample was complemented with outreach on TikTok and Instagram

Sample n=1,569 total surveys



Gen Z Investor	500
Gen Z Non-Investor	448



Millennial Investor	310
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Gen X Investor	311
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Fielding

The study was fielded between Nov and Dec 2022.

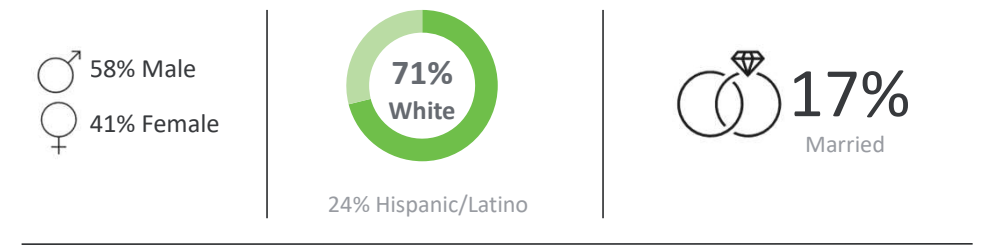
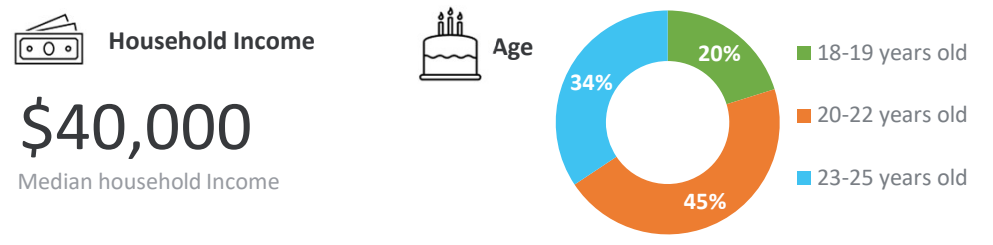


This study was conducted on behalf of and in partnership with FINRA Investors Education Foundation and CFA Institute.

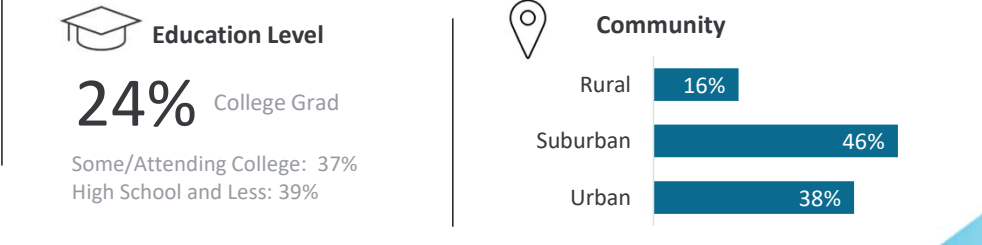
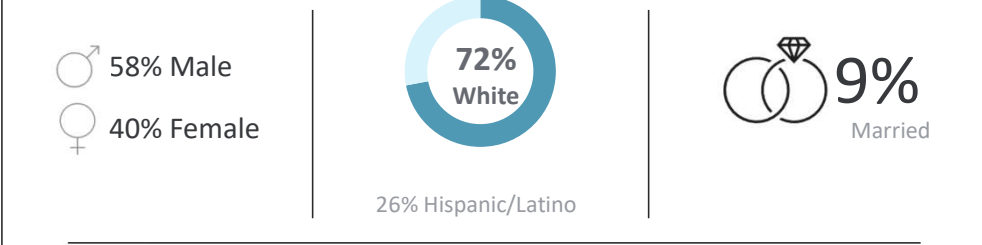
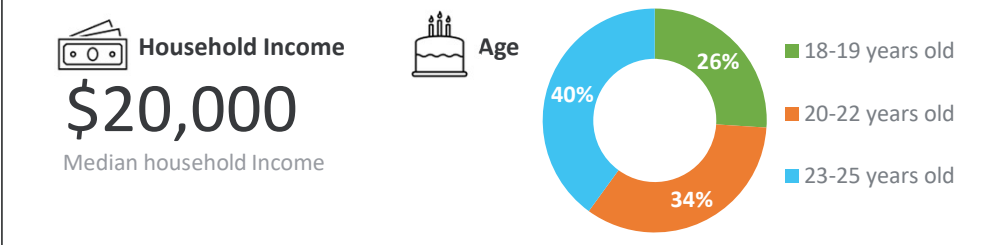
Meet the U.S Gen Zs ...



500 Gen Z INVESTORS



448 Gen Z NON-INVESTORS



Gen Z investors – by the numbers...



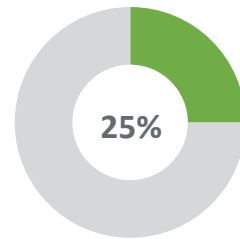
1 Gen Z is engaged in the world of investing



Nearly 6 in 10 Gen Zs own some form of investment.

2 Many begin investing at a young age.

50% have been investing for more than three years.

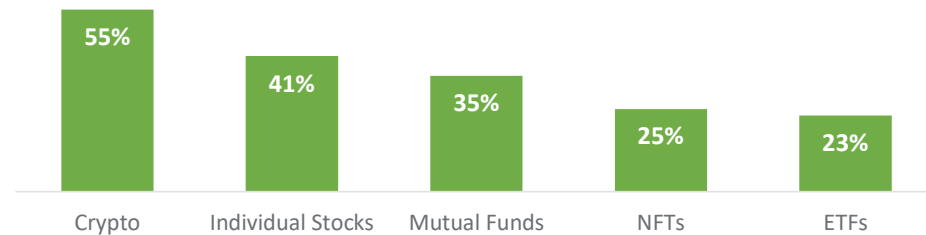


One-quarter (25%) of Gen Zs began investing before age 18.

3 They have a median amount of **\$4,000 invested**

Roughly four in ten Gen Z investors have more than \$10,000 invested in the market.

Current Investments



What motivates Gen Z investors to start investing and conversely what are the barriers for those Gen Zs who do not invest?

To start let's take a closer look at Gen Zs' attitudes and behaviors around finances ...



Gen Z Financial Goals and Challenges



Gen Z Investors focus more on planning-oriented goals, while Gen Z Non-Investors focus on more immediate needs.



Top 3 Financial Goals (% selected as top three)

Gen Z Investors	Gen Z Non-Investors
Having enough money to travel/vacation 62%	Being able to pay monthly bills 63%
Saving for unexpected expenses 55%	Not living paycheck to paycheck 63%
Being able to retire when they choose and live comfortably 51%	Having enough money to travel/vacation 61%

Top financial goals for **Millennial and Gen X investors** largely mirror top financial goals of investing Gen Zs

	Millennials (n=310)	Gen X (n=311)
Retiring when they choose and living comfortably	55%	65%
Having savings for unexpected expenses	52%	61%
Travel/vacation	51%	52%



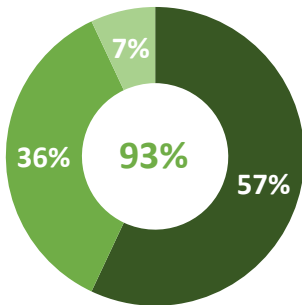
Being financially independent is also a goal for Gen Z investors. They rank *having a source of income outside of my job* higher than non-investors (47% vs. 35%).

Gen Z investors are self-assured; over half are very or extremely confident that they will be able to reach their financial goals.

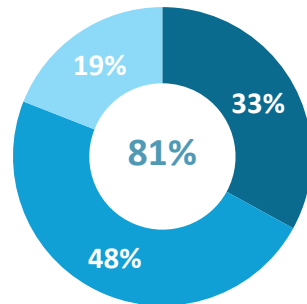


Confidence in Reaching Financial Goals

Gen Z Investors



Gen Z Non-Investors



- Extremely/Very Confident
- Somewhat Confident
- Not At All/Not Very Confident

As expected, Gen Z Investors are also more open to taking on risk in order to reach their Financial Goals.

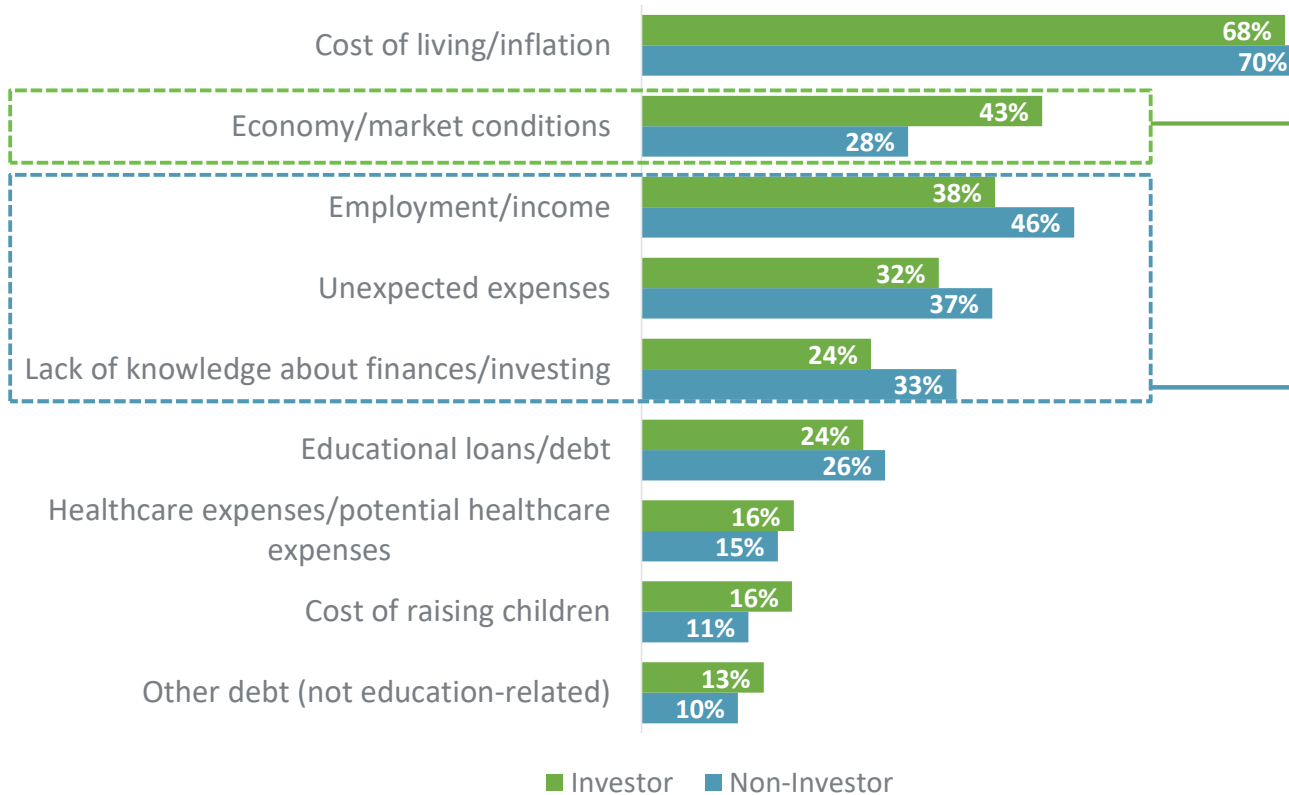
32%

of Gen Z investors vs. 19% of Gen Z non-investors are open to taking on more financial risk in order to reach their financial goals.

Cost of living/inflation is the #1 challenge to meeting their financial goals for Gen Z investors and Gen Z non-investors alike.



Top Challenges To Meeting Financial Goals
(% selected)



Gen Z Investors are in the market – therefore it is not surprising that they are significantly more likely to cite the *economy/market conditions* as a top concern.

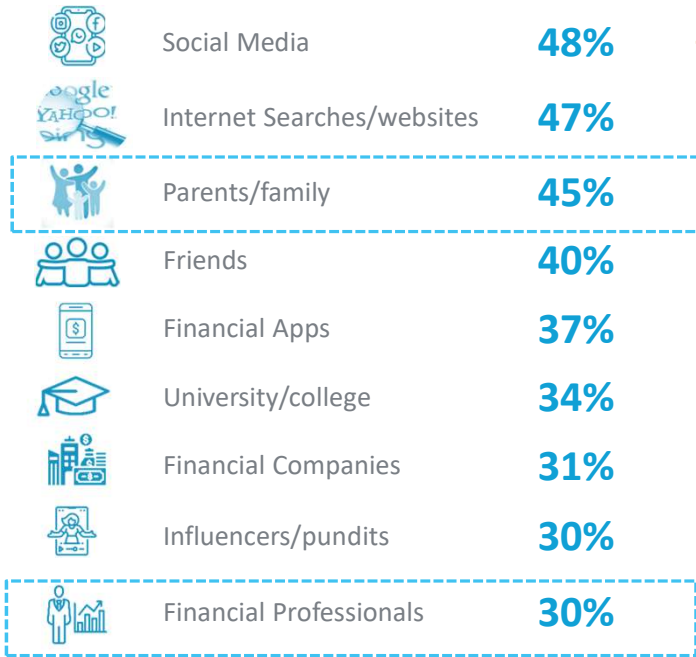
Following inflation, the top concerns for non-investors reinforces two things

1. That they are more focused on the immediate
2. Lack of knowledge

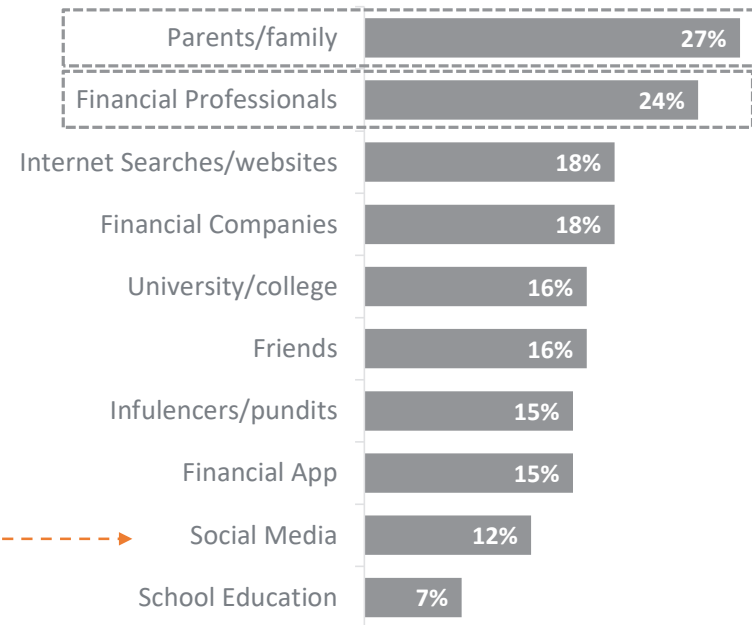
Social Media is the most widely used resource for learning about investing & financial topics, but it is also one of the least trusted resources.



Sources of Information Gen Zs USE To Learn About Investing & Financial Topics



Sources of Information Gen Zs TRUST To Learn About Investing & Financial Topics










55% of Gen Zs **use 4 or more sources of information** when learning about investing and financial topics.

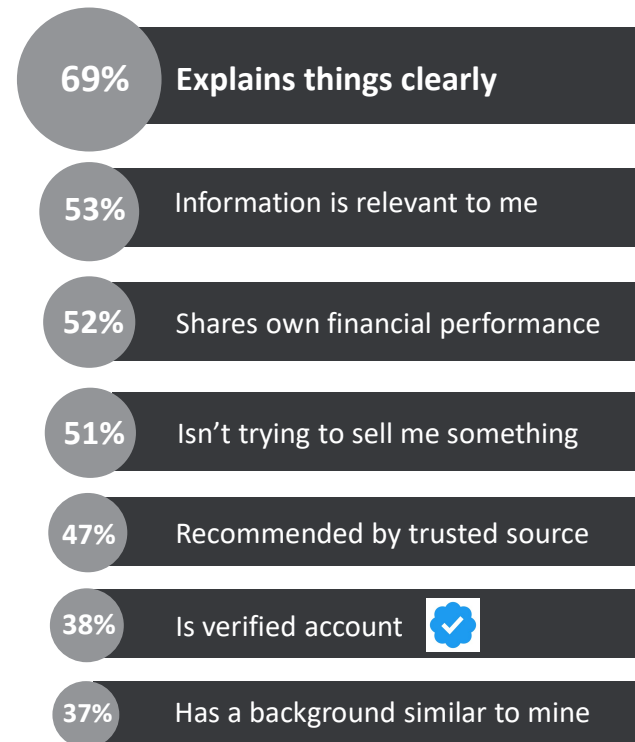
YouTube rules; and when deciding whom to trust online for financial information, Gen Zs value resources that provide clear explanations.



Top Sites Gen Zs **Use to Learn** About Investing & Financial Topics

		Millennials	Gen X
	60%	56%	46%
	51%	51%	58%
	44%	39%	20%
	37%	22%	13%
	34%	39%	21%
	34%	29%	11%
	33%	44%	30%

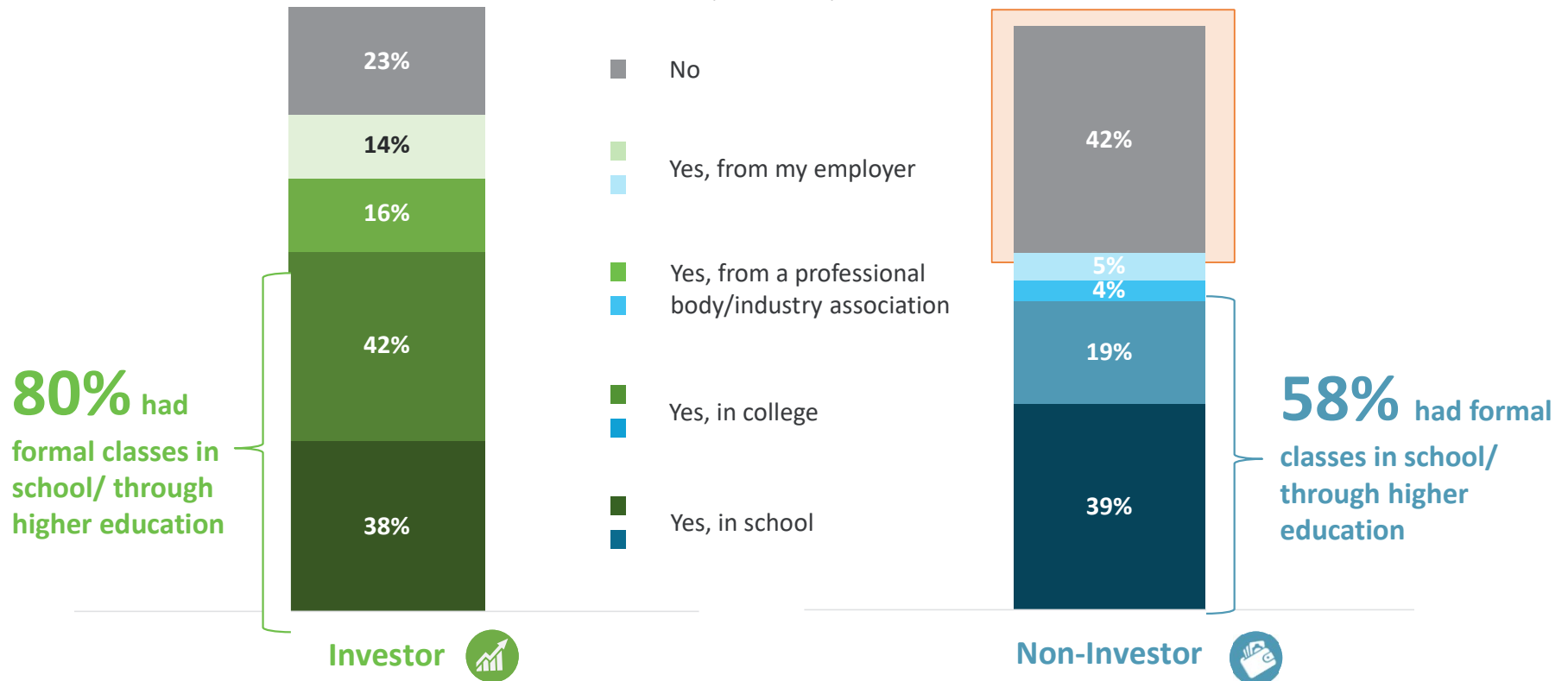
How Gen Z Investors Decide **Who To Trust** Online



Education matters; over four in ten non-investor Gen Zs have had no formal education or classes about financial topics or investing.



Had Formal Education or Classes About Finance/Investing
(% selected)



Enablers and Barriers to Investing

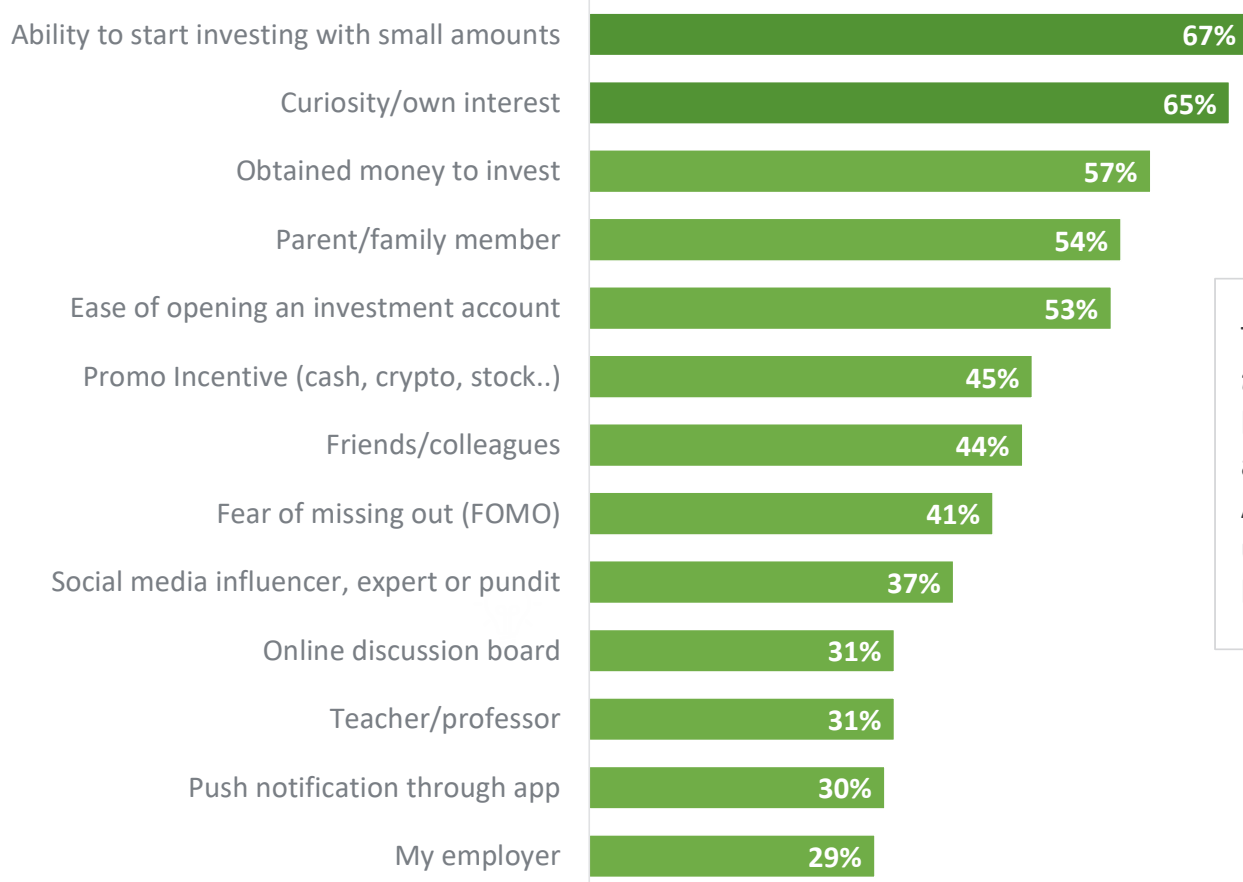


An essential 'on ramp' to investing for Gen Z is the ability to start small.



Major Motivators to Start Investing

(Top 2 Box - % selected)



The top motivator to start investing **ability to start investing with small amounts** may be due in part to the widespread availability of investing/financial apps (e.g., Acorns, Robinhood, etc.), which allow users to invest smaller amounts and/or to buy fractional shares.

Cryptocurrencies are often a gateway to becoming an investor. They also play an ongoing role in Gen Zs' portfolios.



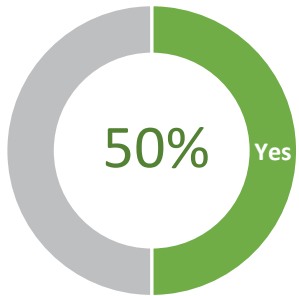
	Gen Zs <u>First</u> Investments (% selected)	Gen Zs <u>Current</u> Investments (% selected)	Average Amount invested in Crypto
Cryptocurrency (e.g., Bitcoin, etc.)	44%	55%	\$1,000
Individual company stocks	32%	41%	Gen Z investors report a median amount of \$1,000 currently invested in crypto, which is one-fourth of their median total investment of \$4000.
Mutual funds	21%	35%	
NFTs (non-fungible tokens)	13%	25%	
ETFs (exchange-traded funds)	12%	23%	
Individual company bonds	8%	15%	
Government bonds	8%	15%	
Alternative investments (gold, hedge funds, etc.)	8%	14%	

The Fear of Missing Out (FOMO) is not only a catalyst for starting to invest, but also an influence on Gen Z's investment choices.



41%

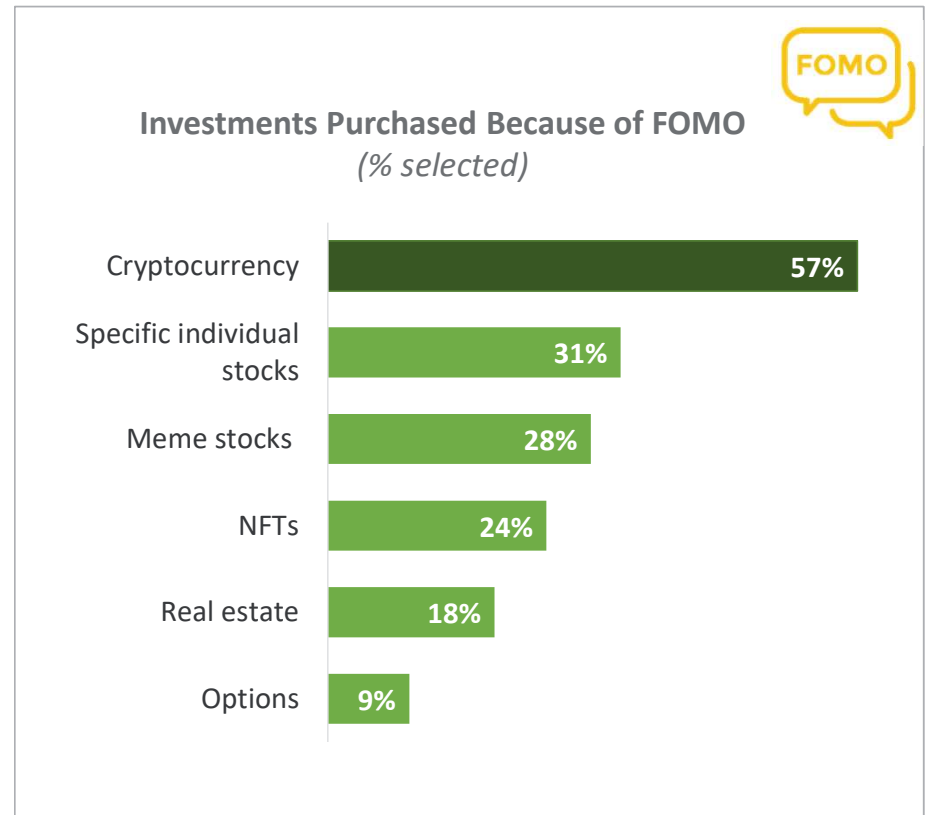
of Gen Zs **started** to invest because they were afraid of missing out.



Half of Gen Zs have **made a specific investment** because of FOMO.



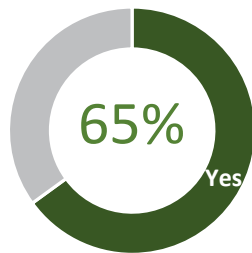
Millennials, whose generation coined the term FOMO, are even more likely to have made a specific investment due to FOMO with 60% of Millennials admitting they made investments purely due to FOMO.



Investing apps play an important role among Gen Z investors; apps influence how they manage investments and what they invest in.



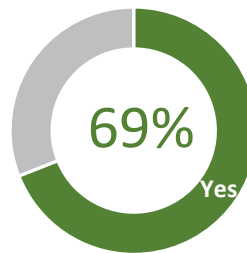
% who use investing apps to manage investments and make trades



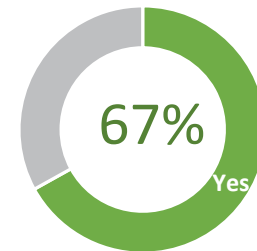
Financial Website: 49%
Contact Financial Professional: 22%
Contact Financial Firm: 15%
Robo-Advisor: 14%

May I suggest...

% whose app have made investment suggestions



% whose app suggestion influenced a trade or investment decisions.



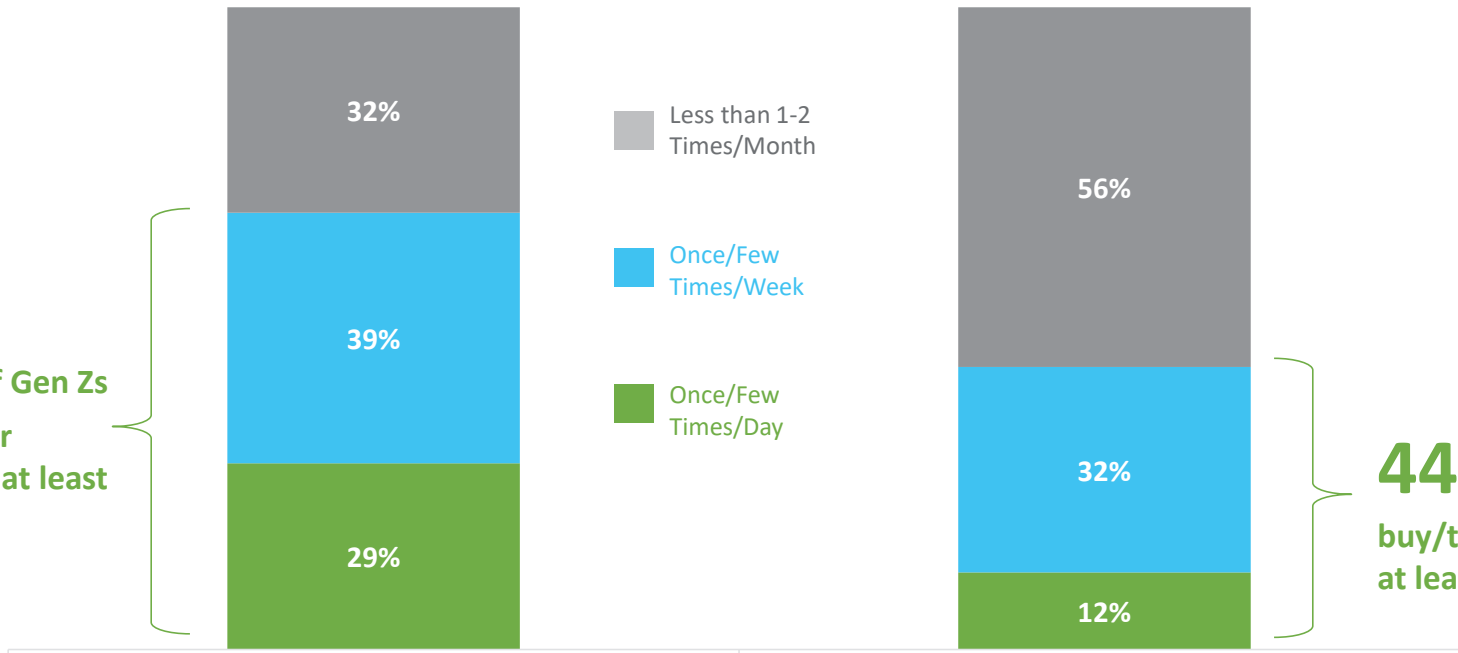
Gen Z investors actively monitor their investments.



Frequency with which Gen Z Investors Monitor Investments

Frequency with which Gen Z Investors Buy/Trade Investments

68% of Gen Zs monitor their investments at least weekly

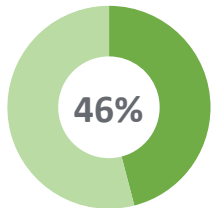


44% of Gen Zs buy/trade investments at least weekly

As expected, Gen Z investors are much more open to risk. Almost half of Gen Z investors are willing to take substantial/above average financial risks.

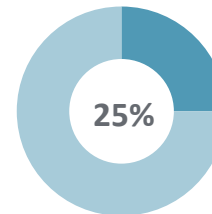


 Investors



Almost half of Gen Z investors **take substantial/ above average** financial risks.

 Non- Investors



VS.

One-quarter of Gen Z non-investors **take substantial/ above average** financial risks.

For Gen Z, there seems to be a **correlation between gambling and investing**, and particularly high-risk investing.



61%

Of Gen Z investors gamble online or in person vs 29% of Gen Z non-investors surveyed.



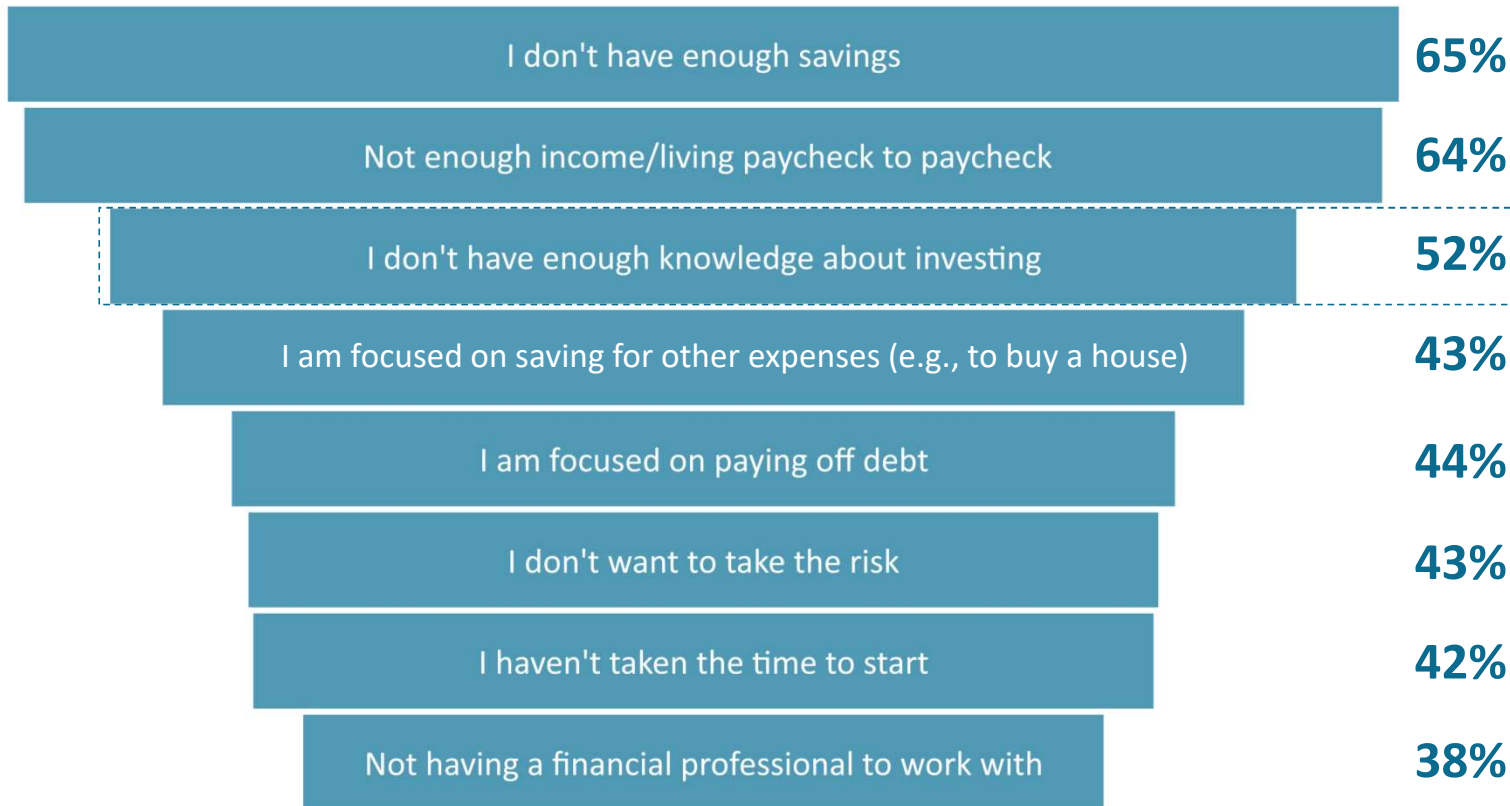
70%

of Gen Z Investors who gamble frequently invest in Crypto (and 38% invest in non-fungible tokens.)

Among Gen Zs who do not invest, both a lack of money and a lack of investing knowledge are key barriers to start investing.



Major Barriers to Start Investing
(Top 2 Box, % selected)



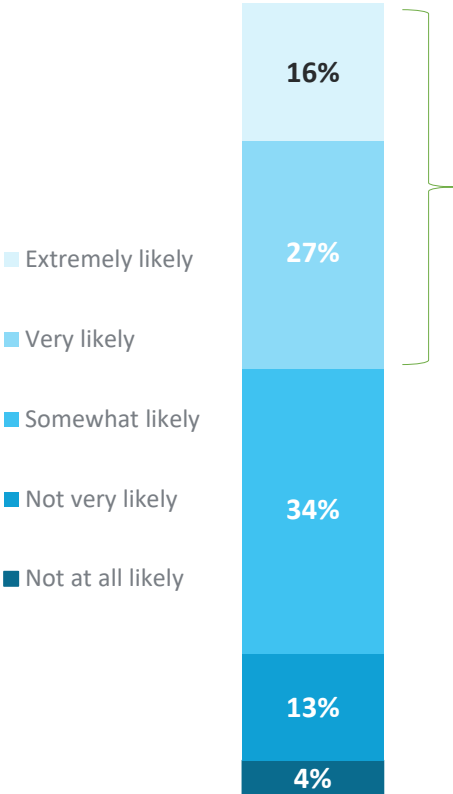
This highlights an opportunity educate Gen Z non-investors.

Remember that a lack of knowledge is a top challenge to meeting their financial goals for a third of non-investors

Just over four in ten non-investor Gen Zs are likely to start investing in the next 5 years; however, many non-investors still lack investing confidence.

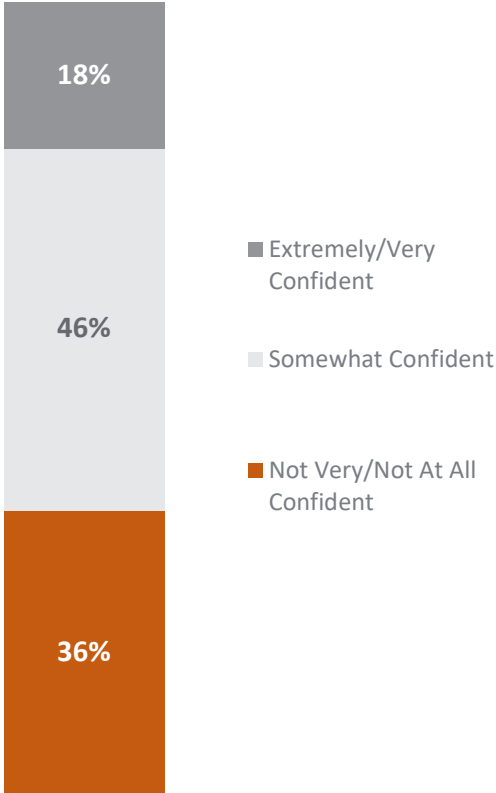


Likelihood To Start Investing



43% of Gen Zs who have no investments currently, are **very/extremely likely to start investing in the next five years.**

Confidence In Ability To Make Decisions About Investing



Family influence on Gen Z investing behavior



Parents play an important role in the Gen Z investing journey; Gen Z Investors benefit from parents who talk to them about investing.

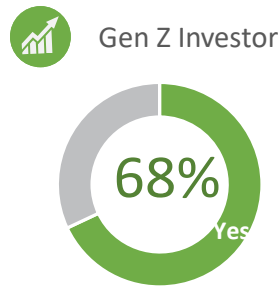


Recall that...

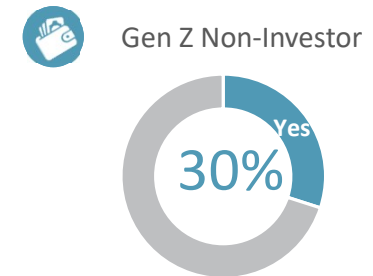
Parents/family members are the **most trusted source** of financial and investing information for Gen Z.

54% over half of Gen Zs investors indicate that **Parents/family were a key motivators to start investing.**

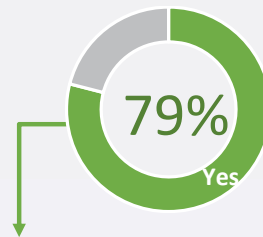
Parents' own investing behavior may have had an influence...



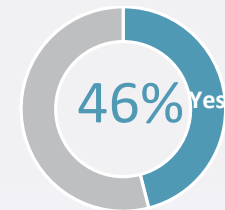
% of Gen Z with Parents who have/had investments



Parents' talking to their kids about investing also seems to influence Gen Z investing behavior...



% of Gen Z who had parents who talked to them about investing

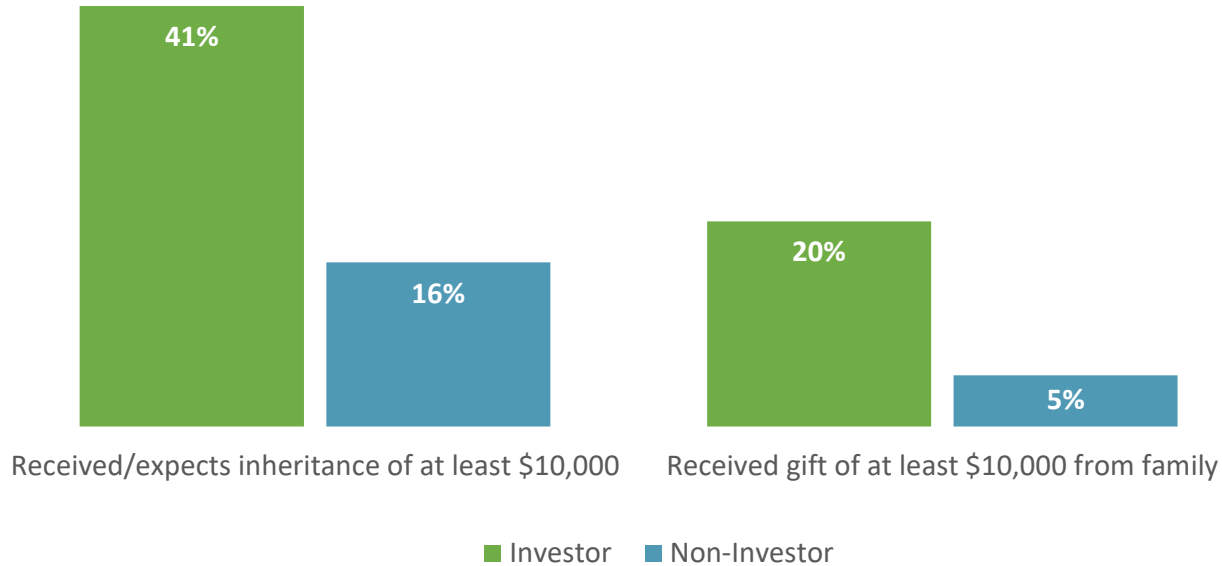


47% of Gen Z investors have parents who talked to them about investing **before they were 18.**

Gen Z investors are much more likely to have received or expect to receive an inheritance from family of at least \$10,000.



% of Gen Z who have received or expect to receive inheritance or gift of at least \$10,000 from family



Gen Z Investor

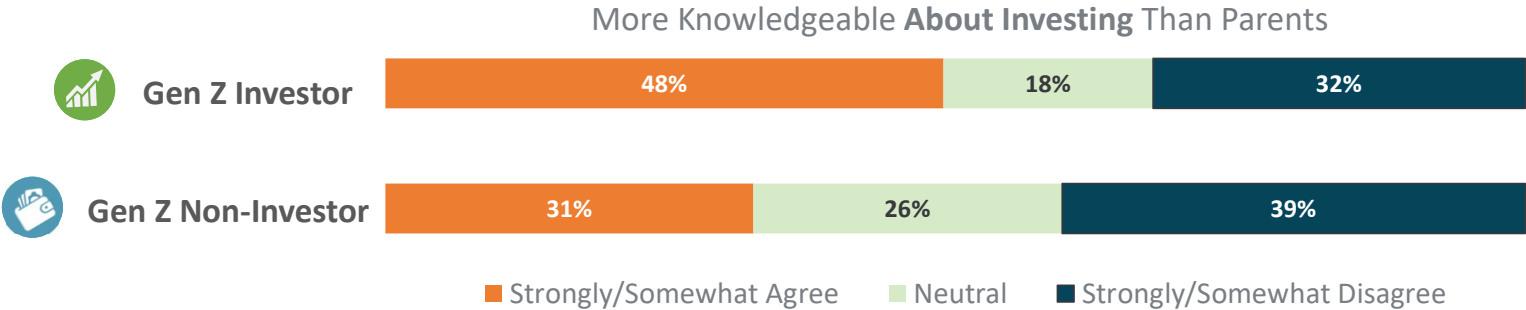
57%

of Gen Z investors obtained money to invest which began their investing journey.

4X

Gen Investors are **4 times more likely to report receiving a gift of at least \$10,000 from family** (20% investors vs. 5% non-investors), which can directly impact their likelihood to invest.

While Parents are an important influence on Gen Z as investors, about half of Gen Z investors feel they are more knowledgeable about investing than their parents – significantly more than non-investors.



Roughly four in ten Gen Zs (both investors and non-investors) agree that the economic circumstances facing their generation are more challenging than those of prior generations.	Gen Z Investor 44%	Gen Z Non-Investor 41%
	Gen Z investors are significantly more likely to agree that they have to take more financial risks to reach their financial goals than older generations did when they were the same age.	36%

In closing...





Gen Zs are a growing force of digitally savvy stakeholders who are making their entrance into financial markets.



Gen Zs aged 18-25 DO invest.

The **ability to invest small amounts, often made possible via investing apps**, is the key factor motivating Gen Zs to start investing.

Social Media and apps make it easier for Gen Z to access financial information and feed their curiosity about investing.

The popularity of **cryptocurrencies** and a fear of missing out (**FOMO**) are also key factors attracting Gen Zs to invest.



Parents Play a Crucial Role in Spurring Investing.

Substantial **influence and assistance from family** is also an important factor influencing Gen Z Investors.

Having parents who invest and talk about investing, results in Gen Zs more likely to invest themselves.

Also, large monetary gifts and/or inheritance from family enable Gen Zs to invest – **and are a top reason to start investing.**



Investing barriers are related to income & expenses; lack of knowledge is also a top barrier.

Lack of financial education is a key gap for those Gen Zs who do not invest.

This lack of knowledge can also explain the **lack of confidence** in making investment decisions.



FOR MORE INFORMATION, PLEASE CONTACT:

Amy Rey, Managing Director

amy@zeldisresearch.com

Kathrin Schumacher, Head of Financial Services Research

Kathrin@zeldisresearch.com

Jovana Pantovic, Senior Research Director, Financial Services

Jovana@zeldisresearch.com