

Empowering Generation Z: Navigating Financial Challenges and Building A Secure Future in A Changing World

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Generation Z or Gen Z, also known as centennials, i Generation, post-millennials, and zoomers born between the mid-1990s to the first decades of the 2010s. At this transition now, as these young adults grow up, they will find new financial issues as adults. Gen Z being digital natives per se, their consumer behaviour has been greatly influenced by technology and social media. This gives way to debt, a high cost of living, and economic uncertainty in their lives. This research analyze how social influence, consumerism and weak financial knowledge has created challenging financial choices for the Generation Z. Social media Platforms offer Generation Z virtualized lifestyles as well as materialistic standards that cause impulsive financial stress. Gen Z is also hindered by the Fear of Missing Out (FOMO) and culture of comparison since the generation needs to purchase goods that it does not need to maintain itself, but as a part to become updated with social media trends. Lifestyle inflation and insufficient financial literacy are also the causes that generate debt as well as financial stress. The research will investigate the issues of Gen-Z, revealing the need to remove the barriers to financial empowerment for ensuring long-term financial resilience, and providing insights and practical solutions to achieve security, stability, prosperity, peace and independence for building a secure future in a changing world.

Keywords: Generation Z, Consumerism, Social Media Influence, Financial literacy, Financial empowerment, Digital Finance.

1. Introduction

The Mahāsubhāṣitasamgraha (महासुभाषितसंग्रह, *maha-subhashita-samgraha* / *subhasita-sangraha*), which serves as a comprehensive collection of Sanskrit aphorisms, or *subhāṣita*, gathered from various sources of Sanskrit literature, contains a profound and insightful poetic verse at the serial number 5296 (Wisdom Library, 2019):

आलस्यं हरति प्रज्ञां धनमायुर्यशो बलम्।
यस्मिन्नास्ते तदालस्यं सर्वदोषाकरस्तु सः॥

ālasyaṃ harati prajñāṃ dhanamāyuryaśo balam।
yasminnāste tadālasyaṃ sarvadoṣākarastu saḥ॥

Translation: Laziness destroys intelligence, wealth, lifespan, fame, and strength. Wherever

there is laziness, there lies the root of every deficiency.

Laziness in an individual chips away at his intellect, wealth, long life, reputation, and vigor. More than a syndrome of inactivity, laziness has the potential to diminish thinking power, release financial potential, abbreviate lifespan, blemish reputation, and decline health. But a vibrant and hardworking individual can vanquish such frailties and experience intellectual augmentation, financial triumph, sound health, glory and power. This age-old maxim must identify this propensity and address it to be able to lead a productive and meaningful life.

Generation Z or Gen Z, or centennials, iGeneration, post-millennials, or zoomers, is a cohort born roughly between the mid-1990s

and early 2010s and is already dealing with a fast-changing financial world. While others have claimed that Generation Z is comprised of individuals born in the age 1997-2012, this chronological range is also frequently challenged since delineating generational divides, and their attendant culture is a very problematic endeavour (Eldridge, 2025). Generation Z follows the millennial generation, or Generation Y (1981-1996), which in turn succeeds Generation X (1965-1980), the first generation to be identified using a letter.

Spending behaviours and financial decisions are shaped by technology and social media primarily due to their digital native nature. The previous generations have had to face other forms of hardships such as a high cost of living, economic unpredictability, or excessive borrowing for student loans. Gen-Z is faced with the challenge of navigating this vast world with great caution and special planning. They must be introduced to financial planning so that they are financially prepared in the long term. Without financial education and planning, they will primarily accomplish debt, financial stress, and not enjoy financial independence. By recognizing and managing such risks, Gen-Z will be able to develop a healthy financial future and have a positive influence on the economy. This paper discusses the financial issues of Gen-Z, finds root causes of such problems, and suggests pragmatic solutions. In doing so, it exposes societal influences, consumerism, and the role of education in enlightening and guiding Gen-Z to better face their financial landscape.

2. Research Inquiries

What are the major financial issues that Generation Z is currently facing in the current economic environment?

How has the COVID-19 pandemic affected the financial stability and future planning of Generation Z?

What role do financial literacy play in shaping the financial behaviours and decisions of Generation Z?

How can financial education programs be designed for the specific financial challenges that Generation Z is experiencing?

3. Research Objectives

To identify the major financial issues for Generation Z, considering the state of the current economy. To grasp how Gen Z is impacted by COVID-19 and increased living and education costs to their financial stability and future planning.

It seeks to examine the position that financial literacy holds in forming the financial thinking and choice-making behaviours of Generation Z.

4. Research Methodology

This study will adopt a mixed-method approach to investigate financial matters amongst Generation Z and come up with workable recommendations. A critical study on literature connecting financial distress, financial education, and social pressure will form theory foundations for this investigation. This study will be conducted by tapping secondary collection methodologies from various sources of information. Outputs that will be generated because of applying these methods will be amalgamated to form

workable recommendations that will encourage financial proficiency and address specific financial ills faced by Generation Z.

5. Literature Review

Generation Z experiences immense stresses under the uncertain and unpredictable economic climate. Numerous causative factors are reported in the works, including the COVID-19 pandemic, climbing living expenses, and higher rates of tuition, which have a crucial effect on this age group's outlook on their future and frequently alter their approaches to achieving financial independence (Rubin et al., 2024). Academic argument spotlights the critical role of financial ability for Generation Z, such as planning budgets, saving, and investment expertise as crucial skills that shape their procedures in reaching decisions (Pandya, 2023). In the Asian context, empirical evidence shows that proper personal financial management holds the key for Generation Z to achieve its goals, reduce uncertainty, and make stronger contributions to society (Ardyansyah & Indrawati, 2024). Increasing the level of financial literacy of Generation Z becomes a vital intervention that has an impact on both the personal and community levels. Outstanding examples range from workshops focused on planning finances being highly effective for youth acquiring knowledge about the importance of the fund in case of unexpected needs, saving mechanisms, and investing behaviour (Widhiastuti et al., 2024). In addition, social media influence on consumer behaviour and financial technology advancements change the way Generation Z

manages its finances by being so heavily invested in an entire approach towards the education of finances in these contexts.

6. FOMO, Consumerism, and Societal Pressures

Social influence and consumerism are the strongest influences encouraging Gen-Z to make financial decisions. Social influence plays an important role in consumerism by influencing sustainability consciousness and green purchase intentions (Islam et al., 2024). Social media sites affect Gen-Z on a daily basis because materialism and a constructed life are broadcast day and night to them. Keeping up with peers or influencers tends to be what makes Gen-Z overspend and spend impulsively on their finances. Social media creates unrealistic expectations and instant cravings, which, subsequently, affect the overall financial health of the individual. Constant advertising and social endorsement by influencers lead to confusion between what is required and what is desired, which ends up in impulse purchases and financial uncertainty.

The second factor most accountable for managing Gen-Z consumer spending is FOMO, or the Fear of Missing Out. FOMO gets people out there to spend money on things that they would have never purchased. FOMO is credited to compulsive consumption due to the want to purchase immediately, so they would not be left behind with the trends or social group. It is largely common among Indian young consumers; phone and social media dependency drive such compulsive consumption tendencies (Saibaba, 2024). This

creates unnecessary expenditure and financial inequality. The need to socialize or the new gadget or fashion trend can contribute to excess spending on debt accumulation. FOMO, especially, infuses a shivery sense of urgency into people's lives, and thus they would give up spending on insignificant items.

The issue is also linked to lifestyle inflation and comparison culture. Lifestyle inflation is the manner in which people continue to spend more money when income increases. For Gen-Z, constantly comparing themselves to other individuals' apparently perfect social media life will make them feel like they need to constantly upgrade their life, which does not always have to be affordable. Constantly chronicling other individuals' apparently superior lifestyle through the comparison culture continuously creates illusions because it forces people to maintain their standard of living at the expense of putting a strain on their wallets. It thus entails comprehension on the part of how comparison culture as well as lifestyle inflation enter a consideration for an over-all shaping of a means towards effective management without being lured into wasteful spending. These social forces as well as their influence on consumerism can be controlled by Gen-Z so as to reduce instances of being lulled into the traps of getting indebted. The section will then go on to examine the influence as well as offer strategies towards managing them so as to usher in a healthy disposition towards finances. Understanding the influence of social media, FOMO, and the culture of comparison will help Gen-Z build better

financial habits and achieve more stability in their finances.

6.1. Financial Challenges Faced by Gen-Z

Financial issues form one of the most critical issues facing Gen-Z and have a direct influence on its financial welfare. For instance, most people spend more than they can afford and end up becoming too indebted. This is so because most of the young people in this generation get caught in the vicious circle of overspending. Generally, society pressures them into sustaining a certain way of life. These issues are socially defined, economically produced, and behavioural in nature; therefore, there is an astonishing accumulation of evidence that youth overspend vastly because of the influence of peer groups and the requirement to be at the mainstream levels of what the group perceives as a consumption community experience (Sotiropoulos & d'Astous, 2012). Such behaviour will then amass the accumulation of debt sums, such as credit cards and student loans. It will be really very hard to pay back in the end. Credit has always been rather tempting, making it a problem that is not so easy to extricate oneself from. More disastrous is the lack of financial literacy as well, exacerbating this problem, making most young adults ill-equipped to make smart financial decisions. Another reason is that the emotional and psychological effects of consumerism contribute to the financial problems of Gen-Z.

There are always advertisements and social media influencers that praise

consumerism as a lifestyle, comparing material possessions to success and happiness. Gen-Z feels less than worthy and inferior when it cannot keep up with the fashionable things happening around it. Thus, it will spend without much thinking due to social pressures and land itself in financial trouble. Apart from this, the emotional imbalance that may develop due to unstable finances will negatively affect the mental health of the person, making him anxious or even depressed. For dealing with the roots of financial problems associated with Gen-Z and also for improvement in coping mechanisms, it is also essential to understand the psychological impact of consumerism. Comparing Gen-Z with past generations clearly indicates that they have some special financial challenges. Unlike the earlier generations, Gen-Z grew up in an era where the digitization of lives is considered the norm to shop online and gain instant gratifications.

Gen-Z has deteriorated, primarily with the rising cost of living combined with stagnant wages for which young adults have to work even more to be economically independent. The loss and job insecurity in finance has left an imprint on the majority of Gen-Z, exposing it even more. The pandemic of COVID-19 and inflation have exacerbated Gen Z's economic stability because its salaries have been stagnant due to rising economic uncertainty (Spohn, 2024). The combination of the two factors presents a complex monetary world that requires professional solutions to help Gen-Z navigate their finance. During such an analysis, Gen-Z's specific needs

would be determined and thus targeted interventions would be created for the assistance of this group towards financial well-being.

6.2. Role of Education and Awareness

Financial literacy will provide Gen-Z with the capability to manage its financial environment in a responsible manner. Knowledge of personal finance has been positively associated with consumer spending habits; high personal finance knowledge has been reported to be associated with responsible expenditure behaviour (Rodriguez et al., 2024). Some of the basic ideas related to budgeting, saving, investing, and debt management would provide the adult child with an arsenal for making appropriate decisions and avoiding mistakes in money management. The programs and tools enable the participants to acquire first-hand advice and resources that empower them to manage their finances. This could only be possible if we can empower the Gen-Z with skills and knowledge that can hopefully place it in control of its money. Financial management for Gen-Z, therefore, becomes a part of the courses of programs to disseminate financial literacy. Accordingly, the programs can be conducted at schools, colleges, and other community centers.

Financial education will be accessible through this method. Workshops, seminars, and online courses can be arranged on all the conceivable themes, ranging from basic budgeting to sophisticated investment methods. Therefore, attendance in such

courses would help Gen-Z grasp more profound financial matters and learn skills in financial independence. Such efforts will empower the youth with information regarding managing their finances; they will impart responsibility and trust in the prudent decision-making of their finances. In addition to this, parents and teachers can significantly contribute to enhancing the financial literacy levels of Gen-Z. By educating the children about the money problems, the parents will have well-controlled children who save.

Most of the times, unmotivated students get their financial information from the internet, but, most of the times, that source is unreliable (Mu'afi et al., 2024). The parents can, in turn, get to practice the right behaviour by being cautious when dealing with money and by taking them on board when discussing the money handling issues. It would be lovely to teach the students financial literacy as part of the curriculum, as they would get a good all-around education; that is, they will have a collection of life skills. Parents and teachers can inculcate positive financial relationships into Gen-Z by bringing up an environment where money could easily be the topic of the day. The result would be the rearing of a financially literate generation, closer parents, educators, and students entwined in a network to keep on learning. Giving primacy to the financial literacy and awareness of an individual would help Gen-Z obtain proper skills and knowledge to excel with its finances.

The next part of this research paper will also refer to the great significance that

financial education acquires, as well as the role that programs and initiatives can play within this scope and the impact that parents and educators can instil on Gen-Z about its financial literacy.

6.3. Solutions for Financial Well-being

Financial planning is also likely to increase the financial well-being of the Gen-Zers because it promotes greater financial education, savings, and prudent investment. Recent studies show that in the case of Gen-Zers, money management is usually compromised because it is a product of very low levels of financial literacy combined with the effects and impacts created by the YOLO and FOMO mindset (Bayu Putra et al., 2024). Good budgeting and planning must be the passport to financial stability among Gen-Z. Budgeting means planning expenditure against income in a detailed way to track spending habits and areas for expenditure reduction. Budgeting is but one component of financial planning. Planning for long-term goals, such as retirement funds, investments, and an emergency fund is also part of budgeting. Then there will be the activity of setting accurate financial goals and an honest budget so that Gen-Z is able to take care of their financial life and not become debt-ridden. Financial planning also involves knowing what a credit score is and why the debts must be taken care of well in the long run. Saving and not wasting would be another remedy for financial health.

This would be achieved through a differentiation between needs and wants; then

one would vigorously start saving instead of spending all on unnecessary commodities. Needs are essential in living, for example, food and shelter, while wants are the things that can improve the quality of life, for instance, luxuries. Understanding that not all costs are requirements, but desires can motivate individuals to save and not spend in the here and now (Grace, 2000). With savings as the essentials, Gen-Z will be starting to save that will serve as a cushion, as and when required, thereby ensuring realization of long-term financial goals set. It is a change of attitude through discipline for higher long-term returns of savings relative to short-term satisfaction regarding spending. This would save a part of the income monthly and significantly improve financial stability and reduce financial stress. Knowing needs versus wants is also very basic to prudent financial management. Needs are such things as basic living costs like shelter, food, and health, whereas wants are such things that bring pleasure and comfort. This will create a clear differentiation in the two, hence resulting in effective decisions regarding spending (Singh, 2016). It will assist them in keeping such unnecessary spendings at bay.

Therefore, this consciousness will also allow them to prioritize the spending— all that is necessary first before parting with some to that money that is for discretionary spending. In keeping with this consideration, Gen-Z can attain its balanced and sustainable financial way of life without debt and absence of financial instability. If all this can be done under their financial planning, Gen-Z will be

in a good position to navigate this financial terrain and be successful in achieving long-term financial wellness.

6.4. Practical Strategy and Rule for Financial Health

One of the doable and realistic tactics in accumulating towards fiscal well-being is the so-called ‘pay yourself first.’ For instance, savings must be prioritized by reserving a portion of the earnings prior to distributing it for additional expenses. As ‘savings’ is regarded as an inflexible cost, like ‘rent’ or ‘electricity’, people can count on themselves to save and establish a money buffer time and time again. This behavior, therefore, assists the person develop a savings culture, with less chance to spend money on unnecessary things. Consistently putting aside an amount from earnings will make the person steadily accumulate a significant amount of savings over time. This will also act as a safety net that can provide necessary cushions in times of emergencies, such as medical emergencies and unemployment. It also enables them to capture any accessed investment opportunities, thus boosting further growth and stability in their finances. Another advantage is that the strategy used by ‘pay yourself first’ compels individuals to take initiative regarding personal financial planning. Putting savings first also increases the chances of making conscious decisions regarding expenditures in a way that the finances are efficiently used.

The second extremely helpful tool towards financial fitness would be the luxury spending rule through the ‘Can You Buy It

Twice?’ This makes them think intelligently regarding the amount they spend and if they would be able to purchase the product again. If the reply is no, then it may not be required to spend it. So, the ‘Can You Buy It Twice?’ rule causes people to refrain from impulse buying and become more thoughtful buyers rather. If implemented in real life, then makes people more watchful towards their spending behavior. The law forces a person to be prudent, thereby making the safety of money over the desire for immediate gratification. It can be said that it encourages a degree of discipline in finances and makes an individual stick to his means. Individuals become extremely thoughtful and considerate of their decisions by repetitive questioning of the need and affordability while going in for a large luxury buy. The result of this is a cost saved due to avoiding unnecessary outlays and maybe an entry into much better and safer financial future. Additionally, the ‘Can You Buy It Twice?’ principle is an excellent active philosophy in judicious utilization of commodities and services. The principle is extremely clear on leading consumers to the option of long-term financial interests over short-term wants. Therefore, to that extent, the ‘Can You Buy It Twice?’ principle will guide one towards achieving a more personal degree of financial discipline and the choices to aid overall welfare.

This would guide Gen-Z towards establishing better financial habits and achieving a healthier quality of financial stability. As long as the people continued applying these principles, they would be

taking control of their financial futures and working towards long-term financial goals undefined. This would promote mindful spending and responsibility towards finance and would make the next generation independent and secure.

7. Conclusion

Societal pressures, consumerism, and technological progress will pose unique challenges for Generation Z in terms of its financial situation. Great burden on Generation Z includes over-spending, heavy debt, and emotional attachment because of consumerism. Hence, an emphasis on discerning budgeting, saving, and discerning discretionary wants and imperative requirements will be key to achieving fiscal prudence to achieving financial independence throughout the lifetime of Generation Z. Such habits will have long-term positive effects on their future financial well-being. Early initiation of appropriate financial practices by Generation Z is sure to pave the way to a brighter future, less stress, and a means to achieve specified goals. Hence, financial education and awareness will form a key role, as they equip individuals with the key knowledge and skills that are required for discerning choices. Additionally, programs and activities that ensure Generation Z gets educational exposure with the assistance of parents and teachers will form a crucial role in creating a responsible group. It will hence be key for Generation Z itself and society in general to put financial education and awareness on the agenda as a burning imperative. This will lead to further financial

literacy and appropriate expenditure practices, thereby engendering a financially robust and resilient future generation.

It becomes extremely necessary that individuals, families, as well as other societies, make sure that Gen-Z access every available assistance so that they can handle their finances as well as find stability in the sea of money when they arrive on such financial terrains that will need strong tools as well as a fair measure of resources so that they can receive a healthy future. It can prepare Gen-Z for the morrow by developing a sense of prudent spending as well as financial prudence. That way, it can make decisions that will help towards its prosperity as well as success. In fact, financial literacy takes center stage as part of schooling. It is not just managing money but just as much knowing the broad economic landscape as well as making the right choices so that long-term ends are attained.

Financial literacy ought to then become part and parcel of education even from a very young age so that the young one is equipped with all the skills that would be needed to navigate through the labyrinth of finance. Parents and teachers need to collaborate to create an open setting that encourages discussion on money and financial planning. Use of technology could also be geared towards the betterment of financial literacy among Gen-Z. The digital sources and platforms can make learning about finance interactive and catchy, thereby developing understanding within young individuals in this

concept. Using them may make financial education more accessible to and interesting to the high-tech Gen-Z. Therefore, Gen-Z would have to enjoy the fruits of the financial knowledge learned by building responsible financial culture that empowers stability and independence in all its finance pillars, making itself the significant part of a more financially secured and resilient society.

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