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A Study on Students Budgeting and Spending Behaviour among the Gen Z

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ABSTRACT

Generation Z students are growing up in a fast-changing digital environment where money management has become both easier and more challenging. With the widespread use of smartphones, UPI, debit cards, and online shopping platforms, students have quick access to spending options. This has significantly influenced their budgeting and spending behaviour. Many Gen Z students receive money in the form of Pocket money. Budgeting plays an important role in helping students control their expenses and plan for future needs. However, several students do not follow a proper budgeting system and tend to spend impulsively. Factors such as peer pressure, social media influence, lifestyle trends, and attractive online offers often lead to unnecessary spending. Although some students try to save money, they face difficulties in maintaining consistency due to limited income and increasing expenses. Daily expenses such as food, travel, education, and entertainment. The study on students' budgeting and spending behaviour among Gen Z aims to understand their financial habits and the challenges they face in managing money. By analyzing their income sources, spending patterns, saving practices, and use of digital payment methods, the study highlights the importance of financial awareness. The findings of this study can help educators and institutions design effective financial literacy programs to improve budgeting skills and encourage responsible spending among Gen Z students.

Keywords: Generation Z (Gen Z), Budgeting behaviour, Spending behaviour, financial management, Student finance, saving habits, Digital payments, Impulse spending, financial literacy.

Introduction

Generation Z, commonly referred to as Gen Z, includes individuals born between 1997 and 2012. This generation has grown up in a highly digital and technologically advanced environment, which has significantly influenced their lifestyle, communication patterns, and financial behaviour. Unlike previous generations, Gen Z students are exposed to online banking, digital wallets, e-commerce platforms, and social media marketing from an early age. These factors play a crucial role in shaping their spending habits and budgeting practices.

Students represent a unique financial group because most of them rely on limited sources of income such as parental allowances, scholarships, student loans, or part-time jobs. At the same time, they face various expenses including tuition fees, transportation, food, accommodation, entertainment, and online subscriptions. Therefore, understanding budgeting behaviour among Gen Z students is essential to assess their financial responsibility and preparedness for future financial independence.

This study aims to examine the financial behaviour and budgeting practices of Gen Z students, identify influencing factors, and evaluate the relationship between financial literacy and budgeting effectiveness.

Objectives of the Study

The primary objectives of this study are:

1. To analyses the financial behaviour of Gen Z students.
2. To examine the budgeting practices adopted by students.
3. To identify factors influencing spending and saving habits.
4. To study the relationship between financial literacy and budgeting effectiveness.
5. To provide recommendations for improving financial management among students.

Methodology

This study adopts a descriptive research design to understand budgeting and financial behaviour among Gen Z students.

Population and Sample

The population consists of college and university students belonging to Generation Z (aged 17–25). A sample size of approximately 200 students can be selected using simple random sampling.

Data Collection

Primary data is collected through a structured questionnaire. The questionnaire includes sections on:

- Demographic information (age, gender, course of study)
- Source of income (allowance, part-time job, scholarship)
- Monthly income and expenditure
- Budgeting practices
- Saving habits
- Financial literacy awareness

Secondary data may be collected from academic journals, articles, and financial reports related to youth financial behaviour.

Data Analysis Tools

The collected data can be analyzed using statistical tools such as:

- Percentage analysis
- Mean and standard deviation
- Correlation analysis
- Charts and graphs

Findings and Discussion

Based on general trends observed in similar studies, the following patterns are commonly identified:

1. Sources of Income

Most Gen Z students depend primarily on parental allowances. A smaller percentage earn income through part-time jobs or freelance work. Students with independent income sources often demonstrate better budgeting control.

2. Spending Behaviour

Major expenditure categories include:

- Food and dining
- Transportation
- Educational materials
- Entertainment and online subscriptions
- Shopping (clothing, gadgets)

Digital payment methods such as debit cards, mobile banking, and e-wallets are widely used. While these methods are convenient, they sometimes encourage overspending due to the lack of physical cash handling.

3. Budgeting Practices

The study indicates that:

- Some students prepare monthly budgets using notebooks or mobile apps.
- A significant number do not follow any structured budgeting method.
- Students who track expenses regularly tend to save more.

Common budgeting methods observed include:

- Informal mental budgeting
- Use of budgeting apps
- The 50/30/20 rule (50% needs, 30% wants, 20% savings)

4. Saving Habits

Saving behaviour varies among students. Those with financial goals such as travel, higher education, or emergency funds are more likely to save regularly. However, impulsive spending influenced by social media trends reduces saving capacity for many students.

5. Financial Literacy

Students with better knowledge of financial concepts such as interest rates, savings accounts, and investment options show more responsible financial behaviour. Financial literacy positively correlates with effective budgeting and disciplined spending.

Implications of the Study

Understanding budgeting behaviour among Gen Z students is important for educational institutions, policymakers, and financial institutions. Colleges can introduce financial literacy programs to teach students about budgeting, saving, and investment. Financial institutions can develop youth-friendly savings accounts and budgeting tools tailored to students' needs.

Promoting awareness about responsible spending and encouraging the use of budgeting apps can improve financial discipline. Parents can also play a role by guiding students on managing allowances effectively.

Parental Guidance: Parents should educate students about responsible money management.

Conclusion

This study highlights that financial behaviour and budgeting practices among Gen Z students are influenced by digital exposure, income sources, financial literacy, and social factors. While some students demonstrate responsible budgeting and saving habits, many struggle with impulsive spending and lack structured financial planning.

In conclusion, as Generation Z continues to shape the future workforce and economy, strengthening their financial management skills will contribute to both personal financial security and broader economic well-being.

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