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## FINANCIAL NIHILISM AND SPENDING PATTERN AMONG GEN Z

SHAIFALI MITHAL

Post Graduate Student (Economics)

S.S.V. P.G. COLLEGE, C.C.S. UNIVERSITY

**Prof. ARCHANA GUPTA**

Department of Economics

S.S.V. P.G. COLLEGE (HAPUR)

### **ABSTRACT**

This research paper explores the concept of financial nihilism and its impact on the spending patterns of Generation Z. Financial nihilism refers to the belief that long-term financial goals such as home ownership and wealth accumulation are unattainable. As a result, many young individuals focus on short-term consumption. The study uses secondary data and a small scale primary survey (n=50) conducted through online questionnaire to analyse spending behaviour. The findings suggest that while Gen Z is aware of financial concepts, their spending behaviour is driven by immediate gratification rather than long-term planning. The paper also highlights theoretical frameworks and practical implications for improving financial discipline among youth.

### **Keywords**

Financial Nihilism, Generation Z, Spending Behaviour, Social Media Influence, Financial Literacy.

### **INTRODUCTION**

Generation Z, commonly referred to as Gen Z, includes individuals born between the late 1990s and early 2010s. This generation has grown up in a digital-first environment where technology, social media, and instant access to information shape everyday decisions. Unlike previous generations, Gen Z has been exposed to economic uncertainty from an early age, including global recessions, rising unemployment, and increasing cost of living.

One of the most notable economic challenges faced by Gen Z is the rising cost of essential assets such as housing, education, and healthcare. These increasing costs have created a perception among young individuals that achieving traditional financial milestones—such as owning a home, building long-term wealth, or achieving financial independence—is becoming increasingly difficult.

As a result, a psychological shift has emerged, commonly referred to as financial nihilism. Financial nihilism is the belief that long-term financial planning may not lead to meaningful or achievable outcomes. This belief often leads individuals to prioritize present consumption over future savings.

Economic instability, rising living costs, and technological exposure shape their financial behaviour. Unlike previous generations, Gen Z faces challenges such as high housing costs, job insecurity, and inflation (Deloitte, 2022).

Digital platforms and social media further intensify this behaviour by promoting aspirational lifestyles (Statista, 2023).

Additionally, the rapid growth of digital platforms has significantly influenced financial behaviour. Online shopping, digital wallets, and "buy now, pay later" services have made spending easier and more accessible. Social media platforms showcase curated lifestyles, which further influence consumption habits and create aspirational pressure among youth.

In this context, understanding the relationship between financial nihilism and spending behaviour becomes crucial. This study aims to explore how economic, psychological, and technological factors contribute to shaping the financial decisions of Gen Z.

## **OBJECTIVES OF THE STUDY**

- To understand the concept of financial nihilism in detail.
- To analyse the spending patterns of Generation Z.
- To identify economic and psychological factors influencing financial decisions.
- To evaluate the impact of social media and digital platforms on spending behaviour.
- To suggest measures for improving financial discipline among youth.

## **BRIEF BACKGROUND**

The study of financial behaviour has gained significant importance in recent years, particularly with the emergence of Generation Z as a major consumer group. Generation Z, typically defined as individuals born between the late 1990s and early 2010s, has grown up in a highly digitalized environment. Unlike previous generations, they have constant access to smartphones, social media platforms, and online financial tools, which significantly shape their attitudes and behaviours toward money.

At the same time, this generation has been exposed to economic instability from an early age. Events such as global financial crises, rising unemployment rates, inflation, and increasing costs of essential commodities have created uncertainty regarding future financial security. Traditional financial goals such as owning a house, achieving stable employment, and building long-term wealth appear more difficult to attain than before.

This situation has contributed to the development of a concept known as financial nihilism.

## **RELEVANCE OF THE TOPIC**

The relevance of this topic lies in the growing economic and social influence of Generation Z. As this generation enters the workforce and becomes financially independent, their spending and saving habits will have a significant impact on the overall economy. Understanding their financial behaviour is important not only for academic purposes but also for policymakers, financial institutions, educators, and businesses.

In today's rapidly changing economic environment, traditional financial advice may not fully apply to Gen Z due to differences in lifestyle, priorities, and economic challenges. For instance, rising housing

prices and job insecurity make long-term investments less attractive, while digital platforms promote short-term consumption.

Moreover, social media has transformed the way individuals perceive money and success. Platforms showcasing luxury lifestyles, travel experiences, and branded products create aspirational pressure, especially among young users. This leads to increased spending and reduced focus on savings.

From an educational perspective, this study highlights the need for practical financial literacy programs that go beyond theoretical knowledge. It also helps in identifying gaps between awareness and behaviour, which is crucial for designing effective interventions.

Therefore, this topic is highly relevant as it addresses real-world financial challenges faced by youth and provides insights into improving financial decision-making in the modern era.

## **PROBLEM STATEMENT**

Despite increased access to financial knowledge, tools, and resources, Generation Z continues to exhibit spending patterns that are heavily oriented toward consumption rather than saving. This creates a significant concern regarding their long-term financial stability.

The main problem lies in the disconnect between financial awareness and actual financial behaviour. While many young individuals understand the importance of saving, budgeting, and investing, they often fail to implement these practices in their daily lives. Instead, they prioritize spending on lifestyle-related activities such as dining, fashion, entertainment, and digital services.

Another key issue is the growing influence of financial nihilism. The belief that long-term financial goals are unattainable reduces motivation to save and invest. This mindset is further reinforced by economic challenges such as rising costs of living, unstable job markets, and limited income growth.

Additionally, the role of social media and digital platforms has intensified the problem. Constant exposure to curated lifestyles creates unrealistic expectations and encourages impulsive spending. Easy access to credit and digital payment options further lowers the barrier to spending.

Therefore, the problem addressed in this study is to understand the underlying reasons behind the spending behaviour of Gen Z and to examine whether financial nihilism is a major contributing factor.

## **HYPOTHESES**

The hypotheses of this study are formulated to test the relationship between financial nihilism, social media influence, and spending behaviour among Generation Z.

### **H1: Financial nihilism significantly influences the spending behaviour of Gen Z.**

This hypothesis suggests that individuals who believe that long-term financial goals are unattainable are more likely to engage in present-oriented spending. This reflects a shift in mindset where saving is seen as less meaningful.

### **H2: There is a negative relationship between financial awareness and savings behaviour among Gen Z.**

This hypothesis highlights the gap between knowledge and action. Even though individuals may be aware of financial concepts, they may not apply them effectively in real life.

## **LITERATURE REVIEW**

Financial behaviour among youth has gained increasing attention in recent years. Lusardi (2019) highlights that while financial literacy levels among young individuals have improved, the application of this knowledge remains limited in real-life decision-making.

According to OECD (2021), young individuals demonstrate awareness of budgeting and saving techniques, yet their financial discipline is inconsistent. This gap between knowledge and behaviour is a key concern in understanding Gen Z finances.

Deloitte (2022) reports that Gen Z prioritizes experiences such as travel, dining, and entertainment over long-term investments, reflecting a shift toward present-oriented consumption. Similarly,

Statista (2023) indicates that social media significantly influences purchasing decisions, particularly in categories like fashion and lifestyle.

The concept of "doom spending" has been explored by KPMG (2023), which links excessive spending to economic anxiety and uncertainty about the future. Individuals engage in consumption as a coping mechanism.

Overall, the literature suggests that financial nihilism, combined with digital influence and economic uncertainty, plays a critical role in shaping Gen Z spending behaviour.

## **THEORITICAL FRAMEWORK**

### **1. Behavioural Economics Theory**

This theory explains how psychological factors influence financial decisions. Biases such as instant gratification, overconfidence, and herd behaviour influence Gen Z's financial actions.

### **2. Maslow's Hierarchy of Needs**

Gen Z spending reflects higher-level needs such as esteem and belongingness. Spending on branded goods and experiences satisfies social and psychological needs.

### **3. Theory of Planned Behaviour**

Behaviour is influenced by attitudes, subjective norms, and perceived control. Social media significantly shapes attitudes and norms regarding spending.

## **RESEARCH METHODOLOGY**

**This study is descriptive in nature and uses secondary data analysis.**

### **DATA SOURCES:**

1. Reports from Reserve Bank of India (2022)
2. Ministry of Statistics and Programme Implementation (MOSPI) (2022) reports
3. Online financial platforms
  - Investopedia (2023)
  - Statista (2023)
4. Economic Times (2023)

Primary data collected via Google Form survey.

### **SAMPLE SIZE:**

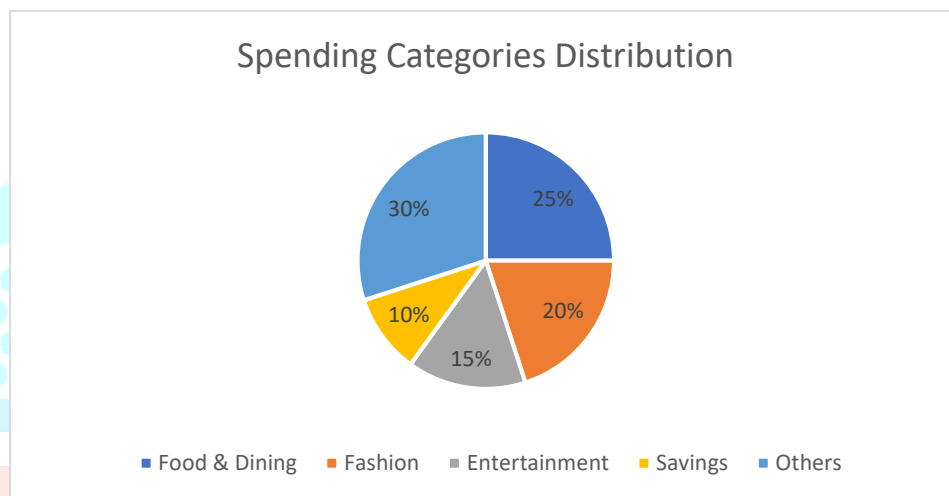
50 respondents (Gen Z individuals aged 18-25) and most of them are unmarried.

### **DATA COLLECTION METHOD:**

Structured questionnaire focusing on spending habits, saving behaviour, and social media influence.

**FINDING / ANALYSIS**

Survey Results (Sample Data)	
Spending Category	Percentage
Food & Dining	25%
Fashion	20%
Entertainment	15%
Savings	10%
Others	30%

**DETAILED EXPLANATION OF FINDINGS****1. High Spending on Food & Dining (25%)**

This indicates that Gen Z prioritizes convenience and lifestyle. Frequent eating out, ordering food online, and exploring new cafes are common behaviours. This trend is also influenced by social media, where food experiences are often shared and promoted. The ease of access through food delivery apps further increases this spending category.

**2. Fashion and Brand Consciousness (20%)**

Gen Z places strong importance on appearance and self-expression. Branded clothing, fast fashion, and online shopping platforms contribute to increased spending in this category. Peer influence and the desire for social validation play a major role, as individuals often compare themselves with others on social media.

**3. Entertainment Expenses (15%)**

This includes spending on OTT platforms, movies, gaming, and outings. Entertainment serves as a stress-relief mechanism, especially in a fast-paced and competitive environment. The digital ecosystem provides unlimited entertainment options, encouraging regular spending.

**4. Low Savings Rate (10%)**

Despite awareness about saving, only a small portion of income is actually saved. This reflects a gap between knowledge and action. The belief that future financial goals are difficult to achieve reduces motivation to save consistently.

## 5. Other Expenses (30%)

This includes miscellaneous spending such as transportation cost, rent payments, EMI and gadgets etc. These expenses, although smaller individually, collectively contribute to overall financial behaviour.

### **BEHAVIOURAL INSIGHTS**

- The findings indicate a strong preference for lifestyle-related spending. Approximately 70% of respondents reported being influenced by social media, while 60% admitted to not following a structured budget. These findings align with previous research highlighting the role of digital exposure in shaping financial behaviour (Statista, 2023).
- Economic uncertainty plays a significant role in reducing motivation for long-term financial planning. Many respondents expressed pessimism about achieving traditional financial goals such as home ownership, supporting the concept of financial nihilism (Deloitte, 2022).
- Psychological factors such as instant gratification further reinforce spending behaviour. Easy access to digital payment systems and online shopping platforms lowers the perceived barrier to spending.

### **INTERPRETATION**

The findings suggest that Generation Z's financial behaviour is influenced by economic, psychological, and technological factors. Economic uncertainty discourages long-term planning, while instant gratification and easy access to digital platforms encourage frequent spending. Social media further increases consumption by promoting aspirational lifestyles and social comparison. Overall, financial nihilism reflects broader economic and social conditions rather than simply individual behaviour.

### **DISCUSSION**

The findings of this study provide strong evidence of the growing influence of financial nihilism on the spending behaviour of Generation Z. While this generation is relatively more informed about financial concepts compared to previous generations, their behaviour reflects a disconnect between knowledge and action.

One of the most significant observations is the dominance of lifestyle-related spending. Categories such as food, fashion, and entertainment collectively account for a major portion of expenditure. This indicates a shift toward present-oriented consumption, where immediate satisfaction is prioritized over long-term financial stability.

Economic factors play a crucial role in shaping this mindset. Rising costs of living, limited job security, and high real estate prices create a perception that traditional financial goals are difficult to achieve. As a result, many individuals adopt a short-term approach to money management.

Psychological factors further reinforce this behaviour. The concept of instant gratification leads individuals to prioritize current enjoyment over future benefits. Additionally, social comparison on digital platforms creates pressure to maintain a certain lifestyle, leading to increased spending.

The role of technology cannot be ignored. Digital payment systems, one-click purchases, and credit facilities make spending effortless. While these advancements offer convenience, they also reduce the psychological barrier associated with spending money.

Overall, the discussion highlights that financial nihilism is not merely a lack of discipline but a complex outcome of economic uncertainty, psychological tendencies, and technological influence.

## **CONCLUSION**

This study concludes that financial nihilism is an emerging and significant factor influencing the spending behaviour of Generation Z. The findings reveal that while young individuals possess basic financial knowledge, their actions are largely driven by short-term satisfaction rather than long-term financial planning.

The increasing influence of social media, combined with economic uncertainty, has created a mindset where future financial goals appear less attainable. As a result, Gen Z tends to focus more on present consumption, particularly in areas such as food, fashion, and entertainment.

However, this trend raises concerns about long-term financial stability. Low savings rates and lack of structured financial planning may lead to financial challenges in the future. Therefore, it is essential to address this issue through targeted interventions.

Educational institutions should play a proactive role in promoting financial literacy by incorporating practical financial education into the curriculum. Additionally, awareness campaigns can help individuals understand the importance of balancing present enjoyment with future security.

Families and society also have a role to play in shaping financial attitudes. Encouraging disciplined spending habits and goal-oriented financial planning can help mitigate the effects of financial nihilism.

In conclusion, while financial nihilism reflects the realities of modern economic conditions, it is possible to develop a balanced approach that allows individuals to enjoy the present while securing their financial future.

Financial education should be introduced in schools and colleges to improve financial awareness among young people. In addition, awareness programs can encourage healthy saving habits, while responsible digital consumption should be promoted to reduce unnecessary spending. Applying budgeting techniques can also help limit impulsive purchases and support better financial management.

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