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Generational Perspectives on Mutual Funds: A Comparative Study of Gen Z and Millennial Preferences

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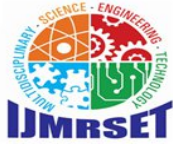
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ABSTRACT: This study compares the investment behavior and attitudes toward mutual funds between Gen Z and Millennials. Using primary data from 150 respondents (92 Gen Z and 58 Millennials) and statistical tools such as Chi-Square and Mann-Whitney U tests, the research identifies key generational differences. While both groups value mutual funds, Gen Z shows a preference for short-term gains and higher risk, whereas Millennials prioritize long-term stability and retirement planning. Both generations rely heavily on digital platforms, though Gen Z favors fully tech-driven solutions, while Millennials adopt a hybrid approach combining digital tools with traditional advice. Although awareness of ESG and socially responsible investing exists, it has limited influence on fund selection. The study highlights the need for tailored financial products, improved digital platforms, and enhanced financial education to better engage young investors.

KEYWORDS: Mutual Funds, Gen Z, Millennials, Investment Behavior, Risk Tolerance, Digital Platforms, ESG Investing, Financial Literacy.

I. INTRODUCTION

Mutual funds have been becoming a popular investment tool since it offers a variety of portfolio, risk mitigation, and the potential of long-term financial gain. With the evolving financial environment, it is more significant to know how different generations approach mutual fund investments. Gen Z (1997-2012) and Millennials (1981-1996) have different preferences in their investments depending on their economic contexts, life stages, and their exposure to technology. These generational differences are significant and they affect their perceptions about risk, financial goals and their decisions. This paper aims to compare investment trends and attitudes of Gen Z and Millennials towards mutual funds. Although both generations recognize the importance of investing, they have very different methods. Being members of a digital-first society, gen Z is inclined to simpler, more transparent, and real-time monitoring of investments through technology-based platforms. Being at more advanced stages of their professional careers, millennials are more interested in long-term wealth-building, retirement planning, and tax savings, often integrating traditional investment practices with digital technologies. Furthermore, the research will look into the major elements that influence mutual fund investment decisions, such as risk tolerance, financial goals, and market knowledge. Gen Z is more open to more risky investments that could result in higher returns, and Millennials can be more conservative, preferring stability and long-term financial security. This comparative study will provide insight on mutual fund investing decision making by each generation and the variables which they consider to be most important. The influence of online platforms in determining such decisions will also be examined. Userfriendly, digital-first platforms that are easy to access, learning materials, and quick transactions, particularly attract Gen Z to make investment decisions easier and more efficient. Though digitally conscious, Millennials can employ both digital and traditional advice to make their investing choices. In addition, the research will also examine the increasing role of social responsibility and ethical investment on mutual fund decisions. Both generations are becoming more conscious of environmental, social, and governance (ESG) issues, but Gen Z is particularly motivated by a desire to invest in funds that reflect their personal 10 beliefs. Although ethical investing is important, millennials might also focus on achievement of competitive financial returns besides these ideals. By evaluating these generational viewpoints, this



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study hopes to give a comprehensive comparison of mutual fund investment preferences between Gen Z and Millennials. The lessons learned will be of value to the financial advisors, asset managers and investment platforms who are in need of addressing the evolving needs of these two important generations within the investing environment.

1.1 Statement of the Research Problem

Although mutual funds are increasingly becoming one of the preferred investments, minimal research has been conducted on the relative comparison of mutual fund investment behavior between Gen Zs and Millennials. The literature mainly revolves around larger investment opportunities like stocks, real estate, and cryptocurrencies and does not offer much information on how mutual funds choose and how their decision-making processes work. Such dearth of focused research prevents financial institutions and policy makers to come up with effective strategies that would serve the unique financial objectives, risk tolerance and technological inclinations of these generations. Furthermore, as the role of digital platforms in the formation of investment decisions grows, along with the growing need to make socially responsible and ESG-oriented investments, it is necessary to consider how these aspects affect the mutual fund selections of Gen Z and Millennials. Whereas Gen Z favors digital-first, with real-time tracking and transparency, Millennials will gravitate toward a more hybrid model incorporating conventional ways to build wealth over time with the help of digital tools. Hence, this research intends to address this research gap by examining the most significant factors that affect the mutual fund investment decision such as risk perception, financial goals, market knowledge, and the role of digital platforms. Through these generational differences and similarities, the study aims to present insights that could be of value to financial advisors, asset 12 managers and policymakers to develop customized financial products and educational programs that can satisfy the changing needs of the two high-profile investor groups.

1.2 Research Objectives:

1. Analyze the differences in investment behaviors and attitudes toward mutual funds between Gen Z and Millennials.
2. Identify the key factors influencing mutual fund investment decisions among Gen Z and Millennials, such as risk tolerance, financial goals, and market knowledge.
3. Examine the role of digital platforms in shaping mutual fund investment preferences for both Gen Z and Millennials.
4. Explore how social responsibility and ethical investing influence mutual fund preferences among Gen Z and Millennials.
5. Assess the long-term investment strategies and retirement planning approaches for Gen Z and Millennials, with a focus on mutual funds as a tool for wealth accumulation.

II. LITERATURE REVIEW

1. Rosdiana(2020) The study identifies financial literacy, herding behavior, risk perception, and risk aversion as key determinants of investment decisions among Gen Z and Millennials. However, it relies on a limited academic sample, reducing real-world applicability and ignoring income diversity. It also does not focus specifically on mutual funds. This study adds value by incorporating a broader, more practical sample and emphasizing mutual fund investment behavior across income groups.

2. Comparative Study on Gen Y & Z Investment Behaviour This study highlights generational differences in psychological and technological influences on investment preferences. However, it generalizes across asset classes without focusing on specific instruments like mutual funds or SIPs. It also lacks depth in behavioral finance aspects. This research adds specificity by analyzing mutual fund investments and integrating behavioral factors such as risk tolerance and decision-making biases.

3. Syukur et al. (2025) – Herding Behaviour Study The study demonstrates the impact of herding behavior across generations, moderated by experience. However, it overlooks the role of digital platforms and social media in amplifying herding behavior, especially among Gen Z. This study contributes by incorporating the influence of fintech platforms and digital exposure on investment decisions.

4. JETIR Comparative Analysis (Gen Z vs Millennials) The research finds similarities in decision-making patterns between generations. However, it lacks longitudinal data and does not examine how financial goals evolve over time. Additionally, it does not deeply analyze mutual fund preferences. This study addresses these gaps by focusing on goal-



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based investing and generational differences in investment purpose.

5. FINRA & CFA Gen Z Investor Study This study provides insights into early investing habits of Gen Z but is heavily centered on developed economies. It ignores the socio- economic conditions of emerging markets like India, where income constraints play a major role. This research adds context by focusing on Indian investors and highlighting financial limitations as a key determinant.

Research Gap

Lack of Analysis of Mutual Funds: The vast majority of existing research on generational investment behavior is broadly on stocks, real estate, or other asset classes, without a specific comparison of how Gen Z and Millennials approach mutual funds specifically.

- **Poor Knowledge of Gen Z/Millennials Digital Platform Preferences:** Despite the awareness of the role of technology in investing, there is a lack of studies on how Gen Z and Millennials use digital platforms to select mutual funds, especially the tendency of Gen Z to use digital platforms through real-time tracking as opposed to the use of online tools and traditional advice by Millennials.
- **Lack of Comparative Insights on ESG Investing:** Despite the trends on ESG investing being studied, there is significant lack of knowledge about the differences between Gen Z and Millennials when it comes to their mutual fund investment choices of social and environmental responsibility.
- **Unexplored Differences in Long-Term Investment Strategies:** Current literature has emphasized the orientation of Millennials towards long-term financial security, but does not provide specific data on whether Gen Z is investing in structured mutual funds to build retirement plans and long-term wealth.

III. METHODOLOGY

The research methodology employed in this research is a quantitative one with a comparative and descriptive research design to examine investment behavior of Gen Zs and Millennials in mutual funds. It is concerned with the discovery of dissimilarities and similarities in investing choices, risk tolerance, monetary objectives and the impact of online platforms. The collected data are analyzed with the help of such statistical tools as SPSS in order to obtain reliable and structured data.

1.3 Data Collection

Primary data was collected through a structured questionnaire using Google Forms from 150 respondents belonging to Gen Z and Millennials. Secondary data was gathered from research papers, journals, and industry reports.

Sampling

Convenience sampling was used to collect responses from individuals across different age groups, ensuring representation of both Gen Z and Millennials.

Variables

- **Independent Variables:** Risk tolerance, financial goals, investment knowledge, ESG awareness, digital platform usage
- **Dependent Variables:** Investment in mutual funds, confidence in financial goals, retirement planning
- **Control Variables:** Age, gender, income, education Cronbach's Alpha value of 0.804 indicates high reliability.

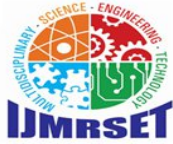
1.4 Data Collection Tools

The primary tool used was a structured digital questionnaire distributed through Google Forms.

Tools Used

- Descriptive statistics
- Frequency distribution
- Chi-square test
- Mann-Whitney U test

IV. DATA ANALYSIS



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Objective 1: Differences in Investment Behaviours and Attitudes Toward Mutual Funds Between Gen Z and Millennials

Hypothesis:

- **Null Hypothesis (H₀):** There is no significant difference in investment behaviours and attitudes toward mutual funds between Gen Z and Millennials.
- **Alternative Hypothesis (H₁):** There is a significant difference in investment behaviours and attitudes toward mutual funds between Gen Z and Millennials.

Interpretation:

Since the p-values for all factors exceed 0.05, the **null hypothesis is accepted**, indicating **no statistically significant differences** in investment behavior between Gen Z and Millennials. However, the marginal difference in investment behavior regarding life milestones suggests that Gen Z may be slightly more inclined to consider mutual funds for these purposes.

Objective 2: Key Factors Influencing Mutual Fund Investment Decisions

Hypothesis:

- **Null Hypothesis (H₀):** There are no significant factors influencing mutual fund investment decisions among Gen Z and Millennials.
- **Alternative Hypothesis (H₁):** There are significant factors influencing mutual fund investment decisions among Gen Z and Millennials.

Interpretation:

The **null hypothesis is accepted**, indicating **no significant differences** in investment decision-making factors between Gen Z and Millennials. Both groups prioritize similar factors when making mutual fund investment choices.

Objective 3: Role of Digital Platforms in Mutual Fund Investment Preferences

Hypothesis:

- **Null Hypothesis (H₀):** Digital platforms do not significantly influence mutual fund investment preferences among Gen Z and Millennials.
- **Alternative Hypothesis (H₁):** Digital platforms significantly influence mutual fund investment preferences among Gen Z and Millennials.

Interpretation:

Since all p-values exceed 0.05, the **null hypothesis is accepted**, indicating **no statistically significant generational differences** in digital platform use.

Objective 4: Influence of Social Responsibility and Ethical Investing

Hypothesis:

- **Null Hypothesis (H₀):** Social responsibility and ethical investing do not significantly influence mutual fund preferences among Gen Z and Millennials.
- **Alternative Hypothesis (H₁):** Social responsibility and ethical investing significantly influence mutual fund preferences among Gen Z and Millennials.

Interpretation:

Since all p-values exceed 0.05, the **null hypothesis is accepted**, confirming **no significant generational differences** in social responsibility and ethical investing preferences. While both generations acknowledge the relevance of ethical investing, their actual investment behaviors remain similar.

Objective 5: Long-Term Investment Strategies and Retirement Planning Approaches

Hypothesis:

- **Null Hypothesis (H₀):** There is no significant difference in long-term investment strategies and retirement planning approaches between Gen Z and Millennials.



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- **Alternative Hypothesis (H₁):** There is a significant difference in long-term investment strategies and retirement planning approaches between Gen Z and Millennial.

Interpretation:

With all p-values above 0.05 except for **retirement planning (p = 0.061)**, the **null hypothesis is accepted** for most factors. However, the marginal significance in **retirement planning suggests that Millennials might be slightly more likely to incorporate mutual funds into their long-term financial strategy.**

V. RESEARCH OUTCOME AND FINDINGS

The research aimed to investigate the investment patterns, preferences, and factors of mutual fund investments amongst Gen Z and Millennials. The study, using a guided questionnaire and statistical analysis, provided information about such important aspects as risk tolerance, financial goal, adoption of digital platforms, ethical investing, and long-term financial planning. In line with the research findings and outcomes is a detailed discussion of the research findings and outcomes based on the research data that was analyzed.

1. Attitudes to and Behaviors towards Investment in Mutual Funds:

Millennials and Gen Z did not have statistically significant differences in their overall attitudes to investment and behaviors towards mutual funds. There were however minor variations in certain areas.

Primary Motive to Invest: The two generations appreciate wealth building, though Gen Z is slightly more focused on short-term investments and investing in life milestones (e.g., purchasing a house, getting married).

Risk Tolerance: Millennials are slightly riskier, and Gen Z are more inclined towards high-risk, high-reward equity funds.

Perception of Returns: There is equal confidence in the returns from mutual funds, further supporting the perception that investment tastes are influenced less by generational identity and more by external financial circumstances.

2. Important Motives of Investment in mutual funds:

The high Cronbach's Alpha coefficient (0.804) indicates that investment motivations, financial goals, and perceptions of risk are strongly correlated and have uniformity in their interpretation by respondents.

Key Drivers: The three most significant variables that determine investment decisions are past fund performance, financial goals and risk tolerance.

Market Awareness: Despite the financial knowledge component, majority of the respondents will turn to advisor and peer suggestions than conducting independent research in the market.

Risk Avoidance: The percentage of respondents who avoided mutual funds due to risk and volatility in the markets was very high, particularly among the Millennials.

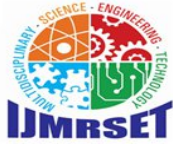
VI. DISCUSSION

The findings of the study indicate that there are no major statistical differences between Gen Z and Millennials in their mutual fund investment behavior, decision-making factors, and use of digital platforms. However, slight variations exist, such as Gen Z showing a greater inclination toward short-term goals and higher risk-taking, while Millennials focus more on long-term financial security and retirement planning. Both generations rely heavily on digital platforms for investments, valuing convenience and accessibility. Additionally, although there is awareness of ethical and ESG investing, it does not significantly influence investment decisions. These results suggest that investment behavior is shaped more by individual financial conditions and life stages rather than generational differences.

VII. CONCLUSION

This study analyzes mutual fund investment behavior among Gen Z and Millennials, finding no significant generational differences in decision-making, digital platform use, ethical investing, or long-term planning. Gen Z tends to invest for life events, while Millennials focus on retirement, but both exhibit similar risk tolerance, indicating that financial constraints outweigh generational identity in shaping investment choices.

The findings show that investment decisions are primarily driven by financial goals, risk perception, technology access, and market awareness rather than age. This highlights the need for life-stage-based investment strategies instead of



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generational segmentation.

The study suggests that financial institutions and policymakers should enhance financial literacy, improve digital platforms, and offer personalized investment solutions. Incorporating AI-driven advisory services, strengthening ESG disclosure, and providing adaptive products can further boost investor confidence and participation.

Overall, the research provides valuable insights into young investors and supports the development of inclusive, technology-driven, and investor-focused financial strategies.

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