

USAGE OF AI IN FINANCIAL PLANNING AMONG GEN Z

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Abstract:

The rapid growth of Artificial Intelligence (AI) has largely influenced the way in which individuals manage their personal finances. This study focuses on the usage of AI in financial planning among adults, with a specific focus on Gen Z. The study aims to evaluate the level of awareness and adoption of AI-driven financial tools that ascertain the financial activities in which AI is most commonly used to study the factors affecting the inclination for AI in financial management, and examine the advantages as well as the problems related with its usage. This analysis is based on primary data collected through a structured questionnaire conducted to a purposive sample, securing the significance and consistency of the findings. The findings of the study are anticipated to deliver meaningful understanding on the impact of AI on financial behavior among Gen Z and the level to which AI-driven tools impact financial decision-making. The study draws attention to the positive aspects of AI, such as user friendliness, speed productivity and tailored suggestions along with challenges related to trust privacy and reliability. The results may be beneficial to financial institutions, policymakers, and researchers in understanding the growing role of AI in modern financial planning.

Key words: Artificial intelligence, Financial planning, Gen z, Financial decision making, Awareness and Adoption, Personal finance.

1. INTRODUCTION TO USAGE OF AI IN FINANCIAL PLANNING AMONG GEN Z

In this advanced digital phase technological improvement have greatly changed the way individuals manage their finances and plan their future. Artificial Intelligence has developed as one of the leading technologies that are transforming financial services and individual money management. AI powered tools has been highly integrated by the financial institutions and fintech companies to automate process, analyze financial data and to provide personalized financial solutions. Across diverse generational groups, Gen Z has evidenced strong adaptability

toward AI driven financial technologies on account to their digital nativity and familiarity with smart applications.

1.1 AI IN FINANCIAL PLANNING

Artificial intelligence is transforming various sectors and financial planning without exception. The integration of AI into financial planning processes is revolutionizing how individuals and businesses manage their finances. By leveraging advanced algorithms and Data analytics AI enhances decision making, improves efficiency and provides personalized financial advice. Robo advisors, smart budgeting apps, automated investment platforms and financial chatbots are the AI tools that help users to make informed financial decisions and also help them to identify, analyze user data, the spending patterns, financial goals to provide personalized recommendations. The users benefit from the ability of AI to deliver accurate insights quickly and efficiently which makes financial planning more accessible, affordable and convenient for users.

1.2 GEN Z AND FINANCIAL BEHAVIOUR

Gen Z refers to the people born between the late 1990s and early 2010s who have grown up in a technological world. Their financial behavior is constructed by technology, changing economic conditions and social media exposure. When compared to previous generations, Gen Z prefers mobile based financial solutions, digital wallets and AI related platforms over the traditional banking methods. However, this generation also confronts unique financial challenges such as rising living costs, unstable employment opportunities and student loans. Therefore, many individuals are increasingly into exploring the digital tools that help Gen Z in managing their money efficiently and build financial independence early in life.

1.3 ROLE OF AI IN SHAPING FINANCIAL DECISIONS AND TRUST

AI plays a crucial role in influencing how Gen Z organize and plan their finances. Personalized recommendations, quick financial insights and automated support are provided by AI based tools which enhances convenience and user engagement. These systems can develop financial literacy among people by simplifying complex financial concepts and providing data

driven suggestions. Therefore, factors such as lack of transparency, data privacy concerns and trust in automated decision making may improve the adoption of AI in financial planning and trust becomes important factor in identifying the effectiveness and acceptance of AI powered financial planning tools among Gen Z users.

1.4.OBJECTIVES

- ✚ To study how Gen Z use AI for financial planning.
- ✚ To understand why adults prefer using AI in managing their finances
- ✚ To find the benefits and problems of using AI in financial planning.

2. LITERATURE REVIEW

This paper reviewed various articles, journals, papers to examine on Usage of AI in financial planning among Gen Z. This part helps us to find the various factors affecting Gen Z financial decisions.

Zahir Osman; Ratna Khuzaimah Mohamad (2024), explains the developing role of artificial intelligence (AI) in personal financial planning, especially among working adults. The important objective of this study is to influencing the factors of adoption of A among the working adults. The methodology of this study was conducted through the quantitative research design and primary data collected through a structured questionnaire and evaluated by structured equation modeling (SEM) to test the relationships among the variables and validate the introduced research method. Moreover, the findings revealed that perceived usefulness and perceived ease of use have a significant positive adoption of AI in personal financial planning. The literature also addresses challenges such as restricted digital skills, trust issues, and uncertainty toward AI managing personal finances.

Heidi Sjöberg (2025) , the research is to understand how the young individuals between the age of 18-26 use the generative AI for their investment related decisions and in which way these AI tools affect their behavior and decision-making confidence. The methodology of this study was conducted through the quantitative research design and primary data collected by semi-structured interviews. The data collected were analyzed by using the Gioia Method. The findings of this study reveal that generative AI is primarily used to address the financial

concepts, to analyze companies and explore the investment situations. From the survey the respondents accept that AI is useful and easy to use, time saving and improving better understanding. Therefore, AI generative tools affect the investment decision of Gen z.

Dr. Monica S., Ms. Arpitha R.S., Ms. Kousalya V (2024), focuses on understanding how AI assists to financial literacy among the Gen Z. The methodology of this study was conducted through descriptive research and primary data collected through structured questionnaire and the instrumental reliability was confirmed with a Cronbach's Alpha value of 0.890, indicating high internal consistency. The findings reveal that moderate to high level of knowledge of AI tools in financial education was found among the Gen Z. Moreover, this research provides a positive attitude from the participants for the usage of AI tools for financial education.

Dr. Tabitha Durai & H. Lalitha (2024), aims to identify the most preferred forms of AI related digital payment systems in order to assess the link between the features of these systems and the mental accounting practices of the Gen Z users. The methodology of this study was conducted through descriptive research and primary data collected through self-structured questionnaire. Reliability of the instrument was confirmed through Cronbach's Alpha values exceeding 0.90. Data were analyzed using descriptive statistics and Pearson's correlation. The findings reveal that the mobile payment apps are most preferred digital payment system among the Gen Z respondents. Finally, the responses from the respondents show that AI related digital payment systems highly affect how Gen Z organizes, evaluates and monitors financial transactions.

Krzysztof Waliszewski & Anna Warchlewska (2020), aims to examine the sociological and economic factors influencing consumer satisfaction with the AI based tools used for investment decisions and purchase analysis. The methodology of this study was conducted through quantitative research design and secondary data collected through structured questionnaire based on a five-point Likert scale from the ING International Survey – New Technologies (2019). Chi-square tests, Mann-Whitney U tests, and Spearman's correlation are used as statistical tools for data analysis. Moreover, the findings reveal that consumers show higher acceptance of AI for analyzing spending habits than for making investment decisions.

3. RESEARCH METHODOLOGY

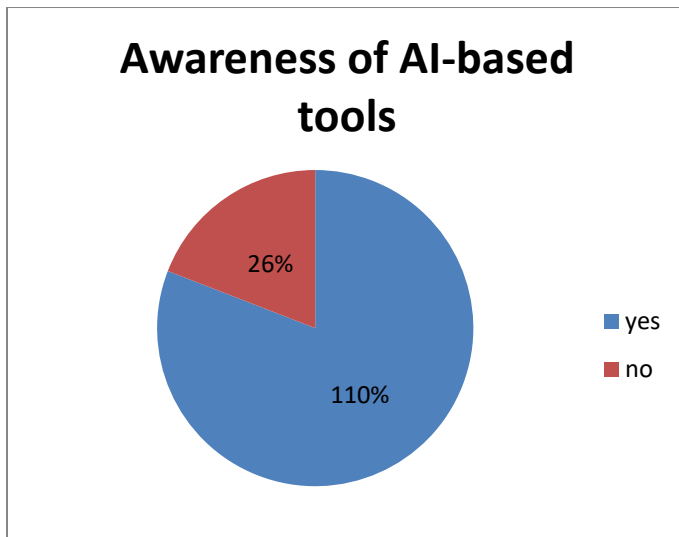
This study uses quantitative descriptive research and correlation analysis. The data was collected through structured questionnaires with multiple choice questions which was circulated using social media apps. The sample size is 136 respondents. The findings were analyzed using descriptive statistics and correlation analysis by using Excel.

4. DATA ANALYSIS

4.1.Objective 1: To study how Gen Z use AI for financial planning.

Awareness of AI-Based Financial Planning Tools

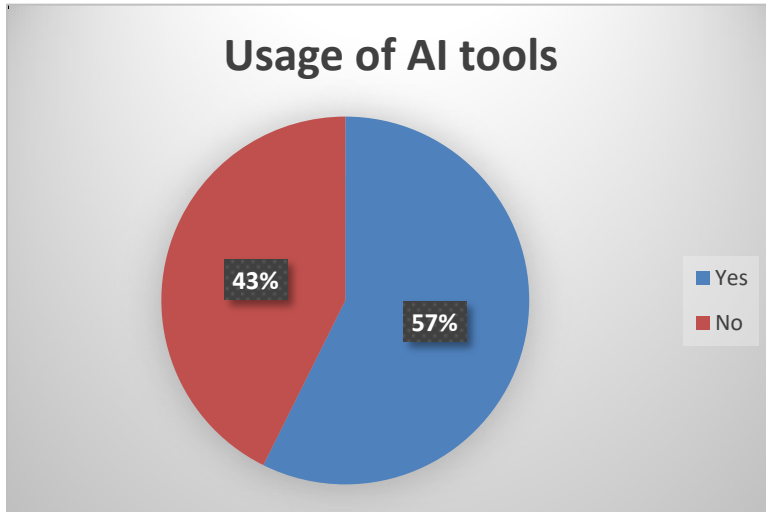
Figure 1:



The data indicates high level of market penetration with 80.1% of respondents demonstrating awareness of AI based financial planning tools.

Current Use of AI Tools for Managing Finances

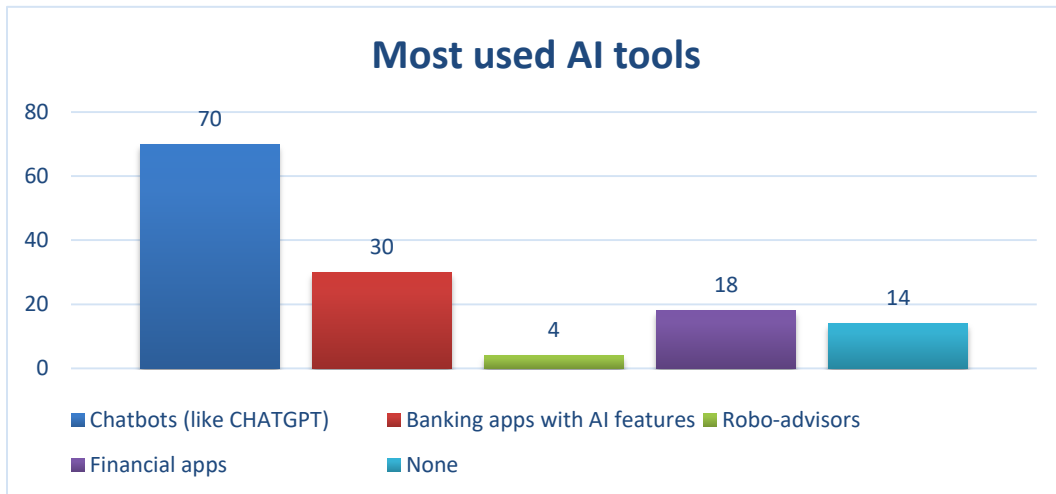
Figure 2:



A majority of the respondents **57%** are currently utilizing a tool to manage their finances indicating a significant adoption of automation in personal financial management.

Usage of AI tools for financial plan

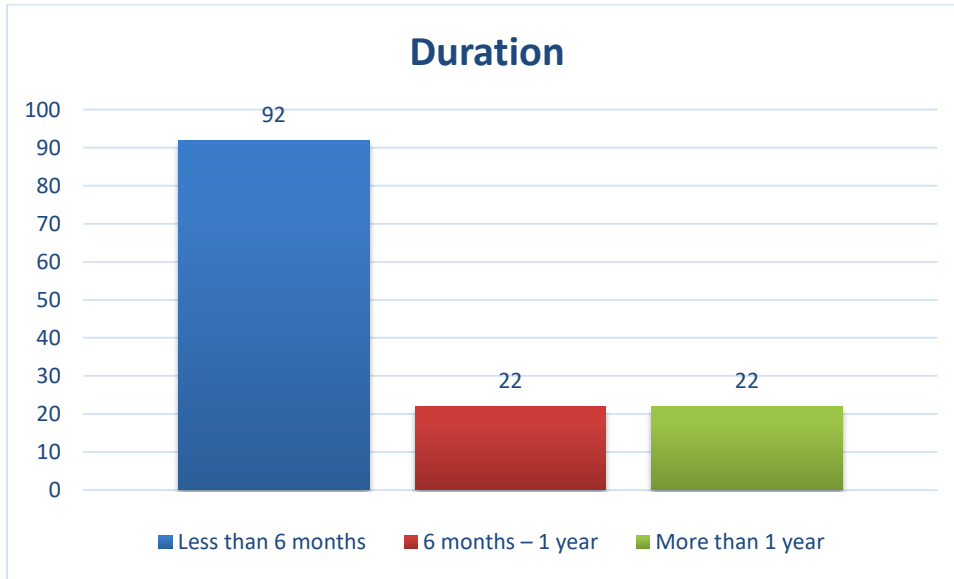
Figure 3:



Chatbots are the top performers in the AI financial space by capturing 70% of the majority followed by banking apps with AI features @ 30% with least being robo-advisors.

Duration of AI Usage in Financial Planning

Figure 4:



This chart represents duration of AI usage in financial planning by the respondents. Most respondents have been using AI for financial planning for less than 6 months. This indicates the recent adoption, while fewer respondents have use it for a longer period this shows AI usage in financial planning still in the very early stages among the users.

4.2.Objective 2: To understand why adults prefer using AI in managing their finances

Particulars	Mean	Std. Deviation	N
<i>AI tools help me manage my finances more easily.</i>	3.426	1.037	136
<i>AI saves time compared to traditional financial planning methods.</i>	3.721	1.059	136
<i>AI provides personalized financial recommendations.</i>	3.750	0.901	136
<i>I trust AI-based financial tools for decision-making.</i>	3.235	1.063	136
<i>AI makes financial planning less complicated for me.</i>	3.426	0.866	136

The results indicate that adults prefer AI in financial management mainly because it provides personalized recommendations and saves time. Respondents also feel that AI makes financial planning easier and less complicated. However, trust in AI tools is comparatively lower, suggesting some hesitation in fully relying on AI for financial decisions.

▪ **Correlation Analysis**

H₀: There is no significant relationship between age and AI perception.

H₁: There is a significant relationship between age and AI perception.

Table 1:

Correlations			
		AGE	AI_PERCEPTION
AGE	Pearson Correlation	1	.201 [*]
	Sig. (2-tailed)		.019
	N	136	136
AI_PERCEPTION	Pearson Correlation	.201 [*]	1
	Sig. (2-tailed)	.019	
	N	136	136
*. Correlation is significant at the 0.05 level (2-tailed)			

Table 1: From the table it is inferred that the P value is .019 which is highly significant @ 5% level. The null hypothesis is rejected and the alternative hypothesis is accepted. Therefore, there is significant relationship between age and AI perception. The correlation results show a weak but significantly positive relationship between age and AI perception, this indicates that the older participants have slightly more positive view on AI compared to the younger participants.

4.3.Objective 3: To find the benefits and problems of using AI in financial planning

Particulars	Mean	Std. Deviation	N
<i>AI improves my financial awareness and k2wledge.</i>	3.647	0.839	136
<i>AI helps in better financial decision-making.</i>	3.500	0.951	136

<i>I am concerned about the privacy of my financial data when using AI tools.</i>	3.750	1.009	136
<i>AI tools may give inaccurate or unsuitable financial advice.</i>	3.250	0.964	136
Over-dependence on AI reduces my own financial judgment.	3.750	1.024	136

The findings show that respondents agree that AI improves financial awareness and supports better decision-making. However, they also express concerns about privacy and over-dependence on AI. This indicates that while AI offers clear benefits, users remain cautious about its potential risks.

▪ **Correlation Analysis – Objective 3**

H₀: There is no significant relationship between the benefits and problems of using AI in financial planning.

H₁: There is a significant relationship between the benefits and problems of using AI in financial planning.

Table 2:

Correlation			
		BENEFITS	PROBLEMS
BENEFITS	Pearson Correlation	1	.626 ^{**}
	Sig. (2-tailed)		.000 ^{**}
	N	136	136
PROBLEMS	Pearson Correlation	.626 ^{**}	1
	Sig. (2-tailed)	.000	
	N	136	136
** . Correlation is significant at the 0.01 level (2-tailed).			

Inference

Table 2: From the table it is inferred that the P value is .000 which is highly significant @ 1% level. The null hypothesis is rejected and the alternative hypothesis is accepted. Therefore, there is significant relationship between benefits and problems of using AI in financial planning. The correlation analysis shows a strong positive relationship between AI improving financial awareness and better decision-making ($r = 0.626$). Privacy concerns, inaccurate advice, and over-dependence are also positively correlated, indicating that respondents who are concerned about one risk factor tend to be concerned about others as well.

5. KEY FINDINGS:

Both the analysis shows that the usage and awareness of AI based tools among the Gen Z respondents is high (80.1%) but only specific number of respondents (60.3%) are already using AI tools for managing their finances representing the growing adoption among young users. The findings reveal that respondents use AI across various financial activities, although the level of usage differs among the individuals. The users are benefited by its personalized financial recommendations and time saving capabilities appeared as the most valued aspects of AI tools. The respondents also agreed that AI helps in simplifying financial planning and increase the awareness among the people. It also highlights the important concerns influencing AI usage, Privacy and data security developed as major issues affecting users' confidence in AI tool.

5.1.LIMITATIONS

The research involved only 136 participants, which might not accurately represent the broader, Gen Z demographic. The study concentrates solely on Gen Z and does not compare it's results with other generational groups such as millennials or Gen X.

5.2.CONCLUSION

In conclusion, the study States that AI is a crucial tool in financial planning among the Gen Z users. There is a high level of awareness about the AI tools among the Gen Z users and still the actual usage is developing and indicating that adoption is in a transitional phase. This study also highlights the Gen Z users prefer AI specifically for its ability to provide personalized financial

insights by saving time and simplifying financial management. However, the trust towards the AI based tools remains moderate suggesting that users are still cautious about dependency on automated financial decision making. The above correlation analysis states that both benefits and challenges are strongly interconnected by representing a balanced perception among the respondents. Finally, the study confirms that while AI has strong potential to change the overall financial planning among Gen Z by increasing its trust, transparency and making better improvement in data security measures plays an essential role to encourage broader adoption in the future.

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