

FOMO vs. Fundamentals: Guiding Gen Z Away from Risky Financial Decisions

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It has never been easier to spend or invest money. Today, anyone can buy sneakers, transfer money, or trade stocks with a single tap. For Gen Z, who have grown up in this instant-access world, the pull is even stronger. Social media platforms amplify this access: short videos promise “**overnight riches**,” influencers showcase quick wins and peer groups reinforce the idea that if you’re not participating, you are being left behind.



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This mix of instant technology, social influence, and youthful curiosity is powerful but risky. The challenge for today's parents, teachers, and young people is that financial decisions made in seconds can have consequences lasting years. That's why understanding the balance between FOMO (Fear of Missing Out) and fundamentals has become critical.

1. The Digital Landscape and the Rise of FOMO

Today, buying, spending, or even investing money is effortless. With UPI, Buy Now Pay Later (BNPL), and one-click investing apps, financial decisions happen in seconds. This convenience is universal, but for Gen Z, who have grown up in a world of instant notifications and swipe-to-buy, it creates a unique challenge: the temptation to act before thinking.

Social media makes this even more acute. Platforms like

Instagram and YouTube are filled with **“hot tips”** and stories of overnight success. According to the UK’s Financial Conduct Authority, 85% of young investors say social media influences their choices, and two-thirds act within 24 hours of seeing content. The sense of “everyone is doing it” pushes many to jump in, whether it’s buying a trending product or investing in a volatile stock.

Social influence shapes consumer impulse. Research shows that peer influence on social media, combined with targeted ads, is significantly linked to young people’s impulsive purchases, i.e. when someone sees a friend making a purchase, they are more likely to replicate that behaviour.

In India, the consequences are stark: SEBI’s analysis shows that 93% of retail traders in derivatives lost money between FY22-FY24, with combined losses of over INR 1.8 lakh crore. Many of these traders were young, first-time participants drawn in by the ease of trading apps and the promise of quick gains.

2. The Formula-Driven Choices Gen Z Are Making

For many young people, financial decisions are increasingly shaped by formula shortcuts that promise clarity in a complex world. On social media, money often gets reduced to quick equations: **“double your money in 30 days”** or **“make 5% every week.”** These catchy rules of thumb spread quickly through YouTube shorts and Instagram reels, creating the illusion that wealth can be built by simply following a set pattern. Some influencers even share ready-made spreadsheets and templates, which make investing look as easy as plugging numbers into a formula, though the underlying risks remain hidden.

Technology reinforces this mindset. Copy-trading platforms allow users to mimic the moves of other investors, often without understanding the companies or assets involved. Automated bots and signal providers on platforms like Telegram

and Discord offer “**buy**” and “**sell**” instructions that look like precise formulas, but in reality operate on opaque logic. Even mainstream apps encourage formula-driven behaviour by promoting lists such as “top gainers of the day,” nudging users toward fast, momentum-based decisions rather than careful analysis.

Finally, one of the most pervasive formulas isn’t written down at all: the silent assumption that “everyone else is doing it.” When peers buy a trending product, invest in the same coin, or follow the same influencer’s tips, it creates a herd mentality disguised as strategy. Viral slogans like “invest INR 100 daily and retire at 30” further simplify a complex reality into something that feels achievable, even though they overlook factors like inflation, risk, and market volatility.

3. The Fundamentals Gen Z Needs to Learn

Formulas and shortcuts may look appealing, but the real foundation of financial security lies in a few timeless principles.

Budgeting comes first. Even a simple plan to divide income between needs, wants, and savings prevents overspending and reliance on credit. Equally important is grasping the relationship between risk and return. High returns are often dangled in front of Gen Z, whether through fast-moving crypto coins or high-leverage trading opportunities.

Compounding is often misunderstood, especially when social media reduces it to slogans like “**invest INR 100 daily and retire at 30.**” The truth is less flashy but far more powerful. Compounding works not by making you rich overnight, but by steadily multiplying small, consistent contributions over long periods.

For example, investing INR 1,000 a month at 10% annual return adds up to INR 1.2 lakh in cash contributions over 10 years, but grows to about INR 2.1 lakh with compounding. Extend that

to 30 years, and the same contribution totals INR 3.6 lakh, yet the portfolio grows beyond INR 20 lakh. The gap between what you put in and what you end up with is the quiet magic of time and patience is something no shortcut or viral formula can replicate.

Finally, diversification ensures resilience. Spreading money across assets like stocks, bonds and deposits protects against failure in any one area. While hype encourages “**all-in**” bets, diversification builds stability. These fundamentals usually won’t make headlines, but they create lasting confidence and security in ways formulas never can.

“FOMO feeds on speed, but wealth grows with patience. For Gen Z, the real power lies not in chasing what’s trending, but in understanding the fundamentals that compound over time.”

Why Financial Literacy Matters More Than Ever

Technology will only make financial choices faster and easier in the years ahead. By 2030, India’s retail digital payments market alone is projected to double and reach USD 7 trillion annually. This means tomorrow’s adults will make more financial decisions by the age of 25 than many of their parents did by 40.

In such a landscape, FOMO is not just a passing teenage impulse; it could become a defining risk factor for an entire generation. But the antidote remains the same: strong fundamentals, taught early and reinforced often. Financial literacy gives young people the tools to pause, to question, and to chart their own path rather than follow the crowd.

