

WEALTH & INVESTING



INSIGHTS FROM
CFA SOCIETY SINGAPORE

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Gen Z sees markets as swipe, tap, trade

How digital financial platforms are designed could shape young people's decisions – that is why the industry must also ensure investor protection

WHEN Singapore's Treasury bills and savings bonds began drawing higher demand last year, the surge was driven partly by investors in their twenties. Younger adults are clearly interested in finance, but their participation differs from earlier generations. Many in Generation Z may be more selective and more digital.

A 2020 SingSaver survey found that 85 per cent of Gen Z participants started saving before age 22, compared with 41 per cent of millennials. This trend is echoed in the *2024 Global Retail Investor Outlook*, released by the World Economic Forum in March 2025, which noted that Gen Z investors began learning about finance earlier and report higher confidence in their investment decisions.

Interestingly, although this cohort conceptually embraces risk, their actual behaviour is marked by restraint.

Roughly half of Gen Z respondents described themselves as willing to take substantial or above-average risks, based on a *2023 Finra-CFA Institute Global Investor Survey*. Just under 60 per cent of Gen Z investors expressed interest in higher-volatility assets such as cryptocurrencies and other digital assets, reported a Nasdaq Investor Sentiment study.

Yet observed allocations tell a more conservative story. DBS' *2025 Financial Wellness Study* found that Singaporeans aged 25 to 44 – comprising older Gen Zs and Millennials – set aside only 15 to 17 per cent of income for investment, with more than half of those assets in T-bills or Singapore Savings Bonds. Data from the investment platform eToro point to a similar preference for liquidity and capital stability among younger retail users in the US.

This caution suggests a focus on learning and experience-building rather than with speculation. However, digital investment platforms are often designed to keep investors constantly active. Gen Z, who mostly invest via digital-first platforms, are uniquely susceptible to the behavioural nudges embedded in these apps.

Trading platforms and robo advisers rely on digital engagement practices (DEPs), with features such as push notifications, leaderboards, rewards and social prompts, to keep users active. These features make investing feel intuitive and game-like, especially to a generation raised on frictionless digital experiences. However, these designs can shape perceptions of risk and reward in ways that are neither neutral nor always beneficial.



Roughly half of Gen Z respondents described themselves as willing to take substantial or above-average risks, based on a *2023 Finra-CFA Institute Global Investor Survey*. PHOTO: BT FILE

Gen Z's strength is digital fluency but their apparent caution can be undermined by impulsive execution. In an environment where every notification competes for attention, the hardest discipline is doing nothing.

The design of financial apps can create a subtle illusion of safety. The ability to refresh a portfolio instantly can make risk feel manageable, even when exposure to leverage or concentration is high.

This "illusion of control" fosters the belief that more data and faster access reduce uncertainty. In practice, it may lead to over-trading or herding behind online trends. Notably, half of Gen Zs admit to making investments driven by the fear of missing out.

Regulators are finding evidence for these risks. In 2024, the Financial Conduct Authority found that push notifications increased trade volume by 11 per cent, while points and prizes spurred a 12 per cent increase. Both nudges also raised the share of trades in riskier assets, with the strongest effects among younger users (aged 18 to 34) and those with lower financial literacy.

Similarly, a 2022 Ontario Securities Commission study warned that design tweaks can drive trading volume without improving investor outcomes. Investors rewarded with points of negligible value executed 39 per cent more trades

than a control group. Engagement architecture – including the combination of colour, reward and feedback built into an interface – influences real-world behaviour. For younger investors, this effect compounds because the trading app is often their primary financial tool.

Global regulators now view these practices as a new and distinct category of conduct risk. In 2024, the US Securities and Exchange Commission (SEC)'s Investor Advisory Committee warned that predictive-data analytics and DEPs can blur the line between "recommendation" and "manipulation".

It urged the SEC to focus on artificial intelligence-driven systems that interact directly with investors, and to rely on existing fiduciary frameworks, such as Regulation Best Interest, to manage conflicts of interest.

The International Organization of Securities Commissions took this further in its 2025 final report on DEPs, calling on member regulators to adopt ten "good practices". These include ensuring that engagement features serve investors' best interests, monitoring their behavioural impact, disclosing potential conflicts, and integrating investor-education initiatives.

For financial institutions and educators, the challenge is one of translation.

Investor-education efforts should meet young people where they are: on mobile interfaces and social platforms. This means using short videos, gamified challenges and dashboards that reward patience over churn. If the market has become an app, its design should promote sound habits. Nudges should highlight the benefits of compounding, not just daily price swings.

Singapore has already taken early steps. The Monetary Authority of Singapore and the Institute of Banking and Finance have expanded digital-finance and investor-literacy programmes. As these evolve, the next phase should focus on "behavioural-design literacy" – teaching investors to recognise how an interface influences a decision.

For Gen Z, such awareness is as essential as understanding diversification or compounding.

In their formative investing years, Gen Z is viewing the markets through digital lenses. Understanding the importance of user-interface design can help Singapore's industry, educators and regulators promote sound investing habits. More than just aesthetics, design now sits at the heart of market conduct and investor protection.

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