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What is the impact of the emergence of ETFs on the savings habits of young investors? An analysis of the behaviour of finance students at University of Liège.

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WHAT IS THE IMPACT OF THE EMERGENCE OF ETFs ON THE SAVINGS HABITS OF YOUNG INVESTORS ? AN ANALYSIS OF THE BEHAVIOUR OF FINANCE STUDENTS AT UNIVERSITY OF LIÈGE.

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1. Introduction

The evolution of Exchange-Traded Funds (ETFs) has fundamentally reshaped the landscape of personal investment over the past decades. By providing an accessible gateway to diversified portfolios, lower costs, and greater flexibility, ETFs have democratized the world of investing. This financial product allows a broader range of individuals to be engaged in a new way in financial markets. This shift has notably impacted younger generations, who are typically more inclined to adopt innovative financial products and digital tools. My interest in exploring this phenomenon is not solely academic but also profoundly personal. Indeed, my motivation behind the choice of this research topic comes from my own experiences as a young adult navigating the complexities of personal finance and investment. As a finance student at HEC Liège and particularly within my specialization in Banking and Asset Management, ETFs quickly emerged as a subject of keen interest for me. My coursework introduced me to passive investment strategies and to the ETFs and their advantages that we will see later in my thesis. Complemented by my personal research and growing fascination with financial innovation, I quickly realized that ETFs possess considerable potential to revolutionize how young adults approach money management and long-term savings. In my opinion, it is clear that personal financial management is undeniably one of the most crucial aspects of our lives. Indeed, the decisions that young adults make today regarding savings and investments significantly influence their future financial stability and overall life trajectory. Recognizing this, I felt compelled to delve deeper into understanding precisely how my peers, students and future young professionals who possess a foundational understanding of finance, perceive and utilize ETFs. Moreover, I was driven by a broader ambition to assess the real-world implications and contribution of ETFs on their saving and investment behaviours.

Initially, the research was designed to integrate both quantitative and qualitative methods to capture a broad spectrum of data and insights. The goal was to evaluate the impact of ETFs on general household saving behaviours, using surveys and statistical analyses to track overarching trends supplemented by in-depth qualitative interviews to capture nuanced motivations and perceptions. However, after extensive discussions with my thesis supervisor, it became clear that this approach posed several significant challenges. It was difficult to implement because the specificity of ETFs meant securing a sufficiently large and representative sample. That was problematic because that could potentially dilute the quality and relevance of the responses. Consequently, a targeted and more qualitative approach appeared more logical and effective. Thus, the research question was refined to exclusively focus on young investors who already possess a foundational understanding of financial markets. This pivot ensures that the data collected will be precise, relevant and meaningful to facilitate deeper insights into the nuanced ways ETFs shape young investors' attitudes and behaviours. The revised research question which will guide this thesis is thus articulated as follows: **What is the impact of the emergence of ETFs on the savings habits of young investors? An analysis of the behaviour of finance students at University of Liège.**
To address this question effectively, my research will focus specifically on finance students at HEC Liège. This population is equipped with basic financial literacy and presumably a higher propensity towards engaging with investment products. Using a carefully structured questionnaire, this study aims to uncover not only how these young individuals perceive ETFs but also how their knowledge and attitudes towards risks and opportunities influence their investment decisions. The collected insights will subsequently be compared and contrasted with existing academic literature. That will thereby situate my findings within a broader scholarly context.

Beyond purely academic inquiry, this research has a practical dimension. It aims to identify actionable insights and formulate recommendations that could potentially enhance young adults' financial literacy and efficacy in managing their savings. By better understanding how informed young investors interact with ETFs, we can explore pathways to extend these positive behaviours and attitudes to a broader youth demographic. This aspiration reflects my broader ambition which is to contribute meaningfully to improving young people's financial well-being.

Finally, this thesis is not merely an academic requirement because it represents my commitment to a subject I believe is critically important for the financial future of my generation. By analysing the behaviours and attitudes of financially informed young adults towards ETFs, I seek to uncover valuable insights that could eventually inform strategies and educational initiatives promoting better financial practices across the younger population.

2. Literature review

The following literature review is based on a carefully curated selection of sources that combine recognized academic contributions with high-quality professional insights. To ensure the reliability and relevance of the data used, the priority was given to peer-reviewed academic articles published in leading journals such as the *Journal of Economic Perspectives* or the *Review of Finance*, which provide strong theoretical frameworks on ETF markets, financial behaviour, and financial literacy. These articles are authored by highly respected scholars and industry expert such as Ananth Madhavan, a leading researcher on ETF market structure, or Maureen O'Hara, a renowned specialist in market microstructure for instance. In addition, the review incorporates recent reports and analyses from trusted financial institutions like Morningstar or a reputable newspaper (The Financial Times) to offer a practical perspective on current market dynamics. Furthermore, several studies from the CFA Institute Research Foundation, an actor which widely recognized for their depth, neutrality, and practical relevance in the field of investment management further reinforce the credibility of the content. This combination of academic rigor and market-relevant insight ensures that the literature review is both theoretically grounded and firmly connected to real-world developments in financial markets.

2.1 Definition and history of ETFs

2.1.1 Definition and characteristics of ETFs

By definition, Exchange-Traded Funds are open-ended investment vehicles that combine the features of mutual funds and individual stocks. They aim to replicate the performance of specific market indices, commodities, bonds or sectors, while being traded on exchanges throughout the trading day like individual securities (Hill, Nadig, & Hougan, 2015).

It's important to understand how work this product. The structure of an ETF typically involves three key participants. The fund sponsor (e.g. BlackRock, Vanguard, Invesco…) is responsible for the fund's design and management. It includes notably the selection of the benchmark index to be tracked. Then, the custodian holds and safeguards the underlying assets and the third, the authorized participants (APs), are usually large institutional investors or market makers who facilitate the creation and redemption of ETF shares. These play a crucial role by being engaged in this process which helps align the market price of the ETF with its Net Asset Value (NAV) (Liebi, 2020). This mechanism allows authorized participants to exchange a predefined basket of securities (representing the underlying index) for newly created ETF shares, or vice versa. This arbitrage process[1] fosters market efficiency and maintains a tight link between ETF's trading price and the value of its underlying assets. All of that helps to minimize price deviations

Unlike mutual funds which issue and redeem shares directly with investors at the end-of-day NAV, ETFs operate through a dual-market structure which is composed of a primary and a secondary market (Lettau & Madhavan, 2018).
In the primary market, only APs can interact directly with the ETF sponsor to create or redeem shares in large blocks, called creation units. These transactions occur through an in-kind exchange of securities[2] that mirror the ETF's portfolio and allow APs to obtain ETF shares at or near the fund's NAV. This creation/redemption mechanism adjusts the supply of ETF shares in response to market demand and plays a central role in keeping the ETF price aligned with its net asset value.

[1] Buying undervalued ETF shares or selling overvalued ones.
[2] The in-kind process is a process by which ETF shares are created or redeemed through the direct transfer of a basket of securities, rather than cash. This mechanism helps reduce tax liabilities and transaction costs.

After that, in the secondary market, ETF shares are traded on exchanges places by regular investors, just like stocks. Most buying and selling occurs here and does not affect the underlying assets which greatly reduces transaction costs and minimizes portfolio turnover. Secondary market prices are determined by supply and demand but are continuously arbitraged by APs to stay close to NAV.

Ben-David, Franzoni, and Moussawi (2017) further emphasize that this arbitrage mechanism not only promotes price efficiency but also facilitates liquidity transfer from the ETF to its underlying securities. Their research show that ETF arbitrage activity improves trading conditions for the underlying asset and can also transmit volatility during periods of market stress because some actors may withdraw from the market (e.g. APs). It leads to pricing dislocations and potentially propagating shocks to the underlying securities. This dynamic makes the authorized participant mechanism central to the ETF ecosystem, enhancing liquidity, transparency, and tracking precision, especially for index-tracking ETFs.

Beyond these technical features, ETFs as structural market drivers. Indeed, ETFs are not merely technical instruments and they represent a broader shift in the investment landscape. Their rise is emblematic of the transition toward passive investing which has grown steadily over the past four decades. Simultaneously, the asset management industry has become more concentrated with a few large players dominating ETF issuance and their distribution. As Ben-David et al. (2017) note, this evolution raises new questions about market behaviour. Due to their low costs and high liquidity, ETFs may attract short-term speculative investors who were previously absent from traditional fund structures. It remained an open question whether these investors was simply reallocating from vehicles like closed-end funds or whether ETFs have spawned a new category of short-term traders. In either case, their presence can affect the quality of price discovery and contribute to greater non-fundamental volatility.

The literature suggests a dual effect: On the one hand, ETFs can improve the speed of information diffusion into asset prices and on the other hand, they may reduce price precision by amplifying noise. In this sense, ETFs can enhance informational efficiency and weaken it at the same time, depending on context and asset class.

After having introduced the structural aspects, several key characteristics distinguish ETFs from traditional mutual funds and other investment products: (Hill and al., 2015).

- **Intraday liquidity:** ETFs can be bought and sold throughout the trading session at real-time prices, providing investors with high liquidity and flexibility.
- **Transparency:** ETFs generally disclose their holdings daily, allowing investors to have clear insight into the underlying assets and associated risks.
- **Low costs:** This product offers lower expense ratios compared to actively managed funds due to their passive investment strategy and operational efficiency.
- **Diversification:** Through a single ETF, investors can gain exposure to a diversified basket of securities. It reduce unsystematic risk.
- **Trading features**: Because ETFs are traded like stocks, they can be shorted, bought on margin, and used in derivatives strategies. This makes them attractive to institutional investors and active traders who seek to implement sophisticated investment or hedging strategies.
- **Accessibility**: ETFs are easy to access via regular brokerage accounts without needing to go through fund providers or intermediaries. For retail investors, this reduces barriers to entry and simplifies portfolio building.
- **Arbitrage and price efficiency:** As previously mentioned, Liebi (2020) emphasizes the critical role of authorized participants in maintaining price efficiency. The ETF arbitrage mechanism ensures that any deviation between the ETF market price and its NAV is rapidly corrected. It is essential because it contribute to the overall efficiency of financial markets.

We can see that ETFs represent a transformative innovation in the asset management industry. This purpose combine the liquidity and flexibility of stocks with the diversification and the simplicity of mutual funds. As we said, their structural design, particularly the role of authorized participants, ensures efficient price alignment and robust market liquidity. The unique set of features offered by ETFs, including intraday trading, transparency, low costs and broad accessibility has made them an increasingly popular tool for both retail and institutional investors. These characteristics not only contribute to improved market functioning but also support a wide range of investment strategies, from long-term passive investing to sophisticated tactical positioning. As the ETF ecosystem continues to evolve, its foundational strengths remain essential to its ongoing global expansion and relevance in modern portfolio construction.

Closely linked to the structure and function of ETFs is the rise of passive investment strategies. Passive management refers to an approach in which the investor aims to mirror the performance of a specific benchmark index rather than attempt to outperform it through active stock selection or market timing. As defined by Sharpe (1991), a passive investor holds all securities in a market index in exact proportion to their market value, ensuring full replication and eliminating discretionary decision-making. In contrast, active managers deviate from the index composition based on perceived mispricing but incur higher trading and research costs.
Sharpe's foundational argument, often referred to as "the arithmetic of active management", demonstrates that by definition, the average actively managed dollar must underperform the average passively managed dollar once costs are considered. Since the market return reflects the weighted average of all invested dollars and because active managers face higher costs, passive strategies are expected to generate superior net returns on average.
This theoretical framework has gained strong empirical backing in recent decades. Elton, Gruber, and de Souza (2019) show that a portfolio of low-cost ETFs can outperform the majority of active mutual funds when matched for risk, with passive ETF portfolios outperforming active funds in 78% to 90% of cases, depending on the model used. Their findings confirm that not only can ETFs replicate market exposures more cost-effectively, but they can also achieve better risk-adjusted returns, even compared to hand-selected active fund portfolios.
As a result, ETFs have become the cornerstone of passive investing. While active ETFs and tactical strategies have emerged, the growth of ETFs remains deeply rooted in the widespread shift toward passive asset management.

2.1.2 Origin and development

The concept of Exchange-Traded Funds emerged from innovations in program trading in the late 1970s and 1980s, which allowed entire baskets of index stocks to be bought or sold in a single transaction. These early tools laid the groundwork for the development of instruments capable of replicating index performance on a tradable basis. One of the first attempts to institutionalize this approach came in 1989, with the launch of Index Participation Shares (IPS) on U.S. exchanges. However, IPS were short-lived due to regulatory challenges, as they were deemed futures contracts by the Commodity Futures Trading Commission (CFTC) and were required to be traded on futures exchanges (Deville, 2008).

The first successful ETF-like product was the Toronto Index Participation Fund (TIP 35) introduced in Canada in 1990. This fund tracked the Toronto 35 index and was characterized by extremely low management fees, partly due to the ability of the fund manager to lend underlying securities in high demand. Although have been followed by the broader TSE-100 based HIPs in 1994, these products were discontinued by 2000 due to structural limitations and cost concerns (Deville, 2008).
The turning point in the U.S. market came in 1993 with the launch of the SPDR S&P 500 ETF (SPY) by State Street. SPY introduced a unique trust-based structure and a new in-kind creation/redemption

mechanism that ensured a tight tracking of the underlying index. This structure became the blueprint for future ETF development. Subsequent products included MidCap SPDRs, Diamonds (DIA) based on the Dow Jones Industrial Average and Select Sector SPDRs. In 1996, Barclays Global Investors launched World Equity Benchmark Shares (WEBS) which was structured as mutual funds and focused on foreign market exposure (Deville, 2008).

The ETF market gained momentum in 1999 with the introduction of the NASDAQ-100 Tracking Stock (QQQ). This fund rapidly became one of the most actively traded equity securities in the U.S., reaching a daily average of 70 million shares in its second year. This surge in interest contributed to doubling the total ETF assets under management (AUM) in 2000 to $70 billion. ETF growth continued at a rapid pace in the early 2000s, with annual growth rates of 27% in 2001, 48% in 2003 and 50% in 2004. By the end of 2002, there were 113 ETFs listed in the U.S. with approximately $102 billion in AUM. By April 2006, the number had reached 216 ETFs with over $335 billion in assets. While new issuers such as iShares and StreetTracks offered increasingly diversified products, the market was still dominated by SPDRs, QQQs, and DIA who's all tracking broad indices (Deville, 2008).

The international expansion followed quickly. In Asia, the first ETF, the Hong Kong Tracker Fund, was launched in 1999. In Europe, the first ETF was introduced in 2001 and it was tracking the Euro STOXX 50 index (Aggarwal & Schofield, 2014). By 2005, eleven European stock exchanges were listing over 160 ETFs with total assets nearing €45 billion and annual growth exceeding 60%. Exchanges such as Deutsche Börse and Euronext led the region, while countries like Italy demonstrated high retail investor activity. However, trading and assets remained concentrated on a few dominant products, especially those issued first for a given index (Deville, 2008).

The 2008 financial crisis served as a turning point in the growth trajectory of the ETF industry. Amid widespread investor distrust in actively managed funds and increased demand for transparency, ETFs gained significant traction due to their structural advantages. (Joshi & Dash, 2024).
According to Aggarwal and Schofield (2014), the ETF market grew from $79 billion in 2000 to over $1.4 trillion by 2010. By July 2012, there were 4,593 ETFs globally. The U.S.-domiciled ETFs accounted for nearly 70% of global activity. Most ETFs continued to track equity indices (75%), but fixed income (15%) and commodity ETFs (10%) gained popularity. The U.S. ETF market represented 25–30% of total trading volume, even exceeding 40% during peak periods (Aggarwal & Schofield, 2014).

Between 2012 and 2025, the ETF industry experienced not only accelerated growth in assets under management but also a deep structural transformation in terms of product range and investor adoption. Following the 2008 financial crisis, investors increasingly sought low-cost, transparent, and flexible instruments that could offer downside protection or targeted exposure. As a result, new ETF categories such as minimum volatility ETFs, the fixed income ETFs but also leveraged and inverse products gained popularity. At the same time, the rise of smart beta strategies which was initially launched by PowerShares in 2003 reshaped portfolio construction by offering rules-based alternatives to market-cap indices. By 2018, smart beta ETFs accounted for approximately 20% of total U.S. ETF assets (Joshi & Dash, 2024).

Global ETF assets rose from approximately $204 billion to nearly $10 trillion between 2005 and 2021, reflecting a twenty-fold increase in just over 15 years. That far outpaces the 130% growth seen in mutual fund assets over the same period (Joshi & Dash, 2024). This trend became particularly visible in the U.S. when passive fund assets surpassed those of active funds in August 2019. It was a turning point that may have shaped market behaviour in both developed and emerging economies. Fund flow data shows that ETFs have continued to attract strong inflows, while traditional equity mutual funds have recorded net outflows (Joshi & Dash, 2024).
By 2024, this structural shift culminated in record-breaking figures. According to Morningstar, ETF net inflows reached $1.5 trillion, with global assets exceeding $15 trillion by year-end. Equity ETFs brought

in $757 billion, fixed income ETFs $376 billion, and active ETFs gained $290 billion $. In parallel, the number of ETFs in circulation reached an all-time high, with over 13,200 ETFs listed globally by mid-2024, reflecting the growing diversity and specialization of the ETF universe (BlackRock, 2024). This proliferation underscores the scale and maturity of the ETF market and as well as its capacity to meet a wide range of investor needs across asset classes and strategies.

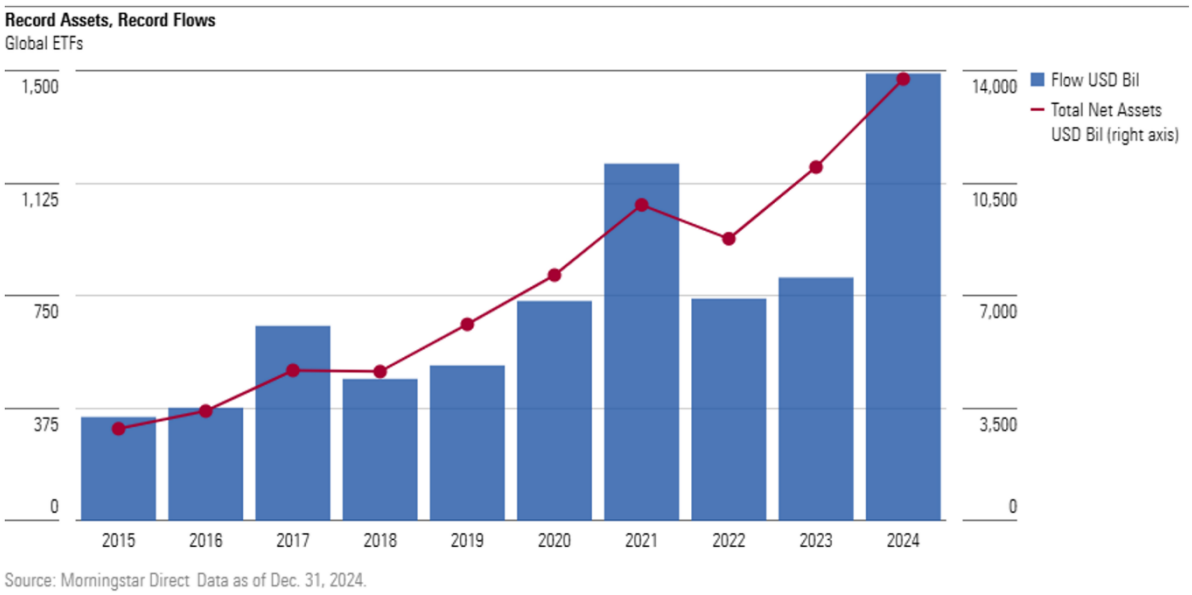


Figure 1 : ETF Flows[3]

2.1.3 Types of ETFS

Replication approaches: Physical vs. Synthetic

Exchange-Traded Funds replicate the performance of an index using physical replication by holding the underlying assets directly. The synthetic replication typically uses total return swaps to simulate index returns. While synthetic ETFs are often promoted for their cost advantages and suitability for complex markets, academic evidence suggests the choice between synthetic and physical replication should be made with careful consideration of tracking efficiency, cost, and systemic risk.

Naumenko and Chystiakova (2015) examined 35 ETFs traded on the Swiss Stock Exchange and found that synthetic ETFs had significantly higher tracking errors compared to physically replicated ones. Using four complementary estimation methods, the study revealed that replication method, expense ratio and the number of index constituents were the most significant predictors of tracking error. Interestingly, the identity of the ETF sponsor had no statistically significant impact which suggests that tracking performance is driven by structure rather than provider reputation.

In a related study, Fassas (2014) analysed matched pairs of synthetic and physical ETFs across equity, bond, commodity, and FX markets listed on major European and US exchanges. The findings indicated that although both replication methods produced broadly similar returns, physical ETFs exhibited stronger co-movement with benchmark returns especially in less volatile conditions. This suggests that physical replication offers more consistent tracking precision, especially over longer holding periods.
Another further evidence is provided by Mateus, Cesario, and Rahmani (2014) who analysed equity ETFs listed on the London Stock Exchange between 2008 and 2013. Their results also challenge

[3] https://www.morningstar.com/business/insights/blog/funds/global-fund-flows

assumption which argues that synthetic ETFs offer superior tracking. Once again, we observe that synthetic ETFs did not exhibit better daily tracking performance and they also had higher average expense ratios than physical ETFs. Interestingly, their analysis revealed that a higher daily tracking error does not always imply poor benchmark replication and conversely, a lower tracking error does not guarantee superior performance. This nuance underscores the importance of looking beyond basic error metrics when evaluating ETF quality. In conclusion, while synthetic ETFs may offer certain access or cost benefits in niche markets, the empirical evidence generally favors physical ETFs for superior tracking accuracy and lower systemic risk. Investors should therefore assess not only the replication method but also market conditions, benchmark composition, and fund transparency when selecting ETFs for passive exposure.

In a detailed market overview, Glow (2025) has examined the replication strategies used across the European ETF landscape as of December 2024. His analysis reveals that over 87% of ETF assets in Europe are now managed using physical replication methods which is a strong indicator of investor preference for transparency, simplicity, and reduced counterparty exposure. While synthetic and physical ETFs were more equally represented a decade ago, the landscape has shifted decisively in favour of physical replication.

This trend is especially relevant in the context of this thesis, which explores how ETFs influence savings behaviours among young investors. Less experienced investors are more likely to prioritize ease of understanding, cost transparency, and risk control. Thus, the predominance of physical replication reflects market alignment with those expectations. Understanding this distinction allows young investors to make more informed choices and avoid products whose structure may conceal risks. Ultimately, grasping how ETFs are constructed is critical for evaluating their long-term suitability as savings tools, an essential objective of this research.

Investment management strategies: Passive and Active ETFs

Although ETFs are traditionally classified as passive investment vehicles, some growing empirical evidence reveals that many ETFs operate with a substantial degree of activeness, both in design and use. Indeed, recent industry data confirms the growing relevance of active ETFs within the global fund landscape. In 2024 alone, over 600 new active ETFs were launched in the U.S. It is nearly four times the number of new passive ETFs (Morningstar, 2024). This surge illustrates a clear investor appetite for strategies that combine index-like efficiency with active flexibility.

Easley, Michayluk, O'Hara and Putniņš (2021) have introduced the concept of the "active world of passive investing," showing that a large portion of ETFs, particularly those with factor or sector-based strategies, are highly active in both structure and usage. Their study finds a median Activeness Index[4] of 93.1% across their ETF sample with significant active return deviation, especially among the most traded ETFs. These ETFs, though labelled "passive," are frequently used for tactical allocations, market timing or exposure to narrow market segments. The authors argue that the ETF landscape now constitutes a continuum between passive and active investment where success relies not on individual stock-picking, but on index design, trading algorithms and strategic factor exposures. Easley, Michayluk, O'Hara and Putniņš (2021) also provide a more refined understanding of ETF activeness by introducing a dual framework that distinguishes between activeness in form and activeness in function. Activeness in form refers to the inherent design of an ETF. These are them that despite being structured as exchange-traded products, are actively managed in their construction. Examples include factor-based ETFs, smart beta strategies and narrowly focused thematic funds. These products exhibit characteristics such as high portfolio turnover, higher expense ratios and sensitivity of flows to performance. They are

[4] This index is a metric that quantifies how actively an ETF deviates from its benchmark in terms of holdings or weighting, indicating the degree of active management.

in fact similar to traditional actively managed mutual funds. In contrast, activeness in function describes how investors use ETFs, regardless of how they are structured. Even broad-market index-tracking ETFs passive by design, they can be used actively by investors engaging in short-term trading, market timing, sector rotation or hedge-based strategies. Such ETFs often display high secondary market turnover and are integrated into dynamic portfolio strategies that deviate from buy-and-hold investing. We have just seen that the authors show that 93% of ETFs by number that are active either in form or in function. Additionally, they claim that 78% of traded dollar volume and around 58% of assets under management in the ETF market are invested in ETFs that demonstrate meaningful activeness. These findings challenge the traditional notion that ETFs are purely passive tools, revealing instead that the ETF market operates across a spectrum of activeness both structurally and behaviourally.

However, the performance implications of this activeness remain debated. For example, Rompotis (2009), using U.S.-listed ETFs, finds that active ETFs tend to underperform both passive ETFs and their benchmarks in terms of raw and risk-adjusted returns. His results show that active ETFs exhibit higher volatility, greater tracking errors, and lower Sharpe and Treynor ratios which suggest that their managers lack the selection and market-timing skills needed to consistently generate alpha. Regression analyses confirm no statistically significant Jensen's alpha for active ETFs and most market timing coefficients were negative and insignificant. These findings imply that, despite their ambitions, active ETFs fail to deliver the excess returns they promise.

In a more recent follow-up study, Rompotis (2022) evaluated 50 actively managed equity ETFs traded in the U.S. and confirmed that most failed to outperform the S&P 500 Index using both single and multi-factor models. The active ETFs displayed lower systematic risk than the market index, indicating a more conservative profile, but this was not associated with higher alpha. Moreover, no consistent market timing ability was observed among ETF managers. The only notable positive factor was a mild positive relationship with the size factor while other exposures (value, momentum, quality) showed inconsistent effects, making any outperformance largely fund-specific. According to Rompotis, the growth in active ETF assets since 2020 has been driven more by investors' desire for diversification and perceived future return potential rather than by proven historical outperformance.

In sum, while active ETFs offer innovation and flexibility, especially in terms of strategy design and index construction, the academic evidence does not support their superior performance. For young investors understanding the true nature of ETF activeness is essential. This distinction reinforces the importance of financial education and critical fund selection, both of which are central themes of this thesis.

ETF Categories

With a diverse range of asset classes and structures, ETFs are designed to meet various investor needs and strategies. First of all, **Equity ETFs** remain predominant, representing approximately 78% of total ETF market assets (LSEG Lipper, 2024). These ETFs typically replicate the performance of equity market indices, either through physical or synthetic replication. Equity ETFs encompass several sub-categories. Broad-market ETFs replicate major indices such as the S&P 500 providing investors with diversified market exposure across multiple sectors. Sector-specific ETFs, a substantial category within equity ETFs, target industries like technology, healthcare, financial services or real estate, and generally align closely with sector weightings found in broad indices. These ETFs often reflect broader economic trends or cycles, making them popular among investors seeking focused exposure or hedging sector-specific risks. Additionally, equity ETFs include "smart beta" and active ETFs as we will abord later or factor ETFs, designed to exploit investment factors such as value, growth or momentum through innovative weighting methodologies. These ones offering an intermediate investment strategy between traditional passive indexing and active management (Lettau & Madhavan, 2018).

Bond ETFs or fixed income securities have also experienced significant growth. Theyn now comprises roughly 17% of ETF market assets in 2024 (LSEG Lipper, 2024). Initially focused on investment-grade

and government bonds, bond ETFs have expanded into high-yield corporate bonds and even bank loans. The rapid growth of bond ETFs is driven by several investor advantages. First, individual corporate bonds are often traded in opaque, dealer-driven markets with limited transparency whereas bond ETFs trade on electronic exchanges offering intraday liquidity and transparent pricing. Second, bond ETFs frequently have narrower bid-ask spreads compared to individual bonds which improve the cost efficiency. Additionally, bond ETFs address challenges associated with bond portfolio management such as maintaining a consistent maturity profile as these funds are structured to manage these complexities without constant investor intervention. Institutional investors including pension funds and hedge funds, but also retail investors increasingly utilize bond ETFs for their cost efficiency, liquidity and simplicity in managing fixed-income exposure (Lettau & Madhavan, 2018).

Commodity ETFs have significantly simplified and democratized commodity investments in making it easy and cost-effective for investors regardless of their sophistication or size. Previously, investing in commodities required investors to open futures accounts, obtain broker approval and manage margin requirements. Now, investors can conveniently purchase commodity exposure through ETFs using brokerage accounts. Commodity ETFs fall into two primary categories: physically backed ETFs and futures-based ETFs. Physically backed ETFs, such as SPDR Gold Shares (GLD) hold the actual commodities, usually precious metals like gold, silver, platinum, and palladium. They are in a secure storage with each ETF share representing a portion of these physical holdings. Futures-based ETFs, more prevalent and complex, invest in futures contracts for commodities. These contracts specify future purchases of commodities and converge toward spot prices at expiration. Investors must understand the intricacies involved, particularly the rolling of contracts, which significantly affects returns depending on the selected roll strategy and the futures curve positioning (Hill et al., 2015).

Currency ETFs are another niche ETF category, allow investors to track foreign currencies directly. Launched initially by Rydex Investments in 2005, these ETFs facilitate investment in major currencies like the euro, sterling, and U.S. dollar, providing exposure to currency fluctuations without direct forex trading complexities (Hill et al., 2015).

Leveraged and inverse ETFs represent a specialized category. It provide leveraged (multiplied) or inverse (short) exposure to underlying indices. Introduced in ETF form in 2006, leveraged ETFs aim to deliver daily returns typically two or three times that of their benchmark index while inverse ETFs seek to provide the opposite daily return. It is crucial for investors to understand the compounding effect inherent in these products. Over a single day, leveraged ETFs track their benchmark tightly but over longer periods, their returns can significantly deviate from the expected multiple of the benchmark due to compounding[5]. Specifically, leveraged ETFs tend to outperform their multiple during strong trending markets but underperform during volatile or fluctuating markets. Given these complexities, leveraged and inverse ETFs are generally more suitable for short-term trading strategies rather than long-term investments. Investors should be aware of the potential risks and ensure they understand the mechanics of these products before incorporating them into their portfolios. They must carefully consider these characteristics, as the compounding effect, because it can markedly influence investment outcomes over extended periods (Hill et al., 2015).

As we have seen in 1.3.2, **Active ETFs** have emerged more recently, blending active management strategies with ETF structures. Unlike traditional passive ETFs, actively managed ETFs involve discretionary investment decisions aimed at outperforming benchmark indices while maintaining daily transparency of holdings and a competitive fee structure. It distinguishes actively managed ETFs from actively managed mutual funds. (Lettau & Madhavan, 2018).

[5]In leveraged ETFs, daily returns are multiplied, and over time, this can cause significant deviations from expected long-term returns due to the cumulative impact of daily gains and losses.

Crypto ETFs are a recent financial innovation that combine two major developments of modern finance: exchange-traded funds and cryptocurrencies. These instruments provide regulated access to cryptocurrencies, primarily Bitcoin, through familiar structures such as ETFs listed on traditional stock exchanges. Their emergence has generated a growing interest among investors, particularly younger demographics, and has raised important questions about risk, pricing efficiency, and diversification.
The regulatory landscape for crypto ETFs has evolved significantly. In 2024, the U.S. Securities and Exchange Commission (SEC) finally approved spot Bitcoin ETFs, allowing investors to gain exposure to Bitcoin without holding the underlying asset directly (Wu, 2024). Unlike conventional ETFs, which own physical shares or commodities, Bitcoin ETFs depend on a complex creation and redemption process handled by authorized participants (APs). This structural difference leads to distinct behaviours in premium/discount pricing and tracking errors. Wu (2024) shows that Bitcoin ETFs exhibit higher volatility in premiums and discounts compared to traditional index ETFs with smaller funds demonstrating even greater instability. On the demand side, crypto ETFs appeal primarily to younger investors as we will see in section 2 (Paydarzarnaghi et al, 2024).
In terms of diversification, Velazquez et al. (2024) show that crypto ETFs can transmit volatility to other asset classes, weakening their diversification benefits.
In summary, crypto ETFs provide easier access to digital assets and attract younger, risk-tolerant investors. They carry structural risks and limited diversification potential that must be carefully considered.

Smart beta ETFs are a type of equity ETF that follow special strategies to try to improve returns compared to standard index funds. Instead of simply copying the market based on company size, smart beta ETFs select and weight stocks using specific factors like value, growth, momentum, or dividend yield. The largest group among them focuses on value and growth stocks. Value ETFs invest in companies that seem cheap based on financial indicators like low price-to-earnings ratios, while growth ETFs invest in companies expected to grow faster than average. These strategies come from well-known academic research, especially the model of Graham and Dodd.
Unlike active funds, smart beta ETFs do not have managers picking stocks. Instead, they follow transparent rules-based methods, so they cost less than traditional active funds but still aim to beat the market. This makes them a middle ground between passive and active investing (Lettau & Madhavan, 2018).

In 2024 alone, equity ETFs attracted $773.2 billion in inflows, including $591 billion into U.S. equity funds. Fixed income ETFs followed with $302.1 billion in inflows. (Financial Times, 2025).The diversity of ETF structures, ranging from traditional equity and bond funds to more sophisticated instruments such as smart beta, commodity-based, and leveraged ETFs illustrates how the ETF market has adapted to a wide spectrum of investor objectives, risk tolerances, and investment horizons. For young investors in particular, this breadth of choice is highly consequential. It enables them to access asset classes and strategies that were previously reserved for institutional or highly capitalized investors, all within a transparent, liquid and low-cost structure. Understanding these ETF categories is essential for analysing how they influence the investment preferences and behaviours of younger generations. In the context of my research, exploring the typology of ETFs helps explain how financial accessibility to a wide range of products can encourage earlier and more diversified market participation.

2.1.4 Risks associated with ETFs

Despite their growing popularity and structural advantages, ETFs introduce specific risks that differentiate them from traditional mutual funds or direct securities investments. These include market volatility, liquidity constraints, structural risks such as credit exposure, and product-related misunderstandings. These risks, often overlooked by novice investors, can influence how ETFs are used

in personal savings strategies. The literature highlights several key categories of ETF-related risks that investors, regulators and financial professionals must carefully consider

Expectation-Related risk and misunderstanding

One of the most critical but often overlooked risks is the misalignment between investor expectations and the actual functioning of ETFs. As Hill, Nadig, and Hougan (2015) explain and seen before, ETFs grant access to asset classes and strategies once reserved for institutional or highly sophisticated investors. However, many retail investors may not fully grasp the mechanics of such exposures. For instance, leveraged and inverse ETFs are designed to achieve a multiple of the index's daily return, not its cumulative performance over time. The compounding effect in volatile markets can lead to significant deviation from expected outcomes, especially for buy-and-hold investors who do not rebalance their positions. Similarly, commodity-based ETFs introduce risks related to the futures market. Due to phenomena like contango and backwardation[6], the returns of commodity ETFs often diverge from spot prices. It may surprise investors who expect a direct one-to-one price movement. These examples underscore the importance of investor education and clear product disclosure. Without that, ETF users may be exposed to significant, avoidable losses.

Further evidence of the behavioural risks associated with ETF usage is provided by Bhattacharya et al. (2016) whose examined German retail investors between 2005 and 2010. Their findings show that despite the structural advantages of ETFs, portfolio performance among users did not improve after ETF adoption. This was largely due to poor timing and suboptimal ETF selection such as choosing narrowly focused or high-cost products. The authors argue that many investors failed to capitalize on the core benefits of passive ETFs because they traded them excessively or selected them poorly. The growing variety of ETFs (e.g., sector or country-specific funds) seems to have encouraged this misuse, particularly among less experienced users.

Nevertheless, this study should be interpreted with caution. The analysis period (2005–2010) was relatively short and includes highly volatile market phases such as the 2008 financial crisis. Drawing definitive conclusions on long-term ETF effectiveness from such a limited timeframe may be premature, especially considering the cyclical nature of markets. Furthermore, the global ETF landscape has evolved significantly since 2010, with increased investor education, broader diversification tools, and major U.S. market outperformance shaping outcomes. For instance, ETFs tracking global indices such as the MSCI World are now often composed of more than 70% U.S. equities, which raises additional questions about regional bias, long-term sustainability and appropriate benchmarking.

Structural and counterparty risk

Certain ETF structures introduce credit risk that is not inherent to traditional mutual funds or physical ETFs. Exchange-Traded Notes (ETNs), for example, are debt instruments subject to the issuer's creditworthiness. If the issuing bank defaults, investors could suffer a total loss (Hill et al., 2015). For instance, Lehman Brothers issued unsecured ETNs that became worthless during its bankruptcy in 2008 (Madhavan, 2018). Although tools like credit default swaps (CDS) provide a market-based proxy for default risk, retail investors rarely monitor such metrics.

Synthetic ETFs, which rely on total return swaps or other derivatives to gain exposure also carry counterparty risk that is generally limited to the period between swap resets, which typically occur daily. While these risks are partially mitigated by collateralization and transparency, investors must remain attentive to the instruments' composition and exposures.

In addition, securities lending, a common practice among ETF providers, presents a nuanced source of risk. While typically overcollateralized[7], the reinvestment of collateral can lead to losses if managed

[6] Market conditions in futures contracts where contango means future prices are higher than spot prices, and backwardation means they are lower.

[7] A situation where the value of collateral exceeds the exposure it secures.

poorly. These risks are infrequent but illustrate the operational complexity that lies behind many ETF structures (Hill et al., 2015).

Market Fragility and liquidity Mismatch

Bhattacharya and O'Hara (2018) emphasize that ETFs can exacerbate market fragility by disrupting price formation processes. That happens particularly in markets characterized by lower liquidity. The interaction between ETF prices and the prices of underlying securities can create feedback loops, especially when ETFs trade at a premium or discount to their net asset value. In some instances, ETF trading volume can dominate the market for the underlying assets, which means that price movements in the ETF itself may lead, rather than follow, changes in fundamental value. That is a dynamic described as "the tail wagging the dog."

These distortions can result in excessive volatility and co-movement among assets, undermining the efficiency of capital allocation. The problem becomes acute when ETFs reference hard-to-access or thinly traded securities, such as certain segments of the corporate bond or emerging markets. In such cases, ETF redemptions during market stress can force asset sales into illiquid markets, amplifying price dislocations (Bhattacharya & O'Hara, 2018). To illustrate that, on May 6, 2010,the Dow dropped almost 1,000 points in 20 minutes because ETFs disproportionately affected and some trading at absurd prices.

Regulatory and operational Risk

The growing complexity of ETF structures has raised regulatory questions about transparency, redemption mechanisms, and market oversight. O'Hara (2020.) discuss the potential consequences of liquidity mismatches and the role of authorized participants (APs) during times of stress. For instance, the suspension of ETF creations or redemptions by issuers such as in the case of the VelocityShares 2X VIX Short-Term ETN (TVIX) in 2012 can create significant market dislocations, with ETF prices diverging from the value of the underlying assets.

Another concern lies in the updating frequency of net asset values (NAVs). While ETFs traditionally publish NAVs every 15 seconds, some argue that these estimates can become inaccurate during volatile periods, potentially misleading market participants. Moreover, innovations like non-transparent active ETFs introduce additional uncertainty. The lack of daily portfolio disclosure may hinder efficient arbitrage and increase susceptibility to reverse engineering by sophisticated traders (O'Hara, 2020).

Fund Closure Risk

Finally, ETF investors face the possibility of fund closure which is typically due to insufficient assets under management (AUM), low trading volume or changes in regulatory frameworks. Indeed, anywhere from 50 to 80 ETFs close each year (Madhavan, 2018). Although closures generally involve the liquidation of holdings and redistribution of proceeds to investors, they can trigger unwanted capital gains events and necessitate reinvestment decisions under suboptimal conditions. The evolving and competitive nature of the ETF market suggests that such closures may become more frequent, particularly for niche or narrowly focused funds (Hill et al., 2015).

While concerns about redemption-driven instability are often raised, it is important to note that some of these fears may be overstated. In particular, the idea that ETFs could be "bankrupted" by massive redemptions ignores how these mechanisms are structured in practice because it requires the physical delivery of shares. It means that only holders who actually possess ETF units can redeem them. If a party attempts to redeem without delivering shares such as in the case of short selling, the transaction fails to settle. This mechanism ensures that redemptions remain fully asset-backed and prevents destabilizing liquidity runs, even in stressed markets. However, all the risks discussed before remaining important and may be misunderstood, especially by less experienced investors. Their presence may directly shape investment behaviour, either through risk aversion, reliance on perceived simplicity or

overconfidence. Understanding these risks is thus important to evaluate how ETFs influence the saving and investment habits of young individuals

2.1.5 Regulatory landscape

In the United States, regulatory scrutiny has mainly focused on investor protection and product suitability, especially for retail investors. The Financial Industry Regulatory Authority (FINRA) has raised concerns about leveraged and inverse ETFs and has emphasized that their long-term performance can diverge significantly from daily objectives, making them unsuitable for unsophisticated investors. In its regulatory notices, FINRA also flagged issues in advertising practices, especially regarding omitted risk disclosures. The SEC has also proposed reforms to improve transparency such as requiring ETFs to disclose intraday values and portfolio holdings. Instead of restricting specific structures, U.S. authorities have emphasized enhanced disclosures and investor education. In 2024, SEC Chairman Gary Gensler reaffirmed this approach by approving spot Bitcoin ETFs while insisting on enhanced disclosure frameworks and emphasizing the need for robust protections against fraud and manipulation (Gensler, 2024.

In contrast, European regulators have concentrated on structural risks and systemic vulnerabilities, particularly in synthetic ETFs. The European Securities, Markets Authority (ESMA) and national bodies like the UK's former FSA have questioned the transparency of counterparty exposures and collateral practices under the UCITS framework. UCITS-compliant ETFs can use derivatives but are subject to strict counterparty and collateral rules. In response to the 2008 crisis, reforms included limiting counterparty exposure to 10% and mandate full disclosure of swap details and requiring collateralization. European regulators have also considered classifying ETFs as complex or non-complex under MiFID II[8] with distribution restrictions for retail investors. Unlike the U.S., Europe has leaned toward preemptive structural oversight to mitigate systemic risk (Aggarwal & Schofield, 2014). More recently, ESMA's 2025 and 2024 new technical reports reiterated the importance of harmonized liquidity management tools across ETFs and UCITS, advocating stricter controls on the redemption process and liquidity mismatches.

2.1.6 Recent adoption trends and market expansion

In recent years, ETFs have entered a new phase of accelerated growth, driven by evolving investor preferences, digital innovation, and macroeconomic dynamics. Across both global and European markets, 2024 has proven to be a historic year for ETF expansion.

At the global level, ETF flows reached an all-time high of $1.5 trillion in 2024, pushing total assets to $10.3 trillion (Morningstar, 2024). Both equity and fixed-income ETFs posted record annual inflows, with neither asset class experiencing a single month of outflows. Notably, actively managed ETFs surpassed the $1 trillion mark in assets, growing at a rate five times faster than passive ETFs and capturing $339 billion in new flows. This signals increasing investor demand for flexible strategies within cost-efficient structures. Meanwhile, traditional mutual funds saw outflows of $388 billion, underscoring the growing structural preference for ETFs.

[8] MiFID II is an EU regulation that classifies financial instruments. Complex products may be restricted for retail investors unless adequate advice is provided.

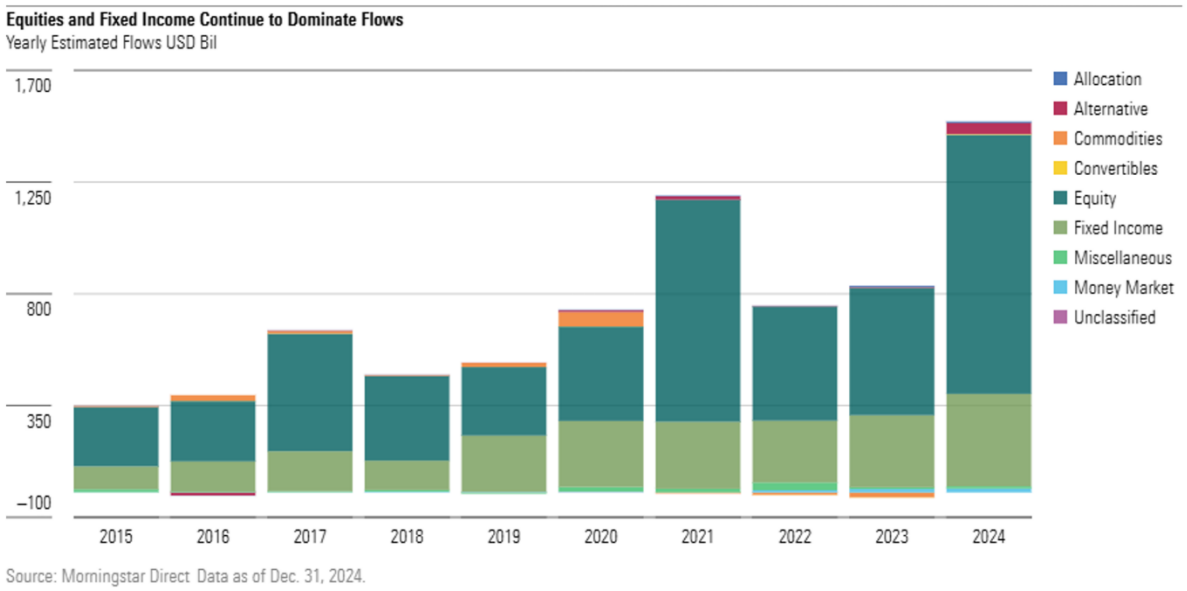


Figure 2: Equity ETF and fixed-income ETF domination[9]

In Europe, assets under management in ETFs and ETCs rose by 33% year-over-year, reaching EUR 2.18 trillion by the end of 2024 (Morningstar, 2024). Annual inflows amounted to EUR 246.8 billion, up from EUR 145.4 billion in 2023. Equity ETFs continue to dominate while fixed-income ETFs saw substantial gains, growing to EUR 441 billion. The fourth quarter alone attracted EUR 86 billion, marking the highest quarterly inflow in the history of the European ETF market. Investors showed a strong preference for U.S. large-cap equity exposure, driven by favourable market conditions and renewed confidence following the U.S. election.

Within France and Belgium, the trend is equally striking. According to State Street (2025), ETF adoption by Belgian retail investors increased by 40%, while France recorded a 72% rise, growing from 296,000 to 509,000 investors in one year. These advances are supported by the proliferation of neo brokers and robot-advisors, making ETFs more accessible to retail investors and the younger generation.

The Autorité des marchés financiers (AMF, 2024) further supports this shift and reported a fourfold increase in the number of French ETF investors between 2019 and 2024. In Q2 2024 alone, there were 266,300 French ETF investors, double the figure from a year earlier. Notably, 45% of French investors aged 25–35 traded ETFs in the first half of 2024, compared to only 11.7% in 2019. , Reversing the trend observed five years, younger investors now frequently begin their market journey by purchasing ETFs. This momentum is partly explained by the extremely low fees associated with ETFs compared to traditional investment funds. According to the AMF's *Lettre de l'Observatoire de l'épargne* (2025), passive ETFs tracking equity indices reported an average annual fee of just 0.38% in 2024. This is five times lower than the average fees of actively managed funds. In parallel, although traditional banks have maintained stable brokerage fees, their custody fees have increased slightly, averaging 0.35%. In contrast, neo brokers now offer much more competitive pricing which further incentivizes retail investors, especially younger, cost-sensitive ones, to favour ETFs over other vehicles. The convergence of digital accessibility and lower costs thus plays a decisive role in accelerating ETF adoption in Francophone Europe.
Although French ETF investors remain less active in fractional investing compared to their European peers (11% vs. 49%), they increasingly favour U.S. and global index exposure. The median number of ETF transactions per investor is now comparable to that of equities (four per year). Then, leveraged

[9] https://www.morningstar.com/business/insights/blog/funds/global-fund-flows

ETFs, although used by only 16.5%, generate disproportionately high trading volumes among a small, highly active segment.

These trends demonstrate that ETFs have firmly transitioned from niche institutional tools to mainstream investment vehicles. It's increasingly favoured by retail and especially young investors across Europe. Their expansion is facilitated by digitalization, structural efficiency, and growing trust in passive and rules-based investment strategies

2.2 Financial literacy among young adults

2.2.1 General level of financial literacy

The financial behaviour of young adults is shaped by a complex interplay of cognitive, behavioural, and demographic factors. Thus, financial literacy has emerged as a particularly influential variable. Indeed, several studies have emphasized that higher levels of financial knowledge significantly improve the quality of investment decisions among young individuals (Sharma, Damseth, & Shyam, 2024; Rosdiana, 2020). Financial literacy enables young investors to better understand core principles such as risk-return trade-offs, diversification, and long-term planning. This is essential for rational saving and investment choices.

A seminal study by de Bassa Scheresberg (2013) revealed that only 34% of young American adults were able to correctly answer three standard financial literacy questions. The deficit was especially pronounced among women and ethnic minorities, even after controlling for education and other socio-demographic characteristics. These disparities reflect a widespread lack of basic financial knowledge among youth.

The PISA assessments conducted by the OECD (Oberrauch, Kaiser, & Lusardi, 2024) further support these findings. Across four assessment cycles (2012–2022), PISA data revealed strong correlations between financial literacy and socioeconomic status, immigrant background and gender. Students from higher socioeconomic backgrounds consistently achieved better financial literacy scores while gender disparities varied by country. These results underscore the importance of early financial education, not only to build financial competencies but also to reduce systemic inequalities. The inclusion of financial literacy in international education assessments offers valuable insights into how early exposure to financial concepts affects long-term economic behaviour. Future research can build on this by examining the link between financial literacy and traits like risk tolerance, patience and the digital literacy.

Complementary qualitative evidence from Sinnewe and Nicholson (2023) also reveals the psychological and social dimensions of financial literacy among young adults. Through interviews, they observed that financial engagement increases when young people enter committed relationships. This study reflects the dynamic and contextual nature of financial socialization. Their findings highlight the importance of financial confidence. They also noted that many participants expressed frustration and hesitation when faced with complex investment products. This gap between subjective financial literacy and actual behaviour suggests that targeted financial health communication campaigns, especially those aimed at demystifying long-term financial decisions, could be instrumental in fostering confidence and improving financial outcomes.

2.2.2 Influence of socio-demographic factors

We also saw that age plays a crucial role in shaping financial knowledge and behaviour. Older youth (aged 25–29) generally display higher financial literacy and greater confidence in managing investments compared to younger peers (under 18) who often lack awareness of more complex financial instruments and rarely seek information independently (Sharma et al., 2024).

The level of formal education also affects financial literacy. Although financial knowledge tends to improve with schooling, de Bassa Scheresberg (2013) notes that even individuals with high educational attainment often demonstrate low financial competence. This highlights a gap between general education and specific financial capability.

Rosdiana (2020) also found a significant difference in investment interest between Generation Z and Millennials, although no major difference was observed in financial motivation. Interestingly, the financial literacy variable did not yield a statistically significant difference between the two generations, suggesting a potential stabilization in financial knowledge despite generational shifts.

The CFA Institute (2023) and FINRA Foundation report provides additional insights into financial literacy patterns among Generation Z. The study highlights that despite a relatively early start in investing (25% of Gen Z investors in the U.S. began before the age of 18), many still lack foundational knowledge and rely heavily on informal sources of education. Social media platforms such as YouTube, Instagram, TikTok and Reddit are among the primary channels through which Gen Z obtains financial information. This decentralized and peer-driven form of education may expose young investors to inconsistent or misleading information, reinforcing the need for structured and reliable financial education.
Notably, the CFA report highlights important cross-country differences. Canada has the highest percentage of Gen Z investors among the countries studied with 74% of Canadian Gen Z respondents reporting ownership of at least one investment, followed by China (57%), the United States (56%) and the United Kingdom (49%). These statistics well illustrate the market engagement around the world. That also reinforces the importance of context-sensitive education and policy interventions, especially in Europe.

De Jong and McKenzie (2025) further elaborate on how these generational financial shifts are embedded in broader socio-economic structures. In the context of the asset economy, where traditional wealth-building mechanisms like homeownership have become inaccessible, financial markets have emerged as an alternative route to financial security for young people so the necessity for both access and financial understanding is more essential than ever.

2.2.3 Confidence and the role of education

Financial literacy is strongly associated with confidence in financial decision-making. Respondents with higher financial knowledge or confidence in their numerical ability were found to be less reliant on high-cost borrowing methods but more likely to maintain emergency savings and better prepared for long-term objectives such as retirement (de Bassa Scheresberg, 2013).

Similarly, Parsai, Kelkar, and Chandok (2025) emphasize that financial education not only enhances individual decision-making capacity but also contributes to broader economic independence and inclusion. Promoting targeted financial education initiatives could help reduce the cognitive and behavioural barriers that young adults face when navigating financial choices.

Pokharel and Maharjan also (2024) support this view, showing that both financial and digital literacy positively influence saving, spending, and investing behaviour. The study highlights the importance of

ethical attitudes and financial responsibility, particularly among Millennials. They suggest that financial literacy programs should be adapted by generation to address differing priorities.

In the report of the CFA Institute (2023) we can also find that although Gen Z investors report high confidence in their financial decisions. This confidence is not always supported by solid knowledge. While 55% of U.S. Gen Z investors hold cryptocurrencies, 41% own individual stocks and 35% hold mutual funds. They also report investing due to FOMO[10] and rely heavily on digital platforms for information. Despite their confidence, Gen Z investors often lack clarity on risk assessment and portfolio diversification. The report further highlights that 48% of Gen Z believe they know more about investing than their parents, though many learned primarily via social media or peer sources.

Formal education appears to be an important differentiator. Indeed, 42% of Gen Z investors report having received financial education in college compared to only 19% of non-investors. While both groups had similar access to education before college, these differences after high school suggest that education correlates with the likelihood of investing. Then, we saw in this CFA's report that clear, transparent explanations and independence from commercial influence are key to Gen Z's trust in information sources**.**

To finish with this part about the link of financial literacy and education, Sinnewe and Nicholson (2023) point out that financial literacy efforts should not only focus on knowledge transmission but also aim to strengthen subjective financial confidence, especially among those who feel excluded from investment decisions due to complexity. This confidence is often shaped by life events and interpersonal dynamics, such as entering a committed relationship or facing financial uncertainty. That supports the need for emotionally intelligent financial education strategies**.**

2.3 Savings and investment behaviour of young adults

2.3.1 Savings habits and income sensitivity

Young adults' financial behaviour, including their savings and investment decisions, is influenced by a variety of personal and contextual factors. Income is one of the most prominent among these. To demonstrate that, Pastor et al. (2022) found that income levels directly influence saving behaviour. Indeed, the respondents often base their ability and willingness to save on their monthly earnings. These findings highlight the need to consider economic constraints when evaluating financial practices among youth.

Then, Sharma et al. (2024) further confirms that bank deposits remain the most common form of savings across all age groups. However, older respondents (25–29 years) are more likely to diversify their investments and include assets such as stocks and cryptocurrencies.

Sabharwal (2016) observed that students often do not save because they prefer to live in the present, despite they understand the importance of saving. Many rely on pocket money or gifts and acknowledge that saving habits are largely developed through parental influence and external nudges. This study also underscores the need for early interventions and educational policies to install saving habits at a young age.

The CFA Institute (2023) adds that Canadian Gen Z investors have a higher median investment ($6,750 USD) compared to their U.S. ($4,000) and U.K. ($1,667) counterparts. Chinese Gen Z investors report the highest median investment, around $18,000 USD. These disparities are influenced not only by

[10] FOMO (Fear of Missing Out) is a psychological driver where investors act out of fear of missing potential gains seen by others, often leading to impulsive investment decisions.

income levels, but also by access to family wealth: 41% of U.S. Gen Z investors, 39% in Canada, and 75% in China report receiving or expecting an inheritance of $10,000 or more.

2.3.2 Investment preferences, risk aversion, and confidence

Investment preferences among young investors reflect both access and attitude toward risk. According to the CFA Institute again (2023), Gen Z investors in the U.S., Canada, and the U.K. overwhelmingly favor cryptocurrencies, with over half holding such assets. Mutual funds and individual stocks are also widely held. Factors such as the availability of investment apps, the ability to invest with small amounts and influence from peers and family all drive participation.

The study by de Jong and McKenzie (2025) further contextualizes these preferences within a broader socio-political shift. As we have seen before, homeownership becomes increasingly inaccessible and that leads young investors to turn into financial markets, especially through digital and speculative assets like crypto and NFTs. This behaviour is not purely speculative; it is a strategic response to perceived economic precarity.

Wu (2022) complements this view by analysing the behaviour of young investors during the GameStop short squeeze. Her findings highlight how external influences such as social media, peer pressure, and social platforms can trigger irrational trading behaviours, sometimes with severe financial consequences. Wu stresses the importance of understanding the collective nature of such behaviours and the risks they pose to market stability and individual well-being. The GameStop case illustrates how emotional drivers and perceived community momentum can outweigh rational investment analysis.

Also, Janussek (2022) notes that neo brokers, with their gamified design and simplified interfaces, specifically appeal to young investors and promote frequent short-term trading. These platforms encourage behaviour that is more speculative and risk-tolerant than traditional investment strategies. In fact, some users exhibit extremely high-risk tolerance and emotional investment behaviours which can obviously lead to devastating outcomes. These findings align with Harms (2021) who presents a nuanced view by studying a group of young German and Austrian investors using a investment app. He finds that this cohort was able to outperform the market during the COVID-19 downturn by aggressively investing when others were pulling out. That behaviour contrasts with traditional literature on individual investor underperformance. However, Harms stresses that this outperformance may have been context-specific, driven by the rapid market recovery and should not be generalized to all market conditions

These studies collectively indicate that young investors' preferences are mainly shaped by digital access, peer influence, emotional drivers, and macroeconomic constraints.

2.3.3 Behavioural biases and psychological drivers

Behavioural patterns also play a key role in shaping financial decisions. Rosdiana (2020) identifies herding behaviour as a common trait among young investors. They often rely on peer actions rather than individual analysis. However, Pastor et al. (2022) argue that socio-demographic and psychological factors, rather than peer influence, are more decisive in determining financial behaviour. This suggests that internal motivators, such as financial anxiety or confidence could outweigh social cues.

Pokharel and Maharjan (2024) add that financial attitude, risk tolerance, and ethics significantly influence saving and investment decisions among both Generation Z and Millennials. The study supports planned behaviour theory and behavioural finance theory, indicating that values, forward-looking behaviour and financial responsibility are essential for understanding how young people

manage money. Notably, the influence of financial literacy appears to decrease as one moves from Generation Z to Millennials, whereas ethical considerations gain more importance with age.

The CFA Institute (2023) illustrates that social media and influencers expert powerful psychological pressure on Gen Z investors and often encourages speculative investments without adequate due diligence. While this reflects an innovative and democratized access to finance, it also increases exposure to misinformation. Despite heavy usage of social platforms, Gen Z still places the most trust in family and financial professionals. Moreover, frequent gambling behaviours and risk tolerance are linked with Gen Z investors who gamble more likely to hold volatile assets like crypto, NFTs or derivatives and are more likely to invest on margin. As we have seen in 2.2.2, Wu (2022) highlights the broader consequence of such collective irrational behaviours, as seen in cases like the GameStop short squeeze.

All these findings align with structural perspectives on the asset economy presented by de Jong McKenzie (2025), who argues that financial markets are increasingly positioned as substitutes for traditional wealth-building. FinTech platforms play a central role in constructing these new pathways and appeal to Gen Z's need for autonomy amid structural uncertainty.
In conclusion, we can say these behavioural drivers combined with technological and socio-economic really redefines how young investors interact with financial markets. From speculative fervor to algorithm-driven decisions, these dynamics underscore the urgent need for targeted financial education and policy safeguards tailored to this demographic.

2.3.4 Sustainable investing and ESG awareness

The emergence of ESG (Environmental, Social, and Governance) investing has added a new layer of complexity to the financial behaviour of young investors. While awareness of sustainability principles has grown, the translation of this awareness into consistent investment behaviour remains limited. Gómez Sánchez and Tobon (2025) found that although young investors show interest in sustainable finance, their actual decisions are often driven more by financial gain and risk aversion than by environmental or social concerns. This aligns with earlier findings by Riedl and Smeets as well as Friede et al., which emphasize the frequent trade-offs young investors perceive between profitability and sustainability. The authors argue that to close this intention-action gap, strategies such as targeted ESG education (e.g., gamified platforms, interactive workshops), policy interventions, and the expansion of accessible ESG investment products must be implemented. Additionally, future research should explore the role of financial literacy, government incentives, and investor motivation in shaping ESG behaviours.

Moreover, new data suggests that support for ESG among young investors is not only conditional but declining. According to a longitudinal study conducted by Larcker, Seru, and Tayan (2024) at the Stanford Graduate School of Business, young investors' willingness to support ESG investing has drastically diminished since 2022. For example, the share of young investors who considered it "extremely important" for investment companies to influence environmental issues dropped from 44% in 2022 to only 11% in 2024. Similarly, support for social and governance issues also plummeted. One of the most striking findings was that only 10% of young investors in 2024 were willing to lose more than 10% of their retirement savings for environmental impact, compared to 33% two years prior. Economic pressures, such as inflation, rising interest rates, and market uncertainty, are likely contributing to this retreat from ESG priorities. These developments reflect the hypothesis that ESG considerations are perceived by many as a "luxury" more acceptable in times of economic prosperity than during downturns.

Despite this decline in declared support, the long-term future of ESG may depend on two factors: the broader economic environment and the perceived effectiveness of ESG investing. Larcker and Seru

suggest that institutional retreat from ESG (e.g., BlackRock, Vanguard) might shift the responsibility toward governments, through regulation and fiscal policies such as subsidies and taxes. They argue that while ESG investing is unlikely to vanish, its momentum within the private investment sector may continue to weaken unless its benefits become more evident and quantifiable. These evolving sentiments highlight the need for further research into the psychological, economic, and information barriers that prevent young investors from acting on their values. In addition, understanding how ESG education, transparency, and technology can bridge this disconnect will be crucial for aligning youth investment behaviour with the global sustainability agenda.

2.4 ETF Adoption among young adults

The increasing adoption of ETFs among young adults is driven by a complex mix of financial knowledge, accessibility, and structural socio-economic dynamics. Enete et al. (2018) found that ETF ownership is positively associated with both subjective and objective investor knowledge. A one-point increase in either dimension increases the likelihood of owning an ETF by 4% (objective) and 1% (subjective). Age is also a key factor: individuals aged 25–34 are 11% more likely to hold ETFs than those over 65. Moreover, financial satisfaction and risk tolerance rather than fee aversion or reliance on professional financial advice, appear to be significant predictors of ETF ownership in this age group.

Accessibility is a critical enabler of ETF adoption among young investors. FinTech platforms now allow micro-investments starting from as little as 5 dollars or euro, enabling users to purchase fractional shares in firms like Apple or Amazon and granting exposure to diversified portfolios (de Jong McKenzie, 2025). This structure lowers the need for upfront capital and complex financial knowledge and enabling young investors to bypass the challenges of picking individual stocks. To summarize this idea, this pursuit of proximity to financial stability, despite persistent economic precariousness, helps explain the symbolic and practical role ETFs play for young investors.

Empirical data from Germany and Austria reinforces this trend. Harms (2021) notes high ETF savings rates among young retail investors, with average monthly contributions of €130 despite modest overall account balances and short track records. Notably, behavioural biases such as overtrading persist even within ETF portfolios, with turnover rates comparable to direct stock investing. Yet this does not appear to deter the growing popularity of ETF saving plans for these young investors.

A major acceleration in ETF adoption has been seen in Europe, particularly through the rise of monthly ETF savings plans. Originally catalysed in Germany during the COVID-19 pandemic, these regular investment plans have spread rapidly across the continent (Financial Times, 2024). The number of such plans in Germany increased by 33% in one year, reaching 9.5 million in 2024 and are driven by digital neo brokers such as Trade Republic and Scalable Capital. This model is now expanding to other markets in Europe where digital platforms are gaining traction with simplified, low-cost investment portfolios targeted at retail clients. According to the article of the Financial Times , ETF ownership in Europe has risen by 19% since 2022, largely due to investors aged 18–34. 80% of them access to ETFs via digital platforms. These trends demonstrate that ETFs are not only aligned with the preferences of young investors that we have seen before but are also reinforced by the emergence of digital channels that facilitate habitual investing. The growth of savings plans and user-friendly platforms illustrates that young adults are embracing ETFs as a long-term financial strategy and a recurring investment behaviour.

Further demographic analysis supports these observations. ETF investors tend to be younger, better educated, and more risk-tolerant than their non-ETF counterparts. Young adults also show heightened awareness of innovative ETF types such as crypto ETFs even if their trading activity in these products remains limited (Paydarzarnaghi et al., 2024).

Moreover, the recent report conducted by the Autorité des marchés financiers (AMF, 2024) proves particularly relevant to my study, as it provides detailed insights into ETF usage among young retail investors, with a specific focus on the French population. This report confirms a significant generational shift in ETF adoption in France. In the first half of 2024, 45% of French investors aged 25 to 35 traded ETFs, up sharply from 11.7% in 2019. This dramatic rise illustrates the growing appeal of ETFs among young adults. More broadly, the average age of ETF investors fell to 41.3 years, well below the 52.3-year average for equity investors which indicate a steady rejuvenation of the investor base. The age group most active in ETFs centres around 26 years old, confirming that ETFs have become a preferred entry point for new and younger investors.
Furthermore, more than one-third of French investors under 45 now choose ETFs for their first-ever stock market transaction, a trend that was virtually non-existent in 2019. This marks a fundamental change in investment behaviour among young retail clients whose were traditionally oriented toward direct equity purchases. The AMF study also shows that younger French ETF investors tend to favour exposure to U.S. and global indices, with 31–37% of their ETF allocations targeting U.S. benchmarks and 24–33% targeting global ones whereas older investors remain more domestically focused.
Compared to their European counterparts, French investors under 45 conducts as many ETF transactions annually as equity trades, with a median of four transactions per year. These statistics highlight not only their growing presence in ETF markets but also their active engagement. Interestingly, these younger cohorts show less frequent use of leveraged ETFs, suggesting a degree of caution despite increasing accessibility.
These findings align with broader European trends but highlight the particularly rapid and concentrated ETF adoption among French youth, making France a standout case in the continent's evolving investment landscape. This supports the relevance of focusing on Francophone Europe and validates the need for deeper exploration in this under-researched context.

These trends observed in France are mirrored at the European level. According to a 2023 article published in *Financial Times* based on a large-scale YouGov survey commissioned by BlackRock, a "new generation of European investors" is increasingly turning to ETFs. The study, which surveyed more than 16,500 retail investors across 14 European countries, forecasts that individuals aged 18 to 34 will soon surpass older age groups to become the dominant demographic among retail ETF investors. BlackRock show that 54% of all new ETF investors in 2024 will come from this age group, with 41% being first-time investors.

Once again, all these elements are strongly aligned with the preferences of digital-native generations. Growth in ETF adoption is expected to be especially strong in markets with historically lower penetration rates such as Spain and Portugal (+64%), but also France, Belgium, and the Netherlands, where ETF retail adoption is forecast to grow by 42% within a year. In more mature markets like Germany, where ETF-based saving plans have become mainstream, over 2 million new retail ETF investors are expected to enter the market. (Financial Times, 2024)

These findings confirm that the rising popularity of ETFs among young adults is not an isolated phenomenon but part of a wider pan-European generational shift toward passive, flexible, and digital investment vehicles. This reinforces the importance of investigating how these trends manifest in specific regional contexts such as Francophone Europe.

2.5 Synthesis of the literature and dentification of the research gap

The literature reviewed in the previous sections has revealed that Exchange-Traded Funds play a transformative role in modern financial markets. Their characteristics have made them attractive to a wide spectrum of investors. That happens in an era marked by increased digitalization and the democratization of finance. At the same time, academic research has identified important behavioural patterns among young adults. We have approached some thematics like the reliance on digital platforms, the varying levels of financial literacy and the increased appetite for a lot of new investments products.
Furthermore, the literature suggests that ETFs serve not only as investment tools but also as symbolic entry points into financial markets, particularly for younger generations navigating in economic uncertainty. We have seen that ETFs have been shown to bridge the gap between accessibility and sophistication, enabling both passive, long-term investors and more speculative traders to engage with diversified asset classes. Yet, despite their growing popularity, ETFs carry specific risks or limitations (structural, behavioural, educational) that are often misunderstood or underestimated by novice investors.

The existing literature offers a wide range of studies on Exchange-Traded Funds with a large coverage of their structure, market impact, risk profile and as well as extensive research on the financial behaviour of young adults. However, very few academic works explicitly connect these two dimensions, particularly within the context of young investors in Francophone Europe. Although the 2024 report by the French financial regulator AMF offers one of the most comprehensive empirical overviews of retail ETF usage in Francophone Europe and is close to the purpose of my thesis topic, it remains a regulatory and market-oriented publication, not an academic study. The report highlights valuable trends and behavioural patterns but it does not adopt a theoretical framework, hypothesis testing, or peer-reviewed methodology. As such, academic investigations on ETF adoption among young, financially literate individuals in Francophone Europe remain exceptionally limited which reinforce the relevance and originality of this thesis. Actually, most research on ETF adoption tends to focus on aggregate investor data from the United States, Asian, or large international markets, often overlooking regional, linguistic and educational differences that shape investment behaviour. At the same time, studies on youth financial behaviour, though increasingly frequent, tend to explore general savings habits, risk preferences, or digital financial inclusion, without isolating ETF's specific knowledge, attitudes, or practices. This lack of intersection is particularly surprising given the growing popularity of ETFs among European retail investors, especially in countries like France, Belgium, and Switzerland. Despite this trend, evidence on how young financially literate individuals in these regions perceive, adopt, or avoid ETFs remains scarce. Moreover, no study to date has systematically investigated how students currently enrolled in finance-related programs in Francophone institutions, arguably future professionals understand and use ETFs in their own portfolios. Their dual status as both learners and investors make them a uniquely relevant population for examining the diffusion of financial knowledge and tools such as ETFs. This research therefore seeks to fill that void by exploring the specific ETF-related behaviours, perceptions, and motivations of young finance students in a Francophone European setting. That study thereby contributes in a focused perspective to a largely underexplored intersection in academic literature.

3. Methodology

3.1 Research design

This study adopts a qualitative and exploratory approach to investigate the relationship between ETF adoption and the financial behaviour of young adults. More specifically, the research focuses on finance students at HEC Liège, aiming to uncover how their investment habits, perceptions and financial literacy levels interact with their use or non-use of ETFs. A structured questionnaire was selected as the primary data collection tool to have a standardized flexible way to capture a wide range of responses related to demographic characteristics, knowledge levels, motivations and behavioural patterns.

3.2 Sampling strategy

The target population consists exclusively of students enrolled in finance-related programs at HEC Liège. This sampling choice is guided by several considerations. First, students in finance are likely to possess a minimum level of familiarity with investment concepts, ensuring more informed and relevant responses. Second, they represent a key demographic for future market trends, as many of them are either current or future retail investors. Finally, direct access to this population is feasible through institutional academic channels which improves the data quality. The sample targets students enrolled in both the 'Advanced Portfolio Management & Performance' and 'Investments and Portfolio Management' courses.

3.3 Data collection: Online questionnaire

Data will be collected through an online questionnaire created using LimeSurvey. This method was chosen for its ease of distribution[11], accessibility on all devices, and ability to gather responses efficiently while preserving anonymity. The survey includes a mix of close-ended, Likert-scale, and open-ended questions to allow both quantitative insights and qualitative nuance. Instructions are clearly stated to ensure accurate and thoughtful responses, and questions are sequenced logically to minimize bias and respondent fatigue.

3.4 Questionnaire structure

The questionnaire is divided into three main sections, each aligned with a core thematic pillar derived from the literature review:

- **Section 1: Investor profile**
  This section collects basic demographic data (age, gender, level of study) and explores financial experience, investment frequency, risk tolerance, and financial literacy (both self-assessed and behaviourally observable).
- **Section 2: Knowledge and perception of ETFs**
  This part assesses participants' understanding of ETFs, sources of information, perceived benefits and risks, and opinions on ETFs compared to other investment vehicles. Likert scales are used to measure agreement with various statements about ETF suitability, accessibility, and effectiveness.
- **Section 3: ETF investment behaviour**
  This section is addressed only to students who have previously invested in ETFs. It investigates their motivations, investment platforms, ETF types (e.g., ESG, thematic, leveraged), and allocation choices. Those who have not invested are asked about the barriers they face and their intentions for the future.

[11] The questionnaire has been distributed to students during the month of April 2025**.**

The questionnaire was carefully designed to ensure clarity, neutrality, and comprehensive response options. Several questions use conditional logic to tailor follow-up questions based on prior answers, improving both respondent experience and data relevance.

3.5 Methodological justification

The questionnaire design process was guided by the framework proposed by Rowley (2014), whose article, «Designing and using research questionnaires", is widely recognized and frequently cited in academic research involving questionnaire construction. Her work provides a comprehensive and practical foundation for designing effective, valid and respondent-friendly questionnaires. By relying on this established source, the design of the instrument used in this study was grounded in methodological rigor and aligned with best practices in social science research.

The use of a structured questionnaire as the primary data collection tool in this study is justified on both methodological and practical grounds. According to Rowley (2014), questionnaires are particularly suitable for research aiming to survey and profile specific populations by collecting quantifiable data on behaviours, attitudes, experiences, and demographic characteristics. In the context of this study, a structured questionnaire enabled efficient data collection across a relatively homogeneous yet sufficiently diverse target population. It facilitate meaningful the analysis of both factual information (e.g., investment experience) and subjective data (e.g., perceptions of ETFs). This tool also supports descriptive and analytical objectives. As Rowley (2014) emphasizes, questionnaires are well-suited for descriptive research such as profiling investment behaviours and to explore relationships between variables like financial literacy, ETF awareness and investment activity. The current research incorporates both dimensions: it describes patterns among respondents and examines potential correlations (e.g. between perceived knowledge and ETF usage).

Moreover, the deductive nature of the study supports the questionnaire design. The structure and the content of the questions were informed by existing theory and literature to enable the formulation of meaningful and relevant items. Many of the questionnaire items were either adapted from previous studies or inspired by established financial literacy indicators. It help to ensure the alignment with existing knowledge and facilitate comparison.

Rowley (2014) also highlights the importance of tailoring question types to match research goals. In line with these recommendations, the questionnaire includes a combination of:

- **Closed-ended questions** (for ease of categorizing and frequency analysis),
- **Likert-scale items** (to gauge perception and agreement levels),
- **Ranking questions** (to identify priorities and preferences, particularly useful for comparing motivations or selection criteria),
- **Conditional logic** (to enhance response relevance and flow),
- **Optional open-ended questions** (to collect richer, qualitative insights).

The questionnaire's structure and wording were carefully designed following Rowley's criteria: questions were kept concise, non-leading, and accessible to respondents with financial knowledge in order to avoid respondents' fatigue. The overall length and complexity were managed to encourage completion without compromising analytical depth.

In addition, the questionnaire was pre-tested with peers and reviewed by the thesis supervisor. It is in line with Rowley's recommendations to pilot test instruments and ensure clarity, flow,and respondent engagement. I pilot-tested with individuals outside the target population, not to gather substantive data but to ensure that the structure, wording, and conditional logic of the survey functioned correctly.

Finally, Rowley (2014) argues that web-based tools and the importance of presentation and usability in online formats. This is essential to maintain key elements as clean, mobile-friendly interface, automatic branching and anonymity protection to maximizing response rate and minimizing bias. The methodological choices made in this research reflect best practices in questionnaire-based data collection and are directly supported by academic guidance. They ensure alignment with the study's research objectives and respondent characteristics, while also providing a robust foundation for the analysis of ETF-related behaviours among young finance students.

3.6 Ethical considerations

Participation in the study is entirely voluntary and anonymous. The questionnaire begins with an information and consent form compliant with GDPR standards. Respondents are informed of the purpose of the study, their right to withdraw at any time, and how their data will be stored and used solely for academic purposes.

3.7 Data collection process

The data collection process encountered some initial challenges. After the questionnaire was distributed by the course professor via institutional channels (email sent to students), only six responses were received. In order to increase the sample size and ensure a more robust basis for analysis, I decided to directly contact students enrolled in the targeted courses through LinkedIn.
To minimize potential bias and avoid any conflict of interest, I sent the exact same message to all students, regardless of whether I knew them personally or not. This uniform communication approach was designed to maintain objectivity and neutrality throughout the process.
This additional outreach allowed me to gather a total of more than 25 responses. From now on, the sample constitutes a sufficiently meaningful dataset to proceed with the analysis, given the homogeneity of the target population and the qualitative nature of the research objectives.

4. Data analysis

A total of 25 respondents fully completed the questionnaire, while 6 participants began responding but did not finish. Given the relevance of their partial responses, I decided to include them in the analysis up to the point where they stopped.
To ensure a rigorous and structured interpretation of the collected results, I adopted a step-by-step analytical approach. I divided the data into several distinct sub-categories corresponding to the main sections of the questionnaire: (1) the demographic profile of respondents, (2) their general investment behaviour, (3) their knowledge and perception of ETFs, (4) their specific ETF investment behaviour, and (5) potential barriers and future intentions regarding ETF investments.
This segmentation allows for a clear and organized view of each category of data to avoid confusion during analysis and better revealing the underlying patterns or motivations behind the predominance of certain responses. By doing so, the numerical analysis is enriched with qualitative insights, ultimately deepening the interpretation and relevance of the findings.

4.1 Demographic profile and level of financial knowledge

The total sample constituted of 31 respondents, of whom 21 were male and 10 were female. In terms of age distribution, the majority of participants were aged 23 (41.94%), followed by those who were 24 (29.03%) and 22 years old (16.13%). This distribution confirms that respondents were predominantly young adults in their early twenties, aligning closely with the targeted demographic of finance students.

Regarding educational attainment, the respondents were largely advanced students, as the majority were enrolled in the second year of their Master's degree (67.74%). A smaller but still notable portion were pursuing their first year of Master's studies (22.58%).

Participants were also asked to self-assess their level of financial knowledge. Most respondents described their financial literacy as being at an intermediate level (54.84%), indicating familiarity with core investment concepts but without full mastery of financial markets. A significant proportion, however, evaluated themselves as having an advanced level of financial understanding (35.48%), highlighting their confidence in independently making informed investment decisions. Conversely, only a minority identified themselves as having beginner-level financial knowledge (9.68%) which suggest a limited exposure to market mechanisms beyond basic concepts.

Overall, this demographic profile reveals a respondent base predominantly composed of young, academically advanced students with at least intermediate-level financial knowledge. This context provides an essential backdrop for interpreting subsequent analyses of their general investment behaviours, perceptions of ETFs, and specific investment practices.

4.2 General investment behaviours

When asked whether they had ever invested in financial markets, 77.42% of respondents (24 individuals) answered yes, while 22.58% (7 individuals) reported that they had never done so. This high participation rate confirms a strong engagement with investment practices among the surveyed students.

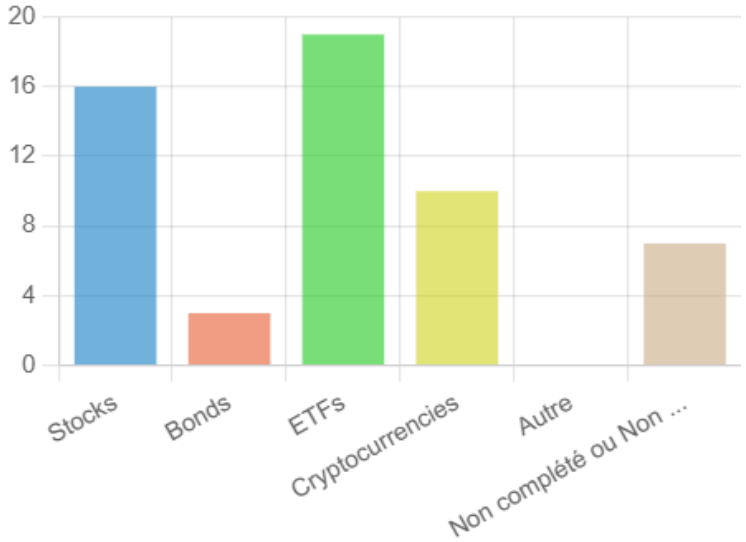
Among those who have invested, the most common investment experience was less than 6 months, followed by 6 months to 1 year. A smaller proportion had been investing for more than 3 years while others reported 1 to 2 years and 2 to 3 years. That's indicate either a currently active or recent investment behaviour.

In terms of financial instruments used, ETFs were the most popular, cited by 19 respondents who had invested. This is followed by individuals stocks (16 respondents), cryptocurrencies (10 respondents) and a minority have used bonds (3). These results reflect a strong interest in diversified, modern investment products, with ETFs notably surpassing traditional securities like stocks or bonds.

When it comes to investment strategy, the majority of respondents (14) reported a preference for passive investing indicating a long-term, low-maintenance approach typically aligned with ETF investing. Meanwhile, 7 of them indicated they use a mix of passive and active strategies, while only 3 identified as active traders, seeking to capitalize on short-term market movements.

In terms of investment frequency, the largest group of investors said they invest monthly (14 respondents) while 8 invest occasionally, and 2 on a quarterly basis. Moreover, regarding investment horizons, more than half of respondents reported a long-term investment horizon (over 5 years). A smaller portion cited a medium-term horizon (2–5 years) while very few were investing with a short-term horizon (less than 2 years).

Overall, this section highlights a sample of young individuals who are generally active in financial markets, with a clear preference for passive investment strategies, monthly investing habits, and long-term financial goals. ETFs emerge as the most commonly used investment product, which is consistent with the respondents' stated strategic preferences.



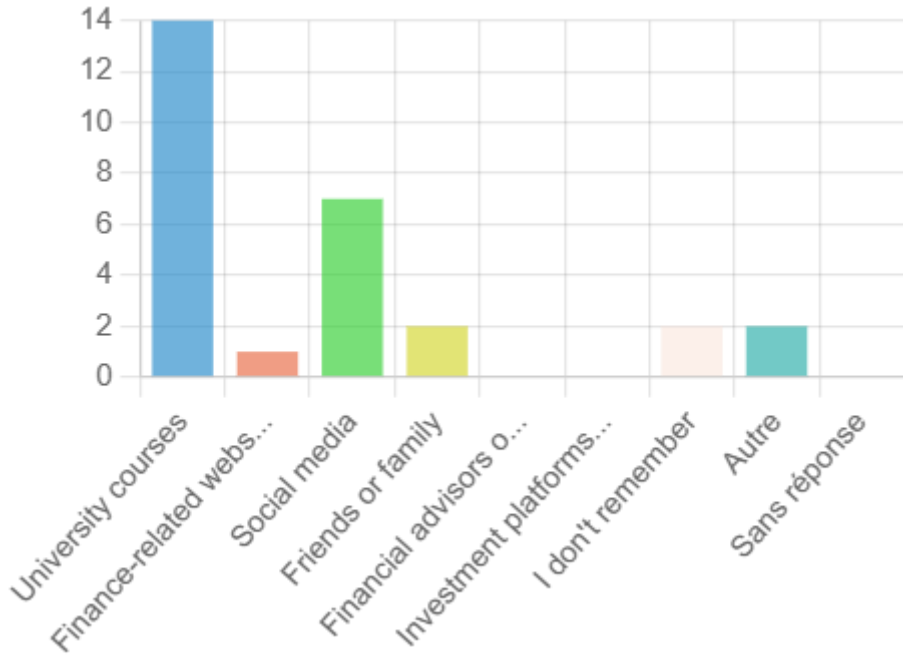
What types of financial instruments do you use or have you used in the past ? - Data from the LimeSurvey questionnaire (Appendix 2)

4.3 Knowledge and perception of ETFs

How respondents discovered ETFs

When asked to define an ETF in their own words, most respondents demonstrated a relatively good understanding. Common responses included phrases like *"a basket of securities," "a fund that tracks an index,"* or *"a diversified investment tool traded on the stock exchange."* Some mentioned key characteristics such as *low cost, diversification,* or *passive investment strategies* The ability to define ETFs in these open-ended responses also suggests that the majority have a functional understanding of these instruments.

When asked how they first became aware of ETFs, 14 respondents cited university courses as their main source of information. This highlights the significant role of academic programs in fostering financial literacy and introducing young investors to passive investment tools. Social media is the second most common source with 7, reflecting the increasing influence of digital platforms and influencers in shaping financial knowledge. A smaller number of respondents mentioned friends or family, finance-related blogs or websites and podcasts or other informal channels. Interestingly, none of the respondents indicated that they had discovered ETFs through financial advisors, bankers, or investment platforms. That suggests that formal financial institutions play a limited role in ETF education among this demographic.



How did you discover ETFs? - Data from the LimeSurvey questionnaire (Appendix 2)

Perceived advantages and risks of ETFs

A big majority of respondents identified diversification as the main advantage of ETFs. This is consistent with the academic definition and appeal of ETFs as a way to achieve this instant diversification. Other advantages mentioned include ease of access and low cost. Some respondents provided more nuanced responses in the open-ended comments, saying that for young individuals with limited income, ETFs offer a practical entry point into financial markets thanks to their simplicity, affordability and structure that mirrors a benchmark index. To confirm, one respondent say: *"It's like investing in a fund, but here you buy a stock that gives you access to many companies at once at an affordable price."*

While the benefits of ETFs were clearly recognized, respondents also expressed awareness of the potential risks associated with this type of investment. When asked which risks they found most concerning, the most frequently cited was market volatility (12 answers). That reflects the fact participants don't forget that that ETF prices may fluctuate significantly with market conditions. A substantial number of respondents (9) were also concerned about lack of control, particularly the inability to influence the specific assets included in the ETF. One respondent stated: *"Personally, what concerns me more is knowing which ETF to choose"*. This answer reflects a sense of information overload or uncertainty in product selection. Other concerns included liquidity issues and benchmark tracking error, the latter mentioned in open-ended comments. Some respondents were simply unsure of the main risks involved. It's indicate that a portion of this young investor base may benefit from even greater risk education and transparency around ETF mechanics.

The fact that concerns about volatility and lack of control are cited more often than technical or liquidity issues suggests that the psychological and informational barriers remain more relevant for this demographic than technical product constraints.

ETFs: Suitable for beginners or experienced investors?

When asked whether they agree with the statement *"ETFs are more suitable for beginners than for experienced investors,"* responses were mixed. While 48.39% (32.26% rather agree, 16.13% strongly agree) leaned toward agreement, a significant share expressed also either neutrality or disagreement. The written explanations revealed a more nuanced understanding. Some respondents viewed ETFs as particularly well-suited for beginners describing them as "perfect for an introduction to investments" or stating that "a beginner is generally a conservative investor, and an ETF allows them to navigate market fluctuations without risking all their capital." Others argued that ETFs are equally relevant for experienced investors, with one participant stating, "ETFs suit both beginners and experienced investors," and another adding, "an experienced investor also invests in ETFs; a beginner should start with ETFs." These views suggest that most participants consider ETFs to be broadly adaptable investment tools, valued for their balance of simplicity and performance.

A few respondents, however, suggested that beginners might benefit from learning about basic financial instruments before moving to ETFs. One noted, "it's better for a beginner to first understand basic products like bonds and stocks to gain financial understanding and then ETFs will come naturally." These perspectives reflect a deeper awareness of financial learning processes and emphasize that while ETFs are accessible, they are not necessarily a substitute for foundational knowledge.

ETFs vs. Traditional mutual funds

A majority of respondents also favoured ETFs over traditional mutual funds, with 38.71% rather agreeing and 19.35% strongly agreeing that ETFs are a better alternative. Only few disagreed and seven of them remained neutral. Several respondents pointed out that "ETFs are less costly, avoid active management, and are often more performant," while others cited the simplicity of managing ETFs compared to funds. One participant noted that "ETFs offer more liberty and fewer fees," and another emphasized their "transparency and flexibility." Some respondents acknowledged that mutual funds might still appeal to individuals seeking professional guidance or hands-off solutions. As one participant put it, "mutual funds are more for people who don't have time to manage their investments or take risks themselves." While a few participants remained neutral or unsure, the consensus leaned strongly in favour of ETFs, especially among those already engaged with financial markets.

Impact of free trading platforms on ETF adoption

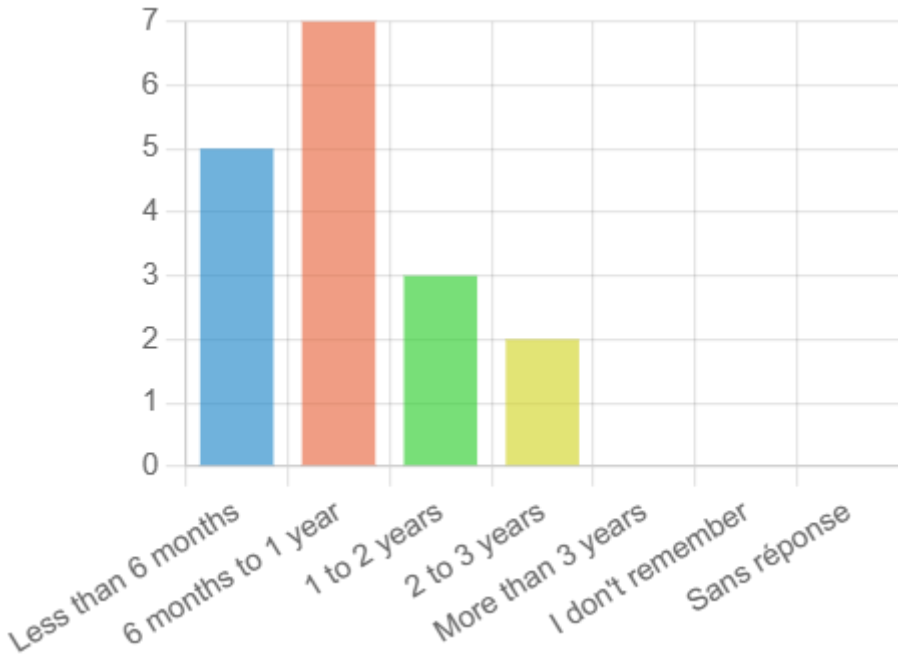
The final question in this section explored whether free trading platforms (e.g., Trade Republic, eToro, or Degiro) encourage ETF adoption among young investors. A strong majority either rather agreed or strongly agreed with this statement and stated that ease of access and low fees offered by these platforms are critical enablers. Only four of them expressed disagreement and one respondent was neutral. One participant remarked that these platforms "allow investing in one click, without dealing with complex interfaces" while another noted that "they are very intuitive and make it easier for young people to save." Several others highlighted the role of convenience and autonomy, with one respondent affirming, "I simply wouldn't have invested in ETFs if these platforms didn't exist." While a few respondents expressed concerns about the lack of institutional support or the need to manage tax declarations manually, the overall tone was positive. Most saw these platforms as key enablers that reduce entry barriers and empower young investors to take control of their portfolios.

In summary, respondents demonstrated a solid understanding of ETFs and clearly associated them with diversification, simplicity, and accessibility. University education and social media emerged as key sources of awareness, while trading platforms were seen as essential facilitators of ETF adoption. Although some nuances emerged regarding who ETFs are best suited for, the consensus is that they are versatile tools applicable to both novice and experienced investors. Compared to traditional mutual

funds, ETFs were largely viewed as more transparent, affordable, and flexible. These qualities appear especially valuable to this younger, financially literate demographic.

4.4 ETF investment behaviour

17 respondents indicated that they are currently investing in ETFs while four had done so in the past but stopped. Only 6 reported never having invested in ETFs. Among current ETF investors, most have only recently entered the market: 12 began within the past year and only two respondents had more than two years of experience. This confirms that ETF investing remains a relatively new practice among this demographic. That's consistent with their age and limited time on the market.



How long have you been investing in ETF ? - Data from the LimeSurvey questionnaire (Appendix 2)

The investment objective among ETF users was pretty clear: all current investors cited long-term wealth building as their primary goal. Several open responses emphasized a desire to maximize compound interest and combat inflation. For example, one respondent stated they wanted to *"invest as early as possible to make my money work and benefit from compound interest in the future".* Another explained, *"not letting my savings lose value due to inflation and instead putting it to work through long-term diversified investments."* Others mentioned practical life goals such as saving for a house, retirement planning, or financial independence. It confirms that ETFs are widely perceived as vehicles for long-term financial security.

When asked about their top motivations for investing in ETFs, again, long-term wealth accumulation came out clearly as the leading driver. Passive income and inflation protection also ranked as secondary motivations. Interestingly, motivations related to market timing, trend following or financial learning received almost no weight in the ranking. The respondents view ETFs less as speculative tools and more as stable building blocks for structured financial plans.
Then, the decision to invest in ETFs was primarily influenced by academic exposure. The half cited a university course or professor as the key driver. Personal research was also important while influencers, family, or platforms played a minimal role contrasting sharply with the role of social media in awareness. This highlights a shift from discovery through digital means (as seen in 4.3) to actual investment decisions being rooted in formal education or self-directed learning.

The most commonly used platforms were online brokers, chosen by almost all respondents (14). Traditional banks and insurance companies played a marginal role. Platform selection was primarily based on low transaction fees followed by interface simplicity and broad ETF access. Respondents did not seem to prioritize educational content, institutional reputation or third-party recommendations.

Portfolio allocation varied among ETF users: while some allocated more than 75% or even 100% of their investments to ETFs, others kept their exposure lower (between 25–75%). This suggests differing levels of trust or diversification strategy. Overall, the data points to ETFs being core elements of portfolios rather than niche instruments.

Regarding investment frequency, a majority reported investing once per month or several times per year. That's promote a disciplined approach to investing. The types of ETFs chosen reflect this: the overwhelming preference was for broad market index ETFs (e.g., MSCI World, S&P 500) followed by ESG, thematic, and sector-based products. Some respondents also mentioned more specific criteria such as Sharia-compliant ETFs or factor-based strategies.

When selecting specific ETFs, past performance was the most cited criterion, far ahead of expense ratios, issuer brand, or liquidity. Although this approach may seem inconsistent with the passive and long-term mindset, it likely reflects the respondents' use of performance as a proxy for trust or expected stability. Reputation and thematic alignment also played moderate roles.

In terms of structure preferences, the majority of respondents preferred accumulating ETFs (those that reinvest dividends), reinforcing their long-term orientation. Fractional investing is common. Indeed, about 10 peoples invested in fractional shares, likely due to the affordability and accessibility this option provides.

Interestingly, although 10 respondents said they only invest in passive ETFs, 6 reported owning actively managed ETF. Also, a portion of them were unaware that these products were not passive. This suggests gaps in understanding ETF structures, even among self-identified informed investors.

Then, only one investor reported having sold an ETF, suggesting a strong buy-and-hold behaviour. This aligns with their stated goals and confirms the low-churn nature of ETF usage among the sample. When asked about their monthly investment capacity, most respondents were able to invest up to €100, with some allocating more than €250. This indicates that, while modest, these young investors are engaged in regular capital deployment.

Finally, when asked about future intentions, almost all plan to increase their ETF investments, either significantly or gradually. No respondents planned to reduce their exposure, still confirming continued confidence and positive outlooks toward ETFs.

This section reveals a well-defined ETF investor profile: young, disciplined, long-term oriented, and driven primarily by cost-efficiency and financial planning goals. These individuals tend to favour broad market ETFs, invest monthly, and rely heavily on self-directed learning or university knowledge. Their use of accumulating and fractional ETFs reflects a commitment to accessibility and long-term growth. While performance influences ETF selection more than it ideally should, the overall behaviour remains consistent with a passive and structured investment philosophy. These findings underscore the growing maturity of ETF usage among young and educated investors even in the early stages of their financial journey.

4.5 Barriers and future intentions regarding ETF investment

Although the vast majority of respondents reported currently investing in ETFs, it remained important to analyze the responses of those who have never invested or who stopped investing to understand potential barriers to adoption and the conditions that might encourage future participation.

Among the few respondents who had never invested in ETFs, the most frequently cited reason is the lack of financial resources. Interestingly, none indicated that they lacked knowledge about ETFs or that they perceive ETFs as too risky. This suggests that the barriers to entry are not primarily informational or psychological but rather financial or value-driven. One respondent, for example, explained that they hesitated to invest in ETFs due to personal values : *"Investing in an ETF means investing in multiple companies, and some of them may not align with my values."* This highlights an often-overlooked dimension of investment decision-making: ethical and value-based concerns. It can be amplified in pooled investment vehicles where investors lack direct control over the underlying assets. Another respondent expressed a preference for government bonds : *"They offer easy access, known yields, and low risk. Capital is preserved except in the case of default, which is rare for strong sovereign issuers."* They also mentioned being open to corporate bonds but unsure of how accessible they were. In contrast, while they acknowledged that ETFs might support sector-based growth, they remained uncertain whether this aligned with their investment philosophy, illustrating that some potential investors perceive ETFs as too generalized or impersonal compared to selecting individual securities.

Despite these hesitations, a majority of non-investors expressed interest or curiosity about ETFs in the near future. They definitely plan to invest soon even and while other are undecided but interested. Only one respondent declared having no intention to invest in ETFs at all.

When asked what would most encourage them to invest, the availability of financial resources was the top-ranked factor, followed by better knowledge or education about ETFs. These insights suggest that a combination of financial empowerment and educational outreach could effectively activate new ETF investors in this demographic.

For those who had stopped investing in ETFs , the main reasons were unsatisfactory returns or a need for liquidity. One respondent simply stated that they had shifted to other asset classes, which is a common practice for investors refining their strategies. These results confirm that even among relatively informed and engaged investors, perceived performance and short-term financial needs can still influence ETF allocation decisions.

5. Discussion

5.1 Emerging patterns and underlying interpretations

Rather than merely confirm existing academic literature, the data collected from young finance students offer a deeper insight into how ETFs are cognitively and behaviourally integrated into personal finance strategies at the beginning of an individual's investment journey. Several emerging patterns point to a reconfiguration of how this generation engages with financial markets, not simply by adopting new tools, but by reshaping the logic of financial participation itself.

One of the most striking observations is the functional centrality of ETFs in the respondents' investment journeys. These instruments are not only the most widely held among those with market experience, but they also reflect a broader philosophy of investing and the way to manage their personal finances. This a philosophy that prioritizes structure, simplicity, and long-term vision. ETFs appear to function as financial infrastructure, a way to introduce discipline and consistency into financial behaviours, especially in the context of income uncertainty and evolving economic expectations. Rather than being used as speculative tools, ETFs are integrated into stable, recurring practices as we have seen in the previous section with the monthly contributions, long-term horizons, and a strong preference for accumulating formats. These choices suggest that ETFs are perceived as financial foundations, particularly well suited to a demographic seeking both control and predictability. That indicate a proactive attempt to internalize long-term financial behaviours early that, in prior generations, were often only adopted later in life.

This perspective resonates with broader trends discussed in the literature, which highlighted the growing appeal of passive investment strategies among young investors. However, the findings here show that this preference is not passive in a behavioural sense. On the contrary, respondents displayed an active effort to build long-term financial routines which are often anchored in academic exposure and independent research. This suggests that ETFs are serving not only as instruments of diversification but also as tools of financial self-discipline and empowerment. Moreover, despite the vast array of ETF products available on the market as we've seen in the literature. The findings demonstrate that most young investors adopt a relatively straightforward and conventional investment strategy. While the literature emphasizes the technical and structural diversity of ETFs (underlying assets, replication methods, and degrees of activeness,…) respondents tended to focus on broad and diversified index funds. In practice, young investors are filtering through the complexity and gravitating toward simple, transparent products that align with their financial goals. Rather than experimenting with exotic or niche ETFs, they prioritize clarity and ease of understanding. This convergence toward a common approach reflects not a lack of curiosity, but a deliberate effort to implement sustainable and accessible investment routines that can be explained, replicated, and maintained over time.

This leads to a second key insight: ETFs, in this context, act as educational assets as much as financial ones. Their characteristics enable users to build confidence incrementally, without needing to master every technical detail. While some structural elements, such as the difference between active and passive ETFs remain misunderstood by a part of the population, this does not seem to hinder participation. Instead, it suggests that ETFs offer a low-risk learning environment, where financial literacy is built through action, not just theory. This has important implications for the future of financial education.

Another dimension revealed by the data is the importance of autonomy and disintermediation. Respondents' investment behaviours reflect a desire to maintain control over financial decisions without relying on institutional guidance. This does not stem from anti-establishment attitudes but

rather from the alignment between self-managed investing and perceived financial competence. The fact that academic exposure, rather than advisors or marketing, is the primary driver of ETF adoption reinforces this autonomy. It reflects a generation that values empowerment over delegation and seeks financial tools that reinforce independence, not dependency.

Although rare, certain respondents expressed value-based hesitations. One mentioned reluctance to invest in ETFs due to misalignment between their personal values and the companies included in the fund. While isolated, this concern reflects a broader tension between the logic of efficiency and the desire for ethical coherence. The abstraction that makes ETFs so accessible may also dilute investors' sense of moral agency. This suggests that, as ETFs continue to democratize access, the demand for transparency and customization may rise, especially among ethically conscious investors.

Similarly, although respondents identified the key advantages of, many showed only a surface-level understanding of the more technical aspects. This suggests that among young, financially literate individuals, understanding remains functional rather than structural. Yet this may reflect the very nature of ETFs: designed to abstract complexity and reduce barriers. They allow users to act without needing to fully decode every mechanism. Rather than a flaw, this may be part of their accessibility especially in early-stage financial engagement.

Another particularly revealing dimension of the data concerns the role of platforms. The majority of ETF users reported using digital brokers exclusively. This emphasizes that technological accessibility is not just a facilitator, it is often the decisive trigger. In this ecosystem, platforms do more than host financial products, they shape the very conditions under which investing becomes possible for novice users. This also raises questions about the behavioural influence of design choices, recommendation algorithms, and platform incentives.

Finally, the barriers cited by non-investors reveal that accessibility is not purely about knowledge or digital availability, but also about economic precarity and value perception. The willingness to invest is not absent but deferred. This is not because ETFs are misunderstood but because financial participation must be balanced against immediate constraints and subjective beliefs about what investing should represent.

In essence, the study reveals that ETFs are not simply being adopted because they are accessible, they are being adopted because they embody a form of responsibility: a way for young individuals to begin managing their financial future by themself within an uncertain economic environment. This marks a shift in the social meaning of investing; one in which structure, autonomy, and intention converge.

5.2 Recommendations and implications

The insights derived from this study suggest several practical recommendations aimed at enhancing the effectiveness of ETF-related financial practices among young investors, educational institutions, and financial service providers.

Firstly, educational institutions should integrate practical investment exercises into their curricula. Given that active engagement with ETFs significantly enhances financial literacy, universities and finance courses could partner with fintech platforms to offer simulations or micro-investment opportunities. This approach allows students to apply theoretical concepts practically, fostering greater confidence and deeper financial understanding.

Secondly, although platforms such as Trade Republic or Degiro are already relatively accessible and user-friendly, they could significantly enhance user experience by simplifying ETF selection processes.

Platforms should develop interactive tools or personalized recommendation engines that filter ETF options based on individual investor profiles, investment objectives, and ethical values. This tailored approach could facilitate informed decision-making and encourage further market participation among novices.

Thirdly, ETF issuers and financial platforms should strive for clarity in the way they present ETF. Respondents demonstrated that while they grasp the general benefits, some lack deeper understanding of structural features, risks, or portfolio composition. Enhanced transparency through clear, straightforward communications on fees, underlying assets, replication methods, and potential risks is essential because as we have seen, this is this notably this ease of understanding which lead young to invest.

To continue with this approach, social media are expected to play an increasingly central role in shaping the financial behaviour of younger generations. As traditional educational institutions struggle to reach all socioeconomic segments effectively, “financial influencers” are becoming the first point of contact for many young individuals seeking investment information. These can serve as powerful catalysts for financial awareness, especially when they adopt a clear, relatable communication style that avoids jargon and emphasizes key concepts. However, this growing influence also raises concerns about the quality, accuracy, and objectivity of the information disseminated. Platforms and regulators will need to consider mechanisms for promoting transparency and accountability in this space. Nevertheless, when responsibly managed, financial influencers have the potential to act as bridges between non-educated youth and more formal channels of financial knowledge. That may encourage curiosity and further independent learning. Their role could prove essential in democratizing access to financial literacy and investment readiness in the years to come.

Financial institutions could also play a role and tackle economic barriers by offering ETF savings plans accessible through very small recurring contributions. This would significantly lower the perceived entry barriers, promoting early financial discipline and long-term investment habits. Moreover, while the above recommendations are primarily tailored to young individuals who are already engaged in financial markets, we understood that the broader and more pressing objective for both platforms and institutions should be to expand financial education efforts among non-investors. As the findings of this study have shown, nearly all respondents who reported having a solid financial education were also active investors. This suggests a clear and powerful correlation between financial literacy and investment participation.

To reach this untapped segment of young non-investors, platforms social media and financial institutions should consider launching public education campaigns that prioritize information over promotion. These campaigns could include short, engaging videos or social media posts that explain fundamental financial concepts, such as risk diversification, compounding, or market volatility, without necessarily pushing for immediate investment. Moreover, collaborating with influencers or content creators to develop certified educational content could help ensure reliability while enhancing reach. Another initiative could involve integrating mandatory financial literacy modules into university orientation programs or national secondary school curricula to help to raise awareness and build confidence among youth with limited exposure to formal financial education.
Doing so would unlock the latent potential within this demographic and promote more inclusive, widespread participation in long-term financial planning through ETFs or similar investment vehicles.

5.3 Limitations

Despite its contributions, this research is subject to several limitations which should be carefully considered when interpreting the findings.
Firstly, the study's limited sample size (31 participants) and specific demographic focus (finance students from HEC Liège) restrict the generalizability of its conclusions. Findings should therefore be cautiously extrapolated to broader populations, as respondents' educational background likely influences their financial literacy and investment behaviours. The, the study was focused exclusively on young investors without comparison to other age groups. This limits the ability to assess whether observed behaviours are generationally specific or simply characteristic of entry-level investors across demographics. Including older or more experienced investor groups in future research could help distinguish age-related patterns from general behavioural trends. In summary, the homogeneity of respondents in terms of geographic location, socioeconomic status, and educational context poses additional constraints. Extending the study to diverse demographic groups or other cultural and regulatory contexts could provide broader perspectives.

Secondly, the methodology employed introduces potential biases. Participation was voluntary, suggesting a possible self-selection bias where respondents could have higher-than-average financial literacy or investment interest. Additionally, the self-reported nature of financial knowledge assessments could result in discrepancies between perceived and actual knowledge levels.

Thirdly, the data were collected at a specific point in time. As ETF markets and digital investment platforms evolve rapidly, respondents' preferences and behaviours could change in response to new tools, economic shocks, or regulatory developments. The study thus reflects a snapshot rather than a dynamic evolution.

Then, while the questionnaire was carefully designed to ensure clarity and completeness, its structured format may have constrained the expression of nuanced or ambivalent perspectives. Open-ended interviews or focus groups could have complemented the survey data by capturing deeper motivations, hesitations, and value-based considerations.

These limitations represent important avenues for future research. A broader, multi-method approach involving larger and more diverse samples would help deepen the understanding of ETF adoption dynamics and the role of financial literacy in shaping investment decisions among young adults.

5.4 Future challenges

The widespread early adoption of ETFs among young investors brings forward several important challenges and external influences that future research and practice must address.

First, the accelerated shift toward autonomous digital investing might significantly alter the traditional role of banks and financial advisors. As young individuals increasingly rely on intuitive digital platforms and automated solutions, traditional financial institutions may face pressure to redefine their roles. They could need to shift their focus toward specialized financial planning services, complex wealth management solutions, or personalized ethical and sustainable investment, because these areas are less easily automated and still require human oversight and expertise.

There is also a substantial risk of widening financial inequality. The clear division observed between financially literate young investors and their less-informed peers underscores the need for inclusive financial education. Without broad-based initiatives targeting youth from diverse socio-economic

backgrounds, early adoption of ETFs and financial markets in general could disproportionately benefit privileged groups and may exacerbate the existing disparities.

Another challenge is to manage the influence of social media and online financial influencers. As we have seen, it presents both opportunities and challenges. While social platforms can democratize access to financial information, their largely unregulated nature raises serious concerns about misinformation, speculative behaviour, and herd mentality. Future research must explore how these channels shape young investors' perceptions, behaviours, and risk exposure, calling for clearer regulatory guidance and greater responsibility from influential content creators.

Furthermore, recent economic disruptions, including the COVID-19 pandemic, ongoing inflationary pressures or the energy crisis, introduce additional complexities. These events might reinforce ETFs' appeal by emphasizing the need for diversification, stability, and low-cost investing. Conversely, sustained economic instability might discourage long-term investing among risk-averse or financially constrained individuals and might potentially hinder market participation. Investigating how young investors' attitudes and behaviours shift in response to prolonged economic uncertainty represents an important area for future study.

Another emerging challenge is the integration of ESG (Environmental, Social, Governance) criteria within ETFs. Young investors bur also regulators increasingly expect alignment between investments and ethical or environmental standards. ETFs must balance ethical transparency and effective performance which represent a dual challenge for issuers who need to design credible sustainable products without sacrificing clarity, simplicity or returns.

Additional future challenges will obviously include adapting regulations to fast-evolving financial technologies, ensuring ethical transparency within ETF products, managing cybersecurity risks associated with digital investment platforms, and fostering long-term financial literacy in rapidly changing market contexts.

Beyond the challenges already identified, it is important to recognize that the ETF landscape is part of a broader financial ecosystem that continues to evolve at high speed. Of course, there are still many other challenges. The rise of artificial intelligence in investment platforms, for example, may further personalize ETF selection but also raise concerns about over-reliance on automated decision-making particularly inexperienced investors. Simultaneously, the increasing prevalence of low engagement investing, where individuals automate contributions without actively monitoring or understanding their portfolios, could limit the development of a true financial autonomy. More fundamentally, this evolution reflects a deeper societal shift: as responsibility for long-term financial well-being moves increasingly from institutions to individuals, young investors are expected to make informed and strategic choices earlier than ever often with limited tools or security. These observations suggest that even as current barriers are addressed, new challenges will continue to emerge. Ensuring that the ETF environment remains accessible, ethical and educational will therefore require constant adaptation, both from financial actors and from regulatory bodies.

6. Conclusion

Conducting this research allowed me to deeply explore how Exchange-Traded Funds impact the saving and investment behaviours of young adults with a specific focus on finance students at HEC Liège. Initially driven by my personal journey and a strong belief in the critical role of financial education in shaping our economic futures, my study aimed to better understand the mechanisms behind ETF adoption and the potential implications for the broader investment landscape. Throughout this process, I discovered that financial education indeed acts as a central catalyst, enabling individuals to confidently enter and navigate financial markets. The significance of financial literacy as a facilitator of responsible investing was repeatedly confirmed by my findings and that clearly position education at the heart of effective long-term financial management.

While I anticipated a certain level of ETF awareness and interest among my peers, I was genuinely surprised by the extent and depth of their active engagement. Indeed, the majority of respondents not only displayed a strong understanding of ETFs but had integrated them strategically and consistently into their financial routines. The structured, disciplined, and long-term nature of their investment behaviours revealed a significant shift from speculative or short-term trading practices to more sustainable financial planning. These results underscore how ETFs align seamlessly with the evolving priorities of this generation, reflecting their preference for autonomy, simplicity, affordability, and predictability within their financial lives.

From an academic standpoint, my thesis contributes to existing research by focusing explicitly on a relatively unexplored demographic: young, financially literate investors within Francophone Europe. By analyzing a specific group, finance students at HEC Liège, my study fills a gap in the current literature, providing valuable insights into the nuanced ways how ETFs are perceived and used by tomorrow's retail investors and finance professionals. Additionally, the emphasis placed on the educational dimension of ETF adoption offers fresh perspectives on how investing itself can serve as an active learning experience rather than simply being the endpoint of financial literacy initiatives. This educational perspective, revealed clearly by respondents' self-reported reliance on academic courses and personal research, has broader implications for financial education programs. My research demonstrates that learning-by-doing facilitates deeper, more meaningful financial literacy and encourages students to proactively manage their economic futures rather than passively relying on conventional financial advice or institutional guidance.
Furthermore, while this research focused specifically on financially literate students, it offers information that can serve as a foundation for broader initiatives targeting less-educated people. The behaviours and preferences observed in this informed population highlight the conditions under which ETF adoption becomes not only possible but impactful. By understanding how educated young investors engage with these instruments, the platforms, the educational institutions, and the financial actors can design more effective strategies to reach those who have not yet acquired the necessary financial skills. The findings of this study can help identify the levers most likely to activate informed, autonomous financial behaviour among a much wider audience.

Moreover, despite the promising enthusiasm shown by respondents, financial markets remain inherently uncertain and complex. ETFs, despite their simplicity and accessibility, are still subject to market risks and potential speculative excesses, particularly as they gain popularity. The current enthusiasm around ETFs should thus be tempered by continued vigilance regarding market dynamics and the possibility of asset bubbles. Investors, educators and policymakers must remain mindful of these risks, promoting prudent diversification, ongoing investor education, and clear regulatory oversight to mitigate potential vulnerabilities.

Despite several challenges to deal with and limitations of my study, the proactive and disciplined financial behaviours observed among my peers provide a reassuring sign of the potential within this generation. It illustrates a growing willingness and capacity to take control of their financial destinies, even amid economic uncertainty, inflationary pressures, and market volatility. This proactive stance reinforces the idea that ETFs serve not merely as investment tools but as meaningful mechanisms through which young individuals can responsibly build and secure their financial futures. Reflecting on my initial motivations for this research, I remain convinced that financial education is not only essential but profoundly transformative. It serves as the foundational step allowing individuals to overcome initial hesitation, actively engage with financial markets, and confidently shape their economic destinies. Having witnessed firsthand the maturity and seriousness with which my generation approaches ETF investing, it is clear that the widespread adoption of ETFs is still in its early stages. This phenomenon undoubtedly holds significant potential and it equally requires careful monitoring and responsible management by all market participants. Yet, it is important to recognize that this potential is far from being equally distributed. While financially educated young adults demonstrate a strong capacity to engage meaningfully with investment tools like ETFs, too many others still lack the basic financial literacy required to even consider entering the market. This educational gap represents, in my view, the most urgent challenge for policymakers, educational institutions, and financial actors. Bridging it will not only promote greater inclusion but also unlock the full potential of a generation that has already shown a willingness to act when properly informed and empowered.

7. Appendices

Appendix 1 : Questionnaire LimeSurvey

The impact of the emergence of ETFs on the savings habits of young investors

Résultats

Questionnaire 865625

Nombre d'enregistrement(s) pour cette requête :	31
Nombre total d'enregistrements pour ce questionnaire :	31
Pourcentage du total :	100.00%

Résumé pour Q01

What is your gender ?

Réponse	Décompte	Pourcentage
Male (AO01)	21	67.74%
Female (AO02)	10	32.26%
Sans réponse	0	0.00%
Non complété ou Non affiché	0	0.00%

Résumé pour G01Q02

How old are you ?

Réponse	Décompte	Pourcentage
18 (AO01)	0	0.00%
19 (AO02)	0	0.00%
20 (AO03)	0	0.00%
21 (AO04)	2	6.45%
22 (AO05)	5	16.13%
23 (AO06)	13	41.94%
24 (AO07)	9	29.03%
25 (AO13)	2	6.45%
26 (AO12)	0	0.00%
27 (AO11)	0	0.00%
28 (AO14)	0	0.00%
29 (AO15)	0	0.00%
30+ (AO16)	0	0.00%
Sans réponse	0	0.00%
Non complété ou Non affiché	0	0.00%

Résumé pour G01Q03

What is your current level of study ?

Réponse	Décompte	Pourcentage
Bachelor's degree (AO01)	1	3.23%
Master's degree – 1st year (AO02)	7	22.58%
Master's degree – 2nd year (AO03)	21	67.74%
Autre	2	6.45%
Sans réponse	0	0.00%
Non complété ou Non affiché	0	0.00%

Identifiant (ID)	Réponse
13	Specialised Master

Résumé pour G01Q04

How would you assess your level of financial knowledge ?

Réponse	Décompte	Pourcentage
Beginner – I have basic awareness (e.g., I know what a stock or an ETF is, but I don't understand how markets work in detail) (AO01)	3	9.68%
Intermediate – I have some experience or education in finance and I understand key investment concepts (AO02)	17	54.84%
Advanced – I am confident in my financial knowledge and can make informed investment decisions independently (AO03)	11	35.48%
Sans réponse	0	0.00%
Non complété ou Non affiché	0	0.00%

Résumé pour G01Q05

Have you ever invested in a financial market ?

Réponse	Décompte	Pourcentage
Yes (AO01)	24	77.42%
No (AO02)	7	22.58%
Sans réponse	0	0.00%
Non complété ou Non affiché	0	0.00%

Résumé pour G01Q42

How long have you been investing ?

Réponse	Décompte	Pourcentage
Less than 6 months (AO01)	9	29.03%
6 months to 1 year (AO02)	7	22.58%
1 to 2 years (AO03)	2	6.45%
2 to 3 years (AO04)	1	3.23%
More than 3 years (AO05)	5	16.13%
I have invested in ETFs in the past, but I stopped. (AO06)	0	0.00%
I don't remember (AO07)	0	0.00%
Sans réponse	0	0.00%
Non complété ou Non affiché	7	22.58%

Résumé pour G01Q06

What types of financial instruments do you use or have you used in the past ?

Réponse	Décompte	Pourcentage
Stocks (SQ001)	16	51.61%
Bonds (SQ002)	3	9.68%
ETFs (SQ003)	19	61.29%
Cryptocurrencies (SQ004)	10	32.26%
Autre	0	0.00%
Non complété ou Non affiché	7	22.58%

Identifiant (ID)	Réponse

Résumé pour G01Q07

What is your primary investment approach ?

Réponse	Décompte	Pourcentage
Passive investing (Long-term strategy, holding diversified investments like ETFs without frequent trading) (AO01)	14	45.16%
Active trading (Short-term strategy, buying and selling frequently to take advantage of market movements) (AO02)	3	9.68%
A mix of both (Combining long-term holding with occasional short-term trades) (AO03)	7	22.58%
Sans réponse	0	0.00%
Non complété ou Non affiché	7	22.58%

Résumé pour G01Q08

How frequently do you invest ?

Réponse	Décompte	Pourcentage
Occasionaly (AO01)	8	25.81%
Monthly (AO02)	14	45.16%
Quarterly (AO03)	2	6.45%
Annualy (AO04)	0	0.00%
Autre	0	0.00%
Sans réponse	0	0.00%
Non complété ou Non affiché	7	22.58%

Identifiant (ID)	Réponse

Résumé pour G01Q09

What is your investment horizon ?

Réponse	Décompte	Pourcentage
Short-term (< 2 years) (AO01)	2	6.45%
Medium-term (2–5 years) (AO02)	4	12.90%
Long-term (> 5 years) (AO03)	16	51.61%
I don't have a defined investment horizon (AO04)	2	6.45%
Sans réponse	0	0.00%
Non complété ou Non affiché	7	22.58%

Résumé pour G02Q10

In a few words, how would you define an ETF ?

Réponse	Décompte	Pourcentage
Réponse	27	87.10%
Sans réponse	1	3.23%
Non complété ou Non affiché	3	9.68%

Identifiant (ID)	Réponse
6	a basket of securities which is traded
4	Un indice permettant d'acheter un paquet d'action en une fois
7	Is a bucket of securities that tracks a certain index
9	un indice boursier qui rassemble un nombre d'entreprises cotées en fonction du secteur/entité
10	Panier d'actions
11	A financial instument that enables to invest in a verify diversified way easily.
12	I don't know it
13	Il suit un indice et il est négociable à la bourse
14	Fund that track an indice
16	An Exchange traded fund is an investment fund that is traded on stock exchanges
17	Diversified set of stocks
18	A bunch of assets such as bonds (corporate or gov), stocks or others that follows or replicates an indice on the stock market.
19	A basket of stocks that have different weights based on a strategy, and that can be traded in a stock exchange
20	Listed diversified fund in which we invest passively
25	A stock that allows you to invest in a basket of stocks which allow you to benefit from the

Résumé pour G02Q11

How did you discover ETFs ?

Réponse	Décompte	Pourcentage
University courses (AO01)	14	45.16%
Finance-related websites or blogs (AO02)	1	3.23%
Social media (AO03)	7	22.58%
Friends or family (AO04)	2	6.45%
Financial advisors or bankers (AO05)	0	0.00%
Investment platforms (e.g., Degiro, Trade Republic, eToro, etc.) (AO06)	0	0.00%
I don't remember (AO07)	2	6.45%
Autre	2	6.45%
Sans réponse	0	0.00%
Non complété ou Non affiché	3	9.68%

Identifiant (ID)	Réponse
4	Podcasts
25	First i discovered ETF via social medias before i had the opportunity to know more about them during my studies

Résumé pour G02Q12

What do you think is the main advantage of ETFs ?

Réponse	Décompte	Pourcentage
Diversification (Access to a broad range of assets in a single investment) (AO01)	21	67.74%
Low cost (Lower fees compared to actively managed funds) (AO02)	1	3.23%
Ease of access (Simple to buy and sell on stock exchanges) (AO03)	4	12.90%
I'm not sure (AO04)	0	0.00%
Autre	2	6.45%
Sans réponse	0	0.00%
Non complété ou Non affiché	3	9.68%

Identifiant (ID)	Réponse
25	I would say the ease of access is the main advantage at least for young students who still financially not generating incomes but all of the above advantages are important and a motive to invest in etfs
23	Tracking exchange stocks

Résumé pour G01Q13

Which risk do you find most concerning when investing in ETFs ?

Réponse	Décompte	Pourcentage
Market volatility (Fluctuations in ETF prices due to market movements) (AO01)	12	38.71%
Liquidity issues (Difficulty in buying or selling ETFs at the desired price) (AO02)	1	3.23%
Lack of control (Limited ability to influence the assets included in the ETF) (AO03)	9	29.03%
I'm not sure (AO04)	3	9.68%
Autre	2	6.45%
Sans réponse	1	3.23%
Non complété ou Non affiché	3	9.68%

Identifiant (ID)	Réponse
25	Personally what concerns more is to know which etf to choose
35	Tracking error to benchmark

Résumé pour G02Q14

To what extent do you agree with the following statement ? "ETFs are more suitable for beginners than for experienced investors."

Réponse	Décompte	Pourcentage
Strongly disagree (L001)	4	12.90%
Rather disagree (L002)	4	12.90%
Neither agree nor disagree (L003)	4	12.90%
Rather agree (L004)	10	32.26%
Strongly agree (L005)	5	16.13%
Sans réponse	1	3.23%
Non complété ou Non affiché	3	9.68%

Résumé pour G02Q15

Optional question : Why did you give this answer ? You may skip this question if you prefer not to answer. / You may answer in English or in French.

Réponse	Décompte	Pourcentage
Réponse	19	61.29%
Sans réponse	8	25.81%
Non complété ou Non affiché	4	12.90%

Identifiant (ID)	Réponse
6	ETFs are more accessible and allow investors to invest in a large number of stocks without having to decide which individual stocks to choose. This makes them less risky thanks to diversification.
4	Les statistiques prouvent que les performances des ETF dépassent les performances de plus de 90% des investisseurs professionnels essayant de « timer » le marché
9	Personnelement et comme vu et répété lors des cours de finance, un ETF est peut etre moins rentable certaines fois vu le moindre risque pris que en essayant de battre le marché avec l'achat/vente d'actions, mais il est tres souvent sur et rentable. Des lors, que cela soit un debutant ou un investisseur expérimenté qui l'utilise, l'ETF est une bonne option d'investissement
10	Diversification is key, everybody should be diversified
11	It's easier to invest in one ETF than in a lot of stocks
17	ETF suits both beginners & experienced investors, experienced investors are able to invest in other assets that fits more their personal needs.
18	While it is appealing for a beginner in investment, one with financial and economic background with a strong interest that goes beyond in courses or theoretical/practical knowledge could make good investment decisions without an ETF in his portfolio.
20	Because investing in ETFs is a good idea for every investors no matter their level of experience. I think that everyone should have a % invested in safe ETFs like msci world to

Résumé pour G01Q16

To what extent do you agree with the following statement ?"ETFs are a better alternative to traditional mutual funds" Note: Traditional mutual funds are investment funds managed by professionals, often with higher fees and less flexibility than ETFs. They are usually not traded on stock exchanges.

Réponse	Décompte	Pourcentage
Strongly disagree (L001)	0	0.00%
Rather disagree (L002)	2	6.45%
Neither agree nor disagree (L003)	7	22.58%
Rather agree (L004)	12	38.71%
Strongly agree (L005)	6	19.35%
Sans réponse	1	3.23%
Non complété ou Non affiché	3	9.68%

Résumé pour G02Q17

Optional question : Why did you give this answer ? You may skip this question if you prefer not to answer. / You may answer in English or in French.

Réponse	Décompte	Pourcentage
Réponse	12	38.71%
Sans réponse	15	48.39%
Non complété ou Non affiché	4	12.90%

Identifiant (ID)	Réponse
6	ETFs are less costly, avoid active management, and are often more performant. They are also more liquid since they are traded on the stock exchange.
10	Funds with active strategies are more expensive
11	Lower costs
18	I don't think I have enough knowledge to give a good answer but I'd say that ETF might be more transparent In their composition and quotation.
20	Less costs
25	In my opinion both aim the same things, i would say mutual find are more for people who don't have time to manage their investments or to try to know more about investment or take personal risk, some may prefer other to take risk instead.
23	Less fees, less effort to manage the basket of securities
24	Les ETF sont accessibles à tout le monde
29	ETFs have fewer fees and offer more "liberty" than mutual funds.
32	Its the preference of the investor. If you are an active investor (many trades per day) then an ETF is more suitable.
34	More liquid and less fees
36	It has been proven than during the past years, passive investments have generate more profit than active traditional mutual funds and have beaten the market a couple of times . But it depends on the person taking care of your portfolio. You can have the best investors taking

Résumé pour G01Q18

To what extent do you agree with the following statement : "The rise of free trading platforms such as Trade Republic, eToro, or Degiro encourages ETF adoption among young investors."

Réponse	Décompte	Pourcentage
Strongly disagree (L001)	1	3.23%
Rather disagree (L002)	3	9.68%
Neither agree nor disagree (L003)	1	3.23%
Rather agree (L004)	7	22.58%
Strongly agree (L005)	15	48.39%
Sans réponse	1	3.23%
Non complété ou Non affiché	3	9.68%

Résumé pour G02Q19

Optional question : Why did you give this answer ? You may skip this question if you prefer not to answer. / You may answer in English or in French.

Réponse	Décompte	Pourcentage
Réponse	9	29.03%
Sans réponse	18	58.06%
Non complété ou Non affiché	4	12.90%

Identifiant (ID)	Réponse
6	Platforms make access easier because they allow young people to invest quickly without having to go through a financial institution.
4	Ce sont des plateformes très intuitives qui permettent d'acheter ce que l'on veut en un clic, pour des frais très avantageux et possibilité d'organiser un plan d'épargne pour simplifier la tâche aux jeunes
11	Easier to access
18	I have no data but I think It should be the case depending on if the investment in ETF is well explained and easy to do for beginners. It might be the case for intermediate investors : some might invest through others canals and others might be happy to do all on their own with those platforms.
20	These platforms promote heavily ETFs and are costless so they attract many investors. But some of them don't rely on real banks, this represents a first risk. A second risk is that investors have to manage themselves taxes, interests, revenues coming from these platforms and have to mention them in their fiscal end of year document, this isn't done automatically. At the opposite, platforms like Saxo Bank take everything in charge and investors are free of mentioning their revenues of interests.
25	These platforms have allowed to invest in one-click without to have to deal with complexe interfaces
22	I strongly agree because i simply wouldn't have invested in ETF if these kind of platformns

Résumé pour G03Q20

Have you ever invested in an ETF ?

Réponse	Décompte	Pourcentage
Yes, I am currently investing in ETFs. (AO01)	17	54.84%
Yes, I have invested in ETFs in the past, but I stopped. (AO02)	4	12.90%
No, I have never invested in ETFs. (AO03)	6	19.35%
Sans réponse	0	0.00%
Non complété ou Non affiché	4	12.90%

Résumé pour G01Q42Copy

How long have you been investing in ETF's ?

Réponse	Décompte	Pourcentage
Less than 6 months (AO01)	5	16.13%
6 months to 1 year (AO02)	7	22.58%
1 to 2 years (AO03)	3	9.68%
2 to 3 years (AO04)	2	6.45%
More than 3 years (AO05)	0	0.00%
I don't remember (AO07)	0	0.00%
Sans réponse	0	0.00%
Non complété ou Non affiché	14	45.16%

Résumé pour G01Q21

What is your primary objective when investing in ETFs ?

Réponse	Décompte	Pourcentage
Long-term wealth building (AO01)	17	54.84%
Short-term gains (AO02)	0	0.00%
Both (I combine short- and long-term strategies) (AO03)	0	0.00%
Sans réponse	0	0.00%
Non complété ou Non affiché	14	45.16%

Résumé pour G03Q22

Optional question : Can you briefly explain your long-term objective ? You may skip this question if you prefer not to answer. / You may answer in English or in French.

Réponse	Décompte	Pourcentage
Réponse	8	25.81%
Sans réponse	9	29.03%
Non complété ou Non affiché	14	45.16%

Identifiant (ID)	Réponse
6	Invest as early as possible to make my money work and benefit from compound interest in the future.
4	Ne pas laisser mon épargne se faire battre par l'inflation en l'accumulant sur mon compte en banque et plutôt faire fructifier une bonne partie et profiter des intérêts composés à long terme en étant diversifié
10	Just fighting inflation and putting my money at work
11	If you want to make profit with ETFs you have to have a long-term view
20	Invest for fees linked to buying a house, ETfs are more liquid than funds and are nearly gain guaranteed if we invest on the long run.
22	Save for the retirement
29	I plan to invest consistently in ETFs for 20 to 30 years in order to build wealth, as a kind of retirement saving plan.
34	dfuyf

Résumé pour G03Q23 [1]

What motivates you the most to invest in ETFs ?[Classement 1]

Réponse	Décompte	Pourcentage
Building long-term wealth (e.g., retirement planning, financial independence goals) (AO01)	13	41.94%
Protecting against inflation (Preserving purchasing power over time) (AO02)	1	3.23%
Generating passive income (Receiving dividends or steady returns without active management) (AO03)	1	3.23%
Taking advantage of market opportunities (Reacting to trends, economic cycles, or specific sectors) (AO04)	0	0.00%
Learning and gaining experience in financial markets (Using ETFs as a way to get started or improve investment skills) (AO05)	0	0.00%
Following trends or influence from others (Friends, social media, influencers, etc.) (AO06)	0	0.00%
Non complété ou Non affiché	16	51.61%

Résumé pour G03Q23 [2]

What motivates you the most to invest in ETFs ?[Classement 2]

Réponse	Décompte	Pourcentage
Building long-term wealth (e.g., retirement planning, financial independence goals) (AO01)	0	0.00%
Protecting against inflation (Preserving purchasing power over time) (AO02)	5	16.13%
Generating passive income (Receiving dividends or steady returns without active management) (AO03)	8	25.81%
Taking advantage of market opportunities (Reacting to trends, economic cycles, or specific sectors) (AO04)	2	6.45%
Learning and gaining experience in financial markets (Using ETFs as a way to get started or improve investment skills) (AO05)	0	0.00%
Following trends or influence from others (Friends, social media, influencers, etc.) (AO06)	0	0.00%
Non complété ou Non affiché	16	51.61%

Résumé pour G03Q23 [3]

What motivates you the most to invest in ETFs ?[Classement 3]

Réponse	Décompte	Pourcentage
Building long-term wealth (e.g., retirement planning, financial independence goals) (AO01)	0	0.00%
Protecting against inflation (Preserving purchasing power over time) (AO02)	1	3.23%
Generating passive income (Receiving dividends or steady returns without active management) (AO03)	4	12.90%
Taking advantage of market opportunities (Reacting to trends, economic cycles, or specific sectors) (AO04)	2	6.45%
Learning and gaining experience in financial markets (Using ETFs as a way to get started or improve investment skills) (AO05)	8	25.81%
Following trends or influence from others (Friends, social media, influencers, etc.) (AO06)	0	0.00%
Non complété ou Non affiché	16	51.61%

Résumé pour G01Q24

What was the main factor that influenced your decision to invest in ETFs ?

Réponse	Décompte	Pourcentage
Personal research and interest (AO01)	6	19.35%
A financial influencer or social media content (AO02)	1	3.23%
An investment platform (AO03)	0	0.00%
A friend or family member (AO04)	1	3.23%
A university course or professor (AO05)	9	29.03%
Autre	0	0.00%
Sans réponse	0	0.00%
Non complété ou Non affiché	14	45.16%

Identifiant (ID)	Réponse

Résumé pour G01Q25

Through which platforms or institutions do you invest in ETFs ?

Réponse	Décompte	Pourcentage
Online broker (e.g., eToro, Trade Republic, Degiro) (SQ001)	14	45.16%
Traditional bank (SQ002)	2	6.45%
Insurance company (SQ003)	2	6.45%
Autre	0	0.00%
Non complété ou Non affiché	14	45.16%

Identifiant (ID)	Réponse

Résumé pour G03Q26 [1]

What were your main reasons for choosing these platform(s) or institution(s) ?[Classement 1]

Réponse	Décompte	Pourcentage
Low transaction fees (AO01)	10	32.26%
User-friendly interface (AO02)	2	6.45%
Wide access to ETFs (AO03)	1	3.23%
Trust and reputation of the institution (AO04)	0	0.00%
Integrated with existing banking or insurance services (AO05)	1	3.23%
Educational tools or support (e.g., tutorials, financial advice) (AO06)	0	0.00%
Fast and easy account opening process (AO07)	0	0.00%
Recommendations from others (e.g., friends, influencers) (AO11)	1	3.23%
Non complété ou Non affiché	16	51.61%

Résumé pour G03Q26 [2]

What were your main reasons for choosing these platform(s) or institution(s) ?[Classement 2]

Réponse	Décompte	Pourcentage
Low transaction fees (AO01)	2	6.45%
User-friendly interface (AO02)	6	19.35%
Wide access to ETFs (AO03)	3	9.68%
Trust and reputation of the institution (AO04)	1	3.23%
Integrated with existing banking or insurance services (AO05)	0	0.00%
Educational tools or support (e.g., tutorials, financial advice) (AO06)	0	0.00%
Fast and easy account opening process (AO07)	1	3.23%
Recommendations from others (e.g., friends, influencers) (AO11)	2	6.45%
Non complété ou Non affiché	16	51.61%

Résumé pour G03Q26 [3]

What were your main reasons for choosing these platform(s) or institution(s) ?[Classement 3]

Réponse	Décompte	Pourcentage
Low transaction fees (AO01)	2	6.45%
User-friendly interface (AO02)	3	9.68%
Wide access to ETFs (AO03)	3	9.68%
Trust and reputation of the institution (AO04)	4	12.90%
Integrated with existing banking or insurance services (AO05)	1	3.23%
Educational tools or support (e.g., tutorials, financial advice) (AO06)	0	0.00%
Fast and easy account opening process (AO07)	2	6.45%
Recommendations from others (e.g., friends, influencers) (AO11)	0	0.00%
Non complété ou Non affiché	16	51.61%

Résumé pour G03Q27

What proportion of your total investment portfolio is allocated to ETFs ?

Réponse	Décompte	Pourcentage
Less than 25% (AO01)	3	9.68%
25% – 50% (AO02)	4	12.90%
50% – 75% (AO03)	3	9.68%
More than 75% (AO04)	5	16.13%
100% (AO05)	2	6.45%
Sans réponse	0	0.00%
Non complété ou Non affiché	14	45.16%

Résumé pour G03Q28

How often do you invest in ETFs ?

Réponse	Décompte	Pourcentage
Several times per month (AO01)	3	9.68%
Once per month (AO02)	8	25.81%
Several times per year (AO03)	5	16.13%
Once per year (AO04)	1	3.23%
Less than once per year (AO05)	0	0.00%
Sans réponse	0	0.00%
Non complété ou Non affiché	14	45.16%

Résumé pour G01Q29

In which types of ETFs do you invest ?

Réponse	Décompte	Pourcentage
Broad market index ETFs (e.g., S&P 500, MSCI World, EuroStoxx 50, CAC 40) (SQ001)	17	54.84%
Sector-specific ETFs (e.g., Technology, Healthcare, Energy) (SQ002)	2	6.45%
Thematic ETFs (e.g., Artificial Intelligence, Clean Energy, Robotics) (SQ003)	2	6.45%
ESG ETFs (e.g., MSCI ESG Leaders, S&P 500 ESG, Low Carbon ETFs) (SQ004)	4	12.90%
Bond ETFs (e.g., U.S. Treasury Bonds, Corporate Bonds, Euro Government Bonds) (SQ005)	2	6.45%
Leveraged/Inverse ETFs (e.g., S&P 500 2x, Nasdaq -1x Inverse ETFs) (SQ006)	0	0.00%
Autre	2	6.45%
Non complété ou Non affiché	14	45.16%

Identifiant (ID)	Réponse
19	Sharia compliant ETFs
35	Factor based (small caps)

Résumé pour G03Q44 [1]

What are the main factors that influence your choice of a specific ETF ?[Classement 1]

Réponse	Décompte	Pourcentage
Past performance (Historical returns of the ETF) (AO01)	10	32.26%
ETF reputation (Popularity and investor trust) (AO02)	2	6.45%
Issuer reputation (e.g., BlackRock, Amundi, Vanguard) (AO03)	1	3.23%
Liquidity (Ease of buying/selling on the market) (AO04)	1	3.23%
Expert or influencer recommendations (AO05)	0	0.00%
Thematic relevance (e.g., ESG, tech, emerging markets) (AO06)	1	3.23%
Expense ratio (ETF fees and costs) (AO07)	0	0.00%
Non complété ou Non affiché	16	51.61%

Résumé pour G03Q44 [2]

What are the main factors that influence your choice of a specific ETF ?[Classement 2]

Réponse	Décompte	Pourcentage
Past performance (Historical returns of the ETF) (AO01)	4	12.90%
ETF reputation (Popularity and investor trust) (AO02)	4	12.90%
Issuer reputation (e.g., BlackRock, Amundi, Vanguard) (AO03)	3	9.68%
Liquidity (Ease of buying/selling on the market) (AO04)	1	3.23%
Expert or influencer recommendations (AO05)	2	6.45%
Thematic relevance (e.g., ESG, tech, emerging markets) (AO06)	1	3.23%
Expense ratio (ETF fees and costs) (AO07)	0	0.00%
Non complété ou Non affiché	16	51.61%

Résumé pour G03Q44 [3]

What are the main factors that influence your choice of a specific ETF ?[Classement 3]

Réponse	Décompte	Pourcentage
Past performance (Historical returns of the ETF) (AO01)	1	3.23%
ETF reputation (Popularity and investor trust) (AO02)	3	9.68%
Issuer reputation (e.g., BlackRock, Amundi, Vanguard) (AO03)	3	9.68%
Liquidity (Ease of buying/selling on the market) (AO04)	1	3.23%
Expert or influencer recommendations (AO05)	1	3.23%
Thematic relevance (e.g., ESG, tech, emerging markets) (AO06)	2	6.45%
Expense ratio (ETF fees and costs) (AO07)	4	12.90%
Non complété ou Non affiché	16	51.61%

Résumé pour G01Q30

Do you invest in ETFs that distribute dividends or reinvest them ?

Réponse	Décompte	Pourcentage
Dividend-distributing ETFs (AO01)	0	0.00%
Accumulating ETFs (AO02)	12	38.71%
Both (AO03)	3	9.68%
I am not sure (AO04)	2	6.45%
Sans réponse	0	0.00%
Non complété ou Non affiché	14	45.16%

Résumé pour G01Q31

Do you invest in fractional ETFs or only full shares ?

Réponse	Décompte	Pourcentage
I invest in fractional ETFs (AO01)	10	32.26%
I only buy full ETF shares (AO02)	2	6.45%
I use both methods (AO03)	3	9.68%
I don’t know the difference (AO04)	2	6.45%
Sans réponse	0	0.00%
Non complété ou Non affiché	14	45.16%

Résumé pour G01Q32

Do you currently invest in actively managed ETFs ?

Réponse	Décompte	Pourcentage
Yes, I know they are actively managed (AO01)	4	12.90%
Yes, but I didn't know they were actively managed (AO02)	2	6.45%
No, I only invest in passive ETFs (AO03)	10	32.26%
No, I don't know the difference between active and passive ETFs (AO04)	1	3.23%
Sans réponse	0	0.00%
Non complété ou Non affiché	14	45.16%

Résumé pour G01Q33

Have you ever sold an ETF ?

Réponse	Décompte	Pourcentage
Yes (AO01)	1	3.23%
No (AO02)	16	51.61%
Sans réponse	0	0.00%
Non complété ou Non affiché	14	45.16%

Résumé pour G01Q34

What was the main reason that triggered your decision ?

Réponse	Décompte	Pourcentage
Market-related reason – Market crash or high volatility (AO01)	0	0.00%
Market-related reason – Poor performance of the ETF (AO02)	0	0.00%
Personal reason – Need for liquidity (e.g., unexpected expenses) (AO03)	1	3.23%
Personal reason – Other (AO04)	0	0.00%
Autre	0	0.00%
Sans réponse	0	0.00%
Non complété ou Non affiché	30	96.77%

Identifiant (ID)	Réponse

Résumé pour G01Q35

What amount are you currently able to invest each month ?

Réponse	Décompte	Pourcentage
Less than €50 (AO01)	5	16.13%
€50 – €100 (AO02)	5	16.13%
€100 – €250 (AO03)	3	9.68%
More than €250 (AO04)	4	12.90%
I prefer not to answer (AO05)	0	0.00%
Sans réponse	0	0.00%
Non complété ou Non affiché	14	45.16%

Résumé pour G01Q36

Do you plan to increase your investments in ETFs in the future ?

Réponse	Décompte	Pourcentage
Yes, significantly (AO01)	8	25.81%
Yes, but gradually (AO02)	8	25.81%
No, I will maintain my current allocation (AO03)	1	3.23%
No, I plan to reduce my ETF investments (AO04)	0	0.00%
I don't know (AO05)	0	0.00%
Sans réponse	0	0.00%
Non complété ou Non affiché	14	45.16%

Résumé pour G01Q37

What is the main reason you have never invested in ETFs ?

Réponse	Décompte	Pourcentage
I don't know enough about ETFs (AO01)	0	0.00%
I prefer other types of investments (e.g., stocks, cryptocurrencies, real estate) (AO02)	1	3.23%
I find ETFs too risky (AO03)	0	0.00%
I lack the financial resources to invest (AO04)	3	9.68%
I have no interest in investing at all (AO05)	1	3.23%
Autre	1	3.23%
Sans réponse	0	0.00%
Non complété ou Non affiché	25	80.65%

Identifiant (ID)	Réponse
25	I would say i hesitate to invest in etf for personal reasons and values, investing in etf is investing in multiple companies which some of them may not align with my values

Résumé pour G02Q38

Optional question : which ones do you prefer and why? You may skip this question if you prefer not to answer. / You may answer in English or in French.

Réponse	Décompte	Pourcentage
Réponse	1	3.23%
Sans réponse	0	0.00%
Non complété ou Non affiché	30	96.77%

Identifiant (ID)	Réponse
18	-Governments' bonds: easy access — available within a subscription period. Yield is known (fixed, inflation-linked, floating, or otherwise), and risks are usually low. Capital is preserved, except in case of default — but for strong sovereign issuers, this risk is minimal. -I might interest myself in corporate bonds but I don't know if they are as easy to acquire than Gov'bonds. -Stocks: Can choose which companies to support and must face market risks. May invest with the belief in financial value growth (price appreciation on the market) or in real economic growth (expansion of the underlying business). This behavior might be possible with ETF at least for a sectorial growth belief but I don't know if it truly is as it's a pool.

Résumé pour G01Q39

Do you plan or want to invest in ETFs in the future ? (Within the next 3 years)

Réponse	Décompte	Pourcentage
Yes, I definitely plan to invest soon (AO01)	2	6.45%
Maybe, I'm curious but not sure yet (AO02)	3	9.68%
No, I'm not interested in ETFs (AO03)	1	3.23%
Sans réponse	0	0.00%
Non complété ou Non affiché	25	80.65%

Résumé pour G01Q40 [1]

What factors would most encourage you to start investing in ETFs ?[Classement 1]

Réponse	Décompte	Pourcentage
Better understanding and knowledge of ETFs (e.g., via education or training) (AO01)	2	6.45%
Availability of financial resources (e.g., more disposable income, job stability) (AO02)	3	9.68%
Recommendations from trusted people or financial experts (e.g., family, professors, influencers) (AO03)	0	0.00%
Easier access through digital platforms (e.g., simplified apps, faster onboarding) (AO04)	0	0.00%
Lower perceived risks (feeling more secure about the safety of ETFs) (AO05)	1	3.23%
None, I'm not interested (AO06)	0	0.00%
Non complété ou Non affiché	25	80.65%

Résumé pour G01Q40 [2]

What factors would most encourage you to start investing in ETFs ?[Classement 2]

Réponse	Décompte	Pourcentage
Better understanding and knowledge of ETFs (e.g., via education or training) (AO01)	0	0.00%
Availability of financial resources (e.g., more disposable income, job stability) (AO02)	2	6.45%
Recommendations from trusted people or financial experts (e.g., family, professors, influencers) (AO03)	2	6.45%
Easier access through digital platforms (e.g., simplified apps, faster onboarding) (AO04)	1	3.23%
Lower perceived risks (feeling more secure about the safety of ETFs) (AO05)	1	3.23%
None, I'm not interested (AO06)	0	0.00%
Non complété ou Non affiché	25	80.65%

Résumé pour G01Q40 [3]

What factors would most encourage you to start investing in ETFs ?[Classement 3]

Réponse	Décompte	Pourcentage
Better understanding and knowledge of ETFs (e.g., via education or training) (AO01)	1	3.23%
Availability of financial resources (e.g., more disposable income, job stability) (AO02)	1	3.23%
Recommendations from trusted people or financial experts (e.g., family, professors, influencers) (AO03)	3	9.68%
Easier access through digital platforms (e.g., simplified apps, faster onboarding) (AO04)	1	3.23%
Lower perceived risks (feeling more secure about the safety of ETFs) (AO05)	0	0.00%
None, I'm not interested (AO06)	0	0.00%
Non complété ou Non affiché	25	80.65%

Résumé pour G01Q41

What was the main reason you stopped investing in ETFs ?

Réponse	Décompte	Pourcentage
I needed liquidity (AO01)	1	3.23%
I was not satisfied with the returns (AO02)	2	6.45%
I switched to other types of investments (AO03)	1	3.23%
I prefer not to answer (AO04)	0	0.00%
Autre	0	0.00%
Sans réponse	0	0.00%
Non complété ou Non affiché	27	87.10%

Identifiant (ID)	Réponse

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EXECUTIVE SUMMARY

This thesis explores the impact of Exchange-Traded Funds (ETFs) on the saving and investment behaviour of young adults, with a focus on finance students at HEC Liège. Through a structured questionnaire, the study collected insights and highlighted how ETFs are not only understood but actively used by many students as part of disciplined and long-term financial strategies.

Findings show a strong alignment between the characteristics of ETFs, diversification, low cost, simplicity, and the preferences of this generation. Most respondents favored passive investing, recurring monthly contributions, and long-term horizons. The results suggest that ETFs serve both as financial tools and educational platforms, enabling young investors to gradually build confidence and financial autonomy.

A central takeaway is the critical role of financial education. The majority of ETF users had acquired knowledge through academic exposure or self-directed learning, underscoring the importance of structured education in fostering responsible investment habits. Conversely, among non-investors, lack of knowledge and financial means were key barriers.

While the study focuses on a financially literate group, its implications are broader. It highlights the need to extend educational efforts to less-informed youth and to develop accessible, ethical, and user-friendly ETF solutions. This research offers a valuable foundation for institutions aiming to democratize investment and promote financial inclusion.

In a rapidly evolving financial environment, ETFs appear well-suited to meet the needs of young investors. However, their long-term relevance will depend on continued financial education, responsible usage and supportive regulation.

KEYWORDS: Exchange-Traded Funds (ETFs), Young investors, Financial literacy, Investment behaviour, Passive investing, Financial education, Savings habits

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