INVESTMENT BEHAVIOUR OF INDIVIDUALS WITH RESPECTTO DEMOGRAPHIC STUDY BASED ON INCOME AND TYPES OF BANKING INVESTMENTS.

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Abstract: In recent years, individuals have been actively investing in various ways to secure their wealth and future. The Indian stock market has experienced significant growth since its inception 135 years ago with the establishment of the Bombay Stock Exchange. Initially, trading was a challenging process due to the absence of internet stock trading, relying on standard outcry methods. However, with the introduction of internet trading by the NSE and later the BSE, the number of investors in the Indian stock market has expanded dramatically. India is currently the world's second-fastest-growing economy, attracting a growing number of international investors. Additionally, individuals consider placing their money in banks as a form of investment, which hasbecome a game changer in the investing industry.

According to the data, India's total deposits were reported at 2,150.536 USD bn in Sep 2022, indicating a slight decrease from the previous figure of 2,152.527 USD bn recorded in Jun 2022. This data is updated quarterly, with an average of 1,072.299 USD bn from Dec 1998 to Sep 2022,based on 96 observations. The highest recorded value was 2,242.775 USD bn in Mar 2022, whilethe lowest was 153.496 USD bn in Dec 1998.

The objective of this paper is to examine the investment behaviour of individuals through a demographic study focused on income, specifically investigating the types of deposits chosen bycustomers at banks

Keywords: Investment Behaviour, Demographic Study, Stock Market.

I. INTRODUCTION

Behavioural finance, a branch of behavioural economics, proposes that psychological factors and biases influence the financial decisions of investors and financial professionals. These biases and influences can contribute to market anomalies, particularly in the stock market, such as significant price fluctuations. Recognising the importance of behavioural finance, the Securities and ExchangeCommission has dedicated personnel to study this field due to its significant impact on investing.

Behavioural finance assumes that financial participants are influenced by psychological factors andexhibit tendencies that are partially rational and self-controlled rather than completely rational and self-controlled. An investor's physical and mental well-being often influence their financial decisions, as their mental state fluctuates along with their overall health. These factors affect their reasoning and decision-making across various practical matters, including financial decisions.

Investing, in general, involves allocating resources, typically capital, with the aim of generating profits over time that surpass the initial investment. It encompasses various activities, such as starting a business using capital or purchasing assets like real estate for rental income or future resale. Unlike saving, investing carries an inherent risk as the connected projects may fail, resulting in financial losses. Furthermore, investing differs from speculation, which involves short-term pricespeculation rather than actively putting money to work.

While investment behaviour may not always be directly related to demographic studies, it is often influenced by them. The scope and variations in investment behaviour are largely based on demographic studies of specific regions or communities. Demographics refer to statistics that characterise populations and their traits. Demographic analysis focuses on studying populations based on characteristics like age, race, and sex. This analysis involves examining socioeconomic information, such as employment, education, income, marriage rates, birth and death rates, to gain insights into population characteristics. Governments, businesses, and non-governmental organisations utilise demographics for purposes like economic market research and policy formulation. For example, a luxury RV business may target individuals approaching or in retirement age to increase their customer base among those who can afford their products.

II. LITERATURE REVIEW

Zhong, Xiao, (1995) examined characteristics of individual bond and stock holders, using data from the 1989 Survey of Consumer Finances. The results of the tobit models showed bonds and stocks are more likely to be held by families with adequate financial resources to maintain daily lives and enough funds to meet short term financial needs. Households have a financial planning horizon of ten years or higher amounts of bonds and of stocks. Reporting a saving motive of "growth" was associated with higher stock holdings, but reporting a saving motive of "retirement" was not associated with higher bond or stock holdings. The findings of this study suggested that families invested in bonds and stocks in order to achieve long term goals. Levels of educational attainment were positively related to bond and stock holdings. Age affected only stock holdings, and gender affected only bond holdings. Some financial variables influenced bond but did not influence stock holdings, or vice versa. Saving motive variables also showed different effects on bond or stock holdings.**[1]**

Bandgar. P.K, (2000) studied the existing pattern of financial instruments in India and the performance of middle class investors, their behaviour and problems. Questionnaire was administered to collect data. Average, Skewness, Chi-square test and Fisher Irving Test were used to analyse the data. The study revealed that only 16% of the investors were facing difficulties in buying and selling securities. Middle-class investors were highly educated but they were lacking skill and knowledge to invest. Female investors preferred to invest in risky securities as compared to male investors. The study also revealed that there was a moderate and continuing shift from bank deposits to shares and debentures, and a massive shift towards traditional financial instruments namely, life insurance policies and government securities.**[2]**

Rajarajan. V, (2000) conducted a study with the objective of analysing the investors' life styles and analysed the investment size, pattern, preference of individual investors on the basis of their life styles. Data was collected from 405 investors in Chennai using questionnaire method. The investors were classified into 3 groups' viz., active investors, individualists and passive investors. Cluster Analysis, Correspondence Analysis and Kruskal Wallis Test were used to study the association between lifestyle groups and the various investment related characteristics. The study revealed that the level of expenses, earnings and investment were associated with the size of the household. Active investor group was dominated by officers, individual group by clerical cadre and passive investors group by professionals. The expected rate of return from investments varied between investment styles. The study clearly indicated that market performance of the share, company's operating level, capital performance and the expectation of the investors were found to influence the risk perception of the investors.**[3]**

Barber and Odean, (2001) used data for over 35,000 households from a large discount brokerage, analysed the common stock investments of men and women from February 1991 to January 1997. They documented that men trade 45 percent more than women. Trading reduced men's net returns by 2.65 percentage points a year as opposed to 1.72 percentage points for women. They noted that the investment decision making also depends on gender: men choose more risky portfolios and trade more than women in the market. However, only this evidence cannot conclude that only gender was an important genetic component, as there was a need to evaluate external factors such as: personal experience, general family or social experience, financial knowledge.**[4]**

Xiao and Fan, (2002) found that when compared with American workers with less than a high school education, Investors with a college education were more likely to save for retirement. Logistic analysis performed by them showed that the likelihood of homeowners perceiving a retirement motive was higher for homeowners than renters among American households. The results of logistic regressions and simulations suggest that Chinese are more likely than Americans to report four out of six saving motives: saving for daily expenses, emergencies, children, and investment, whereas Americans are more likely to report saving for major purchases and retirement. Differences in cultures and in economic development stages were investigated as causes for such differences in saving motives. Compared with the top quartile income group, both Chinese and American households in the bottom 30%, as defined by income, were more likely to report saving for daily expenses.**[5]**

Abraham and Sheeran, (2003) conducted a longitudinal survey with a sample size of 384. It was found that anticipated regret was the belief that the decision will be result of inaction. Anticipated regret may prompt behaviour; that was, when a person indicates they will do something, such as exercise, they may follow through with their intended decision, to avoid regret. Once the decision was made, the impact of the decision, if regret was experienced, will impact future decisions. Past experiences can impact future decision making. The research showed that anticipated regret improved intention behaviour consistency using both co-relational and experimental designs.

Moreover, this improvement in intention behaviour consistency was explained by intention stability. The findings suggested that decision making models such as the theory of planned behaviour should incorporate anticipated regret and imply that such models need to take greater account of the factors that facilitate the enactment of intentions.**[6]**

Juliusson, Karlsson, and Garling, (2005) indicated that past decisions influence the decisions people make in the future. It stands to reason that when something positive results from a decision, people are more likely to decide in a similar way, given a similar situation. In financial decision making, highly successful people do not make investment decisions based on past sunk outcomes, rather by examining choices with no regard for past experiences; this approach conflicts with what one may expect. In financial decision making, highly successful people do not make investment decisions based on past sunk outcomes, rather by examining choices with no regard for past experiences; this approach conflicts with what one may expect.**[7]**

Roszkowski and Grable, (2005) noted that people tend to rely on heuristic judgments, which almost always lead to inconsistency in estimations. They presented an even more sobering conclusion by stating that computer programs can outperform human judges in predicting (estimating) risk tolerance – even one's own risk tolerance. This, again, was the result of people placing too much importance on extraneous variables, such as one's demographic profile, perceived knowledge, and other environmental factors.**[8]**

Yesh Pal Davar and Suveera Gill, (2007) investigated the underlying dimensions in the selection of different investment avenues for female and male investors. Examination of a sample of 500 (96 females and 404 males) Investors discerned the differences in the Investment Decision making process and its likely implications on future investment for female and male investors. The results suggested a higher level of awareness and satisfaction for males than females for different investment avenues. The underlying dimension in selection of investments revealed emphasis on familiarity, opinion and demographic measures for all investment avenues both for female and male investors. In addition, there are discernible differences in relationships amongst Investment Decision Making variables with regards to future investment decisions. The results of the study are relevant and timely given the increasing importance of female investors in the investment industry. It was concluded after an intensive statistical enquiry that females have lower levels of awareness, lower confidence levels and lowered risk tolerance capacities and hence are more cautious vis-à-vis males with regard to prospective investment in equity (risky) securities, especially if fund availability was low.**[9]**

Hardy - Vallee Benoit, (2007) discussed the economic, philosophical and psychological view of decision making. The philosophical view being reasons and beliefs, the economic view being rational choice and expected utility theory and psychological view being the description of how subjects make decisions and on which mechanisms do they rely for making them. Neuroeconomics,on the other hand, was a developing area in which the neural reactions of a subject to decision making are viewed in context of sub-divisions of the utility concept into decision utility (the expected gain/loss, cost/benefit), experienced utility (the hedonic effect, pleasant/unpleasant), the predicted utility (the anticipation of experienced utility) and remembered utility (how experienced utility was remembered after the action, regret/rejoice). Thus, a decision which appears externally rational or irrational may actually be internally rational for the agent in terms of his sub-utilities. **[10]**

Manish Mittal and R K Vyas, (2008) found that investors have certain cognitive and emotional weaknesses which come in the way of their investment decisions. Over the past few years, behavioural finance researchers have scientifically shown that investors do not always act rationally. They have behavioural biases that lead to systematic errors in the way they process information for investment decision. Empirical evidence also suggested that factors such as age, income, education and marital status affect on individual's investment decision. This research classified Indian investors into different personality types and explores the relationship between various demographic factors and the investment personality exhibited by the investors. The results of the study revealed that the Indian investors can be classified into four dominant investment personalities- casual, technical, informed and cautious.**[11]**

Syed Tabassum Sultana, (2010), attempted to discover the association between a dependent variable i.e., Risk Tolerance level and independent variables such as Age, Gender of an individual investor on the basis of the survey. Indian investors are high income, well educated, salaried, and independent in making investment decisions and conservative investors. From the empirical study itwas found that irrespective of gender, most of the investors (41%) were found to have low risk tolerance level and many others (34%) have high risk tolerance level rather than moderate risk tolerance level. It was also found that there was a strong negative correlation between Age and Risktolerance level of the investor. Television was the media that was largely influencing the investor's decisions. The individual investor preferred to invest in financial products which gave risk free returns.**[12]**

III. NEED FOR THE STUDY

1. To examine the potential impact of age on an individual's investment plans.
2. To investigate whether an individual's financial status influences their investing strategy.
3. To explore the potential interconnection between an individual's investment decisions and their savings and expenditure patterns.
4. To determine the number of people actively participating in the stock market and engaging in investment activities.
5. To gain insights into the overall investment psychology of individuals.

IV. OBJECTIVES OF THE STUDY

1. To understand the investment preferences of individuals, including their preferred investment instruments.
2. To identify the various investment options provided by banks to individuals.
3. To conduct an analysis to determine the factors contributing to changes in savings, including bothincreases and decreases.

V. RESEARCH METHODOLOGY

The study is based on two factors -

- Primary data collection.
- Secondary data collection

PRIMARY DATA COLLECTION:

- **Primary data: -**
  Primary data refers to the information collected through direct interviews with executives of the relevant organisations. It is the firsthand information obtained directly from the organisation.

  However, in this project, no primary data has been utilised.

SECONDARY DATA COLLECTION:

Collected from books regarding, journal, and management containing relevant information aboutthe topic and Other main sources were:

- Shodhganga
- Google Scholars
- Shodhgangotri etc.

VI. SCOPE OF FURTHER STUDY

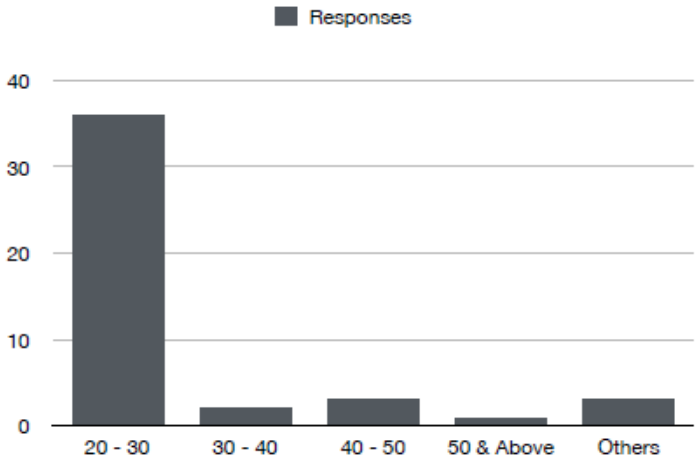
1. Conducting research with a small-scale audience may result in varying results and reviews whenconducted on a larger scale, due to the potential differences in respondent perspectives and demographics.
2. The data can be divided into smaller segments, allowing for comparisons within the dataset itself.
3. Depending on the specific banking institution chosen, the results may differ due to variations in their policies, offerings, and customer base.
4. If research is conducted on the same topic without altering the variables, the data may vary over time due to the influence of temporal factors.

DATA ANALYSIS AND INTERPRETATION

1. The following tables depicts the details of the respondents participated in the survey.

Table 1 : Age group of the respondents

Age	Responses
20 - 30	36
30 - 40	2
40 - 50	3
50 & Above	1
Others	3
Total	**45**

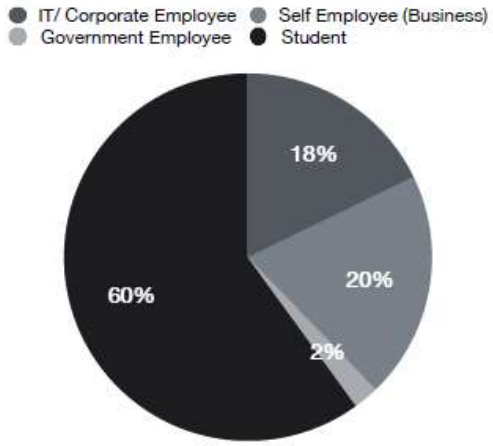


Data Interpretation (Table - 1) :

The poll indicates that respondents between the ages of 20 and 30 made up the majority of the agegroup (i.e - 36).

Table 2 : Occupation of the respondents

Occupation	Responses
IT/ Corporate Employee	8
Self Employee (Business)	9
Government Employee	1
Student	27
Total	**45**



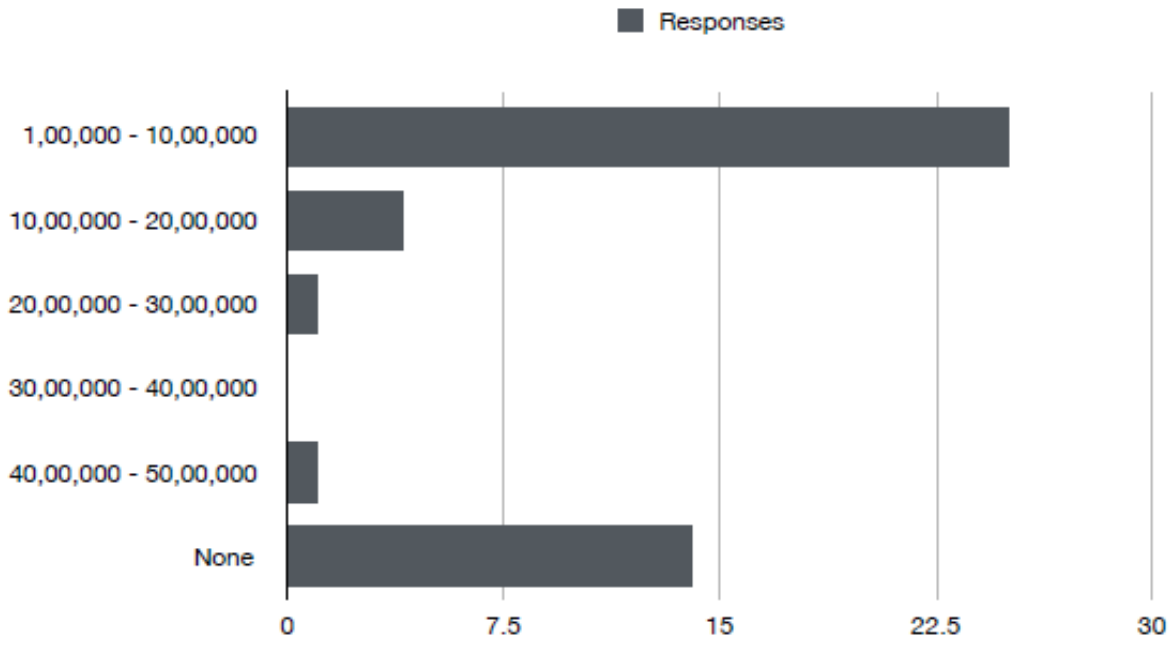
Data Interpretation (Table - 2) :

According to the poll, students make up the majority of the respondents' occupations (i.e - 27).

2. The following tables depicts the financial details of the respondents participated in the survey.

Table 3 : Annual Income of the respondents

Annual Income	Responses
1,00,000 - 10,00,000	25
10,00,000 - 20,00,000	4
20,00,000 - 30,00,000	1
30,00,000 - 40,00,000	0
40,00,000 - 50,00,000	1
None	14
Total	**45**

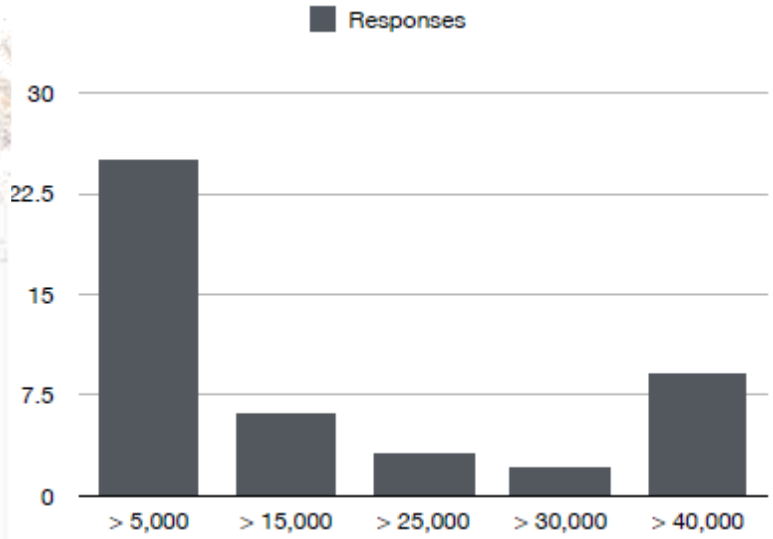


Data Interpretation (Table - 3) :

According to the data gathered, 25 respondents earn between 1,00,000 and 10,000,000 lpa (Lakhs per annum). The following majority is classified as None, meaning they are still dependent onothers for their livelihoods.

Table 4 : Monthly Savings of the respondents

Monthly Savings	Responses
> 5,000	25
> 15,000	6
> 25,000	3
> 30,000	2
> 40,000	9
Total	**45**

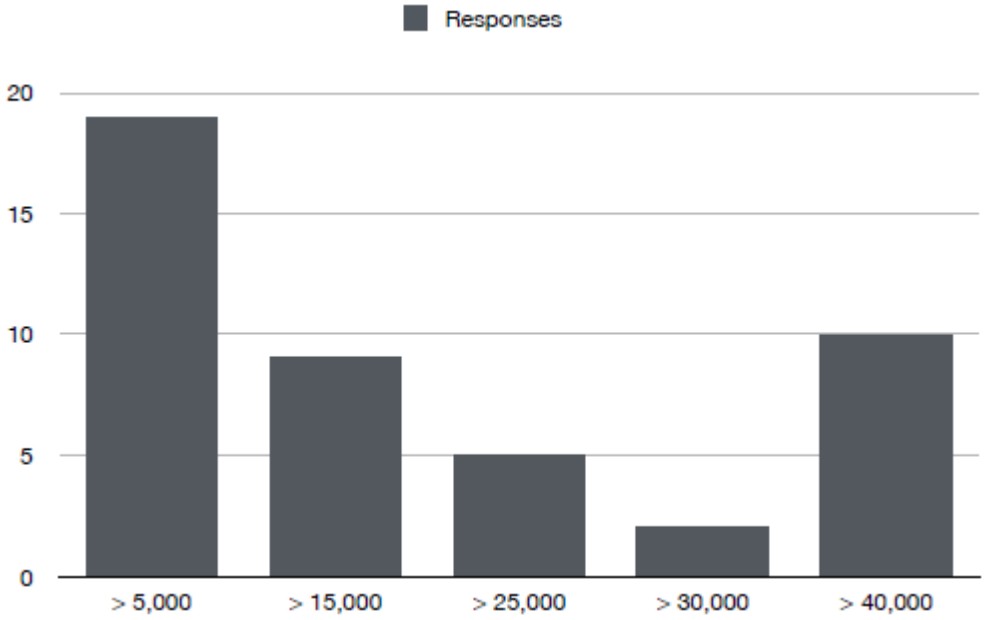


Data Interpretation (Table - 4) :

According to the graphical representation and table above, 25 respondents, regardless of their income and expenses, have monthly savings of up to 5,000/-.

Table 5 : Monthly Expenditure of the respondents

Monthly Expenditure	Responses
> 5,000	19
> 15,000	9
> 25,000	5
> 30,000	2
> 40,000	10
Total	**45**

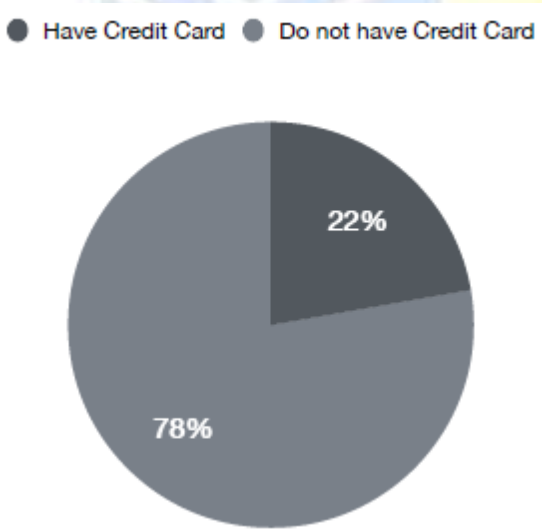


Data Interpretation (Table - 5) :

We can see from the statistics above that 19 respondents, regardless of their income and savings,have monthly expenses of more than 5,000/-.

Table 6 : Credit holders among the respondents

Options	Responses
Have Credit Card	10
Do not have Credit Card	35
Total	**45**

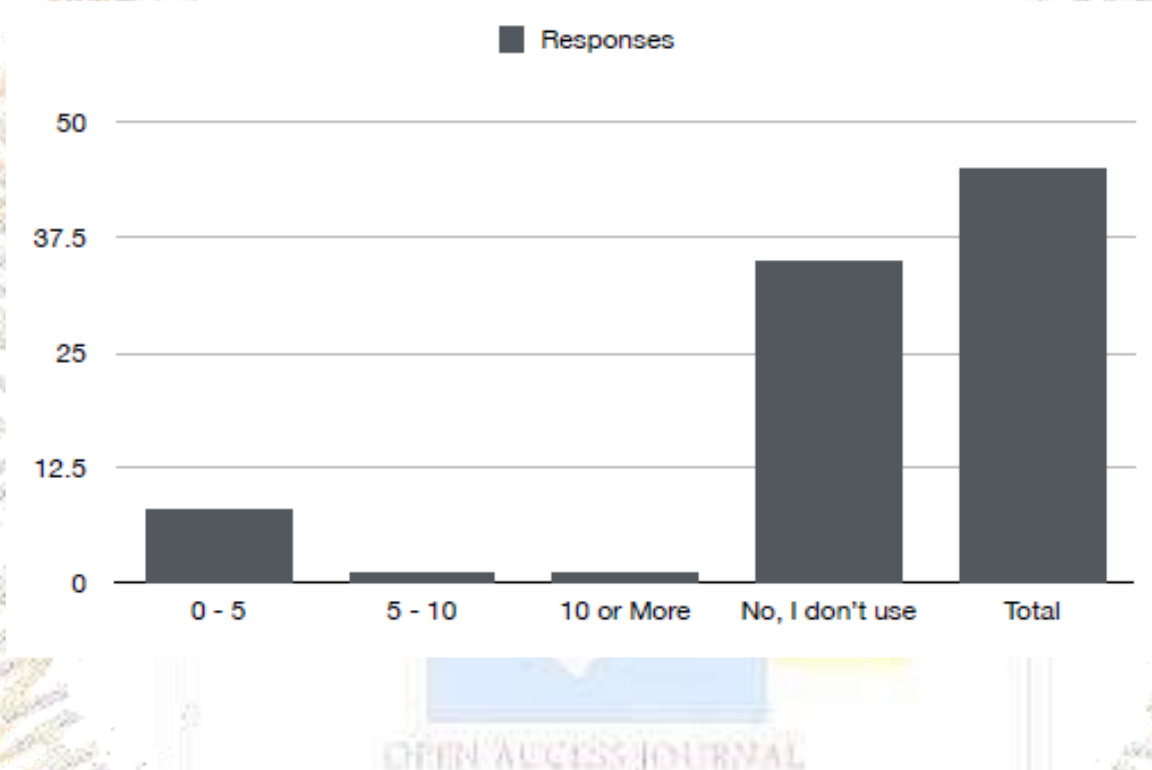


Data Interpretation (Table - 6) :

According to the noted responses, 78% respondents do not prefer to use a credit card.

Table 7 : Credit Card using frequency

No.of Times	Responses
0 - 5	8
5 - 10	1
10 or More	1
No, I don’t use	35
Total	**45**



Data Interpretation (Table - 7) :

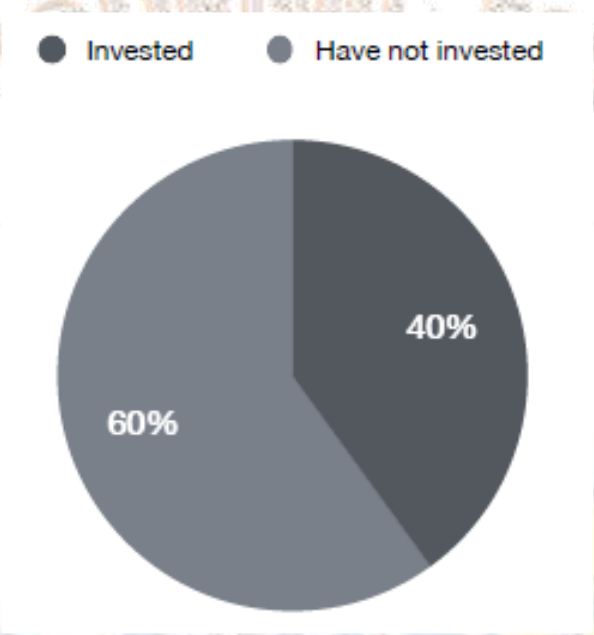
From the 10 respondents who use credit card, 8 of them use it from 0-5 frequency which is the highest.

Frequency is recorded under monthly parameters

3. The following tables depicts the opinions on investments of the respondents participated in thesurvey.

Table 8 : Respondents invested in stocks

Option	Responses
Invested	18
Have not invested	27
Total	**45**

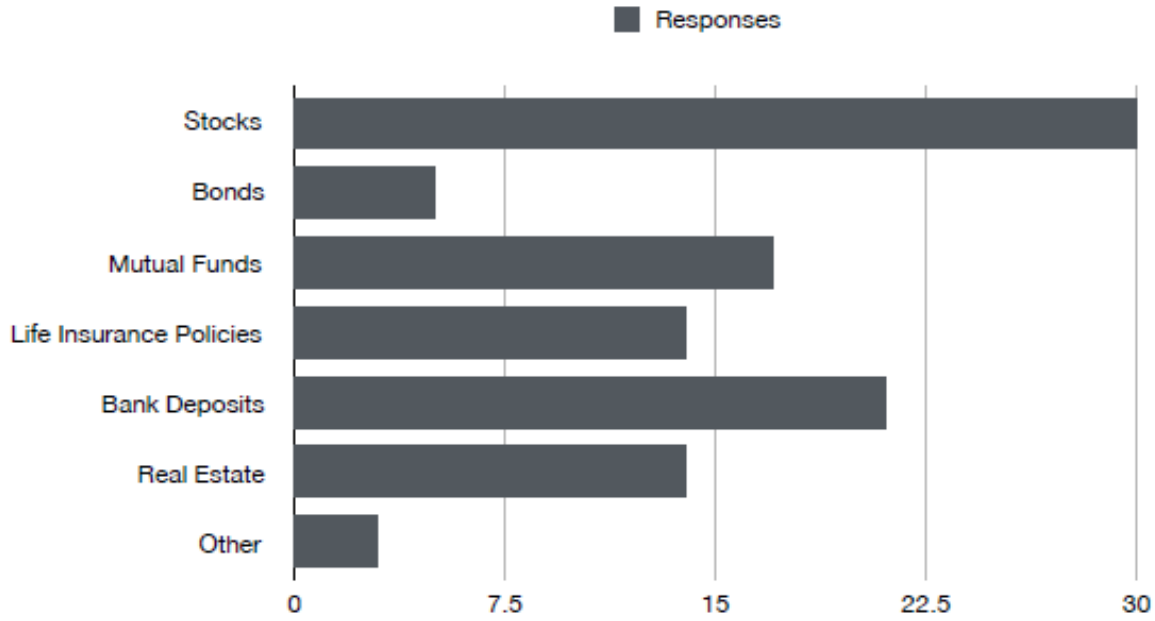


Data Interpretation (Table - 8) :

From the total responses, 18 respondents have at least invested once in Stocks. And 27 respondentshave never invested in Stocks.

Table 9 : Investments preferred by respondents

Type of Investments	Responses
Stocks	30
Bonds	5
Mutual Funds	17
Life Insurance Policies	14
Bank Deposits	21
Real Estate	14
Other	3
Total	**45 (Individual Responses)**



Data Interpretation (Table - 9) :

From the above data, we can observe that majority of the respondents have opted to choose Stocks, Bank Deposits, Mutual Funds in a larger scale. And interests have been shown in equal amount for Life Insurance Policies and Real Estates.

FINDINGS

- Based on the collected data, it is evident that investment decisions only impact a portion of therespondents.
- Among various age groups, individuals between the ages of 20-30 exhibit higher levels of activeparticipation in stock market investments compared to others.
- As respondents reach the age of 40, a significant percentage of them demonstrate a preference forsafer investment options such as bank deposits.
- The age group of 30-40 engages in a moderate level of investing, with their investment decisionsvarying based on factors such as income, expenditure, and savings.

SUGGESTIONS

- It is crucial to promote awareness of investing in stocks and other types of investments amongindividuals of all backgrounds.
- It is important to provide knowledge about safer investment strategies and policies to individualsacross all age groups.
- Investors should be equipped with advanced investment techniques to enhance their financialdecision-making.
- Teenagers should receive early education about investment, up to a certain extent, to fosterfinancial literacy and responsible financial practices.
- Senior citizens should be encouraged to explore a diversified range of safe investment optionsinstead of relying solely on repetitive instruments.

CONCLUSION

Investment plays a crucial role in achieving personal goals. It involves analysing how best to utiliseour money. By investing earlier, we increase the chances of earning significant profits, gaining confidence, and developing expertise. However, delaying or making poor investment

decisions canlead to the loss of the entire investment. Investments provide valuable insights into future challenges, risk mitigation, the state of the economy, and more. Warren Buffet emphasises the importance of a long-term perspective and a sound investment strategy when selecting assets.

Engaging in investing is advisable for everyone, as it offers numerous advantages for accumulating wealth and financial security. By investing, individuals can achieve significant monetary objectivesand potentially outperform the returns of a savings account over time.

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