“An exploratory study of consumer demeanor towards financial investment”

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An exploratory study of consumer demeanor towards financial investment

Abstract

Investment is the employment of fund on assets with the aim of earning income or capital appreciation. Investments have become a basic necessity for everyone. In India there is a rapid growth in investment. This is why an understanding of consumer demeanor for financial investment is vital to the success of the business. The review paper covers the various financial avenues like equity/stocks, bank fixed deposits, kisan vikas patra, national savings certificate, life insurance, mutual fund and discusses the factors influencing investment decision process. The prime factors affecting the financial investment behavior are demographic factors and socio-economic factors. They can further be segregated as age, income, qualification, gender, social class, family income, tax benefits, safety of fund, brand perception, risk appetite, past performance, return on investment.

Keywords: consumer behavior, financial investment, mutual fund, demographic, socio-economic.
JEL Classification: G11, G23, M30, M31.

Introduction

Financial markets play a crucial role in the economic development of a country by facilitating the allocation of scare resources from the savers to the borrowers it directs resources from the idle to the productive sector thus accelerating investment in the economy. It is the financial market, which accelerates the growth of economy. Actually, economic activities are nothing but financial activities, which all are undertaken by an individual or group of individuals to earn some financial reward.

The financial system of India comprises financial institutions, financial markets, financial instruments and services. A general understating of the investors present financial assets as a claim for the payment of principle amount some time in future date and for periodic payment of money in the form of interest and dividend. The Reserve Bank of India (RBI) as the main regulator of credit is the apex institutions in the financial system. Other important financial institutions are the commercial banking (Public and Private), co-operative banks, regional rural banks and development bank. Non-bank financial institutions include finance and leasing companies and other institutions like Life Insurance Corporation, General Insurance Corporation, Unit Trust of India, Mutual Fund and Provident Fund. Indian financial reforms aim at improving the productivity and efficiency of the economy. The main function of all these financial institutions is financial intermediation facilitating the flow of saving from common man to industrial houses. Economic reform process of 1991 had a great impact on redefining the financial system of India leading to overall economic development of the country. Today, India's financial system is considered to be sound and stable as compared to many other Asian countries where the financial market is facing many crises. India is now being ranked as one of the fastest growing economy of the world (Prasad and Srinivas, 2012).

Investor behavior is the process by which Investor tends to satisfy his/her needs by showing their choices. The behavior of the Investor can be affected by many of internal as well as external environment. Demographical factors play critical role in determining individual buying behavior for any goods or even service. Many researchers have been conducted to identify Investor buying behavior to identify how Investors are making financial planning to satisfy their future financial need. After initialization of reforms in 1991, Indian economy had seen dramatic changes in almost each and every sector of the country. The financial sector is one of them, since reforms, many new private (domestic and foreign) players have had come up to influence the buying behavioral pattern of Indian Investors specifically for financial assets.

Unlike any other consumer products financial investment products have several distinct characteristics. Importantly, they are intangible goods. Investment products have their own value irrespective and independent of its producers and buyers, ownership belongs to the investors who purchase them, and they can be further sold or bought, pledged at different periods of time and places. While selecting specific investments option, investors should have clear ideas regarding features which their portfolio should possess. These features should be properly matched with the investor's objective and accumulating with all the significant conveniences and advantages, which are possible under the circumstances (Senthilkumar et al., 2008).

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1. Literature review on consumer demeanor for financial investment

Over the last two decades, investor behavior has been put under the microscope for analyzing their decision making and the factors that influence their investment behavior. The evaluation of behavioral finance leads researchers to examine the psychological traits of investors and how they influence their investment decision making strategies in various investment avenues.

2. Equity/stocks

Bank deposits, Post office savings and Real Estate were the traditional investments which people of India preferred. After Liberalization, Privatization and Globalization during 1990s, our economy started developing. Foreign investments were attracted towards India. Indian companies were free to expand. The economy started growing rapidly in the last decade (between 2000-2010). This had led to the boom in Indian Stock Market. So individuals were attracted towards investment in shares. History has proved that, among all the various investment avenues the returns on share investment are higher than other avenues. Returns on shares can beat inflation. The rapid growth of our economy has attracted Foreign Investors towards Indian Stock Market. The investors have different socio-demographic characteristics like age, income, gender, marital status, family income and so on, which are discussed in details in few studies. So people want to invest in shares bearing some risk.

Studies carried out by various researchers are presented in the following table.

Table 1. Consolidated work in the area of equity/stocks

Sr. No.	Author (year)	Research subject	Method	Result and findings
1	Shiller (2000)	Irrational exuberance	Regression analysis	The author has detected that stock market is managed by the market information which directly affects the behavior of the investors. Several demographics variables such as gender, age and risk tolerance have empirically considered level of individuals to analyze the investors' purchasing behavior.
2	Al-Ajmi (2008)	Risk tolerance of individual investors in an emerging market of bahrain	ANOVA	Investors' gender, education, age, income and geographical destination have significant influence towards risk tolerance.
3	Sultana and Pardhasaradhi (2012)	An empirical analysis of factors influencing Indian individual equity investors' decision making and behavior	Factor analysis and Cronbach's alpha test	Most of the equity investors do not have the sufficient knowledge of basic economic concepts required to make investment decision. The authors have analyzed and identified the factors influencing the Indian individual equity investors while choosing a stock for investment. They surveyed 891 respondents and based on the analysis they found that 10 factors out of 40 have influence on behavior of equity investors namely individual eccentric, wealth maximization, risk minimization, brand perception, social responsibility, financial expectation, accounting information, government & media, economic expectation and advocate recommendation.
4	Aregbeyen and Mbadiugha (2011)	Factors influencing investors decision in shares of quoted companies in Nigeria	ANOVA, percentage and Cronbach's alpha	The objective of study was to find the impact of social, economical, cultural and psychological factors on investment decision of Nigerian investors. The authors have conducted a survey and found that factors like future financial security, past performance of company, reputation, recommendation by stock brokers, awareness of the prospects of investing in shares etc have influence the buying decision. Social factor has considered being most influencing factor as compare to economic, psychological and cultural factors.
5	Alleyne and Broome (2010)	An exploratory study of Factors influencing investment decision of potential investors	Cranbach alpha and Pearson's bivariate correlation	They have examined the investment decisions among students using the theory of planned behavior and risk propensity among future investors. The findings revealed that attitudes and reference groups (peers, family and significant others) and beliefs about potential obstacles and opportunities significantly predict intentions to invest. They also found that the influence of social groups and easy access to funds are significant predictors of investment intentions of students.
6	Kabra, Mishra and Dash (2010)	Factors influencing investment decision of generations in India: an econometric study	Factor analysis	The authors have studied the factors affect the individual investors in investment decision. They conducted a study by focusing on 18 factors. The analysis revealed that six component factors namely security, opinion of stock broker, awareness, hedging, duration and benefits from investment have greatly influenced the investment decision process.
7	Hussein (2006)	Factors influencing individual investor behavior: An empirical Study of UAE financial market	Percentage and Cronbach's Alpha	The author has examined the factors influencing the UAE investor behavior on the Dubai Financial Market and Abu Dhabi Securities Market. The questionnaire included 34 items classified in to five categories. He found that more than 50% of total respondents consider the six factors among 34 which have major impact on investment behavior.
8	Merikas et al. (2003)	Economic factors and individual investor behavior: the case of the Greek Stock Exchange	Factor analysis and percentage	They have adopted a modified questionnaire to analyze factors influencing Greek investor behavior on the Athens Stock Exchange. The results indicated that individuals base their stock purchase decisions on economic criteria combined with other diverse variables.
9	Thakkar (2013)	Investor's behavior towards share investment in Kolhapur city	Percentage and weighted average	The authors have attempted to know the investment behavior of individual with related to investment in shares and the problems faced by them. The study revealed that most of the investors are fully dependent on broker for investment decision due to lack of knowledge about stock market.

Table 1 (cont.). Consolidated work in the area of equity/stocks

Sr. No.	Author (year)	Research subject	Method	Result and findings
10	Bennet E. (2011)	Stock-specific factors and its influence on investors' sentiment: evidence from Indian Stock Market	Covariance method, PLS path modelling, correlation analysis using SPSS 16	The author has aim to analyze the individual investor's sentiments and influence of stock specific factors on investor's sentiment of Tamil Nadu investors. The results found that during the period of the Post Global Crisis, investors' optimism have been influenced by stock specific factors like quality of management, expected events surrounding the stock, book value, risk and cost factor and recommendation by financial community. But there is no significant influence of stock specific factors on investor's sentiment in India.

3. Bank fixed deposits and others

Table 2 shows the consolidated work carried by various researchers in the area of bank Fixed Deposits, National Saving Certificate, Public Provident Fund, Kisan Vikas Patra and real estate.

Table 2. Consolidated work in the area of Bank Fixed Deposits and others

Sr. No.	Author (year)	Research subject	Method	Result and findings
1	Senthil kumar and Vijayabanu (2012)	Individual investor's perception and decision making – review	Review paper	The study has covered the financial investment products viz. Post office savings scheme, bank deposits, mutual fund, shares, gold and real estate. Based on the review, the authors have found that the respondents have low income had inclination towards bank based investment. Most of the rural respondents had no exposure on equity or share market based products. The dependents and responsibilities of the investor have played the major role in influencing over the investment products.
2	Karthikeyan (2001)	Small Investors perception on post office small savings schemes	Simple statistical methods	The author has conducted a research on small investors' perception based on demographic variables and geographic variables impact on their purchase decision. The analysis found that four different age groups and level of awareness have a significant influence on purchasing Kisan Vikas Patra, National Saving Certificate and Deposit scheme of Retired employees (DSRE). It has also observed that gender differences and geographic differences do not have impact on investment decision in post office saving schemes.
3	Palanivelu and Chandrakumar (2013)	A study on preferred investment avenues among salaried people with reference to Namakkal Taluk, Tamil Nadu, India	Percentage and Chi square test	The authors have analyzed certain factors like education level, awareness about current financial system, age of investors etc., have significant impact on deciding the investment avenues by salaried peoples of Namakkal Taluk, Tamil Nadu. The findings revealed that perceptions of respondents are different due to diversify social life, living pattern, income level etc. They also found that all the middle age group and lower income level have given more importance to investments in bank Fixed Deposits and insurance.
4	Ramanujam and Chitra devi (2012)	A study on impact of socio-economic profile on investment pattern of salaried and business people in Coimbatore city	ANOVA, Mean, chi square and cross tabulation	They have conducted a study to analyze the impact of socio-economic variables on the attitude of investors towards investments. They have surveyed 100 respondents of Coimbatore city having different socio-economic profile. The result has highlighted that education level, awareness about financial system, age make significant impact while deciding on the investment patterns for investment. It has been also observed that level of income also influences the investment decisions.
5	Mukhi (1989)	National saving certificates: a saving grace	Chi square	The author has revealed that National Saving Certificate has been one of the most popular tax savings instruments in country. He has stated that contractor and others who have to provide security while bidding for contracts finds it extremely convenient to buy National Saving Certificate and pledge these to the appropriate authorities while earning 12% per annum on the pledged securities. He has also stated that the major attraction of National Saving Certificate is its simplicity. Even the average investor does not have to scratch his head to understand the scheme.
6	Shobhana and Jayalakshmi (2005)	Investor awareness and preference: a study of university of Madras, Tamil Nadu.	t-test, Percentage analysis	They have examined the level of investor awareness regarding investment options and investment risks. The analysis revealed that investment in real estate or property is preferred by majority of the respondents. The second most preferred investment is bank deposits. Awareness about investment options and risks are high among old aged, highly educated and those who are professional by occupation. Demographic variables do not have significant influence on awareness but occupational status has significant impact on awareness level.

4. Insurance

The Indian Life Insurance Industry is driven by factors like incidences of natural calamities at regular intervals, shifting consumer behavior, rising insurance contribution to GDP and changing socio-economic demography. The growth of the life insurance products has been further boosted by the entry of private players following the deregulation of the industry in 2000. They have contributed a lot to the industry by introducing new distribution channels (such as banc assurance) and strategies to the industry. The rising demand for retirement provision in the ageing population along with efforts of governments to move from public to private pension schemes has also led to rapid growth. Filliped by the above factors, it is reported that the life insurance market to swell at a CAGR of over 200% during 2006-2009. The dynamic growth of insurance buying is partly affected by the (changing) income elasticity of insurance demand. It has been shown that insurance penetration and per capita income have a strong non-linear relationship (Enz, 2000). Based on this relation and other considerations, it can be postulated that by 2014 the penetration of life insurance in India will increase to 4.4% (Table 3). Yet, more than three-fourth of India's insurable population has no life insurance coverage. Considering that only about 65 million out of 250 million people are covered by life insurance, the potential is quite evident.

Table 3. Projection of life insurance and non-life insurance premiums, 2004-2014

Years	Life insurance		Non-life insurance	
	INR m	INR m, constant 2004 prices	INR m	INR m, constant 2004 prices
2004	749971	749971	203856	203856
2005	871672	834136	234323	224233
2006	1025957	934358	271830	247561
2007	1201425	1042105	315522	273680
2008	1403362	1159284	368094	304074
2009	1667814	1312134	429750	338101
2010	1983051	1485832	496953	372350
2011	2366576	1688756	572727	408690
2012	2804561	1905996	651736	442924
2013	3326543	2153072	734778	475578
2014	3947899	2433546	828433	510659
Average growth rate between 2004-2014	18.1%	12.5%	15.1%	9.6%

Source: Swiss Re economic research & consulting.

Research carried out in the field of insurance is presented in Table 4.

Table 4. Consolidated work in the area of insurance

Sr. No.	Author (year)	Research subject	Method	Result and findings
1	Zhang et al. (2007)	An empirical study of the key factors affecting consumers' purchase decision on life insurance	SEMs using AMOS	The authors have analyzed the factors affecting the intention of purchasing life insurance and the premium of purchasing life insurance in China. Based on the analysis, they found factors like extent of worrying about future, economical condition, cognition about life insurance and risk classification adventure have significant positive effect on intention of purchasing life insurance. An economic condition has significant positive impact on premium of life insurance. Whereas risk classification health status has significantly negative impact on premium of purchasing life insurance.
2	Singh, D. (2011)	Factors affecting customers' preferences for life insurers: an empirical study	Correlation and regression analysis	The author has conducted the study to determine the important factors influencing the customers for selecting an insurance company. The findings revealed that product features, accessibility, low premiums, advertising and claim settlement have drastically influence the choice of insurance company.
3	Jain and Saini (2012)	Indian consumer demeanor for life insurance	Conceptual framework	The study has conducted to analyze the effect of demographic element in consumer purchasing attitude for life insurance in India. The study revealed that the demographical factor has the major effect in the purchase decision of the customer. They also found that the success of insurance marking depends on understanding the social and cultural needs of the target population.
4	Tuan-Hock et al. (2011)	Influence of investment experience and demographic factors on retirement planning intention	t-test using SPSS 16.0 and ANOVA	They have conducted a survey of 216 investors to analyze the effect of demographic factors and investment experience on retirement planning with regard to insurance. Respondents include 45.8% of male and 54.2% Female. The results revealed that demographic characteristics like marital status, age and income level affect behavioural intention. Furthermore, investment experience also has significant impact on retirement planning in context to life insurance.
5	Das et al. (2008)	Mutual fund vs. Life insurance: behavioral analysis of retail investors.	Percentage method, Chi square, two way ANOVA, Z-test, t-test	The study has conducted to analyze the demographic factors influence on pattern of investment considering mutual fund and insurance as an investment option. They found that demographic variable has influence on pattern of investment and choice of investment option. It has been found that investors with higher education are investing more in life insurance and the professionals are investing more in mutual funds.

5. Mutual fund

The Indian Mutual Fund industry has witnessed significant growth in the past few years driven by favorable economic and demographic factors such as increasing income, rising saving rate, rising income earning-spending activity etc. Mutual funds in India was firstly launched in July 1964 by UTI, with the objective of employment of individual savings into gigantic capital formation by investing it in capital market, besides that there was strong need for channelizing household savings for circulation and making it available for corporate for their productive use. At the same time it was felt that UTI could be an effective option to bridge the gap between individual saving and capital formation. UTI enjoyed the monopoly for almost two decades. In early nineties the following players entered into the market. They are SBI (1987), Can Bank (1987), LIC (1989), Indian Bank (1990), Bank of India (1990), PNB (1990), GIC (1991) etc. Presently the concept of mutual fund has become very familiar to almost all retail Consumers. The key benefits of mutual funds is that, it can be started with nominal amount of INR 500, besides that tax benefit is also available in some schemes, smart moves by experts, advantage of equity return and at the same time Consumers can reap the benefit of economies of scale.

Table 5. The Total asset under management (AUM) of mutual fund industry

Year (end-March)	Rs. In Crore
1	2
1998	97228
1999	68193
2000	107946
2001	90587
2002	100594
2003	109299
2004	139616
2005	149600
2006	231862
2007	326292
2008	505152
2009	417300
2010	613979
2011	592250

Source: Securities and exchange board of India.
Note: Data for year 2011 is provisional.

Table 6 presents the work done by various researchers focusing on mutual fund as an investment option.

Table 6. Consolidated work in the area of mutual fund

Sr. No.	Author (year)	Research subject	Method	Result and findings
1	Kunnanatt (2010)	Investment strategy orientation of nonurban investors in developing countries: empirical evidence of India	Chi square	Findings reveal that the kind of investment strategy orientation held by nonurban investors in India is rather immature and potentially damaging to the capital mobilization prospects of the country.
2	Rao L.K. (2011)	Analysis of individual investors' behavior towards mutual fund schemes(a study on awareness and adoption of educational levels)	Chi square test	The author has examined the association between mutual fund investor's awareness and adoption of different mutual fund schemes with ducational level. The findings revealed that higher education has the high degree of adoption, whereas lower qualified people are reluctant to adopt the different schemes of mutual fund.
3	Anbar and Eker (2010)	An empirical investigation for determining the relation between personal financial risk tolerance and demographic characteristic	Logistic regression analysis, and t-test and ANOVA analysis	They conducted a study to investigate the relationship between different variables of financial risk tolerance and demographic characteristic. The analysis indicated that gender, department, working in a job, monthly personal income, monthly family's total income and total net assets have significance in differentiating individuals into risk tolerance levels. But age, marital status and number of children have no significant effect on financial risk tolerance.
4	Faff et al. (2004)	An empirical investigation of personal financial risk tolerance	Regression analysis	They conducted a study to find out the relationship between subjective and objective estimates of risk tolerance and explored the relationship between demographic variables and risk tolerance score. Based on the analysis they suggest that financial planners who rely largely on subjective assessments of risk tolerance run the risk of suggesting inappropriate, and in the majority of cases overly conservative, investment strategies for their clients. They also analyzed that demographic variables have significantly associated with FRT.
5	Sultana (2010)	An empirical study of Indian individual investors' behavior.	Regression analysis	Findings reveal that there has been strong negative correlation between age and risk tolerance level of an investor. 40% of investors were prone to have lower risk tolerance and chose portfolio that emphasized on capital preservation comprise of largely less risky investment instruments. While 25% investors have moderate risk tolerance choosing balanced portfolio and the remaining 35% investors was of aggressive type that willing to include more than 50% of their portfolio with risky investment instruments.
6	Yoo (1994)	Age dependent portfolio selection.	Mean, regression analysis and cross-sectional analysis	He investigates that the diminishing of risky assets over an individual's lifetime was not uniform and individuals appeared to increase their investment in risky assets throughout their working lifetime and decrease their risk exposure once they retire. He also found that age has a significant factor in determining the portfolio composition.
7	Riley and Chow (1992)	Asset allocation and individual risk aversion.	Simple statistical methods – mean and median	The author has investigated the linkage between risk and return with investors' behavior. The study has also shown that the risk aversion can affect decreasing of the investors' wealth. Three factors viz. age, income, and education influence the appreciation in investors' wealth.
8	Bailey and Kinerson (2005)	Regret avoidance and risk tolerance	Experimental study	Findings reveal that people refused to invest if they had experienced regret with the certain type of investment. If investors have experienced regret with stock market investment in the past, they were less interested to invest again in stock market in the future.
9	Corter and Chen (2006)	Investment risk tolerance attitudes predict portfolio risk	Correlation analysis	They have investigated the relationship between investment experiences and risk tolerance. The experienced investors showed more risk-tolerant attitudes by choosing more risky investment portfolio.

Table 6 (cont.). Consolidated work in the area of mutual fund

Sr. No.	Author (year)	Research subject	Method	Result and findings
10	Rozkowski and Davey (2010)	Risk perception and risk tolerance changes attributable to the 2008 economic crisis: a subtle but critical difference	Mean (standard deviation)	The study has analyzed that experienced investors managed to hold higher risk portfolios than less experienced investors. Experienced investors believed that their past experiences and skills made them to become more familiar with investment process that eventually enabled them to be in control of the situation.
11	Davar and Gill (2007)	Investment decision making: an empirical study of perceptual view of investors	Regression	The analysis revealed that the class of investors with growing age have developed maturity and experience for making decisions about the usage of their surplus and available funds in the light of overall economic needs of family. The author has found the relationship between the different variables of different segments.
12	Rajan (1997, 1998 and 2003)	Investment size based segmentation of individual investors (1997), Stages in life cycle and investment pattern (1998) and Investors demographics and risk bearing capacity (2003) and investors lifestyle and investment characteristic (2000)	Factor analysis and Multi logistic regression	He has highlighted segmentation of investors on the basis of their characteristics, investment size and the relationship between stage in life cycle of the investors and their investment pattern. The author (2000) also revealed that there was an association between the lifestyle clusters and investment related characteristics.
13	Mohanta and Debasish (2011)	A study on investment preferences among urban investor in Orrisa.	Average and percentage (simple descriptive tools of Microsoft Excel)	They have observed that the investors do invest in different investment avenues for fulfilling financial, social and psychological need. They have also analyzed through findings that selecting any financial avenue, investors also expect other type of benefits like, safety and security, getting periodic return or dividends, high capital gain, secured future, liquidity, easy purchase, tax benefit, meeting future etc.
14	Warren et al. (1990)	Using demographic and lifestyle analysis to segment individual investors	Multiple discriminant analysis (MDA)	They have conducted the experimental study by using lifestyle characteristics to differentiate investors by the size and the nature of their investment holdings. They have found the failure to use lifestyle characteristics for further segmentation blurs some real differences between individual investors and their financial service needs.
15	Kiran and Rao (2004)	Coping and Subjective Wellbeing in Women with Multiple Roles	multinomial logistic regression and factor analysis	They conducted the study to identify the investor group segments using the demographic and psychographic characteristics.
16	Chander and Singh (2004)	Performance of mutual funds in India – an empirical evidence	Regression	The study has conducted to examining 400 investors of major cities of Punjab, Delhi and Mumbai. The purpose of research has analyzed the factors affecting perception of investors. The authors have conducted research in two parts. First part has focused on preferences and perception of mutual fund and second has focused on reasons for investors withdrawal from mutual fund investment. The analysis has concluded that demographic profile of investors significantly affects the first part of study and investor did not have confidence on the regulators and management of funds so they are withdrawing the investment from mutual fund.
17	Adam (2008)	Behavioral anatomy of financial crisis	Simple statistical methods	The authors has analyzed how investors' psychology changes the vision of financial markets. He has also found that investors are not always able to correctly value the utility of decision alternatives, cannot update and estimate probability and events and do not diversify properly.
18	Riffin and Ahmed (2012)	Factors affecting investment decision of Malaysian investors	Conceptual framework	They have explored factors affecting investment decision of Malaysian investor. The findings reveal investors' specific factors such as investment goals, time frame and expected return affecting the level of risk tolerance of an investor. While socioeconomic factors like income level and investment experiences have affect an investor risk taking behavior.
19	Wang (2011)	Younger generations' investing behavior in mutual funds: does gender matter?	MANCOVA (F value, P value, η^2, λ)	The author has conducted study to examine the influence of age and gender in mutual fund investment. The analysis revealed that income, gender, knowledge, and experience emerge as important personal and social influences on younger generations' investing behavior in mutual funds.
20	Jani et al. (2012)	Consumer's perception towards mutual funds as an investment option specially focused on Valsad city located in Gujarat.	Chi square	The authors have analyzed the impact of various demographical factors on consumer decision towards mutual fund and rank the factors having implications on consumer perceptions towards mutual fund. The analysis revealed that demographic factors (i.e. age, gender, income, education etc.) have influence on investor perception. Most of the consumers were investing in mutual fund for good return and affordability.

6. Findings

Few studies from the above Tables 1 to 6 are discussed below.

Ramanujam and Devi (2012) have studied impact of socio-economic profile on investment pattern. The main focus was to analyze the investment pattern and attitude among the salaried and business class investors. The selection of respondents was based on equal ratio of salaried and business class people. The study covered various demographic variables for this purpose. In this study, out of 100 respondent 69 were male forming ratio of 44.93% (salaried): 55.07% (business). The age wise classification was done while considering age below 30 to age 61 and above years. The major respondents (37%) were from young age (below 30). In this age group 75.67% of respondents were from salaried class. The marital status of the respondents forms an important factor influencing the investment pattern. The respondents were having a different status like married, unmarried, separated and widow out of which major respondents (56%) were married. In this married status, 66.07% of respondents were business class people. In the investment pattern, education has significant impact. In the present study, 37% of investors were having post graduate degree which included 62.16% respondents were from salaried class. The family size ranging from below 2 persons to 7 and above person were also studied and it was found that 56% of the respondents were from family size of 3-4 persons. Another class of investors was based on their occupation. The investors were evenly distributed among six different occupations like government, public sector, private sector, manufacturing business, retail business and servicing business. The annual income ranging from below rupees 4 lacs to rupees 12 lacs and above formed another class of investors. The major respondents (51%) were having annual income of below rupees 4 lacs, having ratio of 52.94% salaried class: 47.06% business class. For the annual savings less than rupees 1 lac and annual investment below rupees 1 lac, the investors have formed the major part (58% and 59%, respectively). The occupation of investors and their frequency of making the investment have no significant association. The annual income of the investors and their frequency towards investment were not associated significantly. There is no significant difference between either the attitude of manufacturer, retail and servicing business or government, public and private sector salaried people towards investments.

Sultana and Pardhasaradhi (2012) performed factor analysis influencing investor's decision and behavior towards Equity. Five attributes, personal and financial needs attributes, firm image attributes, accounting information attributes, neutral information attributes and advocate recommendation attributes were studied to determine the effect on investor's behavior. Out of 1500 individual equity investors 891 investors have responded to the questionnaire. Cronbach's alpha test was employed to test the attributes. Accounting information of the company (Cronbach's alpha = 0.839, Weighted Mean Value = 3.74) was the most important attributes among all the attributes studied while neutral information (Cronbach's alpha = 0.680, Weighted Mean Value = 1.85) was having the least impact. All the attributes were further subcategorized (40 attributes) and their importance was also found statistically. Among all these attributes recent price movement in firm's stock (sub-attributes of neutral information) has the significant impact on the investors decision while religious factors (sub-attributes of personal and financial needs) has the least impact. Recent price movement of in stock is also a part of economic expectation. All the forty attributes were reduced to ten factors based on factor loading (> 0.5) and Eigen values (> 1) i.e., Individual Eccentric, Wealth Maximization, Risk Minimization, Brand Perception, Social Responsibility, Financial Expectation, Accounting information, Government & Media, Economic Expectation and Advocate recommendation factors.

A comparative study was performed to analyze the behavior of investors in selecting the investment avenues specifically, Mutual fund and Life insurance (Das et al., 2008). The study was performed by interviewing 100 investors. Age-wise analysis was studied for the range of under 25 years to 58 years and above. Majority of the respondents were belonging to the age group of 26-30 (young investors). It was observed that same level of service benefits related to different investment avenues were not extended with respect to age of the investors in India. While analyzing education qualification of the investor, the investors with graduate and post graduate level of academic qualification invested more in life insurance whereas the professional degree holders invested more in mutual fund. Profession of the investors was having major impact on investment pattern. The government servants have invested to the maximum extent (column Mean = 7.16) while students and other professional have invested the least (column = 0.6). Life insurance was the preferred choice for investment for government employees while mutual fund was preferred by private sector employees as the investment avenue. Gender-wise analysis revealed male investors were more as compared to female investors. Upon analyzing objectivity of investments it was observed that majority of the investors (35%) have invested with the aim of capital growth, while tax saving (28%) and retirement plan (17%) were the other reasons for investments. Investments in life insurance were the option selected by the maximum investors (30%). While studying the income group of the investors, it was found that 75% of the investors in the income group 2.5 to 5 lacs selected to invest in life insurance. Sector-wise analysis of life insurance companies opined that public sector is more preferable option than private sector. In terms of source of information regarding investment options, 40% of the investors have chosen news paper and magazine as the main source of information and only 6% of the investors received information directly from the company.

Anbar and Eker (2010) conducted a survey to establish the relation between demographic characteristics and personal financial risk tolerance. The socio-demographic characteristics, studied by conducting survey of 1097 students, included variables like age, gender, marital status, specialization of study and job status, monthly individual income, family income and total net assets. Maximum respondents (91.2%) were from the age group of 21-30 years and 98.5% of students were single. The ratio of female: male investor was 38.9: 61.1. While considering study 45% of students enrolled at business administration and only 1.08% of students were studying labor economics. Analysis of job status has shown that the majority of the students (75.6%) were nonworking. In terms of monthly individual income, 49.8% of the students had income slab of 501-1000 TL and only 0.2% of the students had income slab of 3501-5000 TL. The monthly family income of 36.3% of the students was in the range of 1000-2000 TL and only 2.5% of the students had monthly family income of 500 TL and below. According to the total net assets, a minor difference in percentage was observed in the range of 50000 TL and below – 100001 TL – 200000 TL. While studying the relation between demographic characteristics and financial risk tolerance, it was observed that there was no significant difference in risk tolerance level to age (sig. Value = 0.206) and marital status (sig. Value = 0.107) and there was the significant difference while considering specialization of study (sig. value = 0.001), gender (sig. value = 0.000), job status (sig. value = 0.009), monthly individual income (sig. value = 0.000), monthly family income (sig. value = 0.006) and total net assets (sig. value = 0.000). It was concluded by Turkey test that students studying in public administration had lower financial risk tolerance level compare to the students of business administration. It was observed that working students had higher risk tolerance level compared to non-working students. The financial risk tolerance level of students having income 500 TL and below had the minimum financial risk tolerance. The students having total net assets 500001 and above had the higher risk tolerance.

Conclusion

The pre-liberalized India had a very poor savings ratio and most of the earned money was spent on consumption rather than accumulation. But in the post-liberalized period, India has increased the rate of savings. So investment companies are continuously introducing new types of investment opportunities in an effort to mobilize investor’s excess funds. However investment is increasingly considered as a subject falling under behavioral science rather than finance or economics. It is governed more by trends and group behavior rather than rationality and cold calculations. Investors like consumers are also immensely influenced by fashions. Hence designing a general product and expecting a good response would be ineffectual job.

- Based on the review of literature regarding equity/ stocks can be concluded that major focus was concerning demographic variables and various parameters of selecting specific scripts. Mainly risk minimization, brand perception, social responsibility, and financial expectation, past performance of firm and fluctuations/ developments influence the behavior of Indian individual investors.
- Regarding investment decision in Bank FD etc. it can be said that socio-economic variables have influence on attitude of investors toward investment. Age, return on investment, safety of funds, tax benefits and income level have major impact on the buying decision process of investor.
- From the literature survey, it can be observed that demographic variables (age, income level, qualification and gender) have influence on the purchase decision of the investors.
- Majority of the researchers have studied the relationship between demographic variables and geographic variables in the mutual fund investment. Few of the researchers have focused on social factors viz. family income, social class, etc. which has significant effect on investment decision making process.
- In this article, different factors and variables influencing the financial investment decision and relationship between them were presented. It can be concluded that socio-economic and socio-demographic variables have impact on financial investment decision. It can be said that young age investors have high financial risk taking level compare to old age investors. The investors having high income slab believe in high risk tolerance in comparison with the investors having lower income. Male investors invest more compare to female investors. A higher degree of education qualification helps in investment decision and choosing the investment avenues. The most preferable source of information are newspapers and magazines. Based on studies, it can be also observed that marital status and geographical region does not have much influence on financial investment decision.

Future scope of study

Researchers should focus on influence of macro marketing environmental factors on investment strategy. Also, they can focus the variables like gender, comparison of working and non-working females and geographical sites. Future research should also examine possible interaction effects of gender and marital status on different aspects of financial behavior. It has been found that many of the studies were performed in few Asian countries and in India; they have covered Andhra Pradesh, Tamil Nadu, Punjab and Maharashtra. Thus, researcher can explore the same for new geographical destination covering urban as well rural areas. The exploratory research design and descriptive research design may be appropriate as it is undertaken to understand the investor's behavior. Questionnaire may be used to collect the data. Moreover, quantitative analysis method may be used to interpret the data. A sample survey may be conducted to estimate the population attributes by using a multi-stage sampling method using random sampling, stratified sampling and convenience sampling. Various statistical tools can be used to analyze the data.

Managerial implication

Researchers should try to develop new models based on perception and behavioral theories rather than only focusing on attitude. It was observed from literature that only few studies have focused on the application of various consumer behavior models in financial investment. Hence, there should be some scope to develop various models focusing on financial investment behavior.

Researchers should develop certain theories based on country market. Moreover researchers should concentrate on impact of country market. Economic environment has close liaison with financial investment behavior. However, the understanding of economic environment is complex. And, hence there is a need to change theories of economic environment such that they are easily absorbed by the common people.

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