An analysis of investor behaviours and preferences across financial products

Divya Gupta
Delhi School of Business, New Delhi, India
divya.gupta23@dsb.edu.in

Aanya Gupta
Pathways, Noida, India
aanyaguptaemail26@gmail.com

Meghna Chhabra (Corresponding author)
Delhi School of Business, New Delhi, India
meghnachhabra1@gmail.com

Abstract

This study examines the decision-making processes of individual investors when selecting financial products in the face of an expanding array of investment opportunities. While innovative options, such as cryptocurrencies and exchange-traded funds (ETFs), have gained prominence, traditional instruments, including stocks and bonds, continue to be the predominant choices. Through a quantitative analysis of survey data from 120 active investors, this research identifies key trends in investment preferences, risk tolerance, and demographic influences. The findings reveal that investors' choices are primarily driven by three factors: expected returns, perceived risk, and familiarity with the product. Additionally, demographic variables, particularly age, income, and education, play a significant role in shaping investment behaviour. Younger investors exhibit greater risk appetite and openness to exploring new opportunities, whereas older investors tend to favour stability and familiarity. By elucidating these behavioural patterns, the study provides actionable insights for financial practitioners, policymakers, and individual investors seeking to optimize portfolio strategies in an evolving financial landscape. The results underscore the importance of aligning investment products with investor profiles, enhancing financial literacy, and addressing behavioural biases to improve decision-making outcomes.

Keywords: *Mutual Funds; Public Provident Fund; Stock; Investment goals; Risking factors; Investment decisions; Equity; Bonds; Fixed Deposits; Real Estate; Gold Investment; Life Insurance; Exchange-Traded Funds; Systematic Investment Plans; Financial Literacy; Wealth Management.*
JEL Classification: *F13, F14, G14, G15*

Suggested Citation:
Gupta D, Gupta, A. & Chhabra, M. (2025). An analysis of investor behaviours and preferences across financial products. *International Journal of Accounting, Business and Finance*, 4 (1), 38-52. https://dx.doi.org/10.55429/ijabf.v4i1.209

1. Introduction

Investment is a critical component of personal financial planning, enabling individuals to grow their wealth, achieve long-term goals, and secure their financial future. The modern financial landscape presents a diverse array of investment options, ranging from traditional choices like stocks, bonds, and fixed deposits to newer alternatives, including cryptocurrencies and exchange-traded funds (ETFs). Each of these products has a distinct risk-return profile, liquidity feature, and tax implication, making the decision-making process complex for individual investors. Understanding investor behaviour and preferences is essential not only for financial practitioners and policymakers but also for investors themselves, as it helps them make informed choices aligned with their financial goals and risk tolerance (Awais et al., 2016).

Various factors, including market news, political developments, and crises like COVID-19, influence the stock market's movement (Goel et al., 2023). The behaviour of investors is influenced by a multitude of factors, including demographic characteristics, financial literacy, risk appetite, and socio-economic conditions. Research indicates that age, income, and

education have a significant impact on investment decisions. For instance, younger investors tend to exhibit higher risk tolerance and a greater inclination towards exploring innovative investment opportunities, whereas older investors often prefer safer, income-generating instruments, such as fixed deposits and government bonds (Vaidehi & Vijayakumar, 2016). Similarly, individuals with higher financial literacy are more likely to diversify their portfolios and engage in systematic investment planning, thereby mitigating risks and optimizing returns (Amudhan et al., 2016).

Risk tolerance is another pivotal factor in investment decision-making. Investors' perceptions of risk are often subjective and influenced by psychological biases, market volatility, and past experiences. Studies have shown that behavioural biases such as overconfidence, herd mentality, and loss aversion can lead to suboptimal investment choices (Rastogi, 2015). For example, during periods of market euphoria, investors may disproportionately allocate funds to high-risk assets like equities, only to panic-sell during downturns. Conversely, excessive risk aversion may result in missed opportunities for wealth creation. Understanding these behavioural patterns is crucial for designing financial products and advisory services that cater to the diverse needs of investors.

The Indian financial market, with its dynamic growth and evolving regulatory framework, presents a unique context for studying investor behaviour. Over the past decade, structural reforms, increased foreign direct investment, and the proliferation of digital platforms have expanded the range of investment options available to individuals. The equity market, for instance, has witnessed substantial growth, with India's weight in the MSCI Emerging Markets Index more than doubling to 18% in recent years. Concurrently, the mutual fund industry has witnessed a surge in assets under management (AUM), reaching ₹42.64 trillion as of April 2025, reflecting growing investor participation, particularly through systematic investment plans (SIPs) (Economic Times, 2025). Despite these advancements, traditional investment avenues, such as the Public Provident Fund (PPF) and fixed deposits, remain popular due to their perceived safety and stable returns.

This paper seeks to analyse the behaviours and preferences of individual investors across various financial products, with a focus on identifying trends, knowledge gaps, and the factors influencing decision-making. The study employs a quantitative approach, drawing on primary data collected from a survey of 120 active investors. The survey captures demographic details, risk profiles, investment frequencies, and preferred financial products, among other variables. By examining these dimensions, the study aims to provide insights into how investors navigate the complexities of the financial market and what drives their choices.

The literature on investor behaviour underscores the interplay between demographic variables and financial decision-making. For example, Shukla (2016) found that salaried individuals in India predominantly favour low-risk, long-term investments such as PPF and life insurance policies, driven by the need for financial security. Similarly, Joseph (2015) highlighted the role of tax benefits in shaping investor preferences for mutual funds, particularly among high-income groups. On the other hand, younger, more financially literate investors are increasingly drawn to equity markets and ETFs, attracted by the potential for higher returns (Mane, 2016). These findings align with global trends, where behavioural finance theories emphasize the impact of cognitive biases and emotional factors on investment decisions (Prasad & Sharma, 2015).

The objectives of this study are threefold: first, to understand the prevailing investment behaviours among individuals; second, to examine how demographic factors such as age, income, and education influence these behaviours; and third, to evaluate the risk-return trade-

offs associated with different financial products. The study also examines the sources of investment decisions, including whether they originate from self-awareness, financial advisors, or peer recommendations, and how these sources influence portfolio composition. By addressing these objectives, the paper contributes to the existing body of knowledge on investor behaviour and offers practical recommendations for both investors and financial service providers.

The findings of this study hold significant implications for financial institutions, policymakers, and individual investors. For instance, understanding the preference for certain financial products can help banks and mutual fund companies tailor their offerings to meet investor needs. Policymakers can leverage these insights to design financial literacy programs that address knowledge gaps and promote informed decision-making. For individual investors, the study underscores the importance of aligning investment choices with personal financial goals, risk tolerance, and time horizons.

This paper provides a comprehensive analysis of investor behaviours and preferences across a range of financial products. By integrating empirical data with theoretical frameworks, it sheds light on the factors that drive investment decisions and offers actionable insights for enhancing financial outcomes. The subsequent sections of the paper delve into the literature review, research methodology, data analysis, and findings, culminating in a set of recommendations for investors and stakeholders in the financial ecosystem.

Investor decision-making is strongly influenced by behavioral biases, demographic factors, and financial literacy, which often lead investors away from purely rational decisions. Baker and Ricciardi (2014) explain that common cognitive biases such as overconfidence, anchoring, and herd behavior significantly affect how individual investors behave in financial markets (Baker & Ricciardi, 2014). Barberis and Thaler (2003) argue that traditional financial theories, like the efficient market hypothesis, fail to account for real investor behavior, since many decisions are influenced by psychological factors rather than rational analysis (Barberis & Thaler, 2003). Kahneman and Tversky (1979) introduced Prospect Theory, which demonstrates that investors are more sensitive to losses than to gains, causing them to make decisions that reflect loss aversion rather than rational risk assessment (Kahneman & Tversky, 1979). Similarly, Shiller (2003) critiques the efficient market theory by highlighting that markets are influenced by social and psychological forces, not just information (Shiller, 2003). Statman (2019) further extends this by arguing that behavioral finance is evolving, incorporating insights from psychology into the understanding of how investors actually behave (Statman, 2019).

Demographic factors such as age, education, income, and experience also play a crucial role in shaping investment decisions. Geetha and Ramesh (2012) and Jain and Mandot (2012) both highlight that demographic variables significantly influence investors' risk tolerance and asset preferences (Geetha & Ramesh, 2012; Jain & Mandot, 2012). Similarly, Sultana and Pardhasaradhi (2012) provide empirical evidence that age and income level have a significant impact on investment choices, suggesting that older investors tend to be more conservative (Sultana & Pardhasaradhi, 2012). Waweru, Munyoki, and Uliana (2008) found that behavioral factors such as overreaction and mental accounting strongly affect institutional investor decision-making in Nairobi, indicating that even professionals are not immune to biases (Waweru, Munyoki, & Uliana, 2008). Furthermore, Lusardi and Mitchell (2014) emphasize the importance of financial literacy, showing that investors with higher financial knowledge are more likely to make informed decisions and avoid common pitfalls (Lusardi & Mitchell, 2014). Pompian (2012) and Shefrin (2007) suggest that understanding investor types and

psychological tendencies enables better management of individual behavior, helping to reduce irrational investment decisions driven by greed or fear (Pompian, 2012; Shefrin, 2007).

The rest of the paper is as follows. Section 2 presents the literature review, Section 3 presents the research methodology. Section 4 discusses the findings, and Section 5 concludes the study.

2. Literature review

This section provides a review of past studies that examine various factors influencing how people choose to invest their money. Some research suggests that being financially educated, willing to take risks, and able to make informed decisions helps investors choose better investment options (Awais et al., 2016). Other studies have found that demographic variables, such as a person's age, income, occupation, and level of education, also play a significant role in their investment choices (Vaidehi et al., 2016; Joseph et al., 2015). Many salaried people prefer safe and low-risk investments for the long term (Shukla et al., 2015; Thulasipriya et al., 2015). According to Mane et al. (2016) and Mishra et al. (2015), small investors often view mutual funds as a means to save on taxes, while larger investors perceive them as a way to generate future returns. Other studies have discussed how people's feelings, uncertain market conditions, and social or psychological factors also influence their investment decisions (Aboah et al., 2015; Prasad & Sharma, 2015). Furthermore, Amudhan et al. (2016) observed how the performance of small investors impacted their behavioural finance, thereby identifying future income generation as another key factor. A recent study also found that people's investment decisions are affected by behavioral biases, while gender and occupation have little impact (Rastogi et al., 2015). Overall, these studies suggest that understanding how people think, raising awareness, and having a personal investment plan can help improve financial decision-making. Based on these findings, we developed a conceptual model (Figure 1) and formulated a set of hypotheses (Table 1), which were subsequently tested and confirmed in this study.

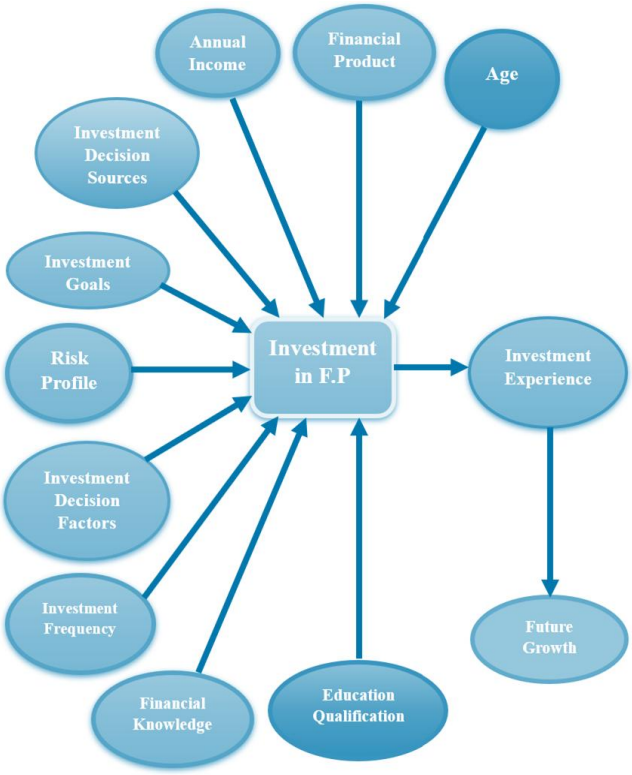

Figure 1. *Factors affecting investment in financial products*
Source: Author's work

Fluctuations are a characteristic of the major global financial markets, and a range of factors affect shares. The choice of a particular product offered also depends on income and risk factors. Therefore, an understanding of the relative magnitude of income and risk in determining investment patterns is essential. The study also reveals that the frequency of investment patterns and income levels play a vital role in selecting the right financial product. Thus, exploring the characteristics that influence the investment patterns of investors is relevant.

Table 1. ***Hypotheses of various constructs***

Code	Measurement items
Age	
AG	We believe that investment should be done at an early age.
Education Qualification	
EQ	We believe that an educated investor invests wisely.
Annual Income	
AI	We believe that a wealthy investor invests more.
Financial Product	
FP	We believe that a good financial product yields more return.
Investment Decision Sources	
DS	We believe that a self-aware investor in a financial product can make good money.
Investment Goals	
IG	We believe that investors typically invest for long-term benefits.
Investment Decision Factors	
DF	We believe that retirement planning is essential from an early age.
Investment Frequency	
FI	We believe that investors generally prefer making monthly investments.
Financial Knowledge	
KEP	We believe that investors should be knowledgeable about financial products.
Risk Profile	
RP	We believe that investors should check the risk profile of F.P. before investing.
Investment in F. P	
IN	We believe that larger investments tend to be more profitable.
Investment Experience	
EP	We believe that investors should have at least one year of experience before selecting a financial plan.
Future Growth	
Gr.	We believe that the choice of significant F.P. contributes to the growth of money.

3. Research Methodology & Findings

This was a quantitative research study using a survey method for both primary data collection from investors, who were asked to complete different scales as required, and secondary data analysis. Inferential analysis was applied, with a particular focus on the correlation relationship between one factor and the other, in reference to the investment pattern in society.

The data collected for this work were both primary and secondary sources. To gather information from the respondents, a questionnaire was used. For this purpose, a questionnaire was constructed, and primary data were collected using an online survey technique. The distribution of the questionnaire had been completed to almost 150 people, and responses had been received only from 120 NJ Partners who sell policies to those individuals and bring business to NJ Wealth, with whom one of the authors interned during their ongoing PGDM

Program. This sample was considered adequate to represent all the characteristics of the total population.

Financial terms were collected through articles in Financial Newspapers (Economic Times and Business Standard), Investment magazines, Business Magazines, Financial chronicles, and data available on websites such as Savingwala.com and rbi.org.in. The analysis of the data collection was completed and presented systematically using Google Forms and Sheets. Quantitative method of data analysis was applied throughout this study. Inferential analysis was utilised. The demographic profile of the respondents has been presented in Table 2.

Table 2. Demographic and Financial Profile of Survey Respondents

S. No.	Particulars		Nos.	In %
1	Gender	Male	55	46%
		Female	65	54%
2	Age	< 18 years	6	5%
		18 - 24	31	26%
		25 – 34	36	30%
		35 - 44	13	11%
		45 - 54	20	17%
		> 55 years	14	11%
3	Educational Qualification	Undergraduate	36	30%
		Postgraduate	52	43%
		Professional	14	12%
		Others	18	15%
4	Occupation	Employed	38	32%
		Self-employed	25	21%
		Student	35	29%
		Retired	4	3%
		Others	18	15%
5	Family Size	Up to 2	14	11%
		4 to 6	98	82%
		Above 6	8	7%
6	Annual Income	Less than 1 lakh	32	26%
		1-2 lakh	13	11%
		2-3.5 lakh	12	10%
		3.5 - 5 lakh	20	17%
		More than 5 lakhs	43	36%
7	Annual Investment in Rs.	Less than 25000	40	34%
		25000 - 50000	26	22%
		50000 - 100000	22	18%
		100000 - 200000	16	13%
		200000 & above	16	13%
8	Investment Frequency	Weekly	4	3.30%
		Monthly	63	52.50%
		Quarterly	16	13.30%
		Half-Yearly	12	10%
		Yearly	36	30%
9	Financial Knowledge	Beginner	66	55%
		Intermediate	46	38%
		Advanced	8	7%
10	Risk Profile	Very risk-averse	42	35%
		Somewhat risk-averse	18	15%
		Risk-neutral	40	33%
		Somewhat risk-tolerant	12	10%
		Very risk-tolerant	8	7%
11	Financial Product	Post-office Savings	23	9%

12	Investment Decision Factors	Bank Deposits	66	27%
		Life Insurance	33	14%
		Mutual funds	36	15%
		Gold	19	8%
		Equity	24	10%
		Debenture	1	0.80%
		Company F. D	8	3%
		Real Estate	11	5%
		PPF	22	9%
		Risk Involved	12	10%
		Returns	48	40%
		Past Performance	11	9%
		Future Growth	41	34%
		Other	8	7%
13	Investment Goals	Short-term savings	29	24%
		Long-term savings	42	35%
		Income generation	19	16%
		Capital appreciation	25	21%
		Other	5	4%
14	Investment Decision Sources	Self-awareness	64	53.30%
		Financial Advisor	20	16.70%
		Friends	11	9.20%
		Media	8	6.70%
		Brokers Advice	5	4.20%
		Other	12	10%
15	Investment Experience	Less than 1 year	31	26%
		1-3 years	32	27%
		4-6 years	22	18%
		7-10 years	10	8%
		More than 10 years	25	21%

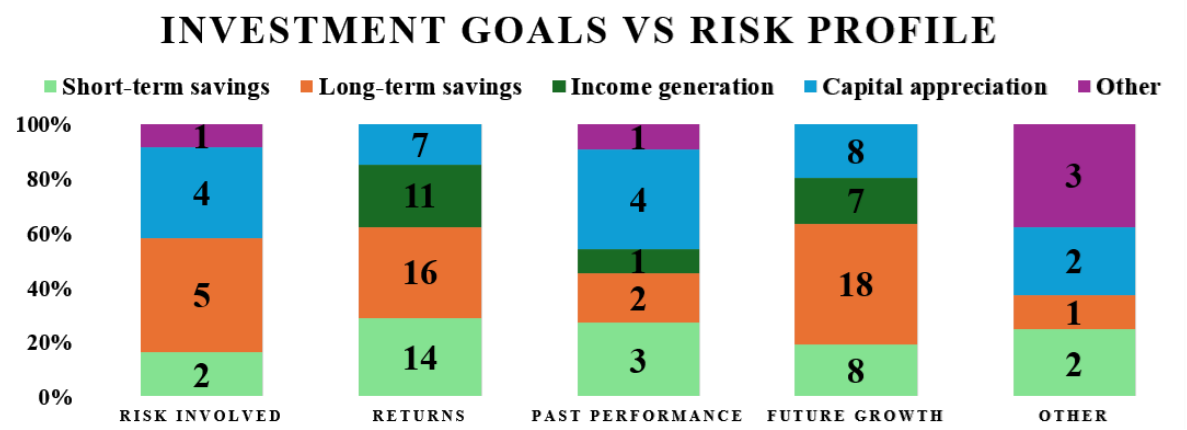

Figure 2. *Effect of Risk Profile on Investment Goals through a Column Chart*
Source: Author's Work

When the risk profile of investment goals is observed using a column chart in Figure 2, we found that Short-term savings have moderate returns and growth, along with low risk. Free, long-term saving provides the largest returns and further development; however, it also poses danger. Generating income is more secure but has fewer returns and lower rates of expansion as well. Capital appreciation offers an optimal risk-reward ratio, striking a balance between risk and returns, and promoting growth. Other goals have little or no return and growth, which are different.

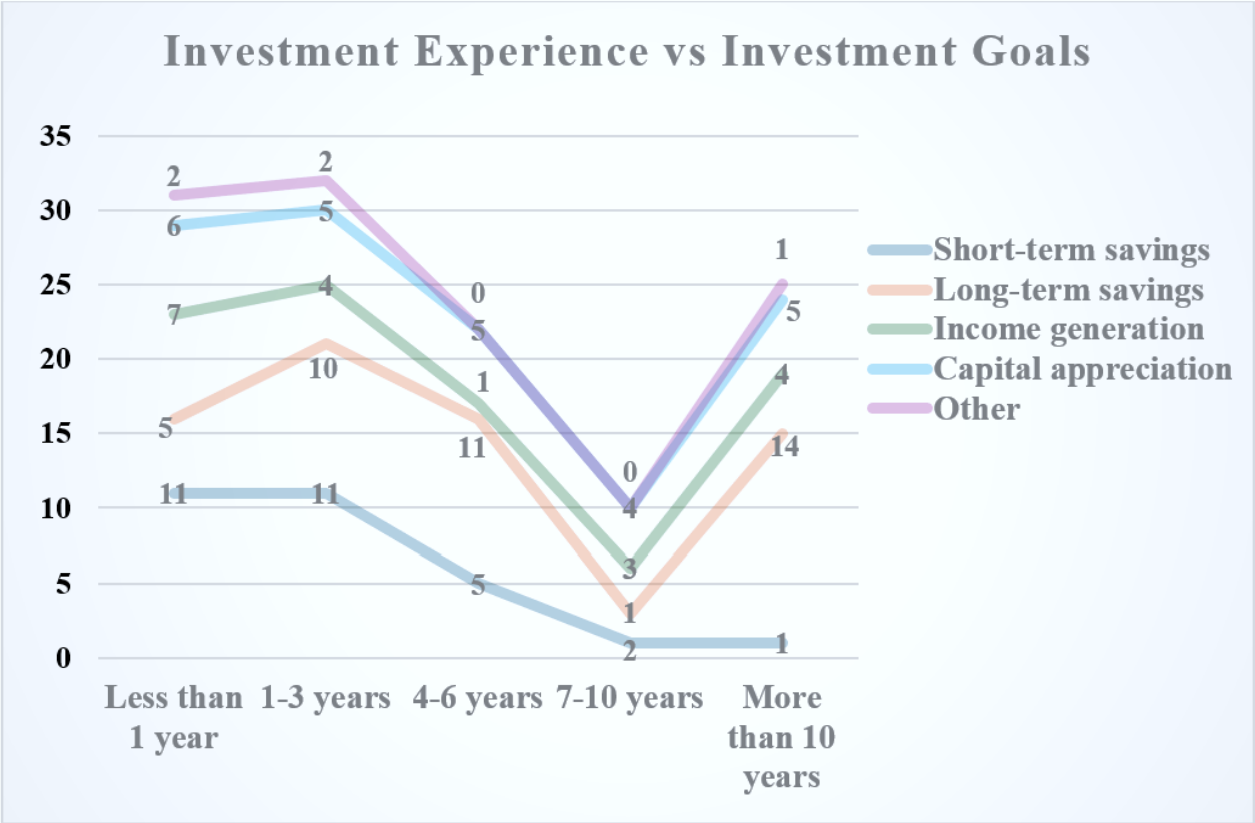

Figure 3. *Effect of Investment Experience on Investment Goals through a Line Chart*
Source: Author's Work

We analysed the above data in relation to the line chart on Investment Experience and Investment Goals and found that Short-term savings are generally preferred for a time frame of up to 3 years (see Figure 3 for reference). There is an increased preference for long-term savings with durations of 4 years or more. Youth unemployment creation is constant through all categories, but with a variation of less than one year and more than ten years. The great emphasis on capital appreciation remains well and better preferred throughout various periods. Other investment aims have very low interest rates at each of the time horizons.

3.1. Test Analysis

We performed Cronbach's alpha, T-test, ANOVA, Chi-square test, and Regression Analysis to obtain the results. The Cronbach's alpha values of the 2 constructs are presented below. The value for every attribute is more than 0.6, indicating that the constructs are valuable and dependable.

Cronbach's Alpha Analysis: **1**

DS_FP	**0.8624**

We performed a Cronbach's Alpha analysis when Investment Decision Sources was compared with financial products, such as equity, Mutual Funds, PPF, among others. We found that High internal consistency among the sources of investment decisions. High consistency indicates that investors employed a structured and reliable approach in considering these sources. The high reliability of decision sources implies that the choice among these financial products was likely influenced in a consistent manner, contributing to diversified and well-considered investment portfolios.

Cronbach's Alpha Analysis: 2

AG_EP_IN	**0.6491**

We performed Cronbach's Alpha analysis when Annual Investment was compared with Age and Investment Experience, and we found that the moderate Cronbach's alpha of 0.649 suggests that, although the survey items were related, there may be some inconsistencies that could be addressed. To improve reliability, consider revising or adding items to better capture the constructs of interest. The relationships between age, investment experience, and annual investment could provide valuable insights into investment behaviours across different demographics.

Further, to analyse that there was significant difference between respondents, i.e., male and female in choosing financial product based on risk profile, i.e., Cautious investors, Somewhat risk-averse, Risk-neutral, Somewhat risk-tolerant, Risk takers was there or not, so we performed T-Test (see Table 3) where we took null hypothesis as that there was no significant difference between respondents in choosing financial product on the basis risk profile and alternate hypothesis as that there was significant difference between respondents in choosing financial product on the basis Risk Profile. Additionally, we considered the degree of freedom 118 and a level of significance of 5% and examined the two-tailed p-value of 0.012, which was less than 0.05; therefore, we reject the null hypothesis. It reveals a significant difference in the choice of a financial product based on risk profile among Respondents. Males and Females had different mind physiologies while selecting financial products. Males were very averse, and females were somewhat risk-tolerant.

Table 3. Findings from T-Test Analysis

Predicted (Dependent Variable)	**Predictor (Independent Variable)**	**Mean**	**Pooled Variance**	**Variance**	**t**	**P**	**T-Test Results**
Respondents (M= Male, F= Female)	Risk Profile	M= 2.691 F= 2.123	1.481	M= 1.588 F= 1.391	2.547	0.012	t Critical one-tail = 1.658 t Critical two-tail = 1.980 P(T<=t) one-tail = 0.006 df = 118

To Evaluate that there was a significant difference in Family size of Investors, i.e., Up to 2,4 to 6, Above 6 with their Investment Goals, i.e., Short-term savings, Long-term savings, Income generation, Capital appreciation (growth), was there or not, so we performed ANOVA Analysis (see Table 4) where we took null hypothesis as that there was no significant difference in Family size of Investors with their Investment Goals and alternate hypothesis as that there was significant difference in Family size of Investors with their Investment Goals.

Table 4. Results from ANOVA Analysis

Summary						
Groups	**Count**	**Sum**	**Average**	**Variance**		
IG-Up to 2	14	26	1.8571	0.7473		
IG-4 to 6	98	230	2.3469	1.5485		
IG-Above 6	8	21	2.6250	1.6964		
ANOVA						
Source of Variation	**Sum of Squares (SS)**	**Degrees of Freedom (df)**	**Mean Square (MS)**	**F-value**	**P-value**	**F-critical**
Between Groups	3.7983	2	1.8992	1.2934	0.2782	3.0738
Within Groups	171.7934	117	1.4683	-	-	-
Total	**175.5917**	**119**	-	-		

Also, we took degree of freedom between groups 2 and within groups 117 and level of significance 5% and we inferred that the value of p was 0.278 which was higher than 0.05 and similarly F-criteria, i.e., 3.0738 is more than F significant i.e. 1.2934 so, we can't reject null

hypothesis which implies that there was no significant difference in Family size of Investors with their Investment Goals. Investors set investment goals according to their family size, rather than their specific requirements and emergencies at the time.

Table 5. Regression results

Predicted (Dependent Variable)	Predictor (Independent Variable)	B	Standard Error B	Beta	t	P	Regression Results
Annual Investment in Rs.	Investment Experience	1.695	0.0879	0.4058	4.6142	1.00996E-05	R= 0.390965 R2= 0.152854 F= 21.2912 Sig. F= 1.00996E-05 P < 0.05

Table 5 depicts how yearly investments in financial instruments (less than $25,000, $25,000–50,000, $50,000–100,000, $100,000–2,000,000, and higher) improve the experience of investing (less than one year, one–three years, four–six years, seven–ten years, and more than ten years) or not, thus we ran a regression analysis to support this. We chose the alternative hypothesis—that investing in financial products annually might result in an improved investment experience—instead of the null hypothesis, which states that annual investment in financial products does not. We took the degree of freedom 1 for regression and 118 for residual, and the level of significance as 5%. We found that the p-value was 0.00001, which is less than 0.05, indicating rejection of the null hypothesis. Therefore, annual investments in financial products lead to an enhanced investment experience. Experience is gained when investment is made for a longer-term period, as it will provide good returns.

Table 6 illustrates that the Age Factor (< 18 years, 18 – 24, 25 – 34, 35 – 44, 45 – 54, > 55 years) was taken in account while deciding Investment Sources (Self – awareness, Financial Advisor, Friends, Media, Brokers Advice, Other) or not, and to confirm this, we performed chi-square test analysis in which we took null hypothesis as there was no link between the age of investors and their investment decision sources and alternate hypothesis as just the opposite of that. We undertook a degree of freedom 4 and a level of significance 5%. We interpreted the p-value as 0.121, which was higher than 0.05, so the null hypothesis was not rejected. As a result, it was found that there was no correlation between the age of investors and the sources of their investment decisions. Respondents were generally aware of the financial products available to different age groups.

Table 6. Chi-Square results

Observed frequencies (F1)	**<25 years**	**25-44 years**	**>44 years**	**Total**
Self-aware & Fin Adv.	20	30	27	77
Friends & Media	15	18	5	38
Brokers Advice	2	1	2	5
Total	37	49	34	120
Expected Frequencies (F2)	**<25 years**	**25-44 years**	**>44 years**	
Self-aware & Fin Adv.	23.74	31.44	21.82	
Friends & Media	11.72	15.52	10.77	
Brokers Advice	1.28	0.64	1.28	
$(F1-F2)^2/F2$ (F3)	**<25 years**	**25-44 years**	**>44 years**	
Self-aware & Fin Adv.	0.59	0.07	1.23	
Friends & Media	0.92	0.40	3.09	
Brokers Advice	0.40	0.20	0.40	
Chi-Square (χ^2)	**7.29**			
Degrees of Freedom (df)	**4**			
P-value	**0.121**			

4. Discussion

It was observed that the respondents comprise a greater number of females than males, with 55 males and 65 females. This may be because researchers have suggested that females are more aware of financial products nowadays, as they seek financial security due to life's uncertainties. It may be noted that 67% of the total sample comprises consumers in the 19-44 age group, thus supporting the view that financial product awareness is being introduced to the younger generation at an early age, leading to an increase in the number of active investors. 43% of the sample were educated and had a postgraduate degree, and 27% were professionals and others. According to a survey conducted among respondents, 32% of investors are employed, 18% are retired, and the rest respondents are homemakers and members of other categories. It was discovered that 64% of respondents earn less than ₹ 5 lakhs annually, and 36% of respondents earn more than ₹ 5 lakhs. Eighty-two per cent of poll respondents lived in homes with four to six individuals, while the remaining eighteen per cent lived in groups of two or more members. It was discovered that 66% of those enquired about made yearly investments over Rs. 25,000, while 34% of respondents made investments of less than Rs. 25,000. It was discovered that 52.5% of the investments made every month were in financial items, while just 3.3% were made in weekly investments. Fifty-five per cent of the overall sample possess a basic level of financial understanding, while only 7% have a deeper understanding of financial products. Half of the overall sample considers risky investments, while 17% considers low-risk investments. It has been noted that 66 investors are interested in bank deposits, while only 36 investors prefer mutual funds. While other studies show that males generally engage in more frequent and riskier trading than females, and age differences in risk-taking are often inconsistent across contexts (Barber & Odean, 2001; Mata et al., 2016).

It has been discovered that 40% of the overall surveyed sample selects financial services based on the returns they provide, while 10% base their decision on the risk associated with them. It was discovered that 35% of those who invest opt for long-term investments with retirement in mind, whereas 24% invest for a shorter period to achieve various life goals. It has been discovered that 53.3% of individuals are self-aware of financial products, yet 6.7% rely on journalists for information. 53% have an experience of Investment of up to 6 years, whereas 47% have an experience of above 6 years. Although the study found that younger investors are more risk-tolerant, some studies reveal that age effects on risk-taking vary by domain and context, with older adults sometimes showing similar or higher risk-taking when controlling for wealth and experience (Rolison et al., 2014; Mata et al., 2016).

To analyse that there was significant difference between family size of investors, i.e., Up to 2, 4 to 6, Above 6 and their financial knowledge of product, i.e., beginner level, intermediate level, advanced level while choosing financial project was there or not, so we performed T-Test where we took null hypothesis as that there was no significant difference between family size of investors and their financial knowledge of product while choosing financial product and alternate hypothesis as that there was significant difference between family size of investors and their financial knowledge of product while choosing financial product. Additionally, we considered the degree of freedom 118 and a level of significance of 5% and examined the p-value (two-tailed) as 0.00385, which was less than 0.05. So, we reject the null hypothesis. It was identified that there was a significant difference between the family size of investors and their financial knowledge of the product when choosing a financial product. Also, Individuals were mostly aware of financial products and their characteristics. The finding contrasts with evidence showing that family size alone does not consistently predict financial literacy once income and education are controlled (Maralani, 2019). Financial

socialization quality, not size, is often the stronger determinant of financial awareness (Shim et al., 2010).

To determine if there is a significant difference in annual income between investors' education levels, undergraduate, postgraduate, and professional, an ANOVA analysis was conducted. It was a null hypothesis that the variability of annual income and educational qualification was zero, but there was an alternative hypothesis that stated the existence of significant variability in annual earnings by educational qualification. We also computed the degrees of freedom for groups 3 and within the grouping 116 at the significance level of 5%. After equating an adjusted p-value of 0.00013, which is less than 0.05, we may conclude that we reject the null hypothesis that there is little variation in annual earnings among investors based on educational level. Some of the personal characteristics that should be considered when formulating a person's financial strategy include their educational background and income level. The prior research finds that formal education alone does not always enhance financial decision-making—financial literacy and behavioral traits often play a stronger role (Lusardi & Mitchell, 2014; Chen & Volpe, 2002).

To determine whether all the structures such as financial product (post-office savings, bank savings, life insurance, mutual funds, gold, equity, debenture, company fixed deposits, real estate, PPF), investment frequency (weekly, monthly, quarterly, half-yearly, annual), financial knowledge (beginner, intermediate, and advanced levels), risk profile (cautious investors, somewhat risk-averse, risk-neutral, somewhat risk-tolerant, risk taker investors), investment decision sources (self-awareness, financial advisor, friends, media, broker's guidance, other), factors impacting investment decisions (risk, return, past performance, future growth, and others), annual income (less than 100000, 100000-200000, 200000-350000, 350000-500000, or more than 500000), investment objectives (short-term savings, long-term savings, income generation, capital appreciation (growth), other), various ages (<18 years, 18-24, 25-34, 35-44, 45-54, >55 years), level of education (undergraduate, postgraduate, professional, others) results to greater annual investing (less than 25000, 25000 – 50000, 50000 – 100000, 100000 – 200000, 200000 & greater) into investment products or not; we carried out multiply regression analysis where we got null hypothesis as all the constructs did not results to annual investing in financial products and alternate hypothesis as all the constructs contribute to annual investments in financial products. Also, we used degree of freedom 10 for the regression analysis and 109 for Residual and level of significance 5%, and thus we noticed that some constructs like financial product, funding frequency, risk profile, investment decision sources, investments decision factors, investment objectives and education qualification have p-value more than 0.05 which means that in accordance to these constructs which had the p-value more than 0.05, null hypothesis was not rejected. Although some of the constructs, like risk profile and decision sources, were not significant, other studies identify these factors as key determinants of portfolio allocation and investment amount (Grable, 2000; Pompian & Longo, 2004).

Chi-square testing was applied to determine that the investment amount (less than 25000, 25000 - 50000, 50000 - 100000, 100000 - 200000, 200000 & above) in financial products was influenced by the respondent's working category (employed, self-employed, student, resigned, others). This is because there was a relation between the two, and the null hypothesis was the converse of the alternative hypothesis. We applied 4 degrees of variability, a meaningful level of 5%, and a p-value of 0.0053, which is lower than the commonly used value of 0.05. Therefore, the null hypothesis was rendered invalid, indicating a relationship between the amount of money invested in financial products and the respondent's working

category. The younger generation can afford to take more risks than the older generation. The younger generation refers to people who are young, allowing them to take a higher level of risk compared to older individuals. The older generation prefers financial products that offer a fixed rate of return, such as fixed deposits and government securities. The finding shows that employment category influences investment differs from evidence showing that income and financial literacy, rather than occupation alone, are the main predictors of investment behavior (Van Rooij, Lusardi, & Alessie, 2011).

5. Conclusions

The study of financial theories has been changed by the subject of market efficiency as a result of increasing anomalies (Jain & Chhabra, 2023). The study reveals that investor behaviour is significantly shaped by demographic and behavioural factors, particularly risk profile, gender, education, and annual investment levels. T-test results showed that male and female investors differ in their approach to risk, while regression confirmed that higher annual investment contributes to greater investment experience. ANOVA further highlighted the strong link between education and income, indicating that higher qualifications translate into better financial capacity and diversified investments. In contrast, factors such as age and family size showed no significant effect on investment decisions, suggesting that not all personal attributes equally influence financial choices.

Findings also confirm that returns and future growth prospects are the most decisive factors guiding investment preferences, while risk and past performance play secondary roles. With over half of the respondents relying on self-awareness rather than financial advisors, the results suggest a growing trend toward independent decision-making, but also highlight the need for improved financial literacy. Overall, the study emphasizes that investment behaviour is the outcome of both demographic realities and behavioural tendencies, underscoring the importance of financial education, product design aligned with risk profiles, and portfolio diversification for sustainable wealth creation.

5.1 Implications

The research findings have several important implications. Financial institutions can use the insights to design and market investment products tailored to investors' risk profiles, income levels, and age groups. Policymakers should focus on promoting financial literacy programs to help individuals make informed decisions and minimize behavioural biases. For investors, it is crucial to align their investment choices with their personal goals, risk tolerance, and long-term financial objectives. The study also emphasizes the importance of greater investor education, as many investment decisions are still influenced by limited knowledge or self-awareness. Moreover, the significant impact of gender and education on investment behaviour suggests the need for targeted awareness and advisory strategies. Lastly, future research should examine how psychological and cultural factors shape investment behaviour across diverse populations.

5.2 Limitations

The study's limited sample size of 120 investors may not adequately represent the broader investor population in India. Additionally, as most respondents were associated with NJ Wealth and possibly concentrated in specific regions, the findings may not be fully generalizable nationwide. The reliance on self-reported survey data also introduces the possibility of response bias or inaccuracies due to participants' self-assessment. Furthermore, being a cross-sectional study, the research captures investor behaviour at a single point in time

and therefore cannot reflect changes that may occur with evolving market conditions or over longer periods. The study also considers a limited set of variables, excluding important macroeconomic and psychological factors such as inflation expectations, market sentiment, and personality traits. Finally, the focus is solely on individual investors, excluding institutional or professional investors, which restricts the applicability of the findings to retail investors only.

Declaration of Conflicting Interests

The author declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding information

The author declared no financial support for the research, authorship, and/or publication of this article.

Acknowledgments: None

References

Aboah, J., White, B., & Meuwissen, M. P. (2015). Investors' perception towards small medium enterprises investment in Africa. *International Journal of Economics, Commerce and Management, 3*(1), 1-18.

Amudhan, S., Poornima, J., & Kumar, S. S. (2016). A study on individual investors satisfaction level of existing investment schemes in Salem districts. *South Asian Journal of Marketing & Management Research, 6*(3-4), 31-41.

Awais, M., Laber, M. F., Rasheed, N., & Khursheed, A. (2016). Impact of financial literacy and investment experience on risk tolerance and investment decisions: Empirical evidence from Pakistan. *International Journal of Economics and Financial Issues, 6*(1), 73-79.

Baker, H. K., & Ricciardi, V. (2014). How biases affect investor behaviour. *The European Financial Review, 9*(1), 7-10.

Barberis, N., & Thaler, R. (2003). A survey of behavioral finance. In G. Constantinides, M. Harris, & R. Stulz (Eds.), *Handbook of the Economics of Finance* (pp. 1053–1128). Elsevier.

Geetha, N., & Ramesh, M. (2012). A study on relevance of demographic factors in investment decisions. *Perspectives of Innovations, Economics & Business, 10*(1), 14–27.

Goel, H., Agarwal, M., Chhabra, M., & Som, B. K. (2023). The predictive power of macroeconomic variables on the Indian stock market utilizing an ANN Model approach: An empirical investigation based on BSE Sensex. *Folia Oeconomica Stetinensia*, *23*(2), 116-131.

Jain, D., & Chhabra, M. (2023). A bibliometric review on use of google trends in stock market research. *Parikalpana KIIT Journal of Management*, *19*(1), 169-187.

Jain, D., & Mandot, N. (2012). Impact of demographic factors on investment decision of investors in Rajasthan. *Journal of Arts, Science & Commerce, 3*(2), 81–92.

Joseph, S. (2015). *Mutual fund as an investment avenue among the retail investors of Kerala* (Doctoral dissertation, Dept. of Commerce and Management Studies, University of Calicut).

Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. *Econometrica, 47*(2), 263–291.

Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature, 52*(1), 5–44.

Mane, P. (2016). A study of investors perception towards mutual funds in the city of Aurangabad. *The SIJ Transactions on Industrial, Financial & Business Management (IFBM), 4*(2), 30-38.

Mishra, R. (2015). Perceptions of investors towards mutual funds: An analytical study in Odisha. *International Journal on Recent and Innovation Trends in Computing and Communication, 3*(7), 4889-4892.

Pompian, M. M. (2012). *Behavioral finance and investor types: Managing behavior to make better investment decisions*. Wiley.

Prasad, L., & Sharma, S. K. (2015). Identifying the consumers investment behaviour towards systematic investment plan in Bhilai region. *IOSR Journal of Humanities and Social Science, 20*(8), 10-15.

Ramesh, M. (2015). Investors' perception towards risks and returns on investment on shares—An empirical study in Coimbatore. *Indian Journal of Applied Research, 5*(1), 91-94.

Rastogi, S. (2015). Differences in behavioural biases in investment decision making: Gender and occupation perspective. *Journal of International Business and Economy, 16*(1), 13-35.

Shefrin, H. (2007). *Beyond greed and fear: Understanding behavioral finance and the psychology of investing*. Oxford University Press.

Shiller, R. J. (2003). From efficient markets theory to behavioral finance. *Journal of Economic Perspectives, 17*(1), 83–104.

Shukla, N. S. (2016). Investors preference towards investment avenues with special reference to salaried personnel in North Gujarat region. *International Journal for Science and Research in Technology, 2*(1), 43-49.

Statman, M. (2019). *Behavioral finance: The second generation*. CFA Institute Research Foundation.

Sultana, S. T., & Pardhasaradhi, S. (2012). An empirical study of demographic factors influencing investment decisions of investors. *Indian Journal of Finance, 6*(7), 35–45.

Thulasipriya, B. (2015). A study on the investment preference of government employees on various investment avenues. *International Journal of Management Research and Social Science, 2*(1), 9-16.

Vaidehi, R., & Vijayakumar, J. G. (2016). A study on equity investment motives and styles of individual investors. *Journal of Exclusive Management Science, 5*(2), 1-10.

Waweru, N. M., Munyoki, E., & Uliana, E. (2008). The effects of behavioral factors in investment decision-making: A survey of institutional investors operating at the Nairobi Stock Exchange. *International Journal of Business and Emerging Markets, 1*(1), 24–41.