Journal of Informatics Education and Research
ISSN: 1526-4726
Vol 4 Issue 3 (2024)

A Critical Study of Psychology of Retail Investors

Ms. Jinal Vishal Lathia
Assistant Professor, St. Francis Institute of Management and Research

Dr. Shiva Padme
Associate Professor, Prahladrai Dalmia Lions College of Commerce and Economics

Ms. Srija Ramakrisshnan
Research Analyst, Axience

Abstract

This research critically examines the psychology of retail investors, focusing on the behavioural finance approach to investment decision-making. Behavioral finance challenges the traditional assumption that investors are always rational, proposing instead that psychological, social, and cultural factors influence financial behaviours. The study aims to explore how demographic factors such as gender, age, and investment experience, along with macroeconomic conditions like interest rates and inflation, shape retail investors' decision-making processes. By analysing both quantitative and qualitative data from surveys and questionnaires, the study seeks to uncover patterns in how emotions, cognitive biases, and social networks affect investment choices across different groups. The scope of this research extends to identifying significant variations in investment behaviour based on demographics and cultural influences. Moreover, the study will test hypotheses related to gender differences in the influence of peers and interest rate changes on investment decisions. Through a mixed-methods approach, this research aspires to provide valuable insights for financial institutions and individual investors, enhancing their understanding of the psychological drivers behind market behaviour and investment strategies.

Keywords: Behavioral finance, Stock Market, Psychology, Retail Investors

INTRODUCTION

Behavioral Finance - Meaning

Behavioural finance, a subfield of behavioural economics, proposes that psychological influences and biases affect the financial behaviours of investors and financial practitioners.

There are multiple ways to approach the study of behavioural finance. While stock market returns are commonly believed to be influenced by psychological factors, there are other aspects of finance that can be explored as well. The aim of categorizing behavioral finance is to gain insight into the reasons behind people's financial decisions and how these decisions impact the financial markets.

Behavioral finance assumes that financial actors are not fully rational and self-disciplined, but rather subject to psychological biases and tendencies that are somewhat normal and self-disciplined. Investment decision-making often depends on an investor's mental and physical well-being. As an investor's overall health improves or declines, their mental state often changes, affecting their decision-making and ability to reason with respect to real-world problems, including those specific to finance.

Behavioral Finance in the Stock Market

The efficient market hypothesis (EMH) claims that in a highly liquid market, stock prices accurately reflect all available information. However, several long-term historical phenomena in securities markets contradict this hypothesis and cannot be reasonably explained by models that assume investors are perfectly rational.

The Efficient Market Hypothesis (EMH) assumes that in a highly liquid market, stock prices reflect all available information in a rational manner, both current and future. On the other hand, behavioral finance theory contradicts this notion by suggesting that markets are not entirely efficient. This approach considers how psychological and social factors can affect the buying and selling of stocks.

The knowledge and application of biases in behavioral finance can be useful in analysing the movements of the stock market and other trading markets daily. Behavioral finance theories have been helpful in explaining significant market anomalies like bubbles and deep recessions. Even though it is not a part of the efficient market hypothesis, investors and portfolio managers have a strong interest in understanding behavioral finance trends. This knowledge can be utilized to analyze market prices and fluctuations for both speculative and decision-making purposes.

OBJECTIVE OF THE STUDY

- To study the factors influencing investment decisions of demographic groups and investment experience.
- To examine the role of social and cultural factors in investment decision-making among different groups of people.
- To analyze the impact of macroeconomic factors such as interest rate ,inflations and economic growth on investment decision and its impact vary across demographic groups.

HYPOTHESIS

H0 - There is no mean difference between gender’s opinion while making investment decisions

that are influenced by peers or social network.

H1 - There is a mean difference between gender’s opinion while making investment decisions

that are influenced by peers or social network.

HO – There is no mean difference between gender’s opinion and change in Interest rate while making investment decisions.

H1 - There is a mean difference between gender’s opinion and change in Interest rate while making investment decisions.

SCOPE OF THE STUDY

The scope of the study will focus on exploring the psychology of different groups of people when making investment decisions. This research aims to delve into the intricate relationship between psychology and investment behaviour, considering various demographic, cultural, and socio-economic groups. By understanding the underlying psychological factors that influence investment decision-making, this study seeks to provide valuable insights for both individual investors and financial institutions.

The research will employ a mixed-methods approach, combining quantitative data analysis and qualitative exploration through questionnaire. The data collected will be further analysed to uncover any significant differences in investment behaviour among diverse groups, such as age cohorts, gender, income levels, and cultural backgrounds.

Furthermore, the study will incorporate qualitative research methods to gain a deeper understanding of the psychological processes at play. Surveys will be conducted to explore participants' beliefs, attitudes, risk perceptions, and decision-making strategies when it comes to investments. This qualitative approach will provide valuable insights into the subjective experiences and motivations behind investment decisions, shedding light on the influence of emotions, cognitive biases, and cultural factors.

REVIEW OF LITERATURE

Paper Title: “An Exploratory Study to Check the Impact of COVID-19 on Investment Decision of Individual Investors in Emerging Stock Market”
Author: Aamir Sohail, Abid Hussain, Dr Qamar Afaq Qurashi
Year: 2020

The results of this research study indicate that economic and political stability hold significant importance in the process of selecting stocks. The findings also reveal that market factors and personal factors have the greatest influence on individual investors' decision-making. Additionally, the study shows that during the COVID-19 pandemic, investors are approaching the market cautiously, relying on their own experiences and advice from brokers. Interestingly, the results demonstrate that religious beliefs, social status, the desire for quick wealth, and the opinions of family members do not have an impact on equity decisions.

Paper Title: "A Survey of the Factors Influencing Investment Decisions: The Case of Individual Investors at the NSE"
Author: Mutswenje Vincent Shiundu
Year: 2009
The analysis conducted on the collected data appears to provide a reasonably accurate representation of the typical equity investor in the NSE. Seasoned and knowledgeable investors would readily acknowledge that the structure and relative weights of the selected categories generally reflect a profile of investors who are still relatively unsophisticated and inexperienced. The results obtained from our sample of 50 participants confirm that there is some degree of correlation between the factors identified by behavioral finance theory and previous empirical evidence as influential for the average equity investor, and the individual behavior of active investors in the NSE. This behavior seems to be influenced by the overall prevailing trends observed during the survey period in the NSE.

Paper Title: "An Empirical Study of Small Retail Investors in India on Investors' Perception of Investing in the Stock Market"
Author: Harikumar Pallathadka, Laxmi Kirana Pallathadka, Takhelchangbam Brajeshwari Devi, Shoraisam Kiranbhala Devi, Shoraisam Kiran Singh
Year: 2022
The study concludes that various types of investments, particularly in the stock market, are undertaken with the objective of capital appreciation and generating different types of income in the short and long term. This review highlights that individual from different sectors, including those in administration, private businesses, self-employment, and retirees, aim to utilize surplus funds for investments in well-planned strategies in order to achieve favorable outcomes and returns on investment. The research suggests that small retail investors perceive the stock market as a dynamic environment where prices fluctuate based on market conditions. They analyze available data, make informed decisions, and prioritize potential returns as a motivating factor when making investment decisions in the retail market. Furthermore, the study identifies a significant influence on investors' perceptions regarding investing in the stock market.

Paper Title: "A Study on The Behavioural Aspects of Retail Investors for Investment Decision Making in Telangana State"
Author: Jhansi Rani Boda, G. Sunitha, Parag Ray
Year: 2017
During this study, it has been observed that the factors of "Heuristics" and "Prospect" have the greatest impact on investor behavior. These findings align with the research objectives stated earlier. However, it is important to note that this study was conducted with limitations in terms of time, resources, and region specificity, as well as the sampling techniques employed. Therefore, it is recommended that future studies incorporate additional variables such as gender, age group, and occupation level specificity to enhance the understanding of investor behavior. Furthermore, exploring a wider range of investment options could be beneficial for future research. The findings of this study have significant implications for behavioral studies related to decision-making patterns and contexts among retail investors.

Paper Title: "Psychology of investors: re-examination of the traditional finance"
Author: Hajar Benjana, Oumaima, Yamani
Year: 2022
Behavioral finance continues to be essential in comprehending and elucidating investor decision-making in financial markets, serving as a solution for the limitations of traditional finance. By establishing a connection between traditional finance and psychology, behavioral finance strives to unravel anomalies and gain a deeper understanding of investors'

behaviors, encompassing both their cognitive and emotional biases. While the findings derived from traditional finance may have certain limitations, they still hold value as reference models that cannot be entirely dismissed.

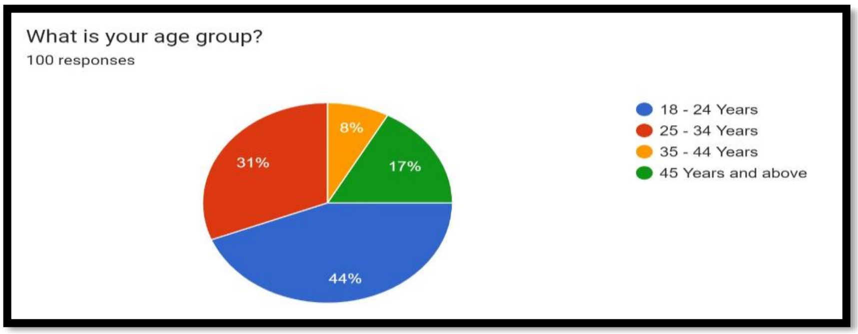
Paper Title: “Behavioural Finance: An Introspection of investors psychology”
Author: Dr. G K Deshmukh, Dr. Sanskrity Joseph
Year: 2016
The research findings indicated that demographic factors such as gender, income, and occupation do not have a significant association with the level of awareness that investors possess regarding the mutual fund market and its workings. It can be concluded that heuristics and mindset play a crucial role in the decision-making process when selecting a mutual fund in Raipur City. The underlying assumption that higher risk leads to higher returns and that mutual funds are relatively less risky compared to equity investments, primarily due to their ability to diversify risk, contributes to the mindset of investors when making investment decisions. These factors suggest that a positive perception of the mutual fund industry, in terms of lower risk and higher returns compared to other equity investments, has influenced investors in choosing mutual fund investments.

Paper Title: “An Analysis of Behavioural Biases in Investment Decision-Making”
Author: Geetika Madaan, Sanjeet Singh
Year: 2019
Researchers in financial markets use cognitive psychology theories to obtain insight into investors' irrational behavior. Prospect theory and heuristics have been established by researchers to provide explanations for the decision-making behavior of individual investors in financial and economic environments. Behavioral finance refers to a variety of biases influenced by an individual's social and emotional awareness and tolerance. The purpose of this study is to look into the impact of behavioral biases on individuals' investment decisions. Four behavioral biases, including overconfidence, anchoring, disposition effect, and herding, are examined to assess their influence. According to the study's findings, two of these biases, notably overconfidence and herding, have a considerable influence on individuals' investment decisions.
.

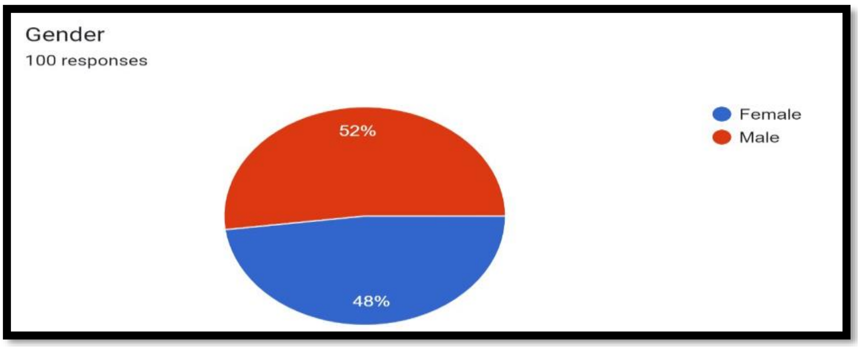
RESEARCH METHODOLOGY

RESEARCH DESIGN:
This is a Descriptive Research as its main aim is to find the relevant information from the samples collected to conclude.
RESEARCH TYPE: Qualitative and Quantitative.
PERIOD OF DATA COLLECTION: 2 month.
SAMPLE SIZE: 100 samples
DATA COLLECTION TOOLS: Structured Questionnaire.
SAMPLING TECHNIQUE: Convenience Sampling
STATISTICAL TOOLS USED: Chi Square Test, Pie Charts

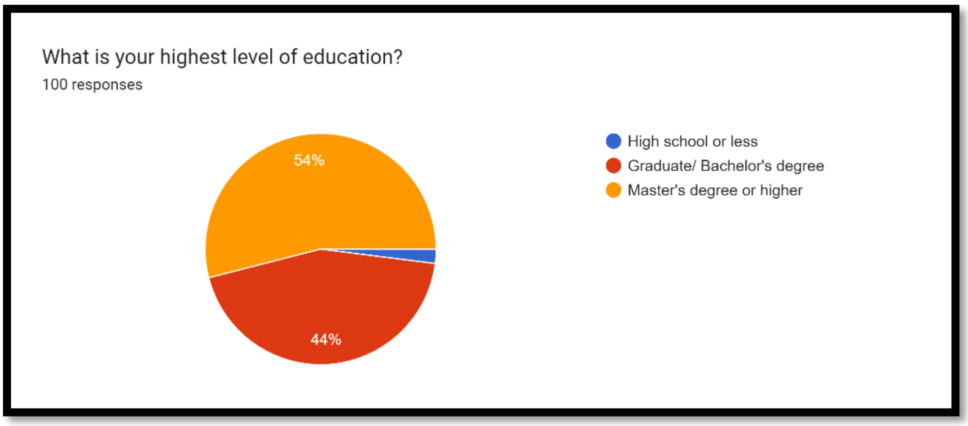
DATA NALYSIS
Out of 100 samples, 44 individuals are between the age group of 18 – 24 years, 31 individuals are between the age group



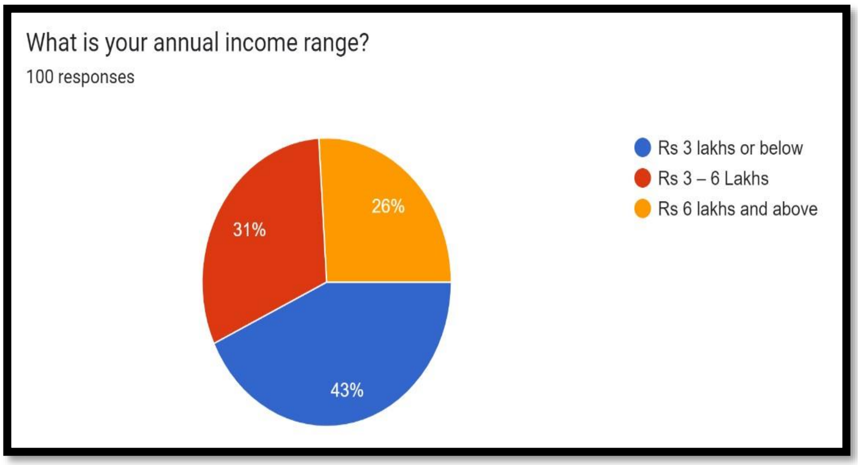
of 25 - 34 years, 17 individuals are in the age group of 45 years and above, 8 individuals are between the age group of 35 - 44 years.



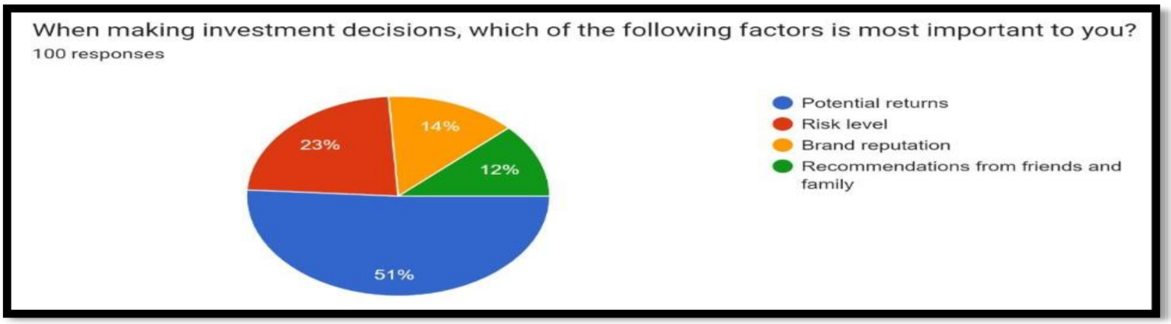
❖ Out of the 100 respondents, 52 are male i.e., 52%, 48 are male i.e., 48%



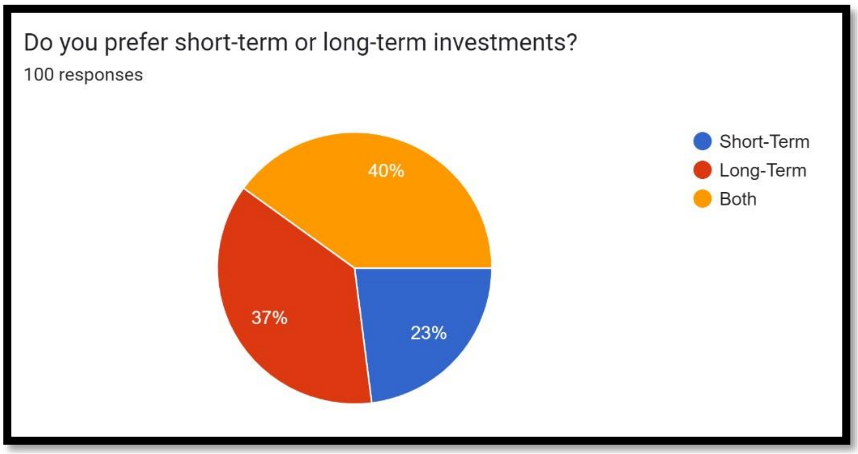
❖ Out of 100 respondents, 54 of them have a master's degree or a degree of higherqualification that of Masters, 44 of them are Graduates, 2 of them have just completed their High School.



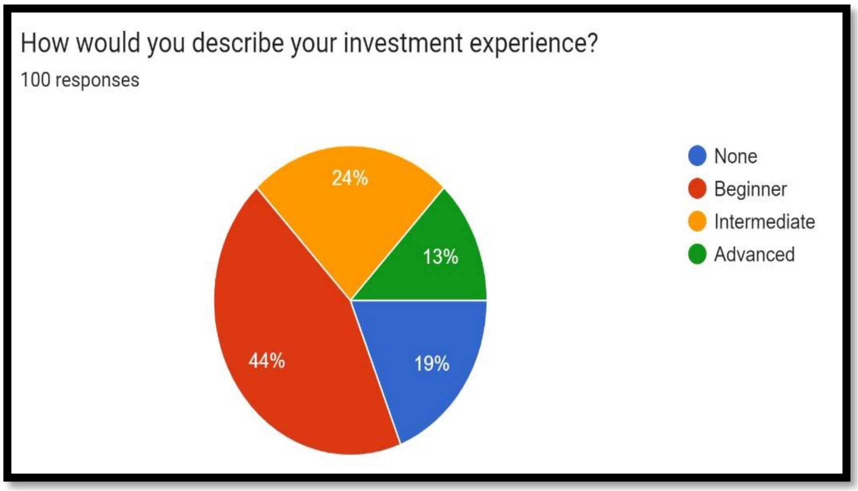
❖ Out of the 100 respondents, 43 of them have an annual income of Rs 3 Lakhs or below, 31 of them have an annual income between Rs 3 Lakhs toRs 6 Lakhs, 26 of them have an annual income of Rs 6 Lakhs and above.



❖ Out of 100 respondents, 51 of them responded as Potential Returns to be one of the most important factors while making investment decisions, 23 of them responded as Risk Level to be one of the mostimportant factors while making investment decisions, 14 of them responded as Brand Reputation to be one of themost important factors while making investment decision, 12 of them responded as Recommendations from friends andfamily to be one of the most important factors while making investment decisions.



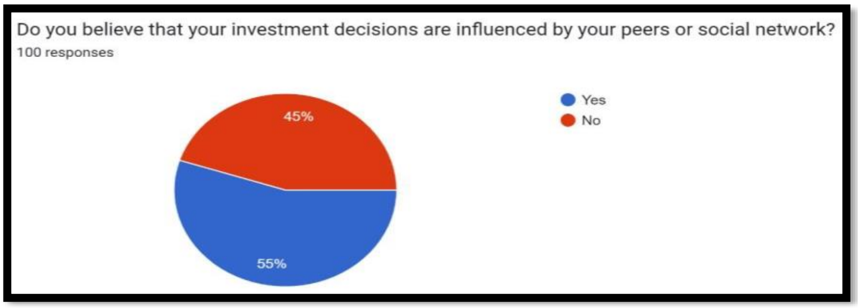
❖ Out of 100 respondents, 40 of them prefer both long term as well as short terminvestments, 37 of them prefer long term investments and 23 of them prefer short term investments.



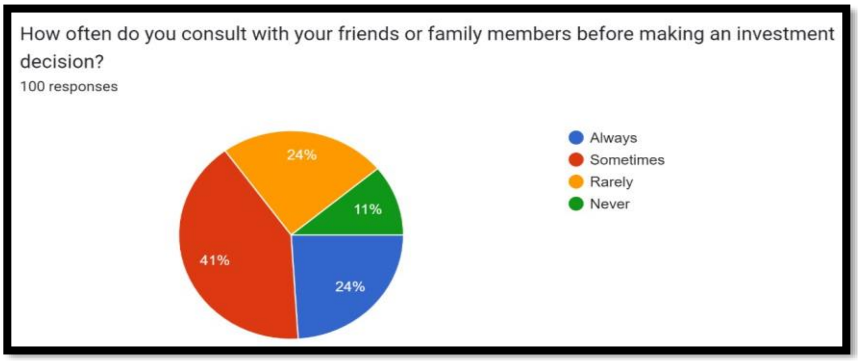
❖ 44 respondents are beginners with respect to their experience with investment.

❖ 24 respondents are at intermediate level with respect to their experience of investment.

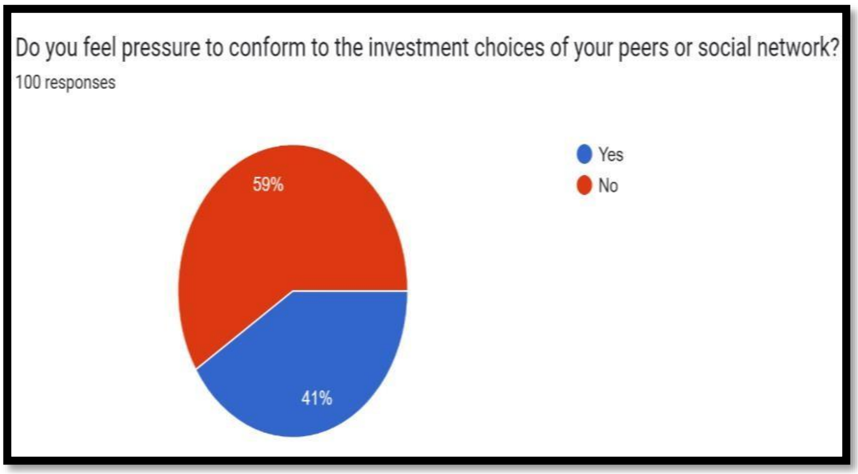
❖ 19 respondents have classified them as none with respect to their experience withinvestment.
❖ 13 respondents are advanced level with respect to their experience with investment.



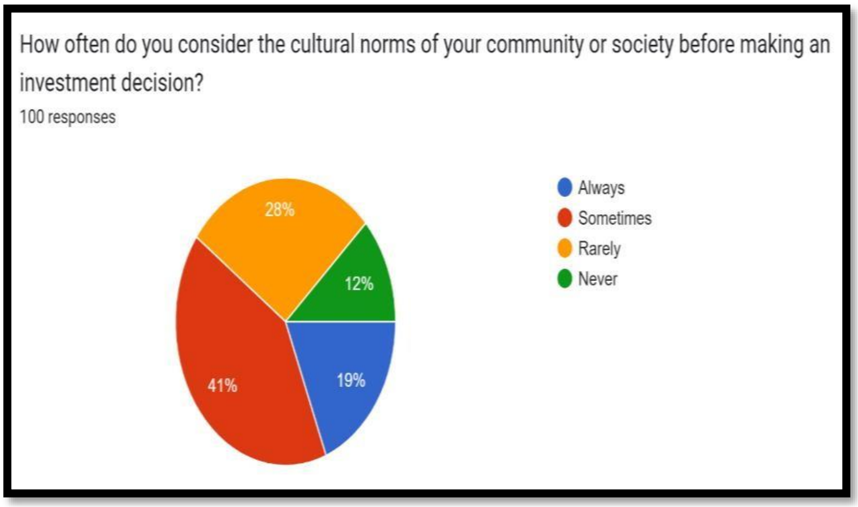
❖ 55 respondents out of 100 says that their investment decisions are influenced by theirpeers of social networks and 45 respondents replied that their investment decisions are not influenced bytheir peers of social networks.



❖ 41 respondents have said that they <u>sometimes</u> consult with their friends or family beforemaking an investment decision, 24 respondents have said that they <u>always</u> consult with their friends or family beforemaking an investment decision, 24 respondents have said that they <u>rarely</u> consult with their friends or family beforemaking an investment decision, 11 respondents have said that they <u>never</u> consult with their friends or family beforemaking an investment decision.



❖ 59 individuals out of 100 said that they do not conform to the investment choices oftheir peers or social network, 41 individual said that they conform to the investment choices of their peersor social network.

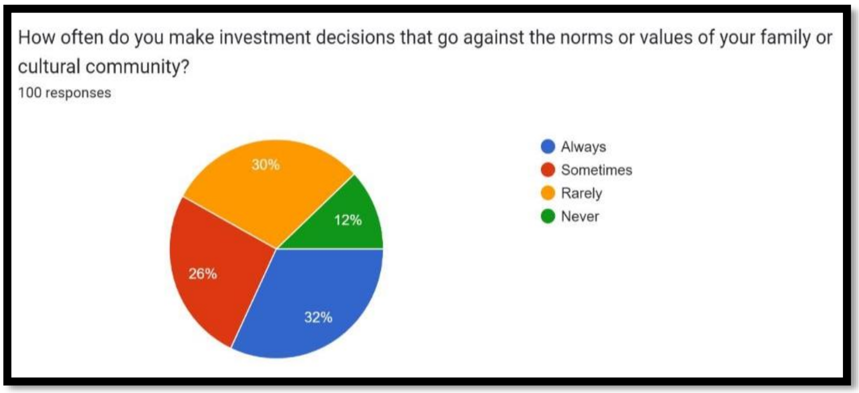


❖ 41 respondents have said that they consider the cultural norms of their societysometimes before making an investment decision.

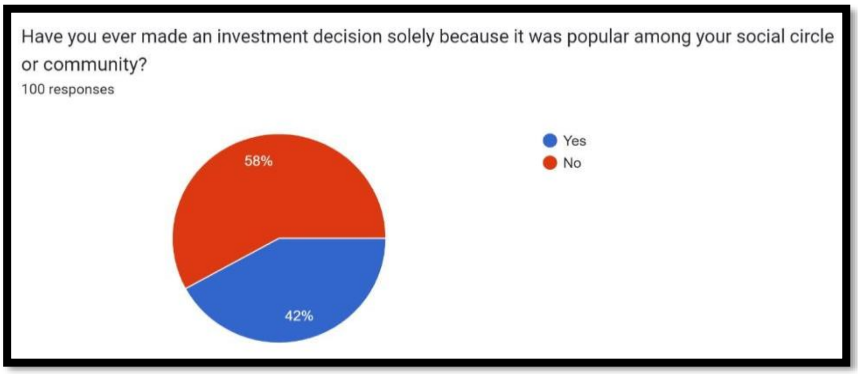
❖ 28 respondents have said that they consider the cultural norms of their society rarelybefore making an investment decision.

❖ 19 respondents have said that they consider the cultural norms of their society alwaysbefore making an investment decision.

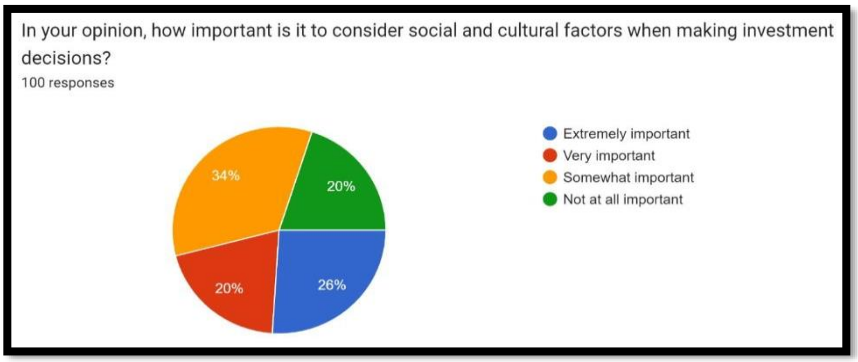
❖ 12 respondents have said that they never consider the cultural norms of their societybefore making an investment decision.



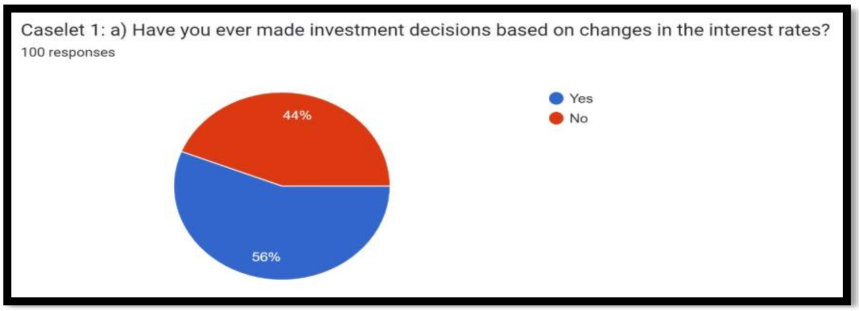
❖ 32 individuals said that they always make investment decisions that go against thenorms or values of their family or cultural community, 30 individuals said that they rarely make investment decisions that go against the normsor values of their family or cultural community, 26 individuals said that they sometimes make investment decisions that go against thenorms or values of their family or cultural community,12 individuals said that they never make investment decisions that go against the normsor values of their family or cultural community.



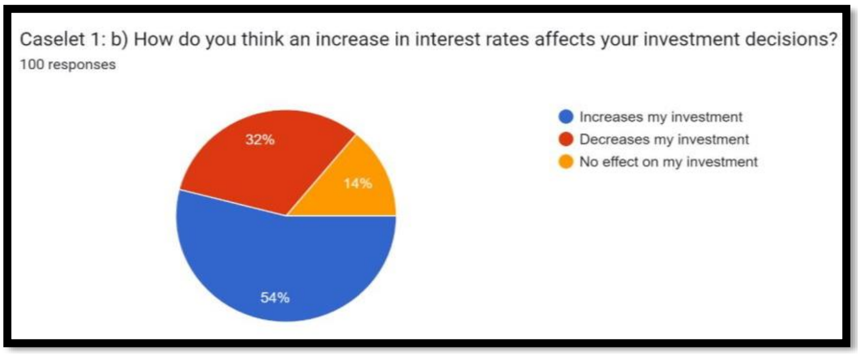
❖ 58 individuals say that they do not make any investment decision solely because it waspopular among their social circle or community, 42 individuals say that they investment decisions solely because it was popular among their social circle or community.



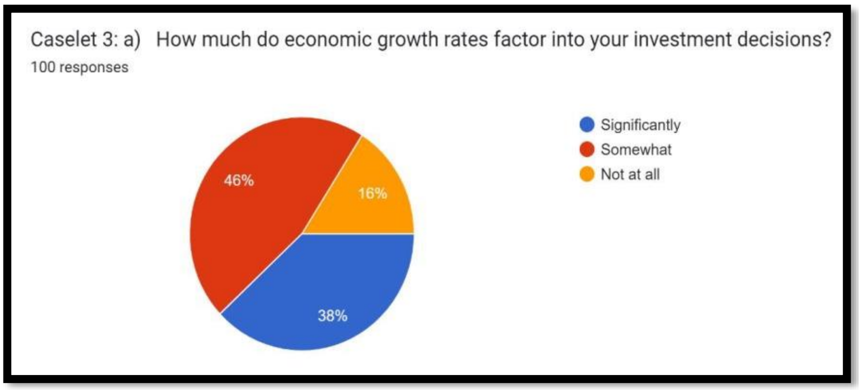
❖ 34 individuals feel that it is <u>somewhat important</u> to consider social and cultural factorswhen making investment decisions, 26 individuals feel that it is <u>extremely important</u> to consider social and cultural factorswhen making investment decisions, 20 individuals feel that it is <u>very important</u> to consider social and cultural factors whenmaking investment decisions, 20 individuals feel that it is <u>not at all important</u> to consider social and cultural factorswhen making investment decisions.



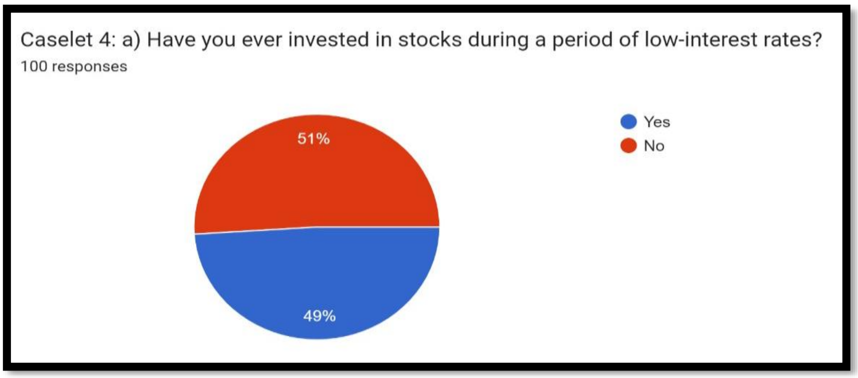
❖ 56 out of 100 individuals have said that they have not made any investment decisionsbased on the changes in the interest rates, 44 individuals have said that they make investment decisions based on the changes in the interest rates.



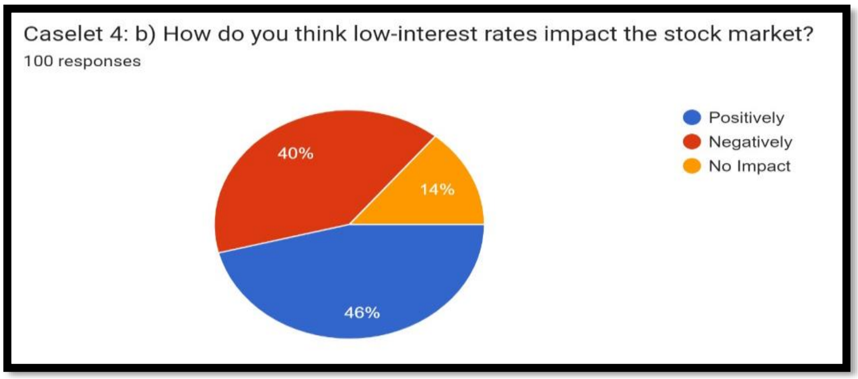
❖ 54 individuals have said that there is an increase in their investments when the interestrates also increase, 32 individuals have said that there is a decrease in their investments when the interestrates increase, 14 individuals have said that there is no effect in their investments when the interestrates increase.



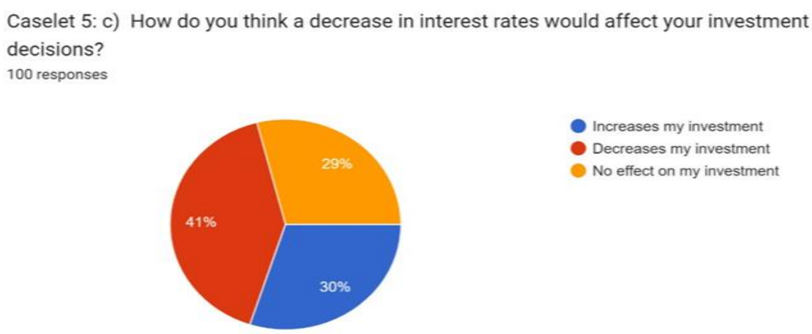
❖ 38 people agree that economic growth rates factor has a significant effect on theirinvestment decisions, 46 people think that economic growth rates factor somewhat effects their investment decisions, 16 people think that economic growth rates factor has no effect on their investmentdecisions.



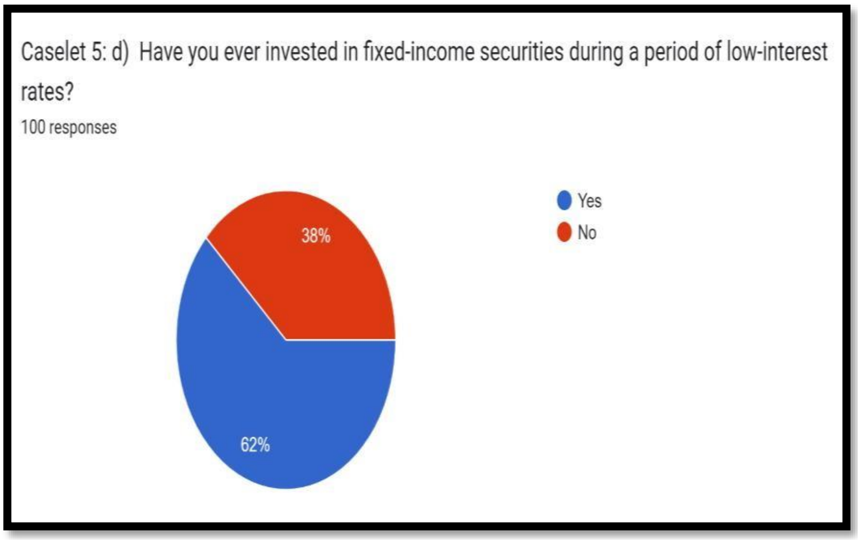
❖ 51 respondents have responded that they do not invest in stocks during a period of low-interest rates, 49 respondents have responded that they invest in stocks during a period of low-interestrates.



❖ 46 respondents think that there is a positive impact on the stock market when interestrates are low, 40 respondents think that there is a negative impact on the stock market when interest rates are low, Remaining 14 respondents think that there is no impact on the stock market wheninterest rates are low.



1 individuals out of 100 think that a decrease in interest rates would decrease theirinvestment value, 30 think that a decrease in interest rates would increase theirinvestment value, 29 individuals think that a decrease in interest rates would neither decreasenor increase their investment value. Stating that there would be no effect.



❖ Fixed income securities are investments that provide a fixed or predetermined return onthe investment. Fixed income securities include bonds, notes, and certificates of deposit(CDs). The fixed income return is typically based on a fixed interest rate or the couponrate, and the return on the investment is paid out to the investor at regular intervals untilthe security matures, 62 individuals have said that they have invested in fixed income securities during a period of low-interest rates, Remaining 38 individuals have said that they have not invested in fixed income securities during a period of low-interest rates.

TESTS

Question:

Do you believe that your investment decisions are influenced by your peers or social network?

a. Yes

b. No

HYPOTHESIS:

H0 - There is no mean difference between gender's opinion while making investment decisionsthat are influenced by peers or social network.
H1 - There is a mean difference between gender's opinion while making investment decisionsthat are influenced by peers or social network.
We can utilize the chi-square test of independence to examine the correlation between the categorical independent variable "Gender" and the categorical dependent variable "Influence of peers/social network on investment decisions."
The chi-square test of independence would help us determine if there is a significant associationbetween the gender of the respondents and whether they believe their investment decisions areinfluenced by their peers or social network. This test would allow us to examine whether thereare any differences in the proportion of males and females who believe their investment decisions are influenced by their peers or social network.
The chi-square test would test the null hypothesis that there is no relationship between the twovariables and would determine if the observed differences between the expected and observedfrequencies are statistically significant.
Test Used: Chi Square Test

Observed Value			
Gender	**Sum of Yes**	**Sum of No**	**Sum of Grand Total**
Female	26	22	48
Male	29	23	52
Grand Total	**55**	**45**	**100**

Expected Value			
Gender	**Sum of Yes**	**Sum of No**	**Sum of Grand Total**
Female	26.4	21.6	48
Male	28.6	23.4	52
Grand Total	**55**	**45**	**100**

Alpha	0.05
p	0.87214471

Conclusion:

Since the value of $p > 0.05$, we fail to reject the H0. There is no mean difference between gender's opinion while making investment decisions that are influenced by peers or social network.

Question:

When making investment decisions, which of the following factors is most important to you?

A. Potential returns

B. Risk level

C. Brand reputation

D. Recommendations from friends and family

E. Others, please specify

<u>HYPOTHESIS:</u>

HO – There is no mean difference between gender’s opinion while making investmentdecisions about which factor is important to them.
H1 - There is a mean difference between gender’s opinion while making investment decisionsabout which factor is important to them.

In the case of the question "When making investment decisions, which of the following factorsis most important to you?" the response options are categorical, not continuous, and representnominal data. We could use a chi-square test or a multinomial logistic regression to examine therelationship between the categorical variable "Gender" and the categorical outcome variable "A most important factor in investment decision-making." These methods would allow us to assess whether there are any significant differences between males and females in terms of thefactors that are most important to them when making investment decisions.

Test Used: Chi-Square Test

Observed Value					
Gender	**Sum of Potential Returns**	**Sum ofRisk**	**Sum ofBrand**	**Sum of Recommendations**	**Sum of GrandTotal**
Female	24	10	5	9	48
Male	27	13	9	3	52
Grand Total	**51**	**23**	**14**	**12**	**100**

Expected Value					
Gender	**Sum of PotentialReturns**	**Sum ofRisk**	**Sum ofBrand**	**Sum of Recommendations**	**Sum of GrandTotal**
Female	24.48	11.04	6.72	5.76	48
Male	26.52	11.96	7.28	6.24	52
GrandTotal	**51**	**23**	**14**	**12**	**100**

Alpha	0.05
p	0.20718136

Conclusion:

Since the value of p > 0.05, we fail to reject the H0.

There is no mean difference between gender's opinion while making investment decisionsabout which factor is important to them.

Question:

When making investment decisions, which of the following factors is most important to you?

A. Potential returns

B. Risk level

C. Brand reputation

D. Recommendations from friends and family

E. Others, please specify

<u>HYPOTHESIS:</u>

HO – There is no mean difference between income of an individual and his opinion while making investment decisions about which factor is important to them.

H1 - There is a mean difference between income of an individual and his opinion while makinginvestment decisions about which factor is important to them.

To analyze the relationship between the categorical independent variable "Income range" and the categorical dependent variable "Most important factor in investment decision-making," wecan use the chi-square test of independence. The chi-square test determines if there is a significant association between the two variables and can be used to test the null hypothesis that the two variables are independent (i.e., there is no relationship between the two).

In this case, we would use a chi-square test to determine if there is a statistically significant relationship between the income range of the respondents and the factors that are most important to them when making investment decisions. The chi-square test would tell us if therewere evidence to reject the null hypothesis and conclude that there is a significant relationship between the two variables.

Test Used: Chi Square Test

Observed Values					
IncomeRange	**Sum of PotentialReturns**	**Sum of Risk**	**Sum of Brand**	**Sum of Recommendations**	**Sum of Grand Total**
3 - 6 lakhs	14	10	5	2	31
3 lakhs orbelow	24	9	3	7	43
6 lakhs andabove	13	4	6	3	26
GrandTotal	**51**	**23**	**14**	**12**	**100**

Expected Values					
IncomeRange	**Sum of Potential Returns**	**Sum of Risk**	**Sum of Brand**	**Sum of Recommendations**	**Sum of Grand Total**
3 - 6 lakhs	15.81	7.13	4.34	3.72	31

3 lakhs orbelow	21.93	9.89	6.02	5.16	43
6 lakhs andabove	13.26	5.98	3.64	3.12	26
GrandTotal	**51**	**23**	**14**	**12**	**100**

Alpha	0.05
p	0.330182021

Conclusion:

Since the value of p > 0.05, we fail to reject the H0.

There is no mean difference between income of an individual and his opinion while makinginvestment decisions about which factor is important to them.

Question:

Do you prefer short-term or long-term investments?

A. Short-term

B. Long-term

C. Both HYPOTHESIS:

H0 – There is no mean difference between the income of the individual and his preference of making a short term or long-term investment.

H1- There is a mean difference between the income of the individual and his preference of making a short term or long-term investment.

To analyze the relationship between the categorical independent variable "Income range" and the categorical dependent variable "Preference for short-term or long-term investments," we can use the chi-square test of independence.

The chi-square test would help us determine if there is a significant association between the income range of the respondents and their preference for short-term or long-term investments.This test would allow us to examine whether there are any differences in the proportion of respondents from different income ranges who prefer short-term or long-term investments. The chi-square test would test the null hypothesis that there is no relationship between the twovariables and would determine if the observed differences between the expected and observedfrequencies are statistically significant.

Test Used: Chi-Square Test

Observed Values				
Income Range	**Sum of ShortTerm**	**Sum of LongTerm**	**Sum ofBoth**	**Sum of GrandTotal**
3 - 6 lakhs	6	15	10	31
3 lakhs or below	13	19	11	43
6 lakhs and above	4	3	19	26
Grand Total	**23**	**37**	**40**	**100**

Expected Values

Income Range	Sum of ShortTerm	Sum of LongTerm	Sum ofBoth	Sum of GrandTotal
3 - 6 lakhs	7.13	11.47	12.4	31
3 lakhs or below	9.89	15.91	17.2	43
6 lakhs and above	5.98	9.62	10.4	26
Grand Total	**23**	**37**	**40**	**100**

Alpha	0.05
p	0.001310979

Conclusion:

Since the value of $p < 0.05$, we fail to reject the H1.

There is a mean difference between the income of the individual and his preference of makinga short term or long-term investment.

FINDINGS AND INTERPRETATION

- This concludes that individuals look at potential returns as one of the main factors whilemaking any investment decisions.
- Maximum of the individuals prefer both long term investments as well as short terminvestments, indicating that people are willing to take risks up to a certain limit.
- Most number of individual's decisions are influenced by their peers or social networks.
- Around 41% of the data samples collected have said that they sometimes consult with their friends or family before making an investment decision.
- Around 41 of the individuals have said that they consider the cultural norms of their society sometimes before making an investment decision.
- Around 32 of the individuals have agreed that they always make investment decisions that go against the norms or values of their family or cultural community.
- Individuals say do not make any investment decision solely because it was popular among their social circle or community.
- This statement suggests that these individuals may value independent thinking and decision-making over conforming to social norms or peer pressure. They may prioritizemaking investment decisions based on their own research and analysis rather than following the crowd. This indicates a psychological tendency towards autonomy, self-efficacy, and a desire to make informed decisions based on their own judgment rather than external influences.
- 34 individuals feel that it is somewhat important to consider social and cultural factorswhen making investment decisions.
- This indicates that individuals are not solely focused on the financial aspects ofinvestment decisions but also consider the broader societal and cultural context in which they are making their decisions.
- It suggests that they are influenced by their values, beliefs, and norms, and may weighthese factors against their financial goals and objectives. It also indicates that individuals may be more likely to make investment decisions that align with their personal values and beliefs, rather than solely pursuing financial gain.

CONCLUSION

After conducting primary research on the psychology of different groups of people while making investment decisions, the following conclusions can be drawn:

1. Social and cultural factors play a significant role in investment decision-making for many individuals. They consider their family and community values before making investment decisions.
2. Age and income are two important factors that influence investment decisions. Youngerindividuals are willing to take more risks, while older individuals prioritize security over high returns from their investments.
3. Higher income individuals tend to invest in assets that are risky, while individuals having lower income tend to focus on fixed income securities.
4. Economic indicators such as interest rates and inflation impact investment decisions tosome extent, but many individuals do not make significant changes to their portfolio based solely on these factors.
5. Investment experience and education level have a significant impact on decision- making.
6. Experienced investors tend to take more risks and have a better understanding of financial markets, while higher education levels are associated with more informed investment decisions.
7. Many individuals do not make investment decisions solely based on popular trends or recommendations from their social circle. They prioritize their own financial goals andvalues.

Overall, this research suggests that investment decision-making is influenced by a range of factors including personal values, economic indicators, and individual characteristics such as age, income, education, and experience. Understanding these factors can help investors make informed decisions that align with their financial goals and values.

RECOMMENDATIONS

1. Education: There is a requirement for education and awareness programs to be conducted to educate individuals on the importance of making informed investment decisions and to provide them with the necessary knowledge and skills to make better decisions.
2. Personalized Investment Plans: Financial institutions should create personalized investment plans for individuals based on their risk tolerance, investment goals, and other factors, to ensure that they make informed investment decisions.
3. Cultural Sensitivity: Financial institutions should be culturally sensitive and consider the cultural factors of individuals while providing investment advice.

LIMITATIONS OF THE STUDY

1.) Sample Size: The study may have limitations in terms of sample size, which could affect the generalizability of the findings.
2.) Sample Selection Bias: The study could have selection bias in terms of the sample selection, which could affect the validity of the results.
3.) Self-reporting Bias: The study may have self-reporting bias, where participants may provide inaccurate or misleading information about their investment decisions due to social desirability bias or other factors.
4) Time Constraints: The study may have been limited by time constraints, which could have affected the depth of the analysis.
5) Lack of Diversity: The study may have lacked diversity in terms of the demographic characteristics of the participants.
6) Incomplete Information: The study may have relied on incomplete or limited information about the investment decisions of the participants, which could affect the accuracy of the results.

SCOPE OF THE STUDY

- Cognitive biases: The study could identify the cognitive biases that different groupsof investors use when making investment decisions, and how these biases may differ across demographic groups.
- Emotions, personality traits, and risk attitudes: The study could examine the impactof emotions, personality traits, and risk attitudes on investment decision-making among different groups of people.

BIBLIOGRAPHY

1. https://www.kaplanfinancial.com/resources/career-advancement/learn-behavioral-finance

2. https://firescholars.seu.edu/cgi/viewcontent.cgi?article=1030&context=honors
3. https://www.investopedia.com/terms/b/behavioralfinance.asp

REFERENCES

1. S. Singh and S. Bahi, 2015
2. A. Yadav, Y. Panjwani, C. Prajapati, 2021
3. A. Mehraj, 2021
4. S. Bakara, A. N. C. Yia, 2016
5. H. Thambireddy, J. Motiramani, S. Dharahasa, N. Anand, S. Narahari, 2021
6. L Riaz, A I Hunjra and Rauf-i-Azam, 2012