

Study of Investment Preferences of Individual Investors

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Abstract

This study investigates the investment preferences of individual investors, focusing on their choice of investment avenues, risk tolerance, and demographic factors that influence investment decisions. By conducting a survey among various age groups, income levels, and educational backgrounds, the study aims to provide insights into the factors that shape investment behavior in a regional context. The findings reveal trends in investor preferences, highlighting a blend of traditional and modern investment options, moderate risk tolerance, and an increasing reliance on digital platforms for investment. The study contributes to understanding how financial institutions can better serve individual investors by aligning their services with investor needs.

Keywords

Investment Preferences, Risk Tolerance, Financial Goals, Digital Investment Platforms

I. Introduction

Investing has become a fundamental aspect of financial planning, enabling individuals to achieve long-term financial goals and security. With the growing variety of investment avenues available, understanding individual investment preferences is crucial. This study explores the investment behaviors of individuals, focusing on how factors like demographics, risk tolerance, and economic conditions influence their choices. The study's objective is to provide a comprehensive analysis of investor preferences in a regional context, contributing valuable insights for financial institutions and policymakers.

II. Literature Review

Existing research has identified numerous factors that influence investment preferences, including demographics, economic conditions, and psychological influences. Studies show that younger investors often prefer high-growth, tech-driven investments, while older investors tend to prioritize stability and income. Additionally, the rise of digital platforms has transformed access to investment avenues, democratizing finance and reshaping traditional investment paradigms.

III. Research Methodology

The study utilized a structured survey to collect primary data from individual investors . A total of 110 responses were gathered, covering various age groups, income levels, and educational backgrounds. The survey was distributed online and included questions on investment preferences, risk tolerance, and sources of investment advice.

IV. Data Analysis and Interpretation

The data revealed that the majority of investors prefer mutual funds (54.3%), followed by gold/silver (48.6%) and shares (44.8%). Investment behavior is influenced by age, with younger investors leaning towards growth-oriented investments. Moderate risk appetite is common, with 45.7% of respondents indicating a medium risk tolerance. Additionally, 34.3% of respondents use digital platforms for investment, highlighting the importance of technology in facilitating access to investment options.

V. Findings and Discussion

The findings underscore a blend of traditional and modern investment preferences among individual investors. The inclination towards mutual funds and a moderate risk appetite indicates a balanced approach, where investors seek growth while maintaining a degree of safety. The study highlights the importance of digital platforms, especially among younger investors, for accessing and managing investments, suggesting that financial institutions should focus on user-friendly digital experiences.

VI. Conclusion

The study concludes that investment preferences are shaped by demographic factors and the evolving digital landscape. While mutual funds are popular, traditional options like fixed deposits and real estate remain relevant. Financial institutions should consider these preferences when designing products, ensuring they meet the needs of both growth-seeking and conservative investors. Future research could explore the impact of financial literacy on investment decisions, contributing to a more nuanced understanding of investor behavior.

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