

# UNDERSTANDING DIFFERENT INVESTMENT AND SAVING OPTIONS

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**ABSTRACT:** The study "Understanding Consumer Behavior Toward Different Investment and Saving Options" aims to analyze the factors affecting consumers' financial decisions. The study also contributes to the existing literature on consumer behavior in the financial realm, filling gaps in the literature and laying the groundwork for future research.

**KEY WORDS:** Consumers, Investment options, Financial Literacy.

## 1. INTRODUCTION

Managing personal money has become essential to modern living in the fast-paced, connected world of today. Understanding consumer preferences for saving and investment alternatives has emerged as a top priority for both financial institutions and governments as people look to protect their financial security and accomplish their long-term goals.

The conventional idea of saving money in a straightforward savings account has progressively changed into a complicated landscape of investing options, each of which has its own advantages and hazards. Consumers have a wide range of options, from conventional routes.

like peer-to-peer financing, cryptocurrencies, and robo-advisors The tastes of consumers are significantly influenced by economic circumstances. People may select riskier investments to seek bigger returns in periods of economic stability and low inflation. In contrast, people may choose more cautious choices that put a higher priority on capital preservation during uncertain or downturn-prone times.

Interest rates have an effect on consumer choices as well because they determine whether saving is more appealing than investing.

Demographic factors are crucial in determining customer preferences. For example, age significantly affects risk tolerance and investment horizons.

Riskier assets may be preferred by younger investors with longer investment horizons, whereas older investors as they near retirement may choose more stable investments. Income levels have an impact on investing choices.

The financial landscape has undergone a transformation as a result of the advent of technology and digital disruption, which has had a big impact on consumer choices. How people approach saving and investing has changed as a result of the accessibility of investment applications, the convenience of mobile banking, and the automation provided by robo-advisors. To remain competitive, financial institutions must comprehend how technological advancement and consumer preferences interact.

Today, there are many different investing instruments available. We would categorize or put them into groups to make our lives simpler. There are many different investment opportunities in India. Some of them are liquid and marketable, while others are not. Some of them are also very dangerous, while others are nearly risk-free.

Depending on his demand, preferred level of risk, and anticipated return, the individuals must select Proper Avenue from among them. The following headings are general categories for investment opportunities.

- **Equity**
- **Mutual Fund**
- **Fixed Bank Deposits**
- **Company Fixed Deposits**
- **PPF**
- **Real Estate**
- **Gold/ Silver/ others**

### **OBJECTIVES OF THE STUDY:**

- To examine investor preferences for various investment options
- To research the variables that affect how people behave when making investments.
- To investigate the respondents' attitudes on various investing options.

## **2. LITERATURE REVIEW**

According to **Kothari (2014)** as per a study that he examined titled "Investment behaviour Towards investment Avenues: A study with reference to Indore City."; he found that people's savings were invested in assets based on their needs for risk and return, the safety of their funds, their liquidity, the avenues accessible for investing, various financial institutions, etc.

According to a study conducted by **Pandian et al (2013)**, investors in the Dehradun district had different investment preferences. The study's goal is to assess the preferences of investors in the Dehradun district for various investment opportunities and provide useful recommendations to encourage investments. Using the Chi-Square test and the Ranking method, the data are evaluated.

According to a research carried out by **Ranganathan K. (2006)** on the "Fund Selection Behaviour of Individual Investors Toward Mutual Funds." With regard to scheme choice and selection, the goal of this exploratory study is to better understand the financial behaviour of investors in mutual funds. For this study, 100 well-educated, widely distributed individual investors from Mumbai city served as the sample. Chi-square test, factor analysis, and multinomial logistic regression (MLR) are the statistical techniques employed in this study.

According to **Goyal and Jain (2010)**, Time and risk are two characteristics of investment. To gain a profit in the future, present consumption is sacrificed. It is inevitable to make a sacrifice, but it's not always clear how the sacrifice will be paid off. This investment characteristic denotes risk. In order to receive a return on your investment, the risk is accepted. Increasing the rate of return and lowering risk are the two basic investment goals.

According to **Ravi Shanker (2002)**, over the past ten years, there has been a considerable increase in the size and variety of the Indian financial sector. To meet the needs of boosting savings and growing the capital market in India, a number of financial institutions, a well-developed financial infrastructure, and a diversity of financial products have all been encouraged

### 3. RESEARCH METHODOLOGY:

Both primary and secondary sources of data are used in this research report. The data gathered expressly for the subject of "Understanding Consumer Behavior Toward Different Investment and Saving Options" is regarded as the main data. Customers' observations and questionnaire surveys are the main sources of information for this thesis. The sample included the questionnaire respondents, whose ages ranged from 18 to 40+.

To avoid any miscommunications, the researcher took part in each questionnaire interview. Secondary data is information that has already been collected for the same purpose and is accurate. It came from the Internet and other relevant sources for this thesis. Each piece of utilized research is cited.

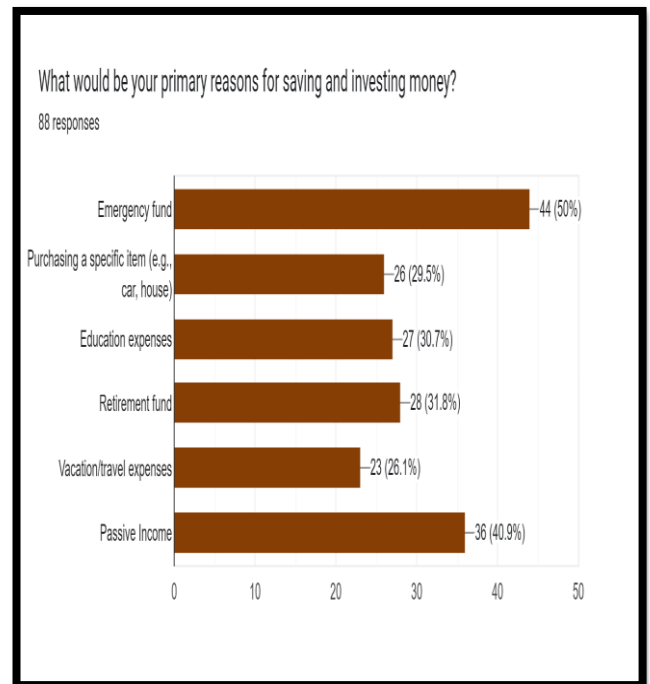
A convenience and snowball sampling strategy were used to select 100 respondents from a range of age groups and geographic areas. The questionnaire received responses from both men and women.

### 4. DATA ANALYSIS

As mentioned in the Research Methodology a survey was conducted to understand consumer behaviour towards different investment and saving options and a total of 104 responses we received from different age groups.

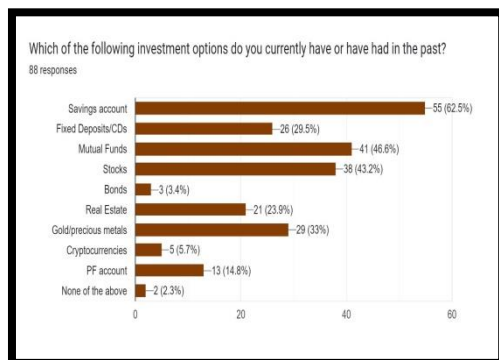
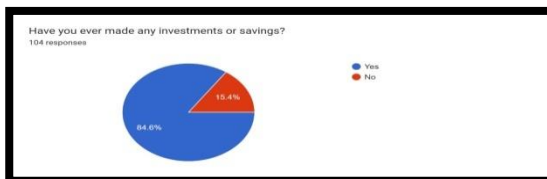
It was a twofold survey taking into consideration people to do make investments and people who do not.

At first, certain demographics were taken into consideration to understand what age group maximum number of respondents belonged to which we see that the highest number of respondents were between the age of 18 to 25 while a bare minimum of respondents belong to the category of respondents below 18.



Another part of demographics was the respective gender of the respondents with a close balance of male and female respondents and also a handful of respondents who preferred not to disclose their gender.

When asked about how many respondents



investments and savings a good majority of 84.6% respondents had investments and savings while a minimum of 15.4% respondents did not do any investments and savings.

According to the aforementioned graph, the respondents mainly used Savings Accounts, Mutual Funds and Stocks as their most preferred investment options while the least number of respondents used bonds and cryptocurrencies as their investment options. When people make investments there is usually a definite purpose behind them doing so and therefore when asked what their primary reasons were for saving a investing money, a good majority of about 50% respondents chose Emergency Funds as one of their primary reasons for saving and investing money while there were also quite a few respondents who did so for vacation and travel expenses.

A surprising set of responses each with a close percentage of responses were received when the respondents were asked about their source of investment with majority of respondents depending upon the interest rates offered while the second highest majority depending on recommendations from their friends and family And lastly they were asked about their plans to save and invest in future and what exactly would motivate them to which a majority responded saying they would be motivated by higher returns on investment while some would invest if there was a lower risk on investment options.

## 5. CONCLUSION

Financial planning is crucial. You have more options for decisions that will significantly affect your quality of life, you have peace of mind, and you can eventually retire. The majority of people who became affluent did it as a result of a mix of their own labor-intensive efforts and wise financial management. Those are individuals that you can also become. You may avoid life's uncertainties by saving money, which also allows you the chance to live a quality life. You may avoid a lot of life's humps and crags by setting aside money in a disciplined way. In times of need, it can help you, and it can also give your family a safety net in case something bad happens.

Building up a healthy savings account is one of the finest methods to take control of your money in the unstable economy of today. Nobody wants to experience the anxiety of being one or two paychecks away from financial ruin due to a lack of reserves for when "stuff happens." Examples that are more specific include losing your work, being disabled, having a car breakdown, having a sick child or pet, and experiencing other financial problems. Savings can serve as the "seed money" for higher-yielding investments like stocks, bonds, and mutual funds when an appropriate emergency fund has been developed.

Observing your money increase over time is crucial while you are saving. There are a variety of extra advantages to putting your money into a long-term investment strategy. These programs provide a generous interest rate that allows your money to outpace inflation while maintaining its value.

To summarize this entire survey, we had a response from two sets of audiences, one who do have savings and investments while the other who do not. The ones who do have savings and investments did so after seeking good financial advice, keeping long term goals in mind, and choosing the suitable investment options.

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