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"Psychology of Gen Y to Invest in Financial Instruments"

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ABSTRACT

The comprehension of monetary instruction of Gen Y Investors and to contemplate if capability vacillates across economics and nationality, and how cash related speculation choices are related to contributing decisions is concentrated in this exploration. Capable things, for instance, data on stocks and protections, working of the monetary trade, working of long stretch protections and regular resources, and peril of protections versus stocks are generally the more immovably related to examiners' trading, dangerous offer endeavour, preparation of danger taking, protections trade uphold and minding portfolio returns. Mental speculation, for ventures, information on stocks and securities, working of the cash related exchange, working of significant length assurances and ordinary assets, and hazard of insurances versus stocks are considerably more unflinchingly identified with inspectors' exchanging, hazardous offer undertaking, accessibility of danger taking, securities exchange support and study portfolio returns. Perceptual predisposition for venture and family backing to face challenge is significant models for speculations.

This Research examines the Generation Y's venture choices for putting resources into budgetary instruments. There were shifted practices on money related execution of individual speculators with certain financial specialists displaying balanced conduct in their negligence of essential assessments and some silly somewhat when considered from the reasonability of others. Studies have indicated that the two people and institutional speculators are influenced by feelings and intellectual impacts when settling on venture choices.

Introduction

Individuals do speculation for building abundance in different kinds of resources is a fascinating movement that draws in individuals from varying backgrounds regarding their occupation, monetary status, instruction and family foundation. At the point when an individual has more cash than he needs for current utilization, he would choose to turn into a likely speculator. The speculator who is having additional money could put it in private or public stocks and protections or in some other resources like gold or land or could just store it in his financial balance.

As of now, a wide assortment of venture roads are available to the speculators to suit their necessities and nature. Information about the various roads empowers the financial specialists to pick venture keenly. The necessary degree of return and the danger resistance choose the decision of the speculator. The public speculation choices range from public investment funds testaments, fortunate asset, common asset plans, protection plans, chits, bank fixed stores, organization fixed stores, organization shares, subordinates, securities/debentures, government protections, postal reserve funds plans and land and so forth Through these roads an individual may produce cash is by procuring a pay or by developing their resources through speculations.

An individual's goals depend on a host of factors that may include age, income, family size, investment bias, and risk profiles. Age can be further sub-divided into the following age into three categories:

- Young and starting out in a career
- Middle-aged and family building
- Retirement age and self-directed

These segments often miss their marks at the appropriate age, with middle-aged individuals considering investments for the first time or the elderly forced to budget, employing the discipline they lacked as young adults.

Gen 'Y' is an generation that has grown to question financial norms. They are referred to as 'Millennials', the tag is in keeping with their arrival at the turn of the millennium (born between 1981 and 2000). A bridge between Gen X (mid-'60s to early '80s), that slogged its way out of a poverty-laden past, and Gen Z (mid-'90s to mid-2000s), the pampered progeny that breathes tech and wants for little, millennials couldn't have timed their entry better. "Millennials are asking the right questions when it comes to investing," says Financial Planner Dilshad Billimoria. "With higher salary packages, most do their due diligence before investing because information is available like never before," he adds.

"They are definitely more open-minded and have many more ready sources of information than the previous generation," agrees Pai. "This is the reason that they are investing in stocks and mutual funds even if their parents tell them not to. At the same time, to avoid conflict, they open fixed deposits or buy traditional insurance policies," he adds.

However, it is very likely a factor of generation Y their age and situations in life, and financial responsibilities after marriage could pare the expenses and trigger the saving mode in earnest. So unless the millennials continue to be extravagant at the expense of crucial financial goals, it shouldn't be a cause for concern.

The risk-return perceptions of financial gen Y investors on various investments, studied in this research are:

1. Shares
2. Debentures / Bonds
3. Stock Futures and Options
4. Mutual Funds
5. PF
6. Fixed Deposits
7. Insurance Policies
8. Real Estate
9. Gold / Silver and
10. Others

The study analyses the results of the survey as a whole and based on selected socio-economic and investments profile factors such as investors' age, gender, family income, type and category of investors, and market experience of the investor to determine whether there are any differences in their risk-return ratings in the stock market investments.

Literature Review:

Investment- An investment is an asset or item acquired with the goal of generating income or appreciation. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth. In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or will later be sold at a higher price for a profit.

Vaidehi et al. (2016), argued that because of different investment strategies as motives and styles by different needs. It studies the need for better accepting of behavioral pattern the paper investors, the behaviour pattern would aid the investment advisors to envision how the investors respond to market schedule, and would allow them to developed suitable allotment approaches for their customers. Among the selected factors the investment motives, attained the long term gain, which established to an essential factor chased by dividend and growth prospects and balancing of short-term and long-term gain. Educational qualification, occupation, age, income and amount of equity investments choose the investing styles of the investors notably.

Anatomy of the Indian Millennial ((a.k.a. GEN Y) .

- *18-35 year olds Born between Early 1980s and 2000.*
- *440 million or 1/3rd of the total population.*
- *Form 46% of the workforce*
- *Contribute 70% to the total household income.*
- *Wealth is the top life goal for 80% of millennials.*
- *91% millennials believe in making their own financial decisions.*
- *40% of male millennials would make all their purchases online if they could.*
- *28% millennials eat out at least once a month.*
- *36% of Indian millennials have a fitness app installed on their phones.*

56% millennials invest in mutual funds.

(Sources: Trend-setting millennials redefining the consumer story; Alphawise, Morgan Stanley Research; Aspiration index 2018 – Decoding Indian Millennials.)

The Millennial generation, those born between 1977 and 1998 – have an innate ability to use technology, are comfortable multitasking, and want to learn, but only

what they have to learn (Bauerlein, 2008). This so-called “Net Generation” consists of youth in the age group 12-28 who grew up with the Net and texting. The digital environment is where young people in many countries can best relate to online banking and Internet shopping. Instant messaging and SMS are vastly preferred over e-mail (Rao, 2003). Thus, it should not be surprising that if they use banks at all, they have a strong preference for E-banks and automatic teller machines (ATMs). Generation Y – today’s 7 to 24 year-olds – are replacing the retiring baby boomer generation and becoming the new financial power within the American economy (Bodner, 2005). This further suggests that this market is comfortable with websites and thus affords banking institutions an easy way to access them (Rao, 2003). Rastogi (2015), analyzed behavioral feature in the investment choice making method. Behavioral finance provides solution to many problems until now not answered suitably by the usual finance theory. The study concluded that behavioral biases not affected by the combined categories of gender and occupation.

RESEARCH METHODOLOGY

So as to direct the present exact examination work, Descriptive exploration configuration was received. Both essential and auxiliary information were used for the investigation. Essential information from the respondent financial specialists was gathered through timetable strategy including an organized poll and direct meeting technique. The organized poll manages the segment parts of the respondents and it contains shut finished inquiries. The poll contains the data identified with Gen Y speculators' recognition as to different venture alternatives and roads. A Likert scale was utilized as an estimation scale so as to quantify the recognitions levels of the respondent financial specialists. The optional information was gathered from different books, magazines, reports, online diaries and exploration articles.

As to the inspecting technique, accommodation examining strategy was utilized to gather the information from the distinguished respondents. The examination was directed in Mumbai city of Maharashtra. Tests of 68 respondents were met and information was clarified from them through Google structure poll and examined Microsoft Excel.

Objective of this study:

- To study the individual Generation Y’s investment goals depending on his or her income, age, and risk tolerance.
- To understand the psychological bias of investors while making investment decisions.

Limitations Of The Study:

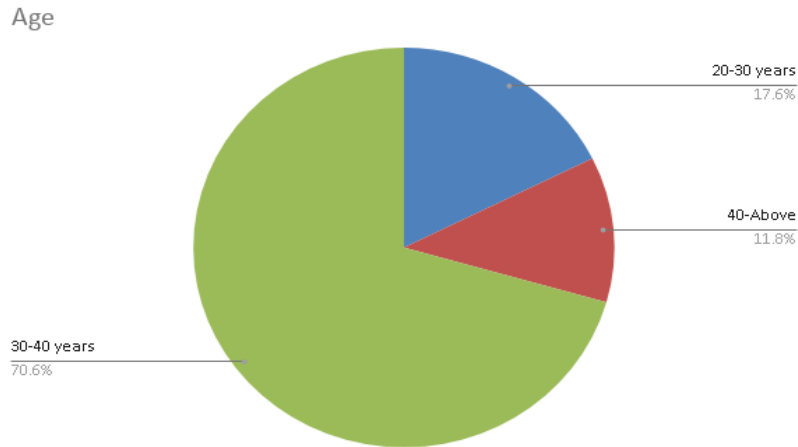
- The study is limited to only Mumbai in Maharashtra. Hence the results cannot be generalized to greater extent in terms of their applicability.
- The sample is only 68 and the opinions of the respondents may not synchronize with the opinions of the entire population.
- The opinions / preferences expressed by the respondent investors are purely personal and they are subjected to individual bias in their nature.

Data Analysis And Interpretation:

Demographic Profile of Respondents:

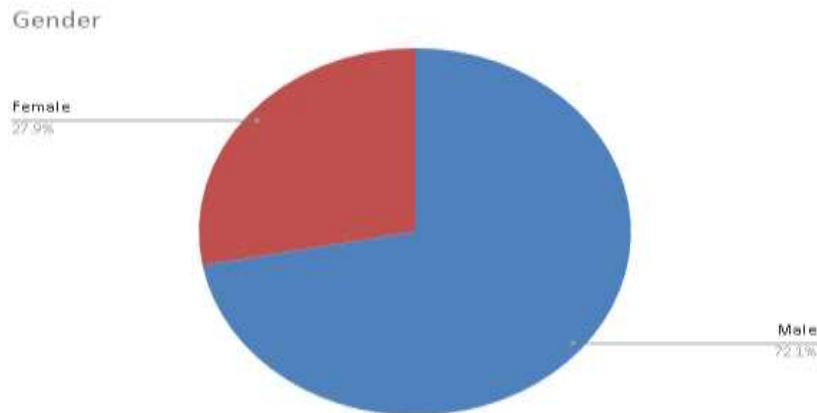
The respondents who responded to the survey to study the psychology of investment in financial instruments are analysed in the diagrammatically excel graphs.

1. The Age group of respondents studied is of three age groups between 20-30, for which the response was 17,6%, for age group 31-40 the respondents studied were maximum 70.6%, and 11.8% respondents were of age 40 and above.



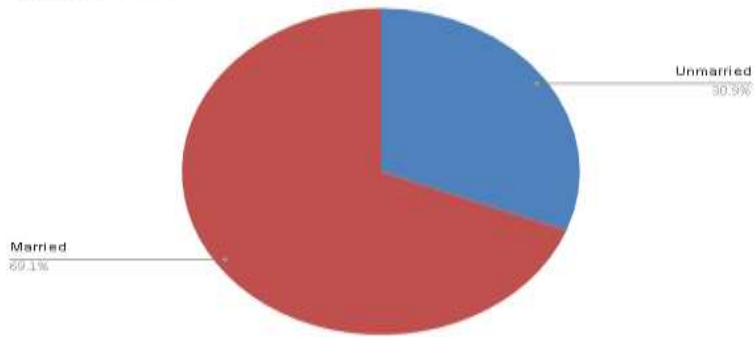
Thus we have surveyed the millennial age group majorly in this research to understand their perception to financial investments.

2. Gender of respondents for this research survey was 27.9% Females and 72.1% males.



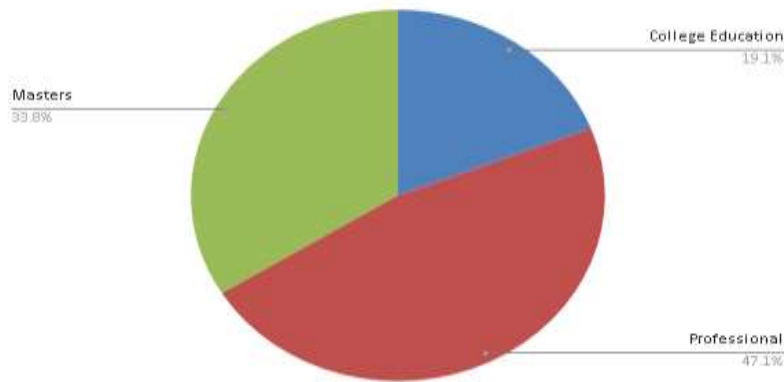
3. The Marital Status was studied to understand the level of responsibility towards spouse while taking financial investment decisions. The unmarried respondents were 30.9% and 69.1% were married. Thus it is seen from the result that married respondents are maximum who prefer to invest in financial instruments.

Marital Status



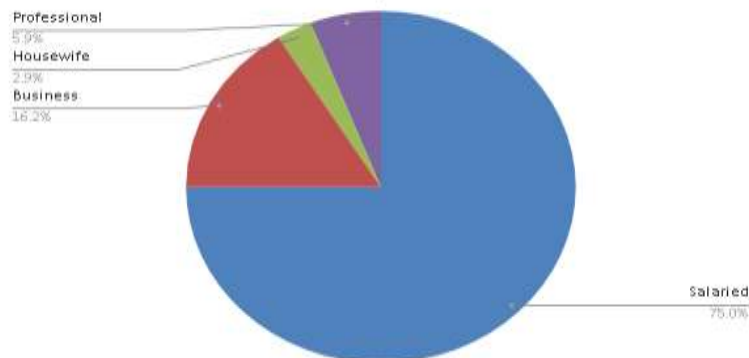
4. Educational Background was studied to understand the knowledge of financial investment among the respondents. The respondents who are graduates with College Education are 19.1%, education level of 33.8% respondents have studied their masters degree and 47.1% respondents were professional from different fields who have responded to this research.

Educational Background



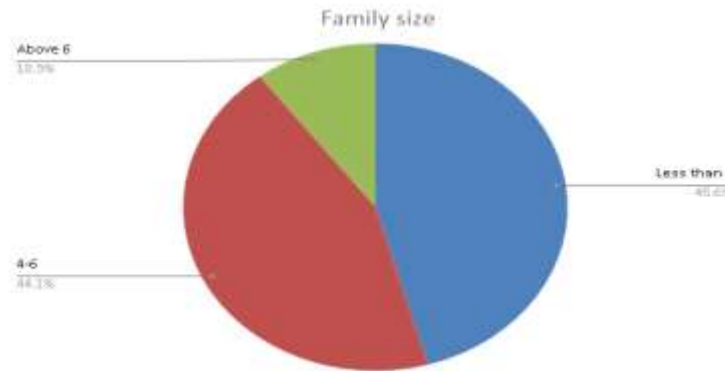
5. Occupation of the respondents who participated in the survey were, salaried respondents whose were maximum was 75%, respondents from Business field were 16.2%, Professionals were 5.9% and Housewives were 5.9%.

Occupation



6. The Family Size was studied to understand the respondents responsibility and dependence on family members like parents, while making financial decisions. There

were 45.6% respondents whose family members were less than 4, 44.1% respondents had 4-6 family members and 10.3% respondents had more than 6 family members in their family.



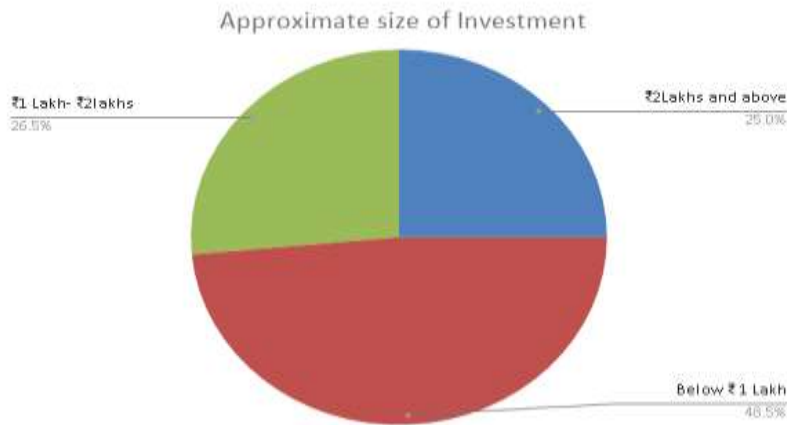
- The Number of Earning members also have an impact on investments, the respondents having 2 earning members is 47.1% , respondents with 1 earning member IS 29.95 and 25.0% respondents have 3 and above earning family members.



- The research also surveyed the type of investor the respondent is; 29.4% respondent are Hereditary Investor which means that his family is into Financial investments, and 70.6% respondents are of New Generation first investors from Gen Y.



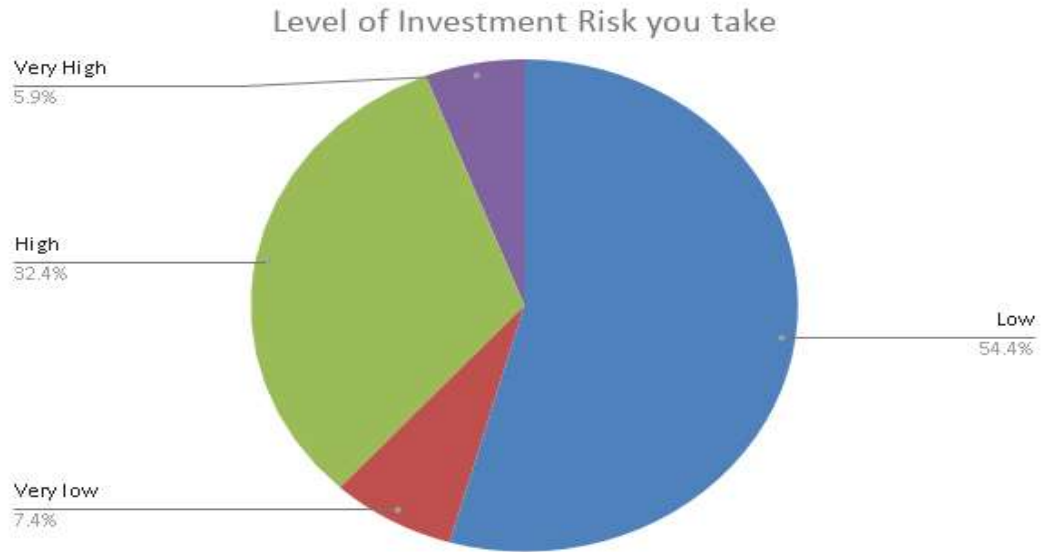
9. Size of Investment in terms of money is studied in this survey and it was found that the approximate amount of investment done by the respondents is 25% respondents have invested Rs.2 lakhs and above, 26.6% respondents have invested between Rs1 to 2 Lakhs and 48.5% respondents have invested less than 1lakh is financial investments. This means that there that the generation Y is not into major investments.



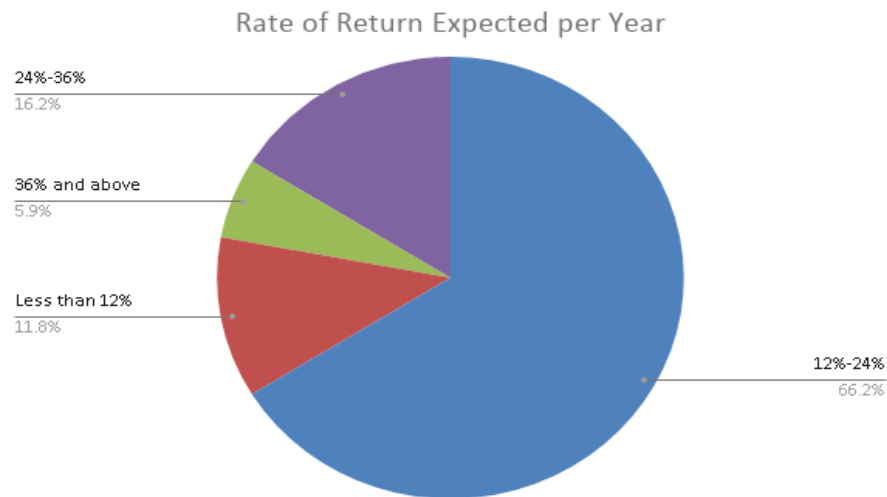
10. Level of investment Risk the respondents in this study would take for financial investment is:

Very High	5.9%
High	32.4%
Low	54.4%
Very Low	11.3%

Thus it is seen that maximum investment risk is not taken by the respondents from the response this may be due to various reasons and millennial mind sets towards financial investments, as discussed earlier in the research paper.



11. The Expected Rate of Return of the respondents from the Financial Investments is quite rational where 66.2% respondents expect 12-24% of Rate of Return, 16.2% respondents expect 24-36% rate of return on investment, 5.9% respondents expect 36% and above rate of return on investment and 11.8% respondents expect less than 12% investment return.



12. The types of Financial investments in financial instruments the respondents prefer to invest is given in the table below.

It is seen that most of them prefer to invest in Fixed Deposit, Gold and silver, Mutual Funds, Insurance policy, Provident Fund, Shares, Real Estate, National Savings Certificate, Debentures/Bonds, Stock Futures and Options.

Types of investment	Number of Respondents
Stock Futures and Options	7

Debentures/Bonds	10
National Savings Certificate	11
Real Estate	24
Shares	32
Provident Fund	35
Insurance Policies	37
Mutual Funds	38
Gold/Silver	42
Fixed Deposit	48

13. The influence of emotions to make financial investment decision seen as per the survey depends on factors mainly like Market mood ie. The market rate available at the point of investment for the financial instrument and the prospects of growth of the financial instrument the respondents would like to invest.

It is also seen that the respondents control their temptations by doing mental calculations based on trends and on their mood and according to their financial position the investment decisions are taken.

Influence of emotions on making financial investment	Number of Respondents
Investors mood	14
Market Mood	37
Prospect of financial instruments	37
Mental Accounting	13
Overcoming temptations to investments	10

Primary study

CONCLUSION

It tends to be reasoned that the gen Y financial specialists particular decisions on speculation roads are according to their data and eagerness to contribute and the dynamic cycle on different venture roads depend on their requirements as of now. The special decisions over the age gathering of the speculators is towards long haul made sure about reserve funds like fixed stores, Mutual supports stocks, Real home and Insurance areas and they contrast in the angles like financial exchanges, gold and silver ventures. The current investigation further presumes that the impression of request of ventures among the financial specialists is diverse towards public sparing authentication reserve funds among the different pay bunch levels of the speculators. Exact proof all things being equal, doesn't widely uphold these. There exists contradicting composing which recommends that budgetary masters are undependable from the effects of the notable contributing society. There were differed practices on money related execution of individual speculators with certain financial specialists displaying sane conduct in their negligence of central assessments and some nonsensical somewhat when considered from the sanity of others. Studies have indicated that the two people and institutional financial specialists are influenced by feelings and psychological impacts when settling on speculation choices yet not to the degree of demonstrating all the components and

how they influence venture choices. These are the holes which this exploration has attempted to examine. At last, the examination reasons that speculations by the financial specialists towards different venture roads were finished with the desire for capital gratefulness and income containing both present moment and long haul periods.

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