

The Influence of Demographic Factors Among Capital Market Investors

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Abstract:-This study is undertaken to analyse the participation of retail investors and their Correlation with demographic profile in capital market investments. Individual investors utilize the capital market to diversify their investment portfolios by investing in stocks, bonds, mutual funds, and derivatives. The objective of this research study is to examine the investment patterns and objectives of individual investors in Kerala, while also exploring potential variations based on demographic factors.

Keywords:-Capital market, individual investors.

I. INTRODUCTION

The participation of individual investors in the capital market of Kerala has significantly increased in recent years. The accessibility and advancements in technology have played a key role in this trend. Individual investors from various backgrounds can now easily access and engage in the capital market through online trading platforms. This has opened up opportunities for retail investors, including small business owners, professionals, and individuals from rural areas, to contribute to the state's economic growth. In Kerala, individual investors utilize the capital market to diversify their investment portfolios by investing in stocks, bonds, mutual funds, and derivatives. This enables them to manage risk and potentially increase their returns. As financial inclusion expands, it paves the way for a more inclusive and prosperous economic future for the people of Kerala.

The objective of this research study is to examine the investment patterns and objectives of individual investors in Kerala, while also exploring potential variations based on demographic factors. Investment decisions are viewed as a continuous process influenced by the interaction between investors and the investment environment. These decisions are shaped by both cognitive and emotional factors. The research aims to study the individual differences among retail investors in terms of socio-demographic factors, financial knowledge, and awareness.

II. LITERATURE REVIEW

Numerous studies have been conducted to examine the relationship between demographics and investor behavior, and the findings consistently show that demographic characteristics can influence risk preferences and investment decisions.

Research findings consistently indicate a clear correlation between demographic factors and the levels of risk tolerance among investors. Moreover, the study highlights substantial disparities in the trading behavior

exhibited by respondents, which can be attributed to various demographic factors (Ramya & Bhuvaneshwari, 2017). There is a substantial disparity between males and females concerning their fear of loss in adverse situations or market trends. Findings suggest that males and females may exhibit distinct responses and behaviors in the face of market fluctuations or unfavorable conditions. (Ahmed, M. K. 2017).

Findings indicate that the surveyed participants consider various factors when setting their saving objectives, including the factors that influence their savings decisions and the sources of information they rely on for making those decisions. Notably, respondents place significant importance on their annual income and annual saving as crucial factors to consider when determining their savings goals (Thomas, P. G. 2013) The confidence level of investors has been positively influenced by three key factors: service, regulations, and safety. These factors have played a significant role in instilling trust and assurance among investors (Bhoopal, M., & Prabakaran, G.2015) The primary objective of all investors in the stock market is to achieve high returns on their investments. They prioritize the stock market as their preferred investment avenue over alternatives such as bank deposits, real estate, and mutual funds. (Ahmed, K. 2017) The findings of the structural analysis indicate that an individual investor's trading behavior significantly influences their trading success. This suggests that the way investors engage in trading activities, including their decision-making processes, risk management strategies, and trading patterns, plays a crucial role in determining their overall trading outcomes. (Deepika, S. R., & Sudhamathi, R. K. 2021).

III. OBJECTIVES OF THE STUDY

- To study the Purpose and Pattern of individual investors
- To study the influence of demographics in investment decisions.

IV. RESEARCH METHODOLOGY

The source of data would be primary and secondary. The primary data for this study was obtained by administering a well-structured questionnaire to the participants. To ensure a comprehensive understanding of the topic, the survey was conducted among a sizable sample of 118 respondents, enabling a robust analysis of the collected data. In order to gather the necessary information, a convenient sampling method was employed, ensuring that the data collection process was practical and efficient.

To complement the primary data, secondary data was collected from a diverse range of sources such as newspapers, magazines, and other relevant publications. The data and information collected will be classified, tabulated and processed in a systematic manner. Statistical tool correlation had used for a clear interpretation and presentation of the findings. This research specifically targeted retail investors who are associated with various broking and sub-broking firms that have a notable presence with multiple branches located in the vibrant city of Ernakulam.

V. RESEARCH HYPOTHESIS

- There is no Correlation between Age and Saving rate
- There is no Correlation between Occupation and saving rate
- There is no Correlation between Occupation and Purpose of Investment.

VI. RESULTS AND DISCUSSION

A. Correlation between Age and Percentage of Saving

The research investigates whether age plays a significant role in determining the level of saving among different age groups.

- H0: There is no Correlation between Age and Percentage of Saving
- H1: There is a Correlation between Age and Percentage of Saving

Table 1: Correlation analysis between Age and Percentage of saving

	r	p (2-tailed)
Age and Percentage of saving	0,27	,003

A Pearson correlation was performed to determine if there is a correlation between variables Age and Percentage of saving. There is a low, positive correlation between variables Age and Percentage of saving. with $r= 0,27$. Thus, there is a low, positive Correlation between Age and Percentage of saving in this sample.

B. Correlation between Occupation and percentage of saving

Saving money is a fundamental aspect of personal finance, contributing to financial stability and future security. The percentage of income saved varies among individuals based on various factors, including occupation. This study explores the correlation between occupation and the percentage of saving, aiming to identify any significant associations and shed light on how employment types influence saving habits.

- H0: There is no Correlation between Occupation and percentage of saving
- H1: There is a Correlation between Occupation and percentage of savings

Table 2: Correlation analysis Occupation and Percentage of saving

	r	p (2-tailed)
Occupation and Percentage of saving	0,11	,256

A Pearson correlation was performed to determine if there is a correlation between variables occupation and percentage of saving. There is a low, positive correlation between variables Occupation and percentage of saving with $r= 0,11$. Thus, there is a low, positive Correlation between Occupation and percentage of saving in this sample.

C. Correlation between Occupation and Purpose of investment

The purpose of investment may vary among individuals based on various factors, including occupation. This study explores the correlation between occupation and the purpose of investment, aiming to identify any significant associations and shed light on how employment types influence investment objectives.

- H0: There is no Correlation between Occupation and Purpose of investment
- H1: There is a Correlation between Occupation and Purpose of investment

Table 3: Correlation analysis Occupation and Percentage of saving

	r	p (2-tailed)
Occupation and Purpose of investment	-0,17	,066

A Spearman correlation was performed to determine if there is a correlation between variables Occupation and Purpose of investment. There is a low, negative correlation between variables Occupation and Purpose of investment with $r = -0.17$. Thus, there is a low, negative Correlation between Occupation and Purpose of investment in this sample.

VII. CONCLUSION

The study made an analysis on the influence of demographic factors on capital market investment behavior of the individual investors. It is concluded that the demographic factors has low positive influence on the purpose and saving pattern of the investors.

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