

## A STUDY ON THE INFLUENCE OF FINANCIAL KNOWLEDGE, AGE, AND INCOME ON INVESTMENT DECISIONS OF INVESTORS IN PUNE CITY

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### Abstract

Investment is the most important step in the journey of financial planning. The current study tries to find out the influence of financial knowledge, income, and age in decision investment making, for this research, takes a sample size is 170 from Pune, Maharashtra. While making investment decisions investors probably take decisions rationally because various factors influence them. investor took a decision based on available information, investment skills, discussion with friends, and family members, ongoing economic situations, and as per financial advisors' recommendations. This research paper tries to find out how income, financial knowledge, and age influence investment decisions. This research was done by using the quantitative descriptive research method. The data source used is primary data collected and processed by the researcher. For this research researched the use of snowball sample techniques because the population is completely unknown.

**Keywords:** Investment, financial knowledge, financial literacy, investment decisions.

### Introduction

Financial knowledge deals with the ability to understand the financial alternative.

Investment decision deal with where and how to park our savings for a positive future outcome. Financial behaviors depend upon financial knowledge, age, and income, many individuals are not able to save because they come under the first two categories of financial behaviors incomes are equal to expenditures show results is no saving, second category of individuals who need to take a loan for spendings so the equation for these individuals is income minus expenses is equal to loan, 3rd category of behavior who try to save first so equation for these people will be income minus saving is equal to expenditures, and 4th criteria of financial behaviors income minus investment is equal to spending so these types of people usually use investment return for spending and increasing their investment day by day so the conclusion is that income it's not important but how we behave with the income is much more important.

Everyone wants to earn more by keeping a side part of earnings as saving into various investment avenues to beat at least inflation and get returns over & above the inflation rate there are various investment avenues available situation current data but while making investments in individuals or institutes.

### Conceptual review:

For everyone to avoid money-related issues, financial literacy is a necessity. Employees that are financially literate are better able to develop sound financial habits and deal with any situations that may arise, especially those involving money. "Financial literacy is knowledge and understanding of financial concepts and risks, as well as the skills, motivation, and confidence to apply such knowledge

and understanding to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life," according to Lusardi and Mitchell. It is crucial to have the capacity to manage regular money transaction and appreciate basic financial concepts. Hence, in order to be able to take prudent financial choices, a person should be equipped with superior financial understanding as well as mindset.

In accordance with the Edmiston and Fisher analysis, consumers frequently make poor financial decisions because they lack knowledge on how to do so, may not appreciate the value of preparing ahead, and may fail to recognise the potential trouble they may create themselves.

The survey also showed a connection between financial literacy, financial awareness, and financial conduct.

According to the research of Robb and Woodyard, both objective and subjective financial information affect financial behaviour, with subjective knowledge having a greater relative influence.

### **Financial behavior:**

A person's financial conduct is an important component of their existence. It describes how anyone handles their finances, makes economic choices, and resolves money difficulties. A person's financial conduct is influenced by a variety of elements, including their family, culture, personality, education, degree of income, and personal experiences. Certain people have common financial habits, and these habits have an effect on their finances.

A person's financial conduct is an important component of their existence. Long-term financial stability and security can be attained through adopting healthy financial habits including budgeting, saving, debt management, investing, and refraining from impulsive purchases.

People may take charge of their finances and make decisions that are in line with their financial objectives by comprehending and putting these habits into practise. financial knowledge

### **Financial attitude**

Individuals should invest in order to accumulate money over time. Investing is purchasing assets such as stocks, bonds, mutual funds, or real estate in order to generate returns such as capital gains, dividends, or interest. Those who invest must be intelligent, patient, and disciplined. It assists individuals in accumulating long-term wealth and achieving financial independence.

### **Spending on the spur of the moment**

Individuals should avoid impulse spending, which is a common financial behaviour. It entails making unplanned purchases without considering the financial consequences. Overspending, debt, and financial stress can all result from impulsive spending. As a result, individuals should exercise self-control and discipline when it comes to spending and make deliberate decisions that align with their financial goals.

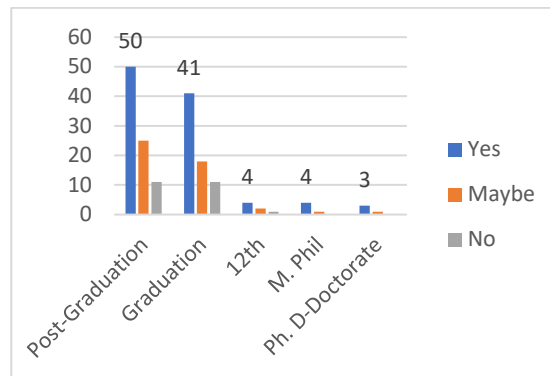
### **Hypothesis:**

**H1 - The decision to invest is significantly influenced by knowledge.**

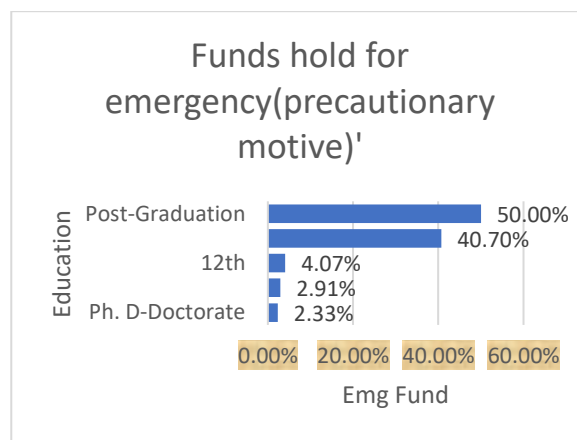
**H2 - Investment decisions are influenced in a negative but not significant way by financial attitude.**

**H3 - Investment decisions are significantly influenced by financial competence.**

### **Data Interpretation: -**

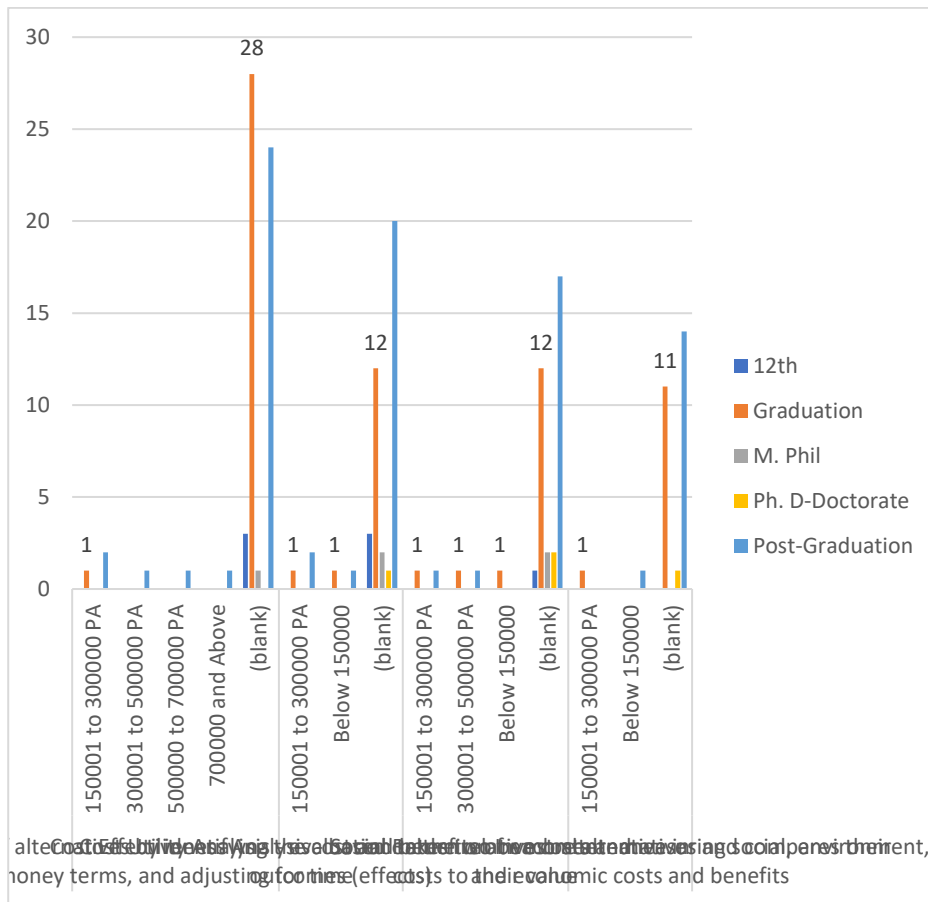


From the above data, it is interpreted that more than 50% of the postgraduate people discuss financial issues whereas Ph.D. and doctorate stand somewhere between 0 - 10%

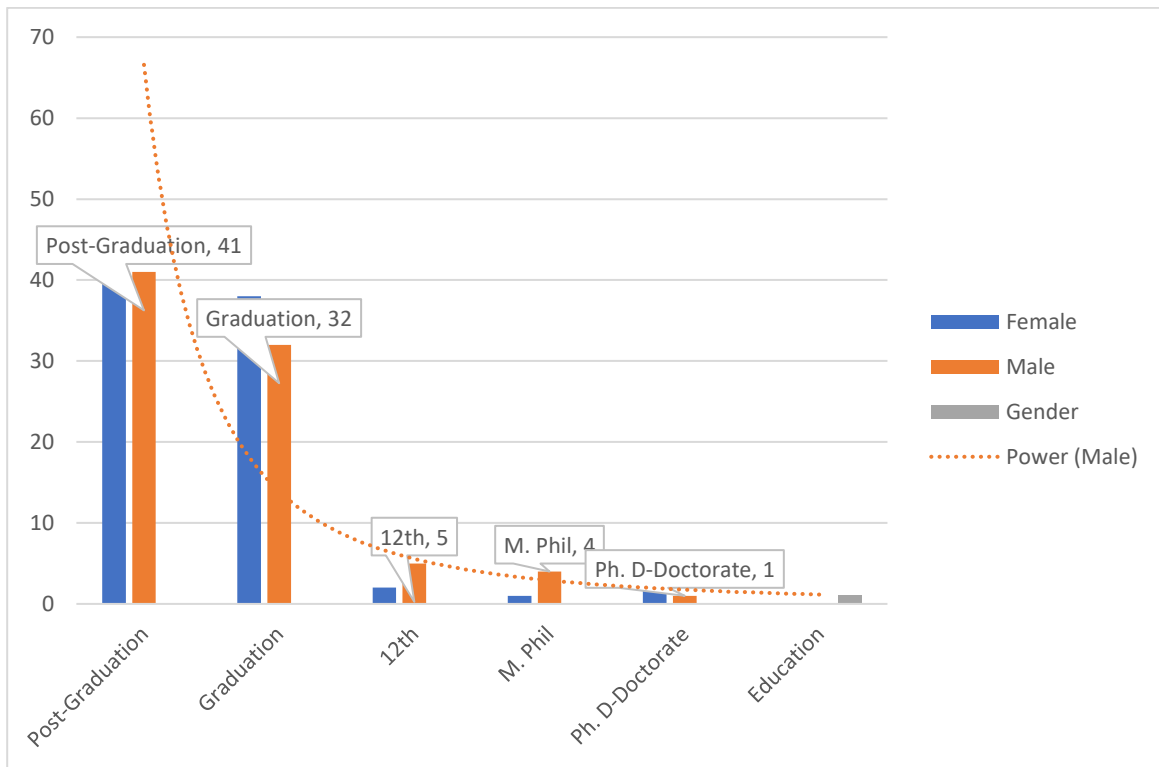


It is observed that 50% of the postgraduates aspirants hold funds for emergencies.

**Evaluation of spending**

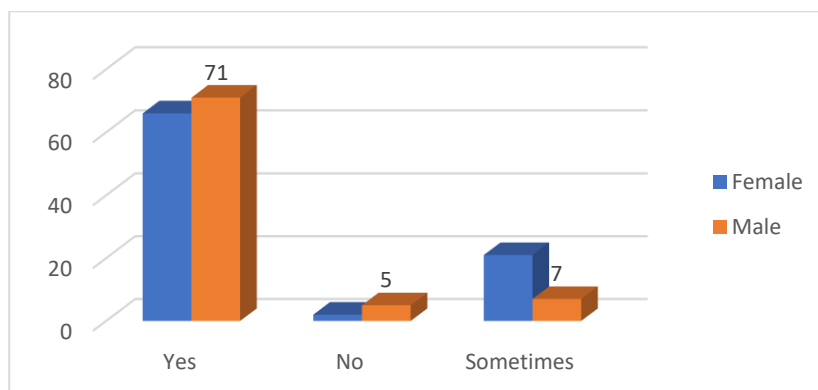


Plan for long-term financial goals such as retirement			
Education	Female	Male	Grand Total
Post-Graduation	45	41	86
Graduation	38	32	70
12th	2	5	7
M. Phil	1	4	5
Ph. D-Doctorate	3	1	4
Grand Total	89	83	173



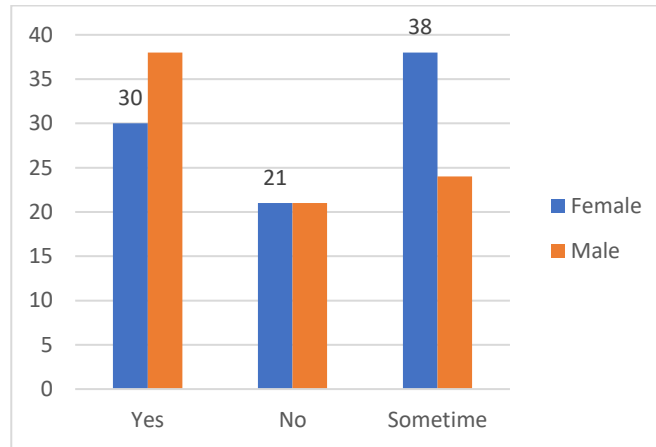
It is observed that on the basis of education postgraduate females are more concerned about investing in long term retirement goals.

Gather information before deciding to buy	Gender		
Do you gather information before deciding to buy	Female	Male	Grand Total
Yes	66	71	137
No	2	5	7
Sometimes	21	7	28
Grand Total	89	83	172



It is interpreted that 71% males do proper investigation before buying any financial investments whereas else 66% of female do proper investigation of financial investments

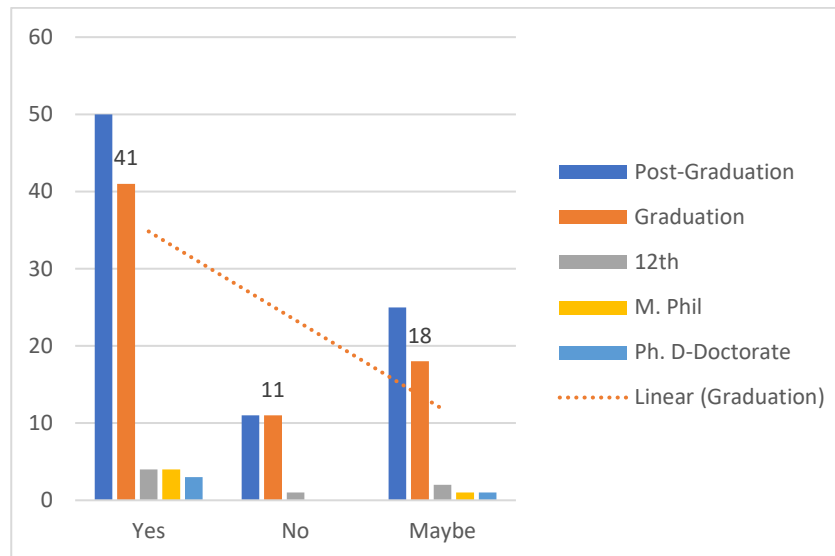
Evaluation of debt on a regular basis	Gender		
	Female	Male	Grand Total
Yes	30	38	68
No	21	21	42
Sometime	38	24	62
Grand Total	89	83	172



It is observed that 38% of the male are concerned about evaluating their debt while 30% of the female are concerned about evaluating their debt and 38% female are not bothered (Sometimes) about their debts.

Discuss financial issues						
	Post-Graduation	Graduation	12th	M. Phil	Ph. D-Doctorate	Grand Total
Yes	50	41	4	4	3	102
No	11	11	1			23
Maybe	25	18	2	1	1	47
Grand Total	86	70	7	5	4	172

From above data it is interpreted that 50 respondent among post-graduate people who invest in financial discuss whereas 41 graduates discuss the issues with Peers.



**Conclusion:**

The goal of this study is to examine how financial literacy affects individual investors' investing choices. The focus of this study is on how financial literacy affects investing choices. In this study, three factors are considered: the independent variables, attitude, knowledge, and skills; and the dependent variable, investment decisions. The study's conclusions demonstrate the value of accepting and applying financial literacy to decision-making.

The study examined the impact of financial management knowledge, abilities, and attitude on investment choice through the use of four research questions.

The survey also shows that there are statistically significant variations between the degree of financial literacy and age, average monthly income, job experience, and years spent engaging in investing activities. The survey also shows that there is no statistically significant difference in the degree of financial literacy between various categories of individual investors' gender, marital status, and educational background. Also, the survey shows that rather than stocks and bonds, ordinary investors are considerably more comfortable with bank savings and insurance. The fact that investors in the research are unaware of mutual funds and unit trusts shows that there is room for improvement in terms of investor education and understanding of financial products.

The key to making logical financial decisions, ensuring overall financial welfare, and navigating through the hardest financial circumstances is financial literacy. This is due to the fact that investors who are financially literate are more likely to comprehend and make judgements that would enable them to avoid certain egregious mistakes, reduce their losses, and make the best financial decisions, so increasing their financial well-being.

In order to boost operational and future investment decision-making and to obtain a greater return, investors work to improve their knowledge and behaviour. To improve investors' financial literacy and encourage them to invest their money efficiently and effectively, the government, policymakers, and financial institutions should offer financial education programmes in a clear way .

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