INVESTORS BEHAVIOR TOWARDS BANK DEPOSITS IN THE PRESENT ECONOMIC CONDITION OF INDIA

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Abstract

Saving plays a vital role of every human being. Investors invested their surplus money in various investment schemes depending on their risk taking ability and expected return. The aim of this to research evaluates the investor behavior towards a bank deposit in the present circumstances. The researcher framing the object of this research, 1. To study the factors influencing investor behavior towards Bank Deposits. 2. To estimate the influence of demographic variables on investor behavior towards Bank Deposits. The researcher, distributed 750 questionnaires in the entire Chennai city segregated with 15 zones and collected and usable 651 valid questionnaire for this research.

Key words: Bank Deposit, Investor Behavior, Investment Avenues, Demographic variables, Risk, Return on investment.

1. Introduction

The primary aim of this research to evaluate, the investor behavior towards a bank deposit in the present economic circumstance. After the demonetization, Indian investor changed their behavior towards bank deposit due to continuous amendment made by the government in the Banking Regulations Act.

1.1.Savings

Savings is a significant role of human life, which will help with human certain extra-ordinary family situation. Savings are invested in various ways to the masses to make their money.

1.2. Investor

An investor is an any individual who invests the portion of their earnings in the view of periodical financial returns or wealth maximization. Mostly the Investor interested to invest money for long term tenure and to expect to earn periodical returns after the stage of retirement in the view of old age financial support.

1.3.Investment

An investment is an item acquired with the intention of generating income or wealth maximization. In a financial sense, an investor, invested in financial assets, securities, deposits to increase of their future financial strength.

1.3 Bank Deposit

Bank deposit is the deposit of saving money into the banks under various schemes of deposits offered banking by banking companies to the investor / customer. Such as Fixed Deposit, Recurring Deposit, and saving Deposit, controlling bills and money market bills.

2. Review of Literature:

Investors seeking fruitful earnings from their investment in land and precious metals like gold, but they give higher priority to invest their savings money in the risk free financial securities, like various schemes of bank deposits and insurance. (Narayanan Bhaskaran, Suriyamurthi-2012)

The most of the rural investors have more trust in the products and services provided by the government banks. The investors interested in investing in bank deposit, bonds and Posta deposit schemes, which was popular and trustworthy in the minds of rural investors. And then they prefer to invest in gold and jewelry and land properties (Muralidhar Ananda Lokhande – 2015)

In India, Investment companies frequently bring in new types of investment schemes in an effort to increase to invest investor's surplus funds. A high income investor believes in high risk tolerance in comparing with the lower income investor (Hemantkumar. P Bulsara- 2015)

An investor interested to high safety and return of their investment. The households prefer bank deposits and post office scheme than shares and mutual funds. Many investors have invested in Insurance investment schemes and Chits. (Selvakumar. M and Manicka Mahesh.N-2015)

There is tremendous change in the field of investment because, large number of financial institutions established, offered a handsome return on the investment, excellent capital appreciation and tax exemption. Demographic factors of the investor played a major role in the investment decision. (Geethaa S N and Vimala. K – 2014)

An investor willing to place in various investment schemes with the prospect of capital appreciation and profit. The basic idea behind investment of investors is to utilize the surplus

money in growth plans which will give high returns without high risk (Velmurugan. G, Selvam.. Abdul Nazar. N- 2015)

The Income class investor is giving high priority to children's education and unforeseen future needs. They are interested to buy gold ornaments. They are not interested to take high risk on their investments, which will affect the share market due to high risk. Investors are not attracted on tax concessions offered by the government on any investment proposal, which will not attract investor's investment policy (Megha Goyal, Dr. Anukrati Sharma- 2014)

Wealth maximization, affords, risk bearing and awareness are the main factors for investment among Government employee's investment decision. The Investors also need to diversify their investment in different avenues by developing a range of investments to reduce the risks and maximize returns (Lekshmi S. R. Ganapathi. R- 2015)

The Investor must be considered following factors before making Investment such as income level, previous investment experiences, Opinion's of field expert and other investors, financial stability, low risks and other alternative investment plans (Mehmet Islamoğlu- 2015)

The rural investors are not adequate knowledge about the benefits of investment. To create awareness about the saving habits & to educate them to chances of various investment schemes and its benefits to rural peoples. (Abhaykumar Gasti-2017)

The investors are normal humans, they have a mind as well as spirit. They have greed, frustration, anger and they induce a brain to count and take consideration of all of these behavioral sentiments as well as certain important rational attributes in terms of risk-tolerance. (Mohamed d. Al Mamuna, Md. Abu Syeed b, Farida Yasmeen b- 2015)

The banking sector to initiate an effort to resolve high cost challenges to adhere to reducing the malpractice and indiscipline, falsification of records, deliberate mis- classification of loans, provisions and control overrides to imprudent lending practices. (Sanderson Abel, Pierre Le Roux- 2016)

Financial service sector, offering a huge scope of investment product in the investment avenues which influenced in an investment decision making by investors. Investor considered before deciding investment proposal, risk bearing ability, liquidity, past experience, return on investment and investors economics condition (Jain Priyanka and Tripathi L.K. – 2019)

Working women highly aware about risk and return on investment, they expected to invest their part of their earned money in a safer zone of investment with reasonable yields. They believe bank deposit is extremely secure - Sanjeevni Gangwani and Haya Ali Al Mazyad – 2020

3. Research Gap

After reviewing the national and International literature, performing to investor behavior, the researcher identified two predominant gaps. Namely, 1. Is there any direct relationship behavior between Investor and Bank deposit. 2. Are the demographic variable playing an important role in determining the behavior of investor. In order to answer these two predominant gaps, the researcher intended to venture the research on investor behavior.

4. Objectives of the study

1. To study the factors influencing investor behavior towards Bank Deposits.
2. To estimate the influence of demographic variables on investor behavior towards Bank Deposits.

5. Hypothesis

1. There is no significant influence on income of investors on the behavior towards bank deposit
2. There is no significant influence of number of dependant on investor behavior towards bank deposit

6. Research Methodology

This research is completely based on individual / investor perception and psychological notions of investors who have a bank deposit. Their perception, attitude, and psychological notion are determined / obtained through a structured questionnaire.

The questionnaire consists three parts, namely demographic details of investors, bank deposits detail of investors and investment behavior of the investor. The 1st two sections are made up of optional type questions and the 3rd part is completely composed of Likert5 point scale with range starts from strongly agree to strongly disagree.

7. Data Collection

At the initial stage of the research, the researcher conducted a pre - test followed by the pilot study. Pre- Testing is done through the interaction with dynamic investors, investment agents and some SEBI officials. During the pre-testing, the researcher refined the questionnaire and some correlation were made.

It is followed by the pilot study to check the reliability and validity of the questionnaire. The reliability is done through crown batch alpha method and the value obtained 0.805 for the statement is Lickert5 point scale.

The validity is done through Explorative factor analysis followed by confirmatory factor analysis especially for factors grouping. At this stage also some statement less variable loading was estimated to frame the final and ultimate questionnaire for the present study.

The researcher obtained space all the 15 zones of the Chennai city to give the coverage of complete geographical areas of the entire Chennai City. The Researcher circulated 50 questionnaires distributed in the all the 15 zones and able to obtain 651 responses. Hence, the researcher's sample size is 651.

8. Data Analysis

After collecting all the 651 responses from the bank depositor, they are systematically coded on the SPSS package with version 23. After entering the data, we analyze through exploratory factor analysis, confirmatory factor analysis, Linear multiple regression analysis and one way correlation of variance.

9. Analysis and Discussion

The Researcher framed 25 statements in Lickert5 point scale to identify the behavior of investor towards Bank deposit. The main aim of factor analysis, which identified the underlined structure prevailing among 25 variables considered for the research. The result of measurement of underlined structured is denoted

Table 1. Measurement of normal distribution of the variable

K M O S A	.677
Normal Distribution determination	3863.963
Degrees of freedom	300
Sig.	.000

A structural inference value .677 and Normal distribution determination statistics 3863.963 are playing the very important vital role in the verification of normal distribution of the variable

encountered in the research. The results are 25 variables are normally distributed and more suitable and the most appropriate for the data reduction process. The following table indicates that the 25 variables reduced in the 4 predominant factors are as shown bellow

TABLE: 2. Number of factors.

No of variables	Determination for factors			Final variance computed		
	Total	Variance for variable	Addition of variance	Total	Variance for variable	Addition of variance
1	4.157	16.628	16.628	2.749	10.996	10.996
2	2.354	9.414	26.042	2.635	10.542	21.538
3	1.838	7.352	33.394	2.433	9.731	31.269
4	1.738	6.953	40.347	2.270	9.078	40.347
5	1.451	5.806	46.153			
6	1.363	5.451	51.604			
7	1.254	5.016	56.619			
8	1.185	4.739	61.359			
9	.955	3.819	65.177			
10	.931	3.724	68.901			
11	.865	3.461	72.362			
12	.763	3.052	75.413			
13	.739	2.954	78.368			
14	.648	2.594	80.961			
15	.602	2.406	83.368			
16	.560	2.239	85.606			
17	.551	2.205	87.811			
18	.483	1.931	89.742			
19	.464	1.855	91.597			
20	.435	1.740	93.337			
21	.414	1.657	94.994			
22	.373	1.491	96.485			
23	.325	1.299	97.784			
24	.291	1.165	98.949			

25	.263	1.051	100.000			

The variance determination achieved by factor analysis of the underlined structure is very transparent in revealing the factors. From the above table, it can be also incurred that they have high variance and factor segmentation are clearly presented below

Table 3 Determination of underlined structure of investor behavior

	Component			
	1	2	3	4
IB9	.636			
IB10	.622			
IB6	.613			
IB8	.503			
IB11	.457			
IB7	.413			
IB7	.400			
IB13		.673		
IB1		.672		
IB15		.620		
IB14		.588		
IB12		.501		
IB2		.470		
IB1		.440		
IB5			.700	
IB4			.577	
IB5			.554	
IB4			.546	
IB6			.520	
IB2			.508	
IB3			.466	
IB10				.651
IB9				.602

IB8				.530
IB3				.489

The above table, it can be ascertained that, four factors are segmented and they are loaded the sufficient number of variables as shown in the table. The 4 factors are Investor awareness, Investor preference, Investment decision and Investor satisfaction. This implies that the investor behaviors towards a bank deposit can be easily classified into 4 behavioral factors.

Now the factors can be considered dependent variables and independent demographic variables are taken up independent variables, in this scenario the researcher applied linear multiple regression analysis on independent demographic variables of the four dependent factors investor awareness, investor preferences, investors decision making and investor satisfaction. This is clearly shown in the table 4.

Table 4 Variance measurement

Mode l	COR SQRT	CORE	Difference in CORE.	SE ET
1	.259[a]	.670	.050	.40835

The correlation value obtained through regression analysis is able to predict the relationship that exists between investor behaviors. The demography value of the investor the correlation is very much high is 670, it is more than the regression value of 0.3 decides the correlation is important to drive the discretion of the relationship between the behavior of demographic background.

Table 5 ANOVA[a]

Type	S O SQ	Degrees of freedom	MN SQ	F	Sig.
Computed Co efficient	7.326	11	.666	3.994	.000[b]
Residual	101.549	609	.167		
Total	108.876	620			

The fisher value obtained clearly proved the influence of demographic variable in changing the investment behavior, it is further proved that the demographic Variable are influencing, the behavior factors are influenced by the background of investment, but the investment influences can be estimated through the following table.

Table 6 Influence of demographic variables

Type	USCE		SD CS	Computed t	Sig.
	B	SD. ER	Final Co efficient		
(RES)	3.705	.150		24.699	.000
DV M1	.040	.032	.051	1.245	.214
DVM2	.002	.016	.006	.109	.913
DV M3	-.040	.046	-.036	-.869	.385
DV M4	-.021	.019	-.045	-1.077	.282
DV M5	-.020	.012	-.078	-1.632	.103
DV M6	-.010	.015	-.030	-.662	.508
DV M7	.015	.039	.018	.386	.700
DV M8	.059	.013	.183	4.409	.000
DV M9	.016	.010	.067	1.631	.103
DV M10	-.023	.011	-.086	-2.108	.035
DVM11	-.027	.011	-.114	-2.478	.013

With the help of above table, it can be ascertained that the investor behavior and values are statistically significant for the demographic variables age, gender, educational qualification, occupation and incomes of the investor. This shows that the bank deposit can be chosen by the investor's different demographic background.

10. Findings

The Researcher finds that there is a depth relationship between income, number of dependant on the family and an investor of the bank deposit. There is a direct correlation between income and bank deposits. There is a negative correlation between number of dependant in the family and

bank deposits. It implies that the income increase the bank deposit also increased were as when a number of family members are increases then the bank deposit are decreased. The investor behavior's towards a bank deposit is always sequential and it followed a sequence of investor behavior, Investors preference and investment decision, the satisfaction level of the investors towards bank deposit.

11. Conclusion

It is concluded that the investors moderately prepared the bank deposits and able to obtain the moderately satisfaction. The investors pertained / perceived that the Bank deposit once coupled with satisfaction and security of the investment.

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