



ANALYTICAL STUDY ON THE ROLE OF FINANCIAL EXPERTISE IN THE INVESTMENT BEHAVIOUR OF WOMEN IN MUMBAI CITY

¹Dr. Kavita Kalkoti, ²Charmi Shah, ³Dr. Hanif Kanjer

¹Asso. Prof, Research Guide, Nagindas Khandwala College of Commerce, Arts and Management

²Research Scholar, Nagindas Khandwala College of Commerce, Arts and Management

³Dean, Rustomjee Business School

Abstract: The purpose of the survey was to analyze the role of Financial Expertise in the Investment Behaviour. Financial Expertise is a profession whereby an expert mentor an individual based on their needs, goals, financial situation and risk appetite. Investment Behaviour is perceived as the attitude of the investor towards various different ventures before investing. Investment Behaviour can be influenced by many demographic and behavioural factors. This paper attempts to study the Influence of such factors for an individual who seeks financial expertise either from relatives or an expert. The study was conducted in the city of Mumbai through online Questionnaires. Data gathered was analyzed using Excel based statistical tests.

Index Terms - Investment, Investment Behaviour, Financial Expertise

I. INTRODUCTION

Investing is the activity of channelizing the money in different ventures (Business, Share Markets, Projects, Properties, commodities, bank FDs etc.), in order to earn a supplementary and an additive income or profit. It can also refer to the temporal length which is put into the analyzing of a venture before investing in it. But, investing is not just about penetrating for different ventures to multiply your capital, it is also about how it has to be administered and maintained. While managing the investment, the behaviour of investors plays a very important role. Investment Behaviour is nothing but how the investors sees, analyses, anticipate and process the information for making the decisions which includes, investors attitude, reach and interpreting skills regarding the said information. For most of the Individuals, the reach to information and analyzing the same is a bit problematic effort. The solution to this is the Financial Expertise. Financial Expertise is a profession where an expert guides, advices to manage the capital to be invested in different endeavors with a view to maximize their wealth. Financial Expertise is viz-a-viz the goals and objectives, risk appetite, current financial situation and other related factors. The role of Financial Expertise can be vital in the investment behaviour to be financially robust. It helps an individual/investor to boost their performance by perceiving their biases and inaccurate judgments and start making investment. A financial expert for an individual can be Parents, Siblings, Chartered Accountants, Financial Advisors or Self.

II. RESEARCH OBJECTIVE

The primary objective of this study was to understand the role of Financial Expertise in the Investment Behaviour.

Proposed Hypothesis was as follows:

H1: Less than 48% of respondents who takes financial expertise from relatives prefer long term investments.

H2: The average age of respondents who prefer short term investments is less than 30 years.

H3: The savings limited to bank deposits and yearly tax savings of respondents seeking financial expertise, is not independent of occupation.

III. LITERATURE REVIEW

A study conducted by Ms. Singh and Ms. Kaur, (2018) researched the investment pattern and Gender Difference in Investment Behaviour of the Residents in Mohali. The paper analyzed that most of the people preferred long term investment in Fixed Deposits and conventional investments, thus wishes to have low risk investment. They also analyzed that female are less confident than male about their financial futures.

Baker, H. Kent and Ricciardi, Victor,(2015) Understanding Behavioral Aspects of Financial Planning and Investing. Understanding fundamental human tendencies can help financial planners and advisers recognize behaviors that may interfere with their clients achieving their long-term goals. People typically do not have investment problems; instead, investments have people problems. Although individuals cannot prevent all behavioral biases, investment professionals can advise clients how to reduce their influence during the financial planning process. This requires gaining an understanding of the clients' psychological biases, resisting the inclination to engage in such investor behaviors, and establishing and implementing disciplined investment strategies and trading rules. An important strategy is to invest for the long-term, identify the client's level of risk tolerance and risk perception, determine an appropriate asset allocation strategy, and rebalance the client's portfolio on a yearly basis.

A study conducted by Dr. Samudra and Dr. Bhurgate, (2012), identified the preference of the instruments and investments patterns, goals of investment of the middle income class households and also analyzed whether there has been any increase in their savings and the reasons for the same. They found that the investment habits of the selected households were not for long term or to build a financial corpus. The study results also brought out that all the respondents favoured bank deposits as preferred instruments of investment.

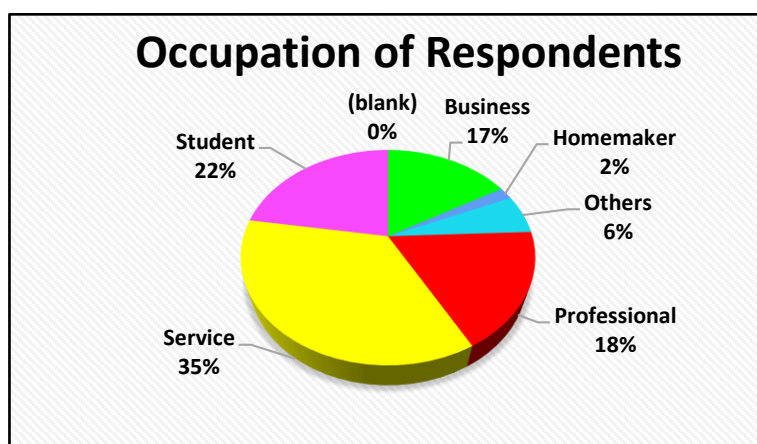
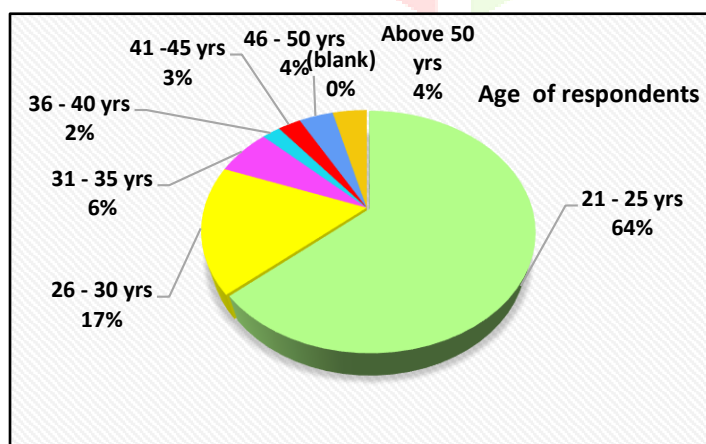
A study conducted by Dr. Achar, (2012), investigated the savings and investment behaviour of teachers. The study found that in all the different categories, the motives of savings and investments were assured returns, freedom from risk and tax benefits. The researchers analyzed that the major consulting sources come out to be relatives. It was worth noting that the Financial Consultants and the print media were not very significant. The Research also proposed that except occupation, all other demographic factors were related to saving and investment behaviour.

A study conducted by Mr. Vijaykumar and Mr. Daniels, (2006), researched the role of Financial Advisors in the market of Municipal Bonds. They investigated the benefits to investors arising out of the role of financial advisors. Their results show significant advantages to using a financial advisor for more complex issues. Their results were consistent with the interpretation that financial advisors provide vital and effective services resulting in reduction of information asymmetry to investors.

A study conducted by Forbes, Leonard and Johnson, (1992) on the role of Financial advisors in the Negotiated Sale of Tax exempt securities indicated that there is no confirmation that advisor approval diminishes reoffer yields; advisor managing activities are shown to curtail the costs of underwriting.

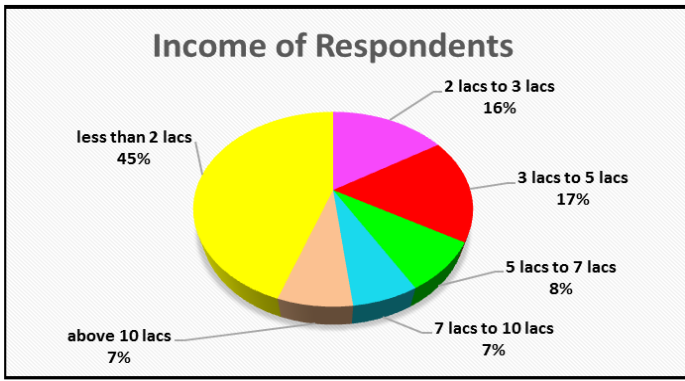
IV. RESEARCH METHODOLOGY

The methodology adopted was Survey method for the research in accordance with the objectives of study. Based on this, the researcher formulated questionnaires for investors to analyze the role of Financial Expertise in Investment Behaviour. The study is based on 375 respondents which represent the sample of the population. Selection of sample units is free from biasness. The research includes different age groups, gender, occupation, income and other behavioural factors. Analyzing Technique used is: P- test, T-test and Chi – Squared Test are performed in Excel to test the hypothesis.



Most of the Respondents are of 21-25 years i.e. 65% of the total sample has their age between 21-25 years.

Most of the respondents, from total sample, have their occupation as service i.e. 35%.



Most of the respondents, from total sample, have their income as less than Rs 2, 00,000.

V. EXPERIMENT AND RESULT

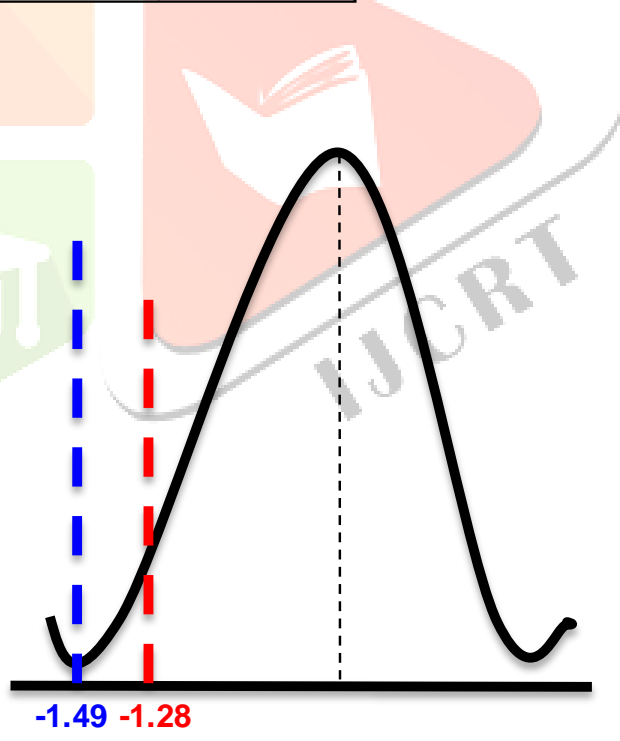
Hypothesis 1: Test of Proportions

Ho: More than 48% of respondents who takes Financial Expertise from Relatives prefers Long Term Investments.

Ha: Less than 48% of respondents who takes Financial Expertise from Relatives prefers Long Term Investments.

	Long term investment		
Financial Experts	Agree	Strongly agree	Grand Total
Parents	28	17	45
Siblings	5	1	6
Spouse	1	1	2
Grand Total	34	19	53

ANALYSIS	
N	Ho : $p \geq 48\%$
A	Ha : $p \leq 48\%$
T	Left Tail
T	p- test
A	10%
P	10%
C	Pc
O	(1.28)
X	53
N	128
P'	0.41
P	0.48
Q	0.52
P*Q	0.25
P'-P	-0.07
P*Q/N	0.0020
SQRT (P*Q/N)	0.044
P'-P	-0.07
SQRT (P*Q/N)	0.044
Pobs	(1.49)
P	0.93
A	0.1
D	Po > Pc REJECT THE NULL



Observations: We reject the NULL. This means that, less than 48% of respondents who takes Financial Expertise from Relatives prefer Long Term Investments. That means people do take advice for short term investments as well and may be they prefer short term investment over long term investment as most of the population covered under the survey is younger group, age between 21-25.

Insights: On part of individuals, not being a long term investor can be an unhealthy practice. It indicates that the capital will not remain for longer time in the market and is basically used for speculative purposes instead of investments. A Financial Expert can make the clients understand the benefits of long term investing.

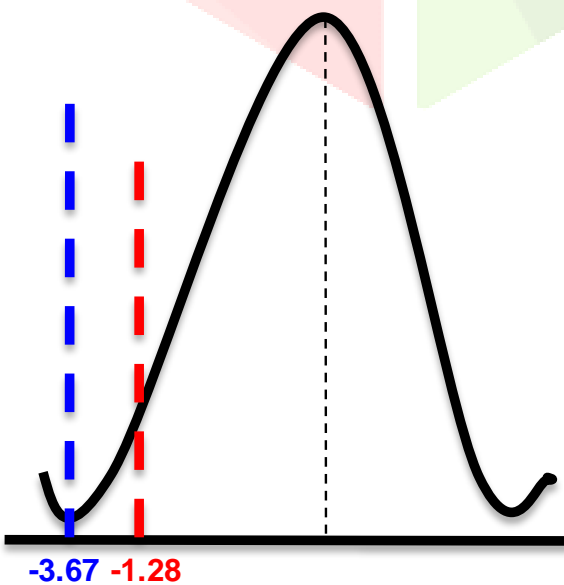
ANALYSIS	
N	Ho: $\mu > 30$
A	Ha: $\mu < 30$
T	left tail
T	t test
A	10%
P	10%
C	T critical -1.282
O	
x'	27.38
μ	30.00
s	8.09
sqrt (n)	11.31
$\frac{x' - \mu}{s/\sqrt{n}}$	-2.63
	t observed -3.67
A	10%
D	To > Tc REJECT THE NULL

Test of Means

Ho: The average age of respondents who prefer short term investments is more than 30 years.

Ha: The average age of respondents who prefer short term investments is less than 30 years.

Age Group	Short Term Investemnts		Frequency	Mid Point	M*F	M-X'	(M-X')^2	F*(M-X')^2
	Agree	Strongly agree						
21 - 25 yrs	62.00	22.00	84.00	23.00	1,932.00	(4.38)	19.14	1,607.81
26 - 30 yrs	17.00	6.00	23.00	28.00	644.00	0.63	0.39	8.98
31 - 35 yrs	3.00	1.00	4.00	33.00	132.00	5.63	31.64	126.56
36 - 40 yrs	1.00		1.00	38.00	38.00	10.63	112.89	112.89
41 -45 yrs	4.00		4.00	43.00	172.00	15.63	244.14	976.56
46 - 50 yrs	7.00		7.00	48.00	336.00	20.63	425.39	2,977.73
Above 50 yrs	5.00		5.00	50.00	250.00	22.63	511.89	2,559.45
Grand Total	99.00	29.00	128.00		3,504.00			8,370.00



Observations: We reject the NULL. This means that the average age of respondents who prefer short term investments is less than 30 years.

Insights: The respondents seeking Financial Expertise under the age of 30 have high risk appetite. Younger generation would want fast money with lower time span and blocking of the money for long run. Thus, they find opportunities where they can earn high income or profit in a short period of time.

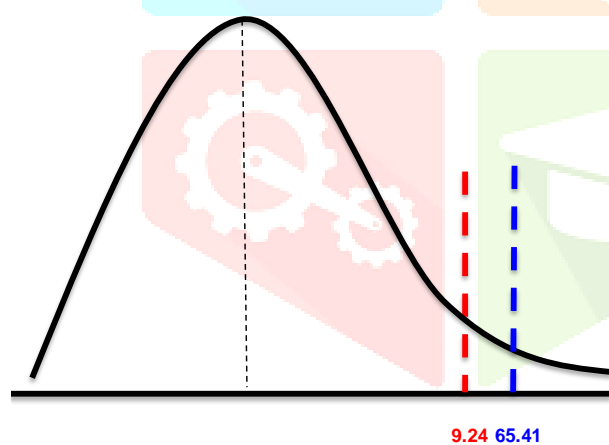
N	Ho
A	Ha
T	Right tail
T	Chi-squared Test
A	10%
P	10%
C	9.24
O	65.41
P	0.00
A	10%
D	$P < \alpha$ REJECT THE NULL
	$F_o > F_c$ REJECT THE NULL

Test of Independence

Ho: The savings limited to bank deposits and yearly tax savings of the respondents seeking financial expertise is independent of Occupation.

Ha: The savings limited to bank deposits and yearly tax savings of the respondents seeking financial expertise is NOT independent of Occupation.

	Bank Deposits and Yearly tax Savings							
Qualification	Agree	Strongly agree	Observed data	Expected Data	Fo-Fe	(Fo-Fe) ²	(Fo-Fe) ² /Fe	
Business	17	7	24	27	-3	9	0.33	
Homemaker	5	5	5	27	-22	484	17.93	
Others	7	2	9	27	-18	324	12.00	
Professional	18	9	27	27	0	0	0.00	
Service	44	8	52	27	25	625	23.15	
Student	37	8	45	27	18	324	12.00	
Grand Total	128	34	162	162			65.41	



Observation: We reject the NULL. This means that the savings limited to bank deposits and yearly tax savings is NOT independent of Occupation.

Insights: Keeping savings limited to bank deposits and yearly tax savings leads to the concentration of capital in one avenue. Respondents having occupation as service tends to be more conservative than self-employed respondents, limiting their savings to low risk investment. Financial Experts should guide the clients about the benefits of diversification and minimization of risk. Also help them out understanding the benefit of tax saving instruments. This also brings highlight to the occupation of an individual as investment avenues do change based on it.

VI.CONCLUSION

This study was conducted to highlight the role of Financial Expertise in the investment behaviour and the influence of various demographic and behavioural factors on the investment done through a financial expert who can be either self, relatives or an expert holding a license. We observed that the investments done through financial expertise are dependent on occupation of respondents whether it is a service or a self-employment. The study also helps us to understand the investment behaviour with respect to expertise gained from different people and the horizon of investment they prefer. The respondents should consider their financial situation, risk taking capability and other vital factors before investing. The investments should be free from all the biasness and respondents should behave rationally as guided by their financial experts.

VII. REFERENCE

1. Ms. Singh and Ms. Kaur, (2018), the investment pattern and Gender Difference in Investment Behaviour of the Residents in Mohali, International Journal of Management Studies, volume-V.
2. Mark KY Mak, (2017), an exploratory study of investment behaviour of investors, , International Journal of Engineering Business.
3. Baker, H. Kent and Ricciardi, Victor, Understanding Behavioral Aspects of Financial Planning and Investing (March 1, 2015). Journal of Financial Planning, Volume 28, Issue 3, pp. 22-26.
4. K J, Anju& S, Anuradha. (2015). Saving and Investment Behaviour – Review and An Agenda For Future Research. Contemporary Commerce Review. 4. 43-73
5. Dr. Samudra and Dr. Bhurgate, (2012), A study of Investment Behaviour of Middle Class Households in Nagpur, International Journal of Social Sciences and interdisciplinary research, Vol 1, No. 5, pp – 43-54
6. Mr. Viiavkumar and Mr. Daniels. (2006). The Role of Financial Advisors in the market of Municipal Bonds, Journal of Financial Services Research, Volume 30, Issue 1, Page no 43-68.
7. Forbes, Leonard and Johnson, (1992), The Role of Financial advisors in the Negotiated Sale of Tax exempt securities, Journal of Applied Business Research, Volume 8 No 2.
8. Joachim Goldberg (2007), A Book on Behavioral Finance, Wiley Publishers
9. KannadhasanManoharan, Phil m,Trichy (2018),”Role of behavioural finance in investment decision”Book.

