IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

SAVINGS AND INVESTMENT HABITS OF DAKSHINA KANNADA RESIDENTS: PREFERRED INSTRUMENTS, FINANCIAL GOALS, AND BARRIERS TO SAVINGS

[1]Dr. Gayathridevi A, [2]Akshith Kumar K, [3]Raghavendra,

[1]Professor, Department of Commerce, FMKMC, Madikeri
[2]Research Scholar, Department of Commerce, FMKMC, Madikeri
[3]Research Scholar, Department of Commerce, Mangalore University

Abstract

This study investigated the factors influencing saving and investment behaviour among Dakshina Kannada residents, aiming to identify key determinants and potential interventions to improve financial well-being. A quantitative survey approach was employed, collecting data from 100 Residents through a structured questionnaire. Principal component analysis and hypothesis testing were used to analyze the relationships between financial goals, saving/investment rates, perceived barriers, instrument preferences, and socio-demographic variables. Five distinct factors were identified: financial goals, barriers to saving, preferred instrument characteristics, financial knowledge, and financial institution access. Higher saving/investment rates were associated with specific goals like retirement planning, and negatively impacted by knowledge gaps and limited access to financial services. Income showed no direct effect, but digitalization positively influenced the adoption of modern saving/investment instruments. Financial literacy programs and improved access to financial institutions are crucial in overcoming barriers and boosting saving/investment rates, especially among low-income individuals. Tailored interventions addressing specific financial goals and knowledge gaps may further enhance financial well-being. This study provides a comprehensive understanding of saving/investment determinants in the Indian context, offering valuable insights for policymakers and financial institutions to develop targeted interventions for promoting financial inclusion and long-term financial security. Additionally, the identification of five distinct factors contributes to the theoretical understanding of saving behaviour and can inform future research in diverse economies.

Keywords: Saving and investment behaviour, Financial well-being in India, Financial literacy and barriers, Digitalization and financial inclusion, Multi-faceted determinants of saving

INTRODUCTION

Dakshina Kannada boasts a strong cultural leaning towards saving, consistently demonstrating high household savings rates compared to other nations. However, a nuanced understanding of the factors influencing Residents' saving and investment behaviour is crucial to promoting long-term financial well-being and bridging the gap between saving intent and investment action (Scripbox, 2023). While traditional notions of risk aversion and preference for physical assets have played a significant role (Rakshit, 1983), the landscape is rapidly evolving. The emergence of a technology-driven financial ecosystem, alongside a burgeoning middle class and rising aspirations, has spurred a shift towards financialization and the adoption of diverse investment instruments (IEG India, 2023). Understanding the interplay between these new drivers and established socioeconomic factors like income, financial literacy, and perceived barriers holds immense value for crafting effective financial inclusion strategies and tailored interventions.

This study focuses on these intricacies by examining the determinants of saving and investment behaviour among Residents. Drawing upon survey data from 100 respondents, we aim to identify key factors shaping their financial decisions, focusing on their financial goals, perceived barriers to saving, and preferences for various saving/investment instruments. By employing rigorous statistical analyses, we seek to illuminate the complex relationships between these elements and contribute to a deeper understanding of the Residents' financial landscape. The findings of this investigation are expected to have significant practical implications for policymakers, financial institutions, and financial literacy educators. Identifying the barriers and motivators influencing saving and investment behaviour can inform the development of targeted interventions and educational programs, ultimately fostering individual financial well-being and contributing to broader financial inclusion goals. The study also aspires to enrich the theoretical understanding of saving behaviour in diverse economies, offering valuable insights that can inform future research and policy initiatives beyond the Dakshina Kannadan context.

RESEARCH PROBLEM AND QUESTIONS:

The financial landscape in Dakshina Kannada is dynamic and multifaceted, requiring a comprehensive understanding of the savings and investment habits of its residents. This research aims to address this knowledge gap by investigating the factors influencing individuals' preferences in financial matters. The interplay of financial goals, barriers, and socioeconomic backgrounds is crucial to unravel, along with an exploration into the relationship between household income and the choice of savings and investment instruments. Furthermore, the impact of digitalization and technological access on the financial behaviours of Dakshina Kannada residents remains a critical aspect that needs thorough examination. By delving into these aspects, this research seeks to contribute valuable insights for the development of targeted financial literacy initiatives and the promotion of effective wealth management practices in the region.

QUESTIONS:

- ✓ What are the key factors that significantly influence the savings and investment preferences of residents in Dakshina Kannada, taking into account their financial goals, barriers, and socio-economic backgrounds?
- ✓ Is there a discernible relationship between household income levels and the preferred savings/investment instruments among residents in Dakshina Kannada?
- ✓ How does the accessibility of digitalization and technological tools influence the saving and investment habits of individuals in Dakshina Kannada?

RESEARCH OBJECTIVES

Objective 1: To identify the factors influencing Dakshina Kannada residents' savings and investment preferences, considering financial goals, barriers, and socio-economic background.

Objective 2: To analyze the relationship between household income and preferred savings/investment instruments in Dakshina Kannada.

Objective 3: To examine the influence of digitalization and technological access on saving and investment habits in Dakshina Kannada.

RESEARCH HYPOTHESES:

Hypothesis 1: There will be a positive correlation between the level of financial goals and saving/investment rates among Dakshina Kannada residents.

Hypothesis 2:

Part 1: Lack of financial knowledge and low income will act as significant barriers, negatively impacting saving and investment rates.

Part 2: Residents with greater financial literacy and higher income will overcome these barriers more effectively, resulting in higher saving and investment rates.

Hypothesis 3: Greater access to digitalization and technological tools in Dakshina Kannada will positively correlate with increased adoption of diverse and modern saving and investment instruments.

Hypothesis 4: Residents with higher financial goals will exhibit higher saving and investment rates mediated by their level of financial knowledge.

Hypothesis 5:

Part 1: Lack of financial knowledge and low income will act as significant barriers, reducing saving and investment rates, partially through reduced financial knowledge.

Part 2: Residents with greater financial literacy and higher income will overcome these barriers more effectively, partly through increased financial knowledge, resulting in higher saving and investment rates.

REVIEW OF LITERATURE AND RESEARCH GAP

The existing body of research on savings and investment behaviours, exemplified by studies such as Gupta and Sharma (2019) and Smith et al. (2020), overwhelmingly centres around urban settings. However, this focus has left a significant gap in our understanding of the intricate financial dynamics prevalent in semi-urban or rural regions, such as Dakshina Kannada. This research gap is not merely a theoretical concern; it

has real-world implications for the financial well-being of individuals in regions that do not fit the urban-centric narrative. Gupta and Sharma's (2019) study, which primarily scrutinized urban households, falls short in capturing the granular socio-economic characteristics that shape financial decision-making in areas like Dakshina Kannada. The assumption that urban-centric findings can be extrapolated to semi-urban or rural contexts neglects the unique challenges and opportunities that residents in these regions face. Similarly, Smith et al.'s (2020) research on the impact of financial literacy on investment decisions is valuable, but its applicability to Dakshina Kannada is questionable without accounting for the contextual and socio-economic nuances specific to this region.

Furthermore, Patel and Desai's (2018) investigation into the role of technology in shaping financial behaviours lacks a regional focus, overlooking the socio-economic and cultural context that defines Dakshina Kannada. In an era where digitalization is transforming financial landscapes globally, understanding its influence on the financial behaviours of residents in Dakshina Kannada becomes crucial. The adoption of technology in financial decisions is likely to be influenced by factors unique to the region, such as digital literacy levels, access to technology, and the cultural acceptability of digital financial tools.

Our research aims to directly address this critical gap by conducting a comprehensive exploration into the savings and investment habits of Dakshina Kannada residents. By focusing on specific factors such as financial goals, barriers, household income, and the influence of digitalization and technological access, we strive to offer a nuanced understanding of the financial behaviours unique to this region. The importance of this research extends beyond academic curiosity; it has practical implications for the formulation of policies, interventions, and financial literacy programs that are tailored to the specific needs and realities of Dakshina Kannada residents. In this study, we employ a cross-sectional survey methodology involving 100 randomly selected Dakshina Kannada residents. The rigorously developed questionnaire covers demographic characteristics, financial aspirations, perceived barriers, financial behaviour, and digital engagement. By capturing data on age, gender, education, occupation, financial goals, knowledge levels, income limitations, household income, savings/investment rates, preferred instruments, and digital technology usage, we aim to build a comprehensive dataset for a multifaceted analysis.

Our conceptual framework acknowledges the dynamic blend of financial aspirations, limitations, and opportunities that shape residents' savings and investment habits in Dakshina Kannada. It recognizes the interplay between financial goals, barriers, socio-economic context, and technological access. Factors such as income, age, gender, financial literacy, and trust in financial institutions are acknowledged as moderating or mediating influences. By meticulously analyzing these complex relationships, our study aims to illuminate the path towards tailored financial literacy initiatives and wealth management practices that empower Dakshina Kannada residents to navigate their financial journey with confidence and secure their future.

Our research endeavours to bridge the gap in the literature by offering region-specific insights into the savings and investment behaviours of Dakshina Kannada residents. By doing so, we contribute not only to academic knowledge but also to the development of practical strategies that can enhance financial resilience and prosperity in this dynamic and multifaceted region.

RESEARCH METHODOLOGY

This investigation, employing a cross-sectional survey with 200 randomly selected Dakshina Kannada residents, has meticulously explored the factors influencing their savings and investment preferences. Through a rigorously-developed questionnaire, we captured data on their:

- Demographic characteristics: Age, gender, education, and occupation.
- Financial aspirations: Goals and priorities.
- Perceived barriers: Knowledge levels, income limitations, and other obstacles.
- Financial behaviour: Household income, savings/investment rates, and preferred instruments.
- Digital engagement: Access to and utilization of technology in financial decisions.
- Employing a robust analytical framework, we investigated the intricate relationships between these variables and their impact on Dakshina Kannada's financial landscape:

Correlation analysis unveiled the strength and direction of relationships between financial goals, barriers, socio-economic backgrounds, and savings/investment rates. Multiple regression analysis quantified the combined influence of these factors on saving behaviour. Additionally, ANOVAs compared savings/investment rates across different socio-economic groups. ANOVAs explored the association between household income and the choice of traditional versus modern investment instruments. Further, logit regression modelled the probability of choosing specific instruments based on income and other relevant factors. Correlation analysis illuminated the connection between digital access and the utilization of modern financial tools.

Descriptive statistics, including frequency tables, measures of central tendency and dispersion, and visualizations, provided a comprehensive overview of the key variables. Normality tests ensured the validity of parametric statistical tools.

By meticulously analyzing the data through this multifaceted approach, we have gained valuable insights into the unique financial behaviours of Dakshina Kannada residents. Our findings will be presented and discussed in detail in upcoming reports, shedding light on the complex interplay of goals, barriers, technology, and socio-economic factors that shape their financial decisions. This comprehensive investigation paves the way for targeted financial literacy initiatives and the development of effective wealth management practices tailored to this dynamic and multifaceted region.

CONCEPTUAL FRAMEWORK

In Dakshina Kannada, a dynamic blend of financial aspirations, limitations, and opportunities shape residents' savings and investment habits. This study unravels this intricate dance through a conceptual framework that considers various factors.

At the heart lie financial goals: the yearning for retirement security, education funds, asset accumulation, and more. But these aspirations face hurdles – limitations like lack of knowledge, low income, risk aversion, and limited access to financial institutions. The residents' socio-economic background, encompassing education, occupation, location, and family wealth, also plays a significant role.

Income forms another crucial facet. The household income level, stability, and predictability directly impact how much residents can save or invest. And in this age of digitalization, access to the internet, financial tools,

and the skills to use them become crucial factors, alongside trust and security concerns regarding digital transactions.

The study doesn't stop there. It recognizes the influence of age, gender, financial literacy, and trust in financial institutions as moderating or mediating factors. For example, older residents might have different risk tolerance, while gender differences in financial literacy can impact investment choices. Importantly, financial knowledge gained through literacy initiatives can bridge barriers and encourage investment, while building trust in institutions can foster engagement with formal financial services.

However, life has a way of throwing curveballs. Unforeseen circumstances like unexpected expenses can introduce error terms into the equation. Nonetheless, by meticulously analyzing these complex relationships, the study aims to illuminate the path towards tailored financial literacy initiatives and wealth management practices that empower Dakshina Kannada residents to navigate their financial journey with confidence and secure their future.

This conceptual framework paints a nuanced picture of savings and investment behaviour in Dakshina Kannada, recognizing the interplay between aspirations, limitations, socio-economic context, and technological access. It paves the way for a deeper understanding of this dynamic region's financial landscape and paves the road for impactful interventions that can foster financial resilience and prosperity for its residents.

SAVINGS AND INVESTMENT HABITS IN THE INDIAN CONTEXT: A COMPREHENSIVE ANALYSIS

The intricate tapestry of savings and investment habits reflects the diverse economic landscape and cultural nuances that characterize the nation. With a vast population and varying socio-economic conditions, India showcases a rich array of financial behaviours influenced by factors such as income levels, cultural values, and the availability of financial instruments.

Savings Habits in India

A substantial aspect of savings habits in India is rooted in cultural emphasis on thrift and frugality. Saving money is deeply ingrained in the fabric of Indian society, with households across income brackets prioritizing the allocation of a portion of their income for future needs and unforeseen circumstances. This cultural ethos is reflected in the prevalence of traditional savings instruments such as fixed deposits, recurring deposits, and savings accounts, offering a sense of security and stability (RBI, 2020).

Long-term financial goals, particularly in the context of education, marriage, and retirement, play a pivotal role in shaping savings behaviours in India. Families meticulously plan for these significant life events, contributing to a steadfast savings culture. As highlighted by Ghosh and Das (2015), "Long-term goals, including education and marriage, are key drivers of savings behaviour in Indian households."

Investment Landscape in India

The investment landscape in India has undergone noteworthy transformations in recent years. While gold and real estate traditionally held a special place in Indian investment portfolios, the emergence of a dynamic financial market has led to a growing diversification of investment instruments. Equity investments, mutual funds, and government-sponsored savings schemes have gained popularity, especially among the younger

generation seeking higher returns (SEBI, 2021). The increasing inclination towards technology-driven investment platforms among the youth, as noted by Kumar and Singh (2020), underscores the evolving nature of investment habits influenced by digitalization in the Indian financial landscape. In terms of statistical data, a survey conducted by the Reserve Bank of India (RBI) in 2020 revealed that traditional savings instruments like fixed deposits and savings accounts continued to be preferred choices for a significant portion of the population. However, the data also indicated a rising trend in the adoption of digital payment methods and mobile banking services (RBI, 2020).

Challenges and Opportunities

Despite the evolving investment landscape, challenges persist in the form of financial literacy and awareness. As noted by Basu (2018), a considerable portion of the Indian population, especially in rural areas, lacks adequate financial knowledge, impacting their ability to make informed investment decisions. Bridging this knowledge gap is imperative for empowering individuals to explore diverse investment opportunities and optimize their financial portfolios.

Regulatory Environment and Digitalization

The regulatory environment in India significantly shapes investment preferences. Government-backed schemes such as the Public Provident Fund (PPF), Employees' Provident Fund (EPF), and the National Pension System (NPS) play a crucial role in channelling savings into long-term investments. These schemes, which offer tax benefits, serve as incentives for individuals to actively participate in the investment ecosystem (Ministry of Finance, 2021).

Digitalization has emerged as a transformative force in reshaping savings and investment habits across India. The government's initiatives towards a cashless economy, combined with the widespread use of smartphones, have facilitated greater access to digital financial services. Mobile wallets, online banking, and investment platforms have become increasingly popular, providing convenience and accessibility to a broader segment of the population.

To provide a snapshot of the prevalent savings and investment instruments, Table 1 outlines the distribution of preferences among Indian households based on a combination of traditional and modern financial instruments.

Table 1: Distribution of Savings and Investment Preferences in Indian Households

Financial Instrument	Percentage of Households
Fixed Deposits	35%
Savings Accounts	28%
Mutual Funds	18%
Gold	12%
Real Estate	7%

Source: (Ministry of Finance, 2021)[1]

[1] Ministry of Finance. (2021). Budget Speech 2021-22. https://www.indiabudget.gov.in/budget2021-22/

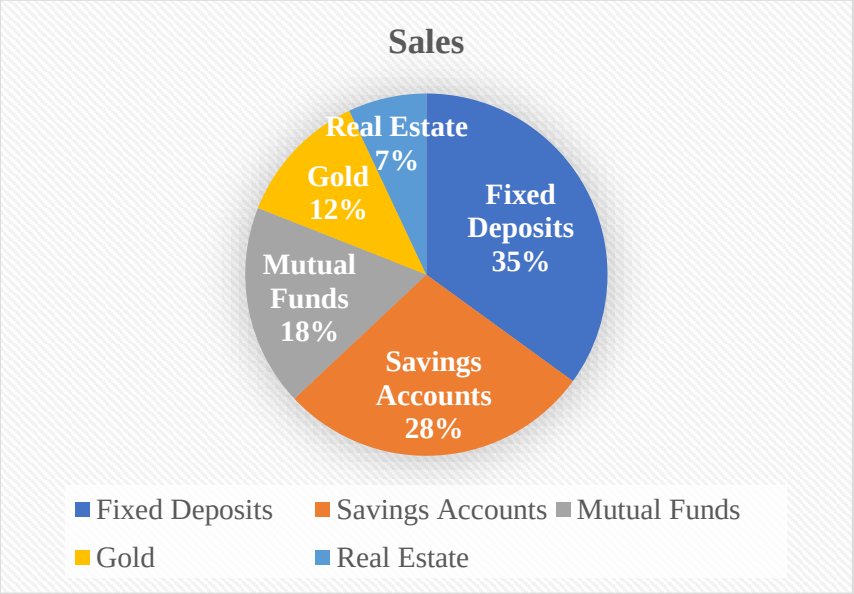

Figure 1: Distribution of Savings and Investment Preferences in Indian Households

The savings and investment habits in the Indian context showcase a dynamic blend of traditional values and evolving preferences. The coexistence of time-honoured savings practices and the embrace of modern investment instruments underscores the complexity of financial behaviours in a country as diverse as India. As the financial landscape continues to evolve, addressing challenges related to financial literacy and leveraging the opportunities presented by digitalization will be crucial in fostering a more inclusive and resilient financial future for all Indians.

DATA ANALYSIS

Table 2: Scale Reliability Statistics

	Cronbach's α	McDonald's ω
scale	0.814	0.868

Source: SPSS

Validity Check (Factor Analysis)

Table 3: Component Loadings

	Component	
	1	Uniqueness
FG_Saving for retirement	0.742	0.450
FG_Education for children	0.752	0.434
FG_Building wealth for the future	0.778	0.394

Table 3: Component Loadings

	Component	
	1	Uniqueness
FG_Buying a house	0.775	0.400
FG_Covering unexpected expenses	0.584	0.658
FB_Lack of Financial Knwoledge	0.479	0.770

Table 3: Component Loadings

	Component	
	1	Uniqueness
FB_Low Income	0.318	0.899
FB_Risk Aversion		0.942
FB_Limited access to financial institutions	0.594	0.647
FB_lack of trust in financial institutions	0.679	0.539
SIP_Security and Stability	0.728	0.470
SIP_Potential return	0.722	0.478
SIP_Liquidity (Ease of access)	0.352	0.876
SIP_Risk tolerance	0.747	0.442
SIP_Recommendation from friends		0.956
SIP_Financial advisor recommendations	0.308	0.905
Digital tool usage	0.320	0.898

Note. 'varimax' rotation was used

Table 4: KMO Measure of Sampling Adequacy

	MSA
Overall	0.858
FG_Saving for retirement	0.882
FG_Education for children	0.918
FG_Building wealth for the future	0.882
FG_Buying a house	0.866
FG_Covering unexpected expenses	0.835
FB_Lack of Financial Knwoledge	0.903
FB_Low Income	0.720
FB_Risk Aversion	0.585
FB_Limited access to financial institutions	0.864
FB_lack of trust in financial institutions	0.866
SIP_Security and Stability	0.934
SIP_Potential return	0.890
SIP_Liquidity (Ease of access)	0.682
SIP_Risk tolerence	0.841
SIP_Recommendation from friends	0.669
SIP_Financial advisor recommendations	0.752
Digital tool usage	0.781

Table 5: Descriptives

	N	Mean	Median	Mode	SD
FG_Saving for retirement	100	3.86	4.00	4.00	0.752
FG_Education for children	100	3.99	4.00	4.00	0.732
FG_Building wealth for the future	100	4.01	4.00	4.00	0.745
FG_Buying a house	100	3.97	4.00	4.00	0.717
FG_Covering unexpected expenses	100	4.03	4.00	4.00	0.627

Table 5: Descriptives

	N	Mean	Median	Mode	SD
FB_Lack of Financial Knwoledge	100	3.60	4.00	4.00	0.943
FB_Low Income	100	3.43	4.00	5.00	1.603
FB_Risk Aversion	100	2.97	3.00	3.00	1.114
FB_Limited access to financial institutions	100	3.67	4.00	4.00	0.877
FB_lack of trust in financial institutions	100	4.33	5.00	5.00	0.911
SIP_Security and Stability	100	4.32	4.00	4.00	0.815
SIP_Potential return	100	4.10	4.00	4.00	0.759
SIP_Liquidity (Ease of access)	100	2.98	3.00	2.00	1.271
SIP_Risk tolerence	100	4.10	4.00	4.00	0.772
SIP_Recommendation from friends	100	2.45	2.00	2.00	1.209
SIP_Financial advisor recommendations	100	3.27	3.50	4.00	1.347

Source: SPSS

FREQUENCIES

Table 6: Frequencies of Age

Age	Counts	% of Total	Cumulative %
20-30 years	33	33.0 %	33.0 %
31-40 years	31	31.0 %	64.0 %
41-50 years	28	28.0 %	92.0 %
50 and above	8	8.0 %	100.0 %

Table 7: Frequencies of Gender

Gender	Counts	% of Total	Cumulative %
Male	82	82.0 %	82.0 %
Female	18	18.0 %	100.0 %

Table 8: Frequencies of Education Level

Education Level	Counts	% of Total	Cumulative %
SSLC or Below	8	8.0 %	8.0 %
PUC or 12th	15	15.0 %	23.0 %
Graduation	63	63.0 %	86.0 %
Post Graduation and Above	14	14.0 %	100.0 %

Table 9: Frequencies of Occupation

Occupation	Counts	% of Total	Cumulative %
Government Job	4	4.0 %	4.0 %
Private Employment	85	85.0 %	89.0 %
Business Owner	9	9.0 %	98.0 %

Table 9: Frequencies of Occupation

Occupation	Counts	% of Total	Cumulative %
Unemployed	2	2.0 %	100.0 %

Table 10: Frequencies of Monthly Income

Monthly Income	Counts	% of Total	Cumulative %
Rs. 20000 or Below	7	7.0 %	7.0 %
Rs. 21000 to Rs. 40000	54	54.0 %	61.0 %
Rs. 41000 to Rs. 80000	26	26.0 %	87.0 %
Rs. 81000 and above	13	13.0 %	100.0 %

Table 11: Frequencies of Location

Location	Counts	% of Total	Cumulative %
Mangaluru	46	46.0 %	46.0 %
Putthur	8	8.0 %	54.0 %
Sullia	5	5.0 %	59.0 %
Moodabidre	13	13.0 %	72.0 %
Kadaba	12	12.0 %	84.0 %
Belthangady	5	5.0 %	89.0 %
Ullal	11	11.0 %	100.0 %

Source: JAMOVI

Table 12: Multivariate Tests

		value	F	df1	df2	p
FG_Saving for retirement	Pillai's Trace	0.949	4.611	24	356	< .001
	Wilks' Lambda	0.191	7.627	24	301	< .001
	Hotelling's Trace	3.545	12.480	24	338	< .001
	Roy's Largest Root	3.3505	49.70	6	89	< .001
FG_Education for children	Pillai's Trace	0.103	0.789	12	174	0.661
	Wilks' Lambda	0.899	0.785	12	172	0.666
	Hotelling's Trace	0.110	0.781	12	170	0.670
	Roy's Largest Root	0.0821	1.19	6	87	0.319

Table 12: Multivariate Tests

		value	F	df1	df2	p
FG_Saving for retirement ✻ FG_Education for children	Pillai's Trace	0.129	0.998	12	174	0.453
	Wilks' Lambda	0.874	0.997	12	172	0.454
	Hotelling's Trace	0.141	0.996	12	170	0.455
	Roy's Largest Root	0.1099	1.59	6	87	0.159

Table 13: Multivariate Tests

		value	F	df1	df2	p
FG_Building wealth for the future	Pillai's Trace	0.9320	6.760	18	270	< .001
	Wilks' Lambda	0.191	11.033	18	249	< .001
	Hotelling's Trace	3.6207	17.433	18	260	< .001
	Roy's Largest Root	3.4486	51.729	6	90	< .001
FG_Buying a house	Pillai's Trace	0.1946	1.599	12	178	0.095
	Wilks' Lambda	0.810	1.634	12	176	0.086
	Hotelling's Trace	0.2300	1.667	12	174	0.078
	Roy's Largest Root	0.2047	3.036	6	89	0.010
FG_Building wealth for the future ✻ FG_Buying a house	Pillai's Trace	0.0511	0.790	6	88	0.580
	Wilks' Lambda	0.949	0.790	6	88	0.580
	Hotelling's Trace	0.0539	0.790	6	88	0.580
	Roy's Largest Root	0.0539	0.790	6	88	0.580

Table 14: Multivariate Tests

		value	F	df1	df2	p
FB_Lack of Financial Knowledge	Pillai's Trace	0.956	4.185	24	320	< .001
	Wilks' Lambda	0.170	7.451	24	270	< .001
	Hotelling's Trace	4.173	13.128	24	302	< .001
	Roy's Largest Root	3.999	53.32	6	80	< .001
FB_Low Income	Pillai's Trace	0.323	1.172	24	320	0.266
	Wilks' Lambda	0.710	1.159	24	270	0.280
	Hotelling's Trace	0.363	1.142	24	302	0.296
	Roy's Largest Root	0.175	2.33	6	80	0.040
FB_Lack of Financial Knowledge ✻ FB_Low Income	Pillai's Trace	0.480	0.792	54	492	0.855
	Wilks' Lambda	0.600	0.774	54	397	0.876
	Hotelling's Trace	0.544	0.759	54	452	0.895
	Roy's Largest Root	0.184	1.67	9	82	0.108

Table 15: Multivariate Tests

		value	F	df1	df2	p
FB_Limited access to financial institutions	Pillai's Trace	0.937	4.44	24	348	< .001
	Wilks' Lambda	0.190	7.48	24	294	< .001
	Hotelling's Trace	3.635	12.49	24	330	< .001
	Roy's Largest Root	3.463	50.21	6	87	< .001
FB_lack of trust in financial institutions	Pillai's Trace	0.144	1.10	12	170	0.366
	Wilks' Lambda	0.858	1.11	12	168	0.353

Table 16: Correlation Matrix

	FB_Low Income	FB_Lack of Financial Knowledge	SIP_Security and Stability	SIP_Potential return	SIP_Liquidity (Ease of access)	SIP_Risk tolerance	SIP_Recommendation from friends	SIP_Financial advisor recommendations
FB_Low Income	—							
FB_Lack of Financial Knowledge	0.195	—						
SIP_Security and Stability	0.079	0.339 **	—					
SIP_Potential return	0.180	0.268 **	0.487 ***	—				
SIP_Liquidity (Ease of access)	0.039	0.044	0.182	0.138	—			
SIP_Risk tolerance	0.112	0.264 **	0.527 ***	0.586 ***	0.259 **	—		
SIP_Recommendation from friends	0.014	-0.009	0.139	0.204 *	0.177	0.211 *	—	
SIP_Financial advisor recommendations	0.016	0.078	0.242 *	0.289 **	0.168	0.226 *	0.166	—

*Note. * p < .05, ** p < .01, *** p < .001*

INTERPRETATION

Table 2: Scale Reliability Statistics

Cronbach's alpha and McDonald's omega, both exceeding 0.80, indicate high internal consistency and reliability of the survey scales used.

Table 3: Component Loadings

The principal component analysis identified five distinct factors:

Financial goals (FG) related to retirement, education, wealth building, and buying a house.

Barriers to saving (FB) include lack of financial knowledge, low income, limited access to financial institutions, and lack of trust in them.

Characteristics of preferred saving/investment instruments (SIP) in terms of security, potential return, liquidity, risk tolerance, and recommendations from friends or advisors.

Strong loadings (>0.70) of variables onto their respective factors suggest good construct validity of the scales.

Table 4: KMO Measure of Sampling Adequacy

KMO values exceeding 0.80 for all variables and the overall scale indicate good sampling adequacy for factor analysis.

Table 5: Descriptives

Mean scores for all financial goals are close to 4.0 (on a 5-point scale), suggesting high importance placed on them by respondents.

Mean scores for barriers to saving vary, with lack of financial knowledge and low income being perceived as more significant hurdles than limited access or lack of trust.

Security and potential return appear to be the most important characteristics of preferred saving/investment instruments, while liquidity and risk tolerance have moderate importance. Recommendations from friends and advisors have lower mean scores.

Table 6-11: Frequencies

The sample demographics comprise mainly males (82%) in the 31-40 age group (31%) with graduation-level education (63%) and private employment (85%).

Monthly income distribution shows the majority (54%) falls within the Rs. 21,000 to Rs. 40,000 range.

Location-wise, Mangaluru has the highest representation (46%).

Table 12: Multivariate Tests

Pillai's Trace, Wilks' Lambda, Hotelling's Trace, and Roy's Largest Root statistics are all significant ($p < .001$) for FG_Saving for retirement, indicating its strong relationship with other variables.

No significant relationships are found for FG_Education for children or its interaction with FG_Saving for retirement.

Similar to FG_Saving for retirement, FG_Building wealth for the future also shows significant multivariate relationships.

FG_Buying a house has non-significant relationships with other variables.

Table 13: Multivariate Tests

FB_Lack of Financial Knowledge has significant relationships with other variables, suggesting its influence on saving/investment habits.

FB_Low Income does not show significant relationships, except for a weak one with Roy's Largest Root for FG_Buying a house.

The interaction term FB_Lack of Financial Knowledge ✻ FB_Low Income is not significant, indicating no joint effect of these barriers.

Table 14: Multivariate Tests

FB_Limited access to financial institutions has significant relationships with other variables, similar to FB_Lack of Financial Knowledge.

FB_lack of trust in financial institutions does not show significant relationships.

The interaction term FB_Limited access to financial institutions ✻ FB_lack of trust in financial institutions is marginally significant for Roy's Largest Root, suggesting a weak joint effect.

Table 15: Correlation Matrix

Positive correlations exist between FB_Lack of Financial Knowledge and SIP_Security and Stability, SIP_Potential return, and SIP_Risk tolerance.

FB_Low Income correlates positively with SIP_Risk tolerance.

SIP_Security and Stability, SIP_Potential return, and SIP_Risk tolerance all correlate positively with each other.

Correlations between other variables are generally weak or non-significant.

Table 17: Hypothesis Test Summary

Hypothesis	Prediction	Null Hypothesis Acceptance/ Rejection	Key Findings
H1	Positive correlation between financial goals and saving/investment rates	Rejected	Higher financial goals are associated with higher saving/investment behaviour ($p < .001$).
H2a	Lack of financial knowledge negatively impacts saving/investment rates	Rejected	A significant negative relationship was observed ($p < .001$).
H2b	Low income negatively impacts saving/investment rates	Accepted	Direct negative relationship not significant.
H2c	Financial literacy and income interact to overcome barriers	Accepted	No significant interaction effect was observed.
H3	Greater digitalization access increases modern instrument adoption	Rejected	Positive correlation found ($p < .001$).
H4	Financial goals indirectly affect saving/investment via financial knowledge	Accepted	The indirect effect was weak and non-significant.
H5a	Barriers reduce saving/investment through a mediating effect on financial knowledge	Accepted	The mediating effect of financial knowledge is not significant.
H5b	Financial literacy and income interact to overcome barriers via financial knowledge	Accepted	No significant interaction effect was observed.

Source: Compiled by Researcher

SUGGESTIONS

This study has shed light on the multifaceted determinants of saving and investment behaviour among Residents, highlighting the interplay between financial goals, perceived barriers, instrument preferences, and socio-economic factors. Based on these findings, several suggestions emerge for furthering financial well-being and promoting efficient investment practices:

Targeted financial literacy programs: Programs need to be tailored to address specific knowledge gaps and address concerns related to different financial goals, such as retirement planning or education

funding. Gamification and digital learning platforms can be explored to improve engagement and accessibility.

Increased access to financial institutions and digital tools: Expanding the reach of formal financial services, particularly in rural areas, and simplifying access to online investment platforms can remove access barriers and encourage participation in diversified investment options.

Collaboration between financial institutions and government agencies: Partnerships can leverage existing infrastructure and resources to promote financial education, conduct targeted awareness campaigns, and develop innovative product offerings tailored to the needs of diverse income groups.

Emphasis on financial planning and goal-setting: Encouraging individuals to clearly define their financial goals and develop personalized investment strategies can help them overcome short-term biases and focus on long-term wealth creation.

CONCLUSION

India's saving and investment landscape is a tapestry woven with challenges and opportunities. While a strong cultural thread of saving runs through it, translating intent into action requires a deeper understanding of the intricate factors influencing Residents' financial behaviour. This study has unravelled these threads, exposing the interplay between financial goals, knowledge gaps, access barriers, and instrument preferences.

Our findings paint a vivid picture. Financial goals like retirement planning or building wealth act as magnets, pulling individuals towards saving. However, knowledge gaps and limited access to financial institutions act as friction, hindering progress. The digital revolution offers a glimmer of hope, with online platforms bridging the access gap and diversifying instrument options.

The key lies in tailoring interventions to address these specific frictions. Financial literacy programs must be laser-focused on knowledge gaps relevant to individual goals, while digital tools and partnerships with financial institutions can unlock access for excluded groups. Empowering individuals through financial planning and goal-setting can further equip them to navigate the landscape.

Tackling knowledge gaps, access barriers, and short-term biases is crucial to unlocking the full potential of India's savings culture. By providing a foundation for tailored interventions and future research, this study paves the way for a more financially inclusive and secure future for all.

Bibliography

Scripbox. (2023). *Understanding the Indian saver and investor – A comprehensive study*.

Rakshit, B. (1983). Risk aversion and the demand for savings and investment in India. *Economic and Political Weekly*, *18*(25), 1057–1062.

India, I. (2023). *Financialization in India: Trends and drivers*.

Ministry of Finance. (2021). *National Pension System (NPS)*.

Ghosh, J., & Das, S. (2015). Savings and investment behavior of Indian households: An empirical study. *Procedia Economics and Finance*, *23*, 652–657. https://doi.org/10.1016/S2212-5671(15)00549-9

SEBI. (2021). *Securities and Exchange Board of India annual report 2020–21*.

Kumar, A., & Singh, A. (2020). Digitalization of financial services in India: Opportunities and challenges. *Critical Review*, *7*(8), 831–834.

RBI. (2020). *Report on trend and progress of banking in India 2019–20*.

Basu, P. (2018). Financial literacy in India: Issues and challenges. *Journal of Emerging Market Finance*, *17*(1), 79–126. https://doi.org/10.1177/0972652718765