Journal of Economics, Finance and Management Studies

ISSN (print): 2644-0490, ISSN (online): 2644-0504

Volume 08 Issue 12 December 2025

Article DOI: 10.47191/jefms/v8-i12-17, Impact Factor: 8.317

Page No: 7740-7745

Financial Behaviour and Investment Pattern of the Working Community

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ABSTRACT: The study is to analyze the effects of demographic factors on working-class people's saving and investing habits as well as their degree of financial and tangible asset awareness. A well-designed questionnaire is used to gather the study's data. According to the report, the majority of respondents give purchasing tangible items top priority when it comes to saving and investing, with interest earning serving as the main motivator. The data is analysed using percentage analysis and the line chart is used to depict the importance of investment in the view point of respondents. According to the respondents, investing and conserving money are essential for securing old age and for concentrating on their kids' education. People should be made aware of the dangers and rewards of various investing opportunities, particularly for those who favor short-term investments.According to the study's conclusions, financial institutions ought to concentrate on raising public awareness of the many options for investing and saving.

KEYWORDS: Financial behaviour, demographic factors, financial literacy, investment, savings, working community

INTRODUCTION

Economic growth is largely dependent on investment. Financial savings can include everything from modest savings to investments in stocks, mutual funds, equity-oriented schemes, and precious metals like gold and silver, as well as provident funds and pension funds. As every individual invests differently, so do their investment preferences. Individual investment behavior is impacted by their environment.

Examining how employees invest to maximize predicted utility based on their projected future returns is the aim of this research article. To maximize your investment, you need to have a financial understanding of human nature. Additionally, investors need to be committed, patient, insightful, and have a clear goal. Factors including age, gender, race, socioeconomic status, and level of education all influence how investors behave while making investments. The hardest thing for investors to do is make decisions about their investments. Investors take their financial objectives, degree of risk tolerance, and other limitations into account while building their investing portfolio.

The degree of risk and return differs for different investment channels, and respondents' investment decisions would be influenced by their own needs, rate of return, and risk appetite. Depending on the investment's duration, the goal of investing is to multiply money at different rates. A solid grasp of basic ideas and easily available options will help the investor minimize risk and get ready for the highest profits. Based on demographic variables, this study aids in the analysis of employees' investing inclinations and saving behaviors toward different items.

Receiving satisfactory returns on each rupee spent and choosing wisely among payment options, including cash, cheques, credit cards, or equal monthly installments (EMIs), are essential components of cost management. The limited and fixed flow of money makes financial planning crucial for salaried individuals. To achieve complete financial independence, one must be proactive in completing the necessary actions. Before selecting an investment, it is essential to comprehend the patterns in spending and saving. To make up the gap, one must carefully consider their consumption and practice conservation.

One of the main benefits of being paid is having a consistent flow of income. It can be employed as a tool for methodical investing in order to reach financial objectives. The risk coverage provided by their employers, which may include health and life insurance, is another benefit for salaried individuals.

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OBJECTIVES

- To determine which demographic factors affect working-class people's saving and investing habits.
- To understand and assess the importance of investment to meet requirements of life.
- To assess the awareness among working individuals about different financial and material assets.

LITERATURE REVIEW

Vidhi Savaliya (2024) This article describes a descriptive research study that aims to comprehend financial literacy and how it influences investors' investment decisions. The purpose of this study is to examine the relationship between investors' financial literacy and how it affects their investment patterns and degree of happiness with their investments. The study uses a convenience sampling technique to gather primary data from 100 respondents using a structured questionnaire. The research findings give financial institutions, financial planners, and investment advisors important information to raise public awareness and promote financial literacy, which will ultimately help people and businesses make better financial decisions and demonstrate the expansion of the economy's backbone.

Mahesh Rana (2024) According to the study, retail investors' investing decisions are greatly influenced by their financial behavior, knowledge, and abilities. Accordingly, the results showed that retail investors are more likely to make wise and profitable investment decisions if they have good financial abilities, favorable financial behaviors, and a broader understanding of the financial world. Nevertheless, the results also show that retail investors' investing decisions are unaffected by their financial attitudes. By providing empirical data specific to the Nepalese environment, this study may add to the body of knowledge on behavioral finance and financial literacy. By looking at other factors including personality traits, emotional intelligence, behavioral biases, and their correlations in the Nepalese stock market, future studies can expand their focus.

Manshi Dhiran.D and Jayamalathi Jayabalan (2024) In order to shed light on the degree to which financial knowledge and comprehension impact investment decisions, this study explores the crucial relationship between financial literacy and investment behavior among college students. By examining the complex relationship between these two ideas, the study hopes to advance the creation of practical financial literacy-promoting strategies, comprehend the degree to which financial knowledge, attitudes, and abilities impact investment choices, and investigate the elements that lead to wise and responsible investment decisions and enable students to make knowledgeable investing choices, opening the door to a future with greater financial stability.

Dr.Gayathri.T, Prof.S.Ganesan (2023) People's degree of financial literacy is a crucial determinant of their capacity to make investment and financial decisions. The difficulties were properly addressed, and the results are found to be robust across many measures of
financial knowledge and behavior. For both financial individual investors and policymakers, this study offers a thorough understanding.

Ishaan Singh, Kanishka Gupta (2021) Financial literacy and decision-making, investor attitude and decision-making, and investor attitude and financial literacy were found to be significantly correlated by the study. By giving investors sufficient financial information, the outcomes will enable regulatory bodies to help them prevent financial losses.

RESEARCH METHODOLOGY

Both primary and secondary data sources were used during this study. I collected the responses to gain a better understanding of working people's investing behaviors. Both qualitative and quantitative approaches were used in this investigation. A questionnaire was developed based on the insights gathered from these interviews.

The sample size of the study is 145. The respondents have given data to the best of their understanding. Percentage analysis is primarily used as well as chi-square test is used.

DATA ANALYSIS AND INTERPRETATION

To determine the demographic factors affecting working-class people's saving and investing habits. The classification of the respondents according to their GENDER is shown in the following table.

Table 1: Gender of respondents

Gender	No. of respondents (f)	Percentage (%)
Male	86	59.32
Female	59	40.68
TOTAL	145	100

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The classification of the respondents according to their AGE is presented in the following table.

Table 2: Age of respondents

Age	No. of respondents (f)	Percentage (%)
18-28	68	46.90
29-39	42	28.96
40-50	25	17.25
51-60	8	5.52
Above 60	2	1.37
TOTAL	145	100

The data below shows the classification of respondents based on their OCCUPATION.

Table 3: Occupation of respondents

Occupation	No. of respondents (f)	Percentage (%)
Public sector	28	19.32
Private sector	102	70.35
Agriculture	3	2.06
Self employed/Business	12	8.27
Total	145	100

INCOME LEVEL of respondents are given in the table below as basic information.

Table 4: Annual Income of respondents

Annual Income	No. of respondents (f)	Percentage (%)
< ₹2.5 lakhs	28	19.32
₹2.5 - ₹5lakhs	96	66.20
₹5 - ₹10 lakhs	13	8.96
> ₹10 lakhs	8	5.52
TOTAL	145	100

The classification depicts the number of reliants (dependents) on the respondents to present their financial responsibility.

Table 5: Number of Reliants who are financially dependent on respondents

No. of reliants	No. of respondents (f)	Percentage (%)
0	2	1.38
1	11	7.60
2	10	6.90
3 & above	122	84.12
TOTAL	145	100

All the above data is depicted in percentage analysis. To meet objective 1, used the chi-square test to determine which demographic factors affect working-class people's saving and investing habits.

Table 6: Chi-square test on demographic variables

Variable	Chi-square value	P-value	Significance
Gender	0.2	0.6471	No
Age	6.12	0.1894	No
Occupation	4.76	0.1898	No
Income	12.44	0.006	Yes
No. of dependents	10.01	0.0184	Yes

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Investment is considered as a crucial decision for a healthy wellbeing. The respondents view on investment strategy is analysed using likert scale. The tabular data below shows how the concept of investment is considered by 145 respondents.

Table 7: Survey Responses on Perceived Importance of Investment

Investment is important	No. of respondents (f)	Percentage (%)
Strongly agree	57	39.32
Agree	71	48.97
Neutral	12	8.27
Disagree	3	2.06
Strongly disagree	2	1.38
TOTAL	145	100

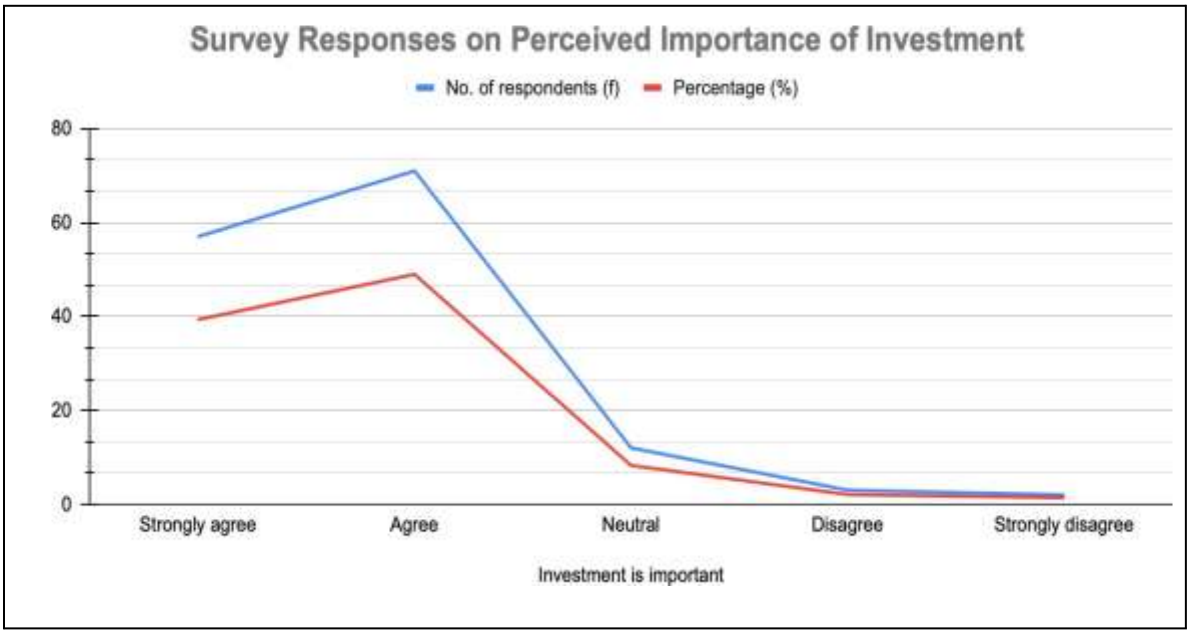

Chart 1: Line graph showing Distribution of Respondents by Investment Importance Ratings

The following table depicts the knowledge level of the working- class people towards various financial and physical assets of the respondents.

Table 6: Knowledge level of the Working-class people towards various financial and physical assets

Asset	High Knowledge	Medium Knowledge	Low Knowledge	High (%)	Medium (%)	Low (%)
Stocks	35	55	55	24.1	37.9	37.9
Bonds	20	45	80	13.8	31.0	55.2
Mutual Funds	40	50	55	27.6	34.5	37.9
Cryptocurrencies	25	30	90	17.2	20.7	62.1
Insurance	50	60	35	34.5	41.4	24.1
Pension Funds	30	65	50	20.7	44.8	34.5
Real Estate	55	60	30	37.9	41.4	20.7
Gold	40	65	40	27.6	44.8	27.6
Vehicles	60	50	35	41.4	34.5	24.1
Land	45	55	45	31.0	37.9	31.0

INTERPRETATION

As per objective 1 analysis, the data was gathered based on demographic variables. In order to measure how respondents thought about the concept of investment, the following variables were taken into consideration: gender, income, age, occupation, and number of dependents. The respondents expressed that income and number of dependents affected their investment plans and strategies when compared to other demographic variables. According to the data collected, 39.32% of the sample population agreed that investment was very important, and out of 145 respondents, 71 of them agreed that investment was important, but not by giving priority as strongly as agreeing with the statement. This indicates that the majority of respondents view investment as vital, but not all.

Data on respondents' knowledge levels across different asset types—classified as high, medium, or low—are shown in the table. A distinct trend shows that respondents typically had a greater awareness of traditional and material assets like real estate, cars, and insurance. With 37.9% of respondents indicating high knowledge and only 20.7% reporting low knowledge, real estate, for example, exhibits a fairly balanced distribution of knowledge. Similarly, the largest percentage of high knowledge (41.4%) is seen in cars, indicating that people are more assured of the assets they deal with on a daily basis. In contrast, a significantly larger percentage of respondents have little awareness of more recent or sophisticated financial products, such as bonds, mutual funds, and cryptocurrencies. Notably, just 17.2% of respondents claimed having excellent awareness of cryptocurrencies, compared to 62.1% who reported having little knowledge. Bonds exhibit a similar pattern, with only 13.8% claiming strong knowledge and the largest majority (55.2%) falling into the low knowledge category.

Although somewhat more evenly distributed, mutual funds also exhibit a sizable knowledge gap. These trends point to a general lack of financial knowledge regarding more complex or less tangible investment products. Conversely, assets such as gold and insurance exhibit a more evenly distributed distribution across knowledge levels, with gold holding a substantial share (44.8%) in the medium group and insurance having a comparatively high 34.5% in the high knowledge category. Additionally, pension funds show a moderate level of comprehension, with the largest percentage (44.8%) falling into this category. Similar to real estate, the allocation of land is comparatively even, suggesting that people have a greater understanding of long-term and tangible assets.

All things considered, the evidence points to a substantial knowledge gap about some financial assets, especially in more ethereal or developing investment categories. This emphasizes the necessity of focused financial education to assist people in making wise choices and successfully managing investment risks.

CONCLUSION

The data shows that although a sizable percentage of respondents acknowledge the value of investing, there are considerable differences in the degree of prioritizing and comprehension depending on knowledge-based and demographic criteria. Investment behavior is directly shaped by financial responsibilities and earnings, as evidenced by the fact that income and the number of dependents are the two major demographic factors that have the greatest influence on investment decisions. Even while over half of respondents think investing is important and 39.32% think it is very important, the data reveals a glaring disparity in the level of investment knowledge across various asset classes. Regarding conventional, material assets like real estate, cars, and insurance, respondents tended to show greater levels of comprehension. These are recognizable and frequently seen firsthand in day-to-day living, which probably builds awareness and confidence. However, the majority of respondents demonstrate little understanding of more complicated or new financial products,such as bonds, mutual funds, and cryptocurrencies. Even while there is a desire to invest, this knowledge gap—especially with regard to contemporary financial products—indicates that making the best possible investment decisions may be hampered by a lack of exposure or education.

RECOMMENDATION

The data makes it abundantly evident that although many people value investing, there is a substantial knowledge gap, particularly when it comes to sophisticated assets like bonds, mutual funds, and cryptocurrencies. Programs for targeted financial education that are adapted to various income levels and educational levels should be implemented in order to address this. Digital resources and community-based seminars can improve comprehension through accessible, hands-on learning. Individual needs, including income and dependents, should inform the provision of tailored financial advice. Furthermore, incorporating financial education into school curricula helps develop long-term financial literacy, while social media and local influencers can aid in increasing awareness.

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