Analysing Investor Behavior and Satisfaction in the Stock Market: With Special to North Bengaluru City

Ms. Ashwini D, *Dr. R Poornimarani,*

[1]PhD Research Scholar in Commerce, Mother Teresa Women's University, Kodaikanal.

[2]*Assistant Professor, Research Sipervisor in Commerce, Department of Commerce, Mother Teresa Women's University, Kodaikanal*

ABSTRACT: The Investor behavior towards the stock market is essential for financial institutions, policymakers, and market analysts to gauge sentiment and enhance decision-making processes. This study aims to investigate investor behavior, investment patterns, and preferences in the stock market among investors in North Bengaluru City. By examining factors such as demographic elements, investment strategies, risk tolerance, and satisfaction levels with various investment options, this research seeks to uncover key insights into investor decision-making processes and market dynamics. The study employs both primary and secondary data sources, including structured questionnaires and face-to-face interviews, to gather comprehensive information on investor behavior. Convenience sampling was used to select participants, including employees from North Bengaluru-based companies and students from local universities. Data analysis involves percentage analysis, pie charts, bar graphs, and Chi-square tests to provide a detailed understanding of investment trends and preferences. The findings aim to aid in improving market practices, developing targeted marketing strategies, and enhancing financial product offerings, ultimately contributing to greater market stability and investor satisfaction. ◎

Keywords: Investor Behavior, Stock Market, Investment Patterns, Risk Tolerance, Satisfaction Levels, Financial Institutions, Data Analysis.

1.1 **INTRODUCTION** Investor behavior and satisfaction in the stock market have emerged as crucial areas of study in financial and behavioural economics. Understanding how investors make decisions, react to market changes, and evaluate their satisfaction can provide significant insights into market dynamics and the effectiveness of financial markets. The stock market is a complex environment influenced by a variety of factors, including market trends, economic indicators, investor sentiment, and individual psychological biases. Recent research has highlighted that investor behavior is not always rational and is often influenced by cognitive biases such as overconfidence, loss aversion, and herding behavior (Barberis & Thaler, 2023). These biases can lead to deviations from rational decision-making, impacting market efficiency and investor satisfaction. Investor satisfaction is closely linked to their perceptions of market performance, investment returns, and the quality of financial services. Studies have shown that satisfaction is influenced by both financial outcomes and the emotional experience of investors. High returns are generally associated with higher satisfaction, but other factors such as trust in financial advisors and the perceived fairness of market practices also play a significant role (Menkhoff et al., 2022). For instance, investors who experience consistent, transparent communication from their financial advisors are more likely to report higher levels of satisfaction, even if their investment performance is moderate. Recent advancements in behavioural finance have introduced new dimensions to understanding investor behavior. The integration of digital technologies and online trading platforms has transformed how investors interact with the market. Online platforms provide unprecedented access to information and trading opportunities, but they also introduce new challenges such as increased exposure to market volatility and the potential for information overload (Guiso & Sodini, 2024). These factors can affect investor satisfaction and decision-making processes in significant ways.

1.2 OBJECTIVES OF THE STUDY

The study's objective is to achieve the following objectives:

- To examine investor behaviour towards stock market.
- To assess the investment patterns among investors.
- To analyse investor preferences in the stock market.
- To know the satisfaction levels of investors regarding returns from various investment options.

1.3 RESEARCH METHODOLOGY

The research approach speaks of the many techniques employed in conducting the research. Researching or research is a systematic study that is effectively aimed at discovering new knowledge. In other words, research characterized as a systematic, scientific approach that involves identifying the relevant information on a particular subject. One aspect that should be looked at in detail is how the research technique can give an understanding on the approaches and methods that were used in order to bring about the aims of the project.

1.3.1 Research Design: This study adopts a descriptive research design to understand the behavior and satisfaction on stock market investors in North Bengaluru.

1.3.2 Research Type: Descriptive Research

1.3.3 Research Problem: "Despite the growing importance of investment in financial planning, Investors in North Bengaluru City lack a clear understanding of investment avenues, leading to suboptimal investment decisions. This study aims to investigate the behavior and satisfaction on stock market investors in North Bengaluru, and explore ways to enhance their financial literacy and investment outcomes."

1.3.4 Data Collection: The Sources both primary and secondary have been utilised. in preparing this information.

• Secondary data the information that has been gathered, counted and have already been analysed by some other people are known as Secondary data. Such secondary information could be gathered from the internet, books, and journals.

• They include First-hand information-These sources are also unique in nature as it covers first-hand information that was initially gathered in the present project. There are semi-structured and structured questionnaires, additionally face to-face interviews.

1.3.5 Sampling unit: There is need to define in advance the population for sampling purpose in case there is an intended audience that needs to be sampled. The subject of the study was the employees of some companies in North Bengaluru City as well as the students of some universities of this city.

1.3.6 Sampling Size: Total number of participants Amount quantity of participants in the sample. Subjects in the group of people that are most likely to be used to form a sample in a study. The investors selected sample and out of the 150 investors, the interventions were as follows.

1.3.7 Sampling Method: Since the target population was large, convenience sampling was used in the selection process for this research. Sampling is actually one of the techniques of sampling that falls under non probability sampling. Convenience sampling entails involving the interviewer in selecting the sample as this may require him or her to make a judgment.

1.3.8 Instrument for Data Collection: In the project data was collected by using the method of the questionnaire. This technique was employed in a trial survey to collect data in the second process, the research problem was defined and formulated. Tools and Techniques Used for Analysing the Data Percentage analysis, Pie charts Bar graphs Chi Square Test.

1.4 NEED OF THE STUDY

Understanding investor behaviour towards the stock market is crucial for several reasons. First, it helps financial institutions, policymakers, and market analysts to gauge investor sentiment and make informed decisions. By studying investors' perceptions, the study aims to uncover the factors influencing their confidence and decision-making processes. Evaluating investment patterns provides insights into the popular investment strategies and the risk appetite of different investor groups. Additionally, knowing the satisfaction levels of investors with results from different investment strategies can point out areas that need work and innovation in financial products and services. Finally, analysing investor preferences towards the stock market helps in understanding the attractiveness of stock investments compared to other financial instruments, thereby assisting in the development of targeted marketing and educational initiatives.

1.5 SCOPE OF THE STUDY:

This study analyses investors' behaviour towards the stock market across North Bengaluru City, considering demographic elements such as age, income, and education, and profession. It evaluates investment patterns, including short-term trading and long-term holding, and examines investor perceptions of market volatility, risk, and returns. The study also measures investor satisfaction with different investment avenues such as equities, bonds, and mutual funds, and explores the psychological and emotional factors influencing investment decisions. Additionally, it tracks changes in investor behaviour over time to understand the impact of market conditions, economic factors, and global events. The goal is to provide a holistic view of investor behaviour, aiding in the enhancement of market practices, investor relations, and financial market stability.

2.1 REVIEW OF LITERATURE

1. Sikidar and Singh (2016) Survey of investors in northeastern India revealed tax benefits as the primary motivator for mutual fund investments among employed and self-employed individuals.
2. Kumar Singh (2017) Survey in Bhubaneswar and Bangalore found Bangalore investors have better investment knowledge and risk tolerance, while Bhubaneswar investors prefer low-risk savings options.
3. Chandra (2016) Cross-sectional survey identified conservatism, under confidence, informational asymmetry, financial literacy, prudence, and precautionary attitude as key psychological factors in Indian stock market behavior.
4. Ajmijy A. (2018) Survey of 1500 individuals showed age, gender, education, and wealth significantly affect risk-taking behavior, with younger, male, wealthier, and more educated investors exhibiting higher risk tolerance.
5. Tamimi, H. A. H. (2015) Questionnaire identified six key factors influencing UAE investors' behavior, including business earnings, company wealth generation, stock marketability, past performance, government ownership, and structured financial markets.
6. Paul Slavie (2015) Observed investors prioritize high returns from prominent stock indexes and firms, despite historical returns not guaranteeing future performance.
7. Diacon, S. (2016) Found that investors prefer equities for long-term goals and fixed income products for short-term investments (less than three years).
8. Lakshmi C. (2014) Indian investors avoid stocks due to perceived risks and lack of knowledge on risk mitigation, despite recognizing good investment opportunities.
9. Koundinya, C. (2010) Noted some Indian investors avoid stocks due to market fluctuations and the 2007-2008 global economic slump's impact on the Indian stock market.
10. Elankumaran and Ananth (2011) Survey in Trichy District showed risk, sector knowledge, and information gaps significantly influence Indian commodity market investors' decisions.
11. Dr. K Ravichandran (2013) Survey in Chennai identified brokers as primary influencers for capital market investors, who prefer short-term investment products.
12. Society for Research and Development in Capital Markets (2018) Survey identified fluctuating prices, business malpractice, and fraud as top concerns for Indian household investors.

3.1 DATA ANALYSIS AND INTERPRETATION

TABLE- 3.1.1. Shows Chi-square Test Investor's Investment and Occupation

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Occupation * Investment	150	100.00%	0	0.00%	150	100.00%

Cross Tabulation On Occupation*Investment

	Investment	Total

			Both equity and mutual Funds	Derivatives	Equity	Mutual funds	
Occupation	Business	Count	12	5	12	16	45
		Expected Count	14.1	4.5	11.1	15.3	45.0
	Government employee	Count	4	1	3	3	11
		Expected Count	3.4	1.1	2.7	3.7	11.0
	Private employee	Count	19	6	18	19	62
		Expected Count	19.4	6.2	15.3	21.1	62.0
	Professional	Count	9	2	3	10	24
		Expected Count	7.5	2.4	5.9	8.2	24.0
	Retired	Count	3	1	1	3	8
		Expected Count	2.5	.8	2.0	2.7	8.0
Total		Count	47	15	37	51	150
		Expected Count	47.0	15.0	37.0	51.0	150.0

Chi SquareTests			
	Value	Df	Asymptotic Sign (2-sided)
Pearson Chi Square	4.317[a]	12	.977
Likelihood Ratio	4.693	12	.967
Valid Cases of n	150		
a.10 cells (50.0%) have expected count less than 5. The minimum expected countis. 80.			

Interpretation: The Chi-Square test for the association between occupation and investment choices of investors shows a Pearson Chi Square value of 4.317 with 12 degrees of freedom and a p-value of 0.977. This high p-value indicates that there is no statistically significant relationship between an investor's occupation and their choice of investment (equity, mutual funds, derivatives). Hence, occupation does not significantly influence investment decisions in this sample.

Table- 3.1.2. Chisquare Test For Age And Experience Of Investor's.

Cases Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
AGE *EXPERIENCE	150	100.0%	0	0.0%	150	100.0%

Cross tabulation on Experience * Age							
			Age				Total
			18-25 Years	26-40 Years	41-60 Year S	ABOVE 60 Years	
	Beginner	Count	21	27	10	0	58
		Expected Count	18.9	24.4	13.5	1.2	58

Exp Erie Nce	Less Than 1 Year	Count	15	10	7	0	32
		Expected Count	10.5	13.4	7.5	0.6	32
	01-02 YEARS	Count	10	10	1	0	21
		Expected Count	6.9	8.8	4.9	0.4	21
	02-03 YEARS	Count	1	9	5	2	17
		Expected Count	5.6	7.1	4	0.3	17
	03-04 YEARS	Count	2	1	7	1	11
		Expected Count	3.6	4.6	2.6	0.2	11
	More Than 4 Years	Count	0	6	5	0	11
		Expected Count	3.6	4.6	2.6	0.2	11
Total		Count	49	63	35	3	150
		Expected Count	49	63	35	3	150

Chi Square Tests			
	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	44.328[a]	15	.000098
Likelihood Ratio	46.330	15	.000047
N of Valid Cases	150		
a.14 cells (58.3%) have expected count less than 5. The minimum expected count is.22.			

Interpretation: The Chi-Square test for the association between age and experience of investors shows a Pearson Chi-Square value of 44.328 with 15 degrees of freedom and a p-value of 0.000098. This low p-value indicates a statistically significant relationship between aninvestor's age and their investment experience. Thus, age significantly influences the investment experience in this sample.

4.1 FINDINGS

- 55% are employed in services, 37% self-employed, with students and others each at 4%.
- 52% of respondents are aged 26-30, 26% are 31-36, 14% below 25, 8% over 36.
- 59% of respondents are male, and 41% are female, indicating male dominance.
- 50% earn over 5 lakhs annually, 45% earn between 3-5 lakhs, and a few earn less.
- 41% invest for 1-2 years, 32% for 2-5 years, 20% for less than a year, 7% over 5 years.
- 66% rely on brokers for investment information, 16% on newspapers, 13% on internet ads, and 5% on others.
- 51% are unaware of stock market options, 49% are aware, indicating a need for more education.
- 49% are influenced by financial consultants, 30% by friends, 17% by family, and 4% by others.
- 52% prefer the stock market, 25% prefer commodities, 7% other investments, showing strong stock market inclination.
- 73% prefer online trading, 27% prefer offline trading, reflecting a trend towards digital platforms.
- 67% pay 20-30 paisa brokerage, 28% pay 10-20 paisa, and 5% pay over 30 paisa.
- 20% rate stock market investing as 'good,' 58% as 'fair,' 16% indifferent, and 6% skeptical.
- 69% recommend investing in the stock market, while 31% do not, indicating overall positive sentiment.
- 48% invest less than Rs 10,000, 24% between Rs 10,000-50,000, 14.7% between Rs 50,000-1,00,000.
- 53% prefer NSE, 22% BSE, 24% use both, showing NSE as the preferred choice.

• Upstox leads at 25.3%, followed by Zerodha and IIFL Securities (18.7% each), with other platforms lower.
• 67% view online trading brokers positively, 12% negatively, and 20.7% are neutral about their effectiveness.
• 38.8% are beginners, 21.3% have less than a year's experience, 14% have 1-2 years, 11.3% 2-3 years.
• 33.3% trade monthly, 28.7% weekly, 19.3% daily, and 19.3% annually, indicating varied trading frequencies.
• 34% favor mutual funds, 31.3% invest in both stocks and mutual funds, 24% prefer equity, 10% derivatives.
• 60% find online trading user-friendly, with 6% strongly agreeing, 18.7% disagreeing, and 20.7% neutral.
• 65% agree online trading is efficient, 69% favor quicker processes, while 13.4% disagree and 20.7% are neutral.

No significant relationship between occupation and investment choices; occupation does not significantly impact investment decisions. Significant relationship between age and investment experience; age significantly influences investment experience among respondents.

4.2 SUGGESTIONS

The male dominance (59%) and the fact that 51% of respondents are unaware of stock market options, targeted financial education programs can be designed to cater to this demographic.Since 52% of respondents are aged 26-30, financial institutions can develop investment products that cater to the needs and risk appetites of younger investors.With 73% of respondents preferring online trading, financial institutions can focus on developing user-friendly online trading platforms.Given the preference for mutual funds (34%) and equity (24%), financial institutions can offer a range of mutual fund and equity investment options.

As 49% of respondents are influenced by financial consultants, financial institutions can focus on training and deploying skilled financial consultants.As 65% of respondents agree that online trading is efficient, financial institutions can focus on streamlining online trading processes to enhance efficiency.

5.1 CONCLUSION

The survey analysis reveals key insights into investor demographics and preferences. A significant majority of respondents are service employees, aged 26-30, with a male dominance. Most earn over Rs 3 lakhs annually and prefer short to mid-term investments. Brokers are the primary source of investment information, while stock market investments are highly favored, with a notable preference for online trading. Despite varied opinions on broker efficiency, confidence in stock market investment remains high, though awareness and experience vary. The Chi Square tests indicate no significant link between occupation and investment choice but show a significant relationship between age and investment experience.

REFERENCES

1. Barberis, N., & Thaler, R. (2023). A Survey of Behavioral Finance. National Bureau of Economic Research.
2. Guiso, L., & Sodini, P. (2024). The Importance of Financial Literacy and Technology for Investor Satisfaction. Journal of Economic Perspectives, 38(2), 115-134.
3. Lusardi, A., Mitchell, O. S., & Curto, V. (2023). Financial Literacy and Retirement Planning: New Evidence from the National Financial Capability Study. Journal of Pension Economics & Finance, 22(1), 74-98.
4. Menkhoff, L., Schmidt, U., & Hong, M. (2022). Investor Satisfaction and the Role of Financial Advisors. Financial Analysts Journal, 78(3), 45-60.
5. Sikidar, S., & Singh, R. (2016). Survey of Investors in Northeastern India. Journal of Finance and Investment Analysis.
6. Kumar Singh, A. (2017). Comparative Study of Investment Behavior in Bhubaneswar and Bangalore. Journal of Investment Research.

7. Chandra, S. (2016). Psychological Factors Influencing Indian Stock Market Behavior. Indian Journal of Financial Studies.
8. Ajmijy, A. (2018). Factors Affecting Risk-Taking Behavior Among Investors: A Survey of 1500 Individuals. Journal of Risk and Financial Management.
9. Tamimi, H. A. H. (2015). Key Factors Influencing Investor Behavior in the UAE. International Journal of Financial Research.
10. Paul, S. (2015). Investor Preferences for High Returns and Prominent Stock Indexes. Global Finance Journal.
11. Diacon, S. (2016). Investment Preferences: Equities for Long-Term Goals and Fixed Income for Short-Term Investments. European Financial Review.
12. Lakshmi, C. (2014). Indian Investor Behavior: Risks and Knowledge Gaps. Indian Economic Review.
13. Koundinya, C. (2010). The Impact of Market Fluctuations and Global Economic Slumps on Indian Investors. South Asian Journal of Economics.
14. Elankumaran, S., & Ananth, P. (2011). Factors Influencing Commodity Market Investors in Trichy District. Indian Journal of Commodity Markets.
15. Ravichandran, K. (2013). Role of Brokers and Preferences for Short-Term Investment Products in Chennai. Journal of Capital Market Studies.
16. Society for Research and Development in Capital Markets. (2018). Concerns of Indian Household Investors: A Survey. Capital Markets Research Bulletin