



A COMPARITIVE ANALYSIS ON FACTOR INFLUENCING THE INVESTMENT OF THE CUSTOMER IN BANKING SECTOR

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Abstract: Not only do deposits contribute to the money supply, but they also have a significant impact on it. In response to major drivers like investment, the government creates and distributes money across the economy. Due to people's ability to save, transfer, and invest huge quantities of money, investment is essentially feasible and taking money out of bank accounts.

The purpose of the study is to determine how consumers see bank investments, how well-informed they are about other types of investments, such as equities, gold, and real estate, and, secondly, how frequently and how satisfied they are with their investments. Finding the factors that motivate investors to participate in the banking sector is the primary goal of this study.

The purpose of this study is to learn more about the major variables that affect consumer decision-making and risk tolerance when it comes to investments in the banking industry. The people may be neighbors and be equal in every way, yet they have quite different demands when it comes to financial planning. In light of this, the current study is an effort to identify the variables that influence individual investment decisions in the banking sector as well as the variations in investor perceptions of the choice to invest in banks.

KEY WORDS: Bank, Investment Choice, Investment Influencing Factors

I. INTRODUCTION

Spending money on various financial assets or institutions in the hopes of earning unknown future returns while also taking risk into account is known as investing. Investors can be classified into three categories: conservative, moderate, and aggressive. People make reasonable judgments, according to traditional financial theory, but some individuals also make irrational choices that have an impact on their future. Investors should be rational beings who research both the technical and fundamental aspects of an investment. Before investing their hard-earned money, consider the market. Maximizing income and reducing expenditures are the two main reasons why investors make investments. People are viewed as acting prudently while following their own interests in financial literature. In this situation, people set aside a portion of their hard-earned money for spending and a portion for saving. Individuals spend their savings according to this structure.

Due to the fact that they can influence the decision-making process and observe the outcomes of their decisions, many people find investing to be exciting. Because investors do not always choose the best assets throughout time, not all investments will be lucrative; nonetheless, A diverse portfolio should provide a profit for you. The future well-being of an investor may be significantly impacted by investing; it is not a game. Most people invest their money. Even if a person does not choose specific assets, such as stocks, investments are still made through participation in pension plans, employee savings programmers, the purchase of life insurance or a home, or by using another investment method, such as investing in real estate (property), banks, or post office savings plans. These investments all share traits like possible returns and the risk you must take. As the future is unpredictable, you must decide how much risk you are ready to take on since better returns are tied to taking on more risk. The person should begin by outlining their investing objectives. The person should be knowledgeable about the mechanics of investing and the setting in which investment decisions are made once these goals have been set. They include the procedure for issuing securities and then buying and selling them, the rules and tax laws that have been passed by various levels of government, and the resources that an individual has access to for investment-related information.

2. PROBLEM IDENTIFICATION:

“A COMPARTIVE ANALYSIS ON FACTOR INFLUENCING THE INVESTMENT OF THE CUSTOMER IN BANKING SECTOR “

NEED FOR THE STUDY:

The purpose of the study is to determine how consumers see bank investments, how well-informed they are about other types of investments, such as equities, gold, and real estate, and, secondly, how frequently and how satisfied they are with their investments. Finding the characteristics that motivate investors to invest in the banking sector is the major goal of this study.

3. OBJECTIVE OF STUDY:

- To identify the fundamental factors influencing investment in the banking sector.
- To ascertain an individual's needs and the elements that influence them while making investments.
- To gauge how clients feel about their decision to invest in the banking industry.
- To investigate how demographic considerations affect the foundation of investing preference.

SCOPE OF STUDY:

The purpose of this study is to learn more about the major variables that affect consumer decision-making and risk tolerance when it comes to investments in the banking industry. The people may be neighbors' and be equal in every way, yet they have quite different demands when it comes to financial planning. In light of this, the current study makes an effort to identify the variables that influence an individual's decision to invest in the banking industry as well as the variations in investor perceptions of the decision to invest in banks.

4. LITERATURE REVIEW:

1. **Harlow And Brown (1990)** observes that psychologists tend to believe that an individual's choice is primarily determined by factors unique to the particular decision setting, whereas economists assume that there is some individual specific mechanism playing a common role in all economic decisions.
2. **Warrenetal. (1990) and Rajarajan (2000)** predict individual investment choices (e.g., stocks, bounds, real estate) based on lifestyle and demographic attributes. These investors see rewards as contingent upon their own behaviour.

3. **Umamaheswari S & Ashok Kumar M (2014)** undertook a study of the investment perspectives of the salaried strata at Coimbatore District with an objective of to ascertain the investment priority of a person based on the level of exposure , intensions ,beliefs , responsibilities etc .The study was carried out with a sample of 1000 investors .The study revealed that awareness on investment is the need of the hour for the investors through number of institutions part with investor's education as they are not sufficient . It also suggested for developing both the behaviour and investment models of a specific group of the society.
4. **Manoj Sharma, Sai Vijay T, Pateria LP & Sheetal Sharma (2012)** has done an empirical study on the impact of demographic factors on the satisfaction of investors towards insurance policies with a sample of 358 respondents in Chattisgarh state. The study reported that demographic factors like age, employment, education level and monthly income were found to have significant association with the satisfaction of the investors whereas gender, marital status do not have an association with the satisfaction of the investors. It also suggested that insurance companies in the state should attempt to target the investors by focusing on these two insignificant demographic factors.
5. **Smita Mazumdar (2014)** has carried out a study on individual investment behaviour with respect to financial knowledge and investment risk preference with an objective to find the significant relationship between financial knowledge and investment risk preference with individual investment behaviour. The sample of was taken in Mumbai through mails. Mails were sent to 55 persons and responses were received from 30 persons and these were considered as sample. The study revealed that there was no significant relationship between knowledge and individual investment behaviour and also no significant relationship between investor risk preference and individual investment behaviour. It was also concluded that significant correlation between knowledge and risk preference.

4.1 RESEARCH METHODOLOGY

The research methodology shows how the research process works and acts as a manual for doing the research study. It includes data source, sample size, sampling procedures, and analytical equipment. The researcher used primary data from 110 respondents who were consumers in the banking industry for this study.

Research Design	Descriptive Research
Study Area	India
Sampling Method	Convenient Sampling
Nature of Data	Primary Data
Source of Primary Data	Survey Method through Questionnaire
Tools Used for Data Collection	Structured Questionnaire
Types of Questions	Close ended, open ended
Sampling unit	Customer of Various Bank

SAMPLE SIZE

The number of items chosen for the investigation is referred to as the sample size. 200 participants in the research were chosen at random. All 200responders were clients of various banks. To reach its results, the study will use data analysis from the survey and a questionnaire with a convenience sampling approach.

HYPOTHESIS

Null hypothesis (H0).

There are no appreciable variations between respondents who are prepared to invest and their satisfaction level,

Alternative Hypothesis (H1): The satisfaction levels of respondents who are prepared to invest differ significantly from those who are not.

TESTS OF HOMOGENEITY OF VARIANCES

	Levene Statistic	Df1	Df2	Sig.
Based on Mean	51.774	3	105	.000
Based on Mean	9.100	3	105	.000
Based on Median and with adjusted df	9.100	3	60.656	.000
Based on trimmed mean	50.161	3	105	.000

Ready to invest

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	3.267	4	.817	6.888	.000
Within Groups	12.451	105	.119		
Total	15.718	109			

FINDINGS

- The distribution of sample says that majority of people which is 60.5% are at the age of 18 to 24. People at the age of 18 to 24 prefer to make investments in banking sector.
- The distribution of sample says that majority of the people which is 66% are male. This clearly shows that males are more interested in investing in banking sector.
- According to the sample's distribution, 30.5% of persons invest monthly in the banking industry. 30% of people occasionally make investments in the banking industry. Also, 22% of people contribute weekly to the financial industry. Also, 17.5% of people invest everyday in the banking industry.
- The sample's distribution indicates that 39% of participants are indifferent to happy with their investment decision from the previous year (including selling, buying, choosing stock, and deciding the stock volumes). According to sample distribution, 25% of respondents were happy with their investment decision in the previous year, which is the majority of the population. The sample's distribution indicates that the majority of respondents, or 7.5% of the population, are not content with their decision to make an investment in the previous year. According to the sample's distribution, 12.5% of respondents were dissatisfied with their investment decision in the previous year, which is the majority of the population. According to the sample's distribution, 5% of the population is highly dissatisfied with their investment decision from the previous year, which is the majority of the population.
- According to the sample's distribution, 37.5% of respondents are aware of the numerous investing options offered by banks. According to the sample's distribution, 32% of respondents use some of the bank's numerous investing systems. The sample's distribution indicates that 23% of respondents, or the majority, are unaware of the many investing options offered by banks.

- According to the sample's distribution, 41.5% of the population uses the net banking service. 36.5% of people do not use the net banking option.
- According to the sample's distribution, the majority of people—35.9%—are either risk-averse or risk-lovers when it comes to investments. A small percentage of investors 34.9% are either risk-lovers or risk-averse. In terms of investing, 29.2% of individuals are either risk averse or risk lovers.
- According to the sample's distribution, 40% of respondents prefer to make short-term investments (1- 5 year.) 36.5% of individuals prefer to make medium-term investments (less than 1 year). And 23.5% of individuals want to invest for the long term (more than 5 year).
- According to the sample's distribution, 35.5% of people invest in bank fixed deposits. A third of people, or people, invest in bank mutual funds. Individuals invest in insurance policies to the tune of 23%. 9.5% of the population invests in bonds and debentures.
- According to the sample's distribution, 36.5% of respondents invest between 10,000 and 50,000 dollars. 35% of persons have less than \$10,000 available for investment. 19.8% of people invest between \$50,000 and \$100,000. And 8.7% of the population invests between \$100,000 and \$1,000,000 annually.

CONCLUSION

The study's sample size, 200 bank clients, was used for the research. The researcher individually delivered a standardised questionnaire to each responder in order to gather data. There were 18 items on the survey. Data was examined in this study using Friedman's test, correlation, regression, frequency, and percentage. Finding the elements impacting investment choices in the banking sector was the study's main goal. The analyses' findings showed that the most crucial elements were Another significant finding from this study was that banks offer a wide range of investment options to their clients, which incites excitement among potential investors.

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