

CHAPTER 5
FINDINGS AND CONCLUSIONS

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FINDINGS AND CONCLUSION

5.1 Introduction:-

The researcher has attempted the study on the relationship between Financial Literacy and Individual Investment Inclination. Researcher has come through some findings and tried to give some relevant suggestions which would be attractive for the investors and financial institutions.

5.2. General Findings:-

Following are the general findings based on overall experience of researcher while having an interaction with the respondents.

1. The respondents do rely on public sectors other than private sectors investment companies.
2. Positive response towards doing personal financial planning.
3. More expectations from private sector companies like good and easy services, minimal investment charges instruments, affordable premium, etc.

5.3 Specific Findings:-

Following are the specific findings based on the data analysis made by the researcher.

Part I Demographic Analysis

1. There are 71 male and 25 female among total 96 respondents. Majority 27 respondents are from age group of 24-29. For data collection stratification was made into salaried, professional and business where each stratum carries 32 respondents. Graduate/PG General was 33 and Graduate/PG Professional was 63 respondents. Majority respondents collected i.e. 39 are from the income group of above 40000. (Table 4.2.1.1)

Part II Financial Literacy Level of Respondents

2. Majority 58.33% respondents are literate scoring between 31-40 and 17.71% respondents are highly literate having score above 40 marks. It can be seen that the respondents are having good financial knowledge as majority of respondents score above 30. (Table 4.2.2.1)
3. Maximum 57.75% male respondents have scored between 31-40 and 19.72% respondents above 40 marks. Whereas 60% female respondents have scored between 31-40. This shows both male and female respondents have scored good financial literacy score. (Table 4.2.2.2)
4. Majority 28.12% respondents are more literate from age group of 24-29; followed by 24% respondents are literate among age group of 30-35 out of which 6 respondents are highly literate having financial literacy score above 40. Overall it depicts that more over the respondents from age 24 to 40 are having good financial knowledge. (Table 4.2.2.3)
5. Maximum 56 respondents (58%) are gaining financial literacy score between 31-40 out of which majority, i.e. 23 are professional respondents. (Table 4.2.2.4)
6. It reveals that there are 63 i.e. 66% Graduate/PG Professional respondents and 33 i.e., 34% are Graduate/PG General respondents. Majority of Graduate/ PG professional tend to score high financial literacy i.e. above 30. (Table 4.2.2.5)
7. Majority 21 i.e. 54% respondents are from income group above 40000 having score between 31-40 and 12 respondents i.e. 31% score above 40. It shows that the respondents having income above 40000 have good financial literacy. (Table 4.2.2.6)

Part III Investment Inclination of Respondents

8. Majority investment of respondents is in Bank Deposits with frequency of 88 respondents out of 96 respondents percentage of 91.66, mean investment is 21.64 and standard deviation is 14.51 having first rank. Respondents do not prefer investment in avenues like Precious stones, Bonds, NSC, Pathasantha and commodities. (Table 4.2.3.1)
9. Gold/Silver has 1st rank having mean investment 4.30 and standard deviation 0.91, Real Estate 2nd rank with mean investment of 4.15 and standard deviation 1.10, Insurance 3rd rank with mean investment 4.10 and standard deviation 0.86 and respondents are less inclined towards NBFC Schemes, Debentures, Pigmy, Pathsantha, Precious Stones and arts in coming future. (Table 4.2.3.2)
10. Majority 68 respondents i.e. 70% collect information from recommendations of friends and families and only 21 respondents i.e. 22% collect investment information from seminars. It means that respondents believe more on advise by people and less by other media. (Table 4.2.3.3)
11. Investment Performance Track Record is preferred at 1st rank, Management Reputation at 2nd rank, Responsiveness to Enquires and Confidentiality is preferred at 3rd rank and 4th rank also. Parameters like Community Service/Charity Record and Additional Features are less preferred by respondents.(Table 4.2.3.4)
12. Respondents have given 1st rank to CA has the highest mean 4.20, standard deviation 1.09, next 2nd rank to Portfolio Manager with mean 3.76, standard deviation 1.27 and Stock Brokers, Insurance Agents and Accountants are less preferred by respondents. (Table 4.2.3.5)
13. Respondents are highly agreed with statement while investing in real estate one should fully satisfy oneself about clear title of property and disagreed by statement investing in Mutual funds require less information processing. (Table 4.2.3.6)

Part IV Investment Inclination of Respondents- Occupation Wise

14. Maximum investment of salaried respondents is in Bank Deposits with frequency 31 respondents out of 32 respondents percentage of 96.87, mean investment is 20.38 and standard deviation is 10.75 having first rank and do not prefer investment in avenues like Precious stones, Bonds, NSC, Pathasantha and commodities. (Table 4.2.4.1)
15. The professional respondents invest maximum in Real Estate with frequency of 28 respondents, percentage of 87.50, mean investment is 20.46 and standard deviation is 17.00 whereas respondents do not prefer to invest in avenues like Precious stones, Pathasantha, NBFC schemes, Debentures and Bonds. (Table 4.2.4.2)
16. Maximum investment of business respondents is in Bank Deposits with frequency 29 respondents out of 32 respondents percentage of 90.62, mean investment is 24.31 and standard deviation 20.20 and respondents do not prefer investment in avenues like Precious stones, Pathasantha, NBFC schemes, Debentures and Commodities (Table 4.2.4.3)
17. Salaried respondents are highly inclined towards PPF/PF Investment Avenue allocating 1st rank having mean investment 4.37 and standard deviation 0.70, and less inclined towards NBFC Schemes, Debentures, Pigmy, Pathsantha, Precious Stones and arts. (Table 4.2.4.4)
18. Professional respondents are highly inclined to Real Estate has 1st rank having mean investment 4.40 and standard deviation 0.97 and less inclined towards NBFC Schemes, Debentures, Pigmy, Pathsantha, Precious Stones and arts. (Table 4.2.4.5)
19. Business respondents are highly inclined towards Gold/Silver has 1st rank having mean investment 4.40 and standard deviation 0.71 and less inclined towards NBFC Schemes, Debentures, Pigmy, Pathsantha, Precious Stones and arts. (Table 4.2.4.6)
20. Majority of 62.50% collect information from financial advisors and Direct Mail/Websites. Whereas only 18.75% respondents collect investment information from seminars. It means that salaried respondents believe more on advise by people and advertisements. (Table 4.2.4.7)
21. Majority of 81.25% professional respondents collect information from Recommendations of Friends and Families and only 25% respondents collect

- investment information from seminars. It means that professional respondents believe more on advise by people and Books /newspaper than any other media.(Table 4.2.4.8)
22. Majority 84.37% business respondents collect information from Recommendations of Friends and Families and 21.87% respondents collect investment information from seminars. It means that business respondents believe more on advise by people then any other media. (Table 4.2.4.9)
23. Salaried respondents prefer parameter like Investment Performance Track Record at 1st rank, Management Reputation at 2nd rank and Responsiveness to Enquires at 3rd rank. Community Service/Charity Record and Additional Features are less preferred by salaried respondents. (Table 4.2.4.10)
24. Investment Performance Track Record, Management Reputation and Additional Features are the parameters preferred by professional respondents and Community Service/Charity Record is less preferred. (Table 4.2.4.11)
25. Investment Performance Track Record, Management Reputation and Investment Management Style are highly preferred by business respondents and Community Service/Charity Record is less preferred. (Table 4.2.4.12)
26. Salaried respondents have given 1st rank to CA with highest mean 4.03, standard deviation 1.25 whereas Estate Planner, Stock Brokers and Accountants are less preferred. (Table 4.2.4.13)
27. Professional respondents have given 1st rank to CA with highest mean 4.31, standard deviation 0.96 whereas Bankers, Accountant and Insurance Agent are not preferred by professional respondents. (Table 4.2.4.14)
28. CA is given 1st rank by business respondents with highest mean 4.28, standard deviation 1.05 whereas Insurance Agent, Stock Broker and Tax Consultant are less preferred by business respondents. (Table 4.2.4.15)
29. Salaried respondents are highly agreed with statement like while investing in real estate one should fully satisfy oneself about clear title of property with mean 4.56, standard deviation 0.61, ranked 1st and disagreed by statement investing in Mutual funds require less information processing with mean 3.62, standard deviation 0.94, ranked 10th. (Table 4.2.4.16)

30. Professional respondents are highly agreed with statement like while investing in real estate one should fully satisfy oneself about clear title of property with mean 4.43, standard deviation 0.75, ranked 1st and disagreed by statement like investing in Mutual funds require less information processing as compared to Shares with mean 3.68, standard deviation 0.89, ranked 10th. (Table 4.2.4.17)
31. Business respondents are highly agreed with statement no. 2 while investing in real estate one should fully satisfy oneself about clear title of property with mean 4.43, standard deviation 0.75, ranked 1st and disagreed by statement like investing in Mutual funds requires less information processing as compared to Shares with mean 3.46, standard deviation 1.13, ranked 10th. (Table 4.2.4.18)
32. There is no significant difference between financial literacy of respondents with different occupations. Independent Sample 't' test is not significant for respondents with Salaried and Professional, Salaried and Business, and Professional and Business occupation. (Table 4.2.4.19)
33. There is no significant difference between current investments by respondents with different occupation. Independent Sample 't' Test is not significant for respondents with Salaried and Professional, Salaried and Business, and Professional and Business occupation. (Table 4.2.4.20)
34. There is no significant difference between inclinations towards investments by respondents with different occupation. The Independent Sample 't' Test is not significant for respondents with Salaried and Professional, Salaried and Business, and Professional and Business occupation. (Table 4.2.4.21)
35. There is no significant difference between Preferences to Financial Advisors of respondents with different occupations. The Independent Sample 't' Test is not significant for respondents with Salaried and Professional, Salaried and Business, and Professional and Business occupation. (Table 4.2.4.22)

Part V Investment Inclination of Respondents- Gender Wise

36. Maximum investment of female respondents is in Gold/Silver with frequency of 23 respondents out of 25 respondents percentage of 92, mean investment is 20.43 and standard deviation is 12.33 having first rank. Respondents do not prefer investment in avenues like Bonds, Debentures and NBFC schemes. (Table 4.2.5.1)
37. Male respondents is has given 1st rank to Bank Deposits with frequency of 65 respondents out of 71 respondents percentage of 91.54, mean investment is 22.23 and standard deviation is 15.9. Respondents do not prefer investment in avenues like Pathasantha, Bonds, NSC, Precious stones and arts and commodities. (Table 4.2.5.2)
38. Gold/Silver has given 1st rank by female respondents having mean investment 4.44 and standard deviation 0.91, Real Estate 2nd rank with mean investment of 4.24 and standard deviation 0.92. Female Respondents are less inclined towards NBFC Schemes, Debentures, Pigmy, Pathsantha, Precious Stones and arts. (Table 4.2.5.3)
39. Male respondents are more inclined towards Gold/Silver allocating 1st rank having mean investment 4.25 and standard deviation 0.92. Male Respondents less inclined towards NBFC Schemes, Debentures, Pigmy, Pathsantha, Precious Stones and arts. (Table 4.2.5.4)
40. Majority of the female respondents' i.e. 17 respondents i.e. 68% collect information from recommendations of friends and families and only 6 respondents i.e. 24% collect investment information from seminars. It means that female respondents believe more on advise by people and less by other media. (Table 4.2.5.5)
41. Maximum 52 male respondents i.e. 73.20% collect information from recommendations of Financial Advisors and only 15 respondents i.e. 21.10% collect investment information from seminars. It means that male respondents believe more on advise by people and less by other media. (Table 4.2.5.6)
42. Investment Performance Track Record, Responsiveness to Enquires, Management Reputation, and Investment Management Style are the investment parameters preferred by female respondents. (Table 4.2.5.7)
43. Investment Performance Track Record, Management Reputation, Responsiveness to Enquires and Confidentiality, Investment Management Style and Management Fees are the investment parameters preferred by male respondents. (Table 4.2.5.8)

44. Female respondents allocated 1st rank to CA with the highest mean 4.40, standard deviation 0.70 whereas Stock Brokers and Insurance Agents are less preferred by female respondents. (Table 4.2.5.9)
45. Male respondents has given 1st rank to CA having highest mean 4.14, standard deviation 1.19 whereas Stock Brokers and Insurance Agents. (Table 4.2.5.10)
46. Female respondents are highly agreed with statement like Availing professional services for financial planning and investment yields good return with mean 4.44, standard deviation 0.77, ranked 1st and disagreed by statement like Investing in Mutual funds require less information processing as compared to Shares with mean 3.44, standard deviation 1.00, rank 10th. (Table 4.2.5.11)
47. Male respondents highly agreed with statement like while investing in real estate one should fully satisfy oneself about clear title of property with mean 4.50, standard deviation 0.69 with 1st rank and disagreed by statement like Investing in Mutual funds require less information processing as compared to Shares with mean 3.64, standard deviation 0.99, rank 10th. (Table 4.2.5.12)

Part VI Hypotheses Testing

48. The Karl Pearson's Correlation Coefficient is positive between demographic factors age, income and financial literacy but, it is not strong. Therefore Null Hypothesis that Demographic factors do not affect financial literacy is accepted in case of Age and Income. (Table 4.2.6.1)

49. The test Chi Square Eta is not significant in case of Financial Literacy and Education and between Financial Literacy and Gender and Financial Literacy and Occupation as well. Further Directional Measure shows that association between these variables is very weak. Hence Null Hypothesis i.e. Demographic factors do not affect financial literacy is accepted in case of Education, Gender and Occupation. (Table 4.2.6.2)

50. There is a negative correlation between investment in risky tradable avenues like mutual funds, bonds, dentures, precious stones and shares and financial literacy. The relationship between Financial Literacy and Investment in tradable risky investment avenues is not strong. Hence Null Hypothesis i.e., There is no significant relationship between inclination towards investment avenues and financial literacy of the respondents is accepted. (Table 4.2.6.3)

51 There is negative correlation between investments in risky avenues by salaried respondents and financial literacy. Whereas there is a positive correlation between financial literacy of businessman and investment in risky avenues. Since for respondents from all three occupations is not strong, Null Hypothesis i.e., There is no significant relationship between inclination towards investment avenues and financial literacy of the respondents is accepted. (Table 4.2.6.4)

5.4 Suggestions for Financial Institutions:-

With the help of findings and interaction with respondents', researcher has offered following suggestions for financial institutions.

1. People in age group more than 40 should be focused for enhancing financial literacy as this age group represents a life cycle stage where investments are preferred for dependents and for secured retirement.
2. Income group below Rs. 40000 pm should be targeted for improving financial literacy as though they may have small disposable income for investing but the volume of people earning up to Rs. 40000 pm is alluring for financial instrument providers.
3. For spreading financial literacy as well as disseminating information about financial product, direct contact method should be used as study has revealed that respondents believe more on advise by people rather than any other media.
4. Investment Performance Track Record and Management Reputation should be highlighted for popularizing financial products as they serve key to investors' choice. Study also leads to observation that high quality service and confidentiality is appreciated which should be banked by stakeholders.
5. Persons with business occupation should be tapped by real estate service providers; Persons with Service Occupation would serve a good target by marketers of secured financial products. Business occupation would be alluring prospective investors for Gold/Silver and financial products with these as underlying security.
6. The study reveals immense scope for investment agencies, financial institutions to design short term weekend financial literacy awareness camps. It also leads scope to design certificate and diploma courses to offer it to prospective investors to increase financial literacy.

5.5 Conclusion:-

This study has been made to evaluate the financial literacy among the respondents and relationship between financial literacy and different investment parameters. For this study two hypotheses have been set to test and to reach the conclusions. Financial literacy score is calculated by taking into account the responses to questions depicting knowledge about investment avenues and related factors. Even inclination of respondents toward investment avenues is analyzed. It has been revealed that Demographic factors do not affect financial literacy. However there is a relationship between financial literacy and investment inclination but results of study indicate that it is not strongly related. It is indicative that investors are influenced by a combination of demographic factors, financial literacy and some other factors for e.g. psychographic factors while taking decisions regarding investments. Further studies can be undertaken by taking a combination of all this factors.