

## A STUDY ON FINANCIAL PLANNING FOR INDIVIDUAL INVESTORS AT AXIS BANK

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### ABSTRACT

This study explores the investment behaviours, preferences, and strategies of individual investors, focusing on the compatibility of various financial instruments with personal financial goals. Through a mixed-methods approach utilizing both primary data from structured questionnaires and secondary data from literature and reports, the research aims to uncover how psychological factors and financial literacy influence investment decisions.

The findings indicate that while fixed deposits remain the most preferred investment avenue, there is a noticeable trend among younger investors towards diversified and digital investment options. Behavioural patterns such as loss aversion, overconfidence, and reliance on professional advice emerged as significant factors shaping investment strategies. Additionally, despite high satisfaction levels with returns, many respondents identified high expenses and lack of knowledge as primary barriers to effective financial planning.

### I. INTRODUCTION

Financial planning has emerged as one of the most significant aspects of modern life, especially in an era where financial uncertainty, inflation, global instability, and changing employment trends are on the rise. The importance of managing personal finances has taken centre stage, not only among wealthy individuals but also among the middle and lower-income groups. In today's world, where every rupee counts and each financial decision may have long-lasting implications, structured financial planning

becomes a life skill rather than an optional exercise.

### II. REVIEW OF LITERATURE

- The project addresses the growing challenge individual investors face in identifying financial instruments that truly match their goals, risk comfort levels, and life stages. Many individuals make investment decisions based on emotions or popular trends, often influenced by behavioural biases such as overconfidence, loss aversion, or herd mentality.
- Despite the increased availability of financial tools and products, there is a gap in financial literacy, leading to confusion, hesitation, or over-reliance on unverified advice. Compounding this issue is the fact that high living expenses and lack of structured guidance often prevent people from engaging in consistent and goal-oriented financial planning.
- Digital platforms and investment apps have made access easier, but many investors are either unaware of how to use them effectively or misinterpret the risks involved. At the core, there is a mismatch between the financial resources available and the knowledge or confidence needed to utilize them well.
- This research, therefore, seeks to understand how individual behaviours, financial knowledge, and income levels shape investment choices, and what strategies can support more informed,

secure, and future-ready financial planning.

#### **NEED FOR THE STUDY:**

The growing complexity of financial markets increases the importance of informed decision-making for individual investors. With a multitude of financial instruments available, it is crucial for investors to understand which options best suit their financial goals and risk profiles. Furthermore, the behaviour of individual investors plays a significant role in their investment decisions, often influenced by psychological factors and market trends.

#### **Importance of the Study**

Financial planning plays a crucial role in helping individuals manage their income, savings, and investments effectively to achieve short-term and long-term financial goals. In today's dynamic economic environment, where inflation, market volatility, and rising living costs are constant challenges, sound financial planning has become more essential than ever. This study is important as it provides insights into how individual investors approach financial planning, the extent of their financial awareness, and the strategies they adopt to secure their financial future. It helps identify gaps in financial literacy, common investment patterns, and the factors influencing investment decisions. The findings of this study can be valuable for financial advisors, policy makers, and financial institutions in designing better financial products and awareness programs tailored to individual needs. Moreover, it empowers individuals by highlighting the significance of proactive and informed financial planning for long-term financial well-being.

#### **SCOPE OF THE STUDY:**

This study is focused on examining the financial planning behaviours, preferences, and strategies of individual investors. It will explore the compatibility of various financial instruments, such as stocks, bonds, and mutual funds, with the specific needs and objectives of individual investors.

#### **OBJECTIVES OF THE STUDY:**

- To analyze the impact of individual investor behavior on financial decision-making.
- Financial Literacy and Retirement Planning in the Netherlands (2011)
- Authors: M. Roojj, AnnamariaLusardi, A. Alessie

#### **SOURCES OF DATA**

##### **Primary Data:**

Primary data were collected directly from individual investors through structured questionnaires. These questionnaires were designed to gather detailed information regarding their income levels, saving patterns, investment choices, financial goals, and awareness of financial planning tools. The respondents included salaried employees, self-employed professionals, and retired individuals from various age groups and income brackets. In addition to questionnaires, personal interviews were conducted with selected participants to gain deeper insights into their financial behavior and planning strategies. The data collected through these methods provided first-hand information on how individuals approach financial planning in real-life scenarios.

##### **Secondary Data:**

Secondary data were obtained from various published and reliable sources to support and validate the primary findings. These included reports and publications from the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), and the Association of Mutual Funds in India (AMFI). Additional data were sourced from financial journals, academic research papers, books, and reputed online platforms such as Moneycontrol, Economic Times, and Business Standard. These sources provided background information, industry trends, and statistical data relevant to the investment behavior and financial planning landscape in India.

##### **Sample Size and Profile of the Sample:**

The study gathered data from 120 individual investors through a structured Google Form. This sample size, while modest, provides a

sufficient base for initial analysis, allowing for the identification of common trends and patterns in financial planning behaviours among individuals from varied demographic backgrounds.

The demographic profile of the sample reveals that the largest group of respondents (approximately 55.8%) falls within the 21–25 age bracket, indicating a youthful and digitally engaged respondent base. The under-20 age group comprised a smaller portion, while older individuals (aged 26–30 and 30+) were less represented. This skew towards younger age groups reflects the digital-native generation's active participation

in financial planning and their openness to exploring modern investment avenues.

**Limitations**

- The study used convenience sampling, which may not represent the wider population.
- A relatively small sample size (120 respondents) may not capture all investor behaviours.
- Some age and income groups were underrepresented in the survey responses.
- Data was self-reported, so there is a chance of bias or exaggeration.

**III. DATA INTERPRETATION**

1. Age group of the respondents:

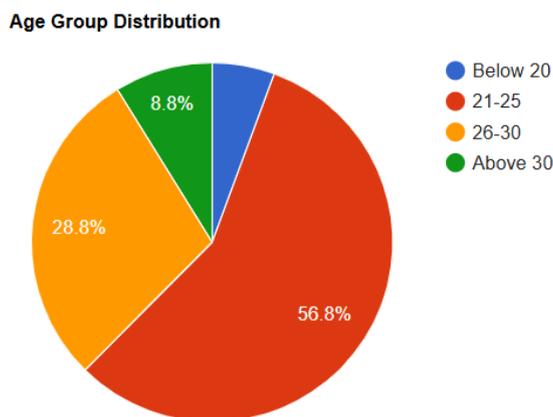


Fig. 5.1: Age groups of the respondents

**Inference:**

The above pie chart shows that highest respondents belong to 21-25 age group and least respondents are below 20. This helps us to understand that the information is mostly collected from young people.

2. Gender of the respondents:

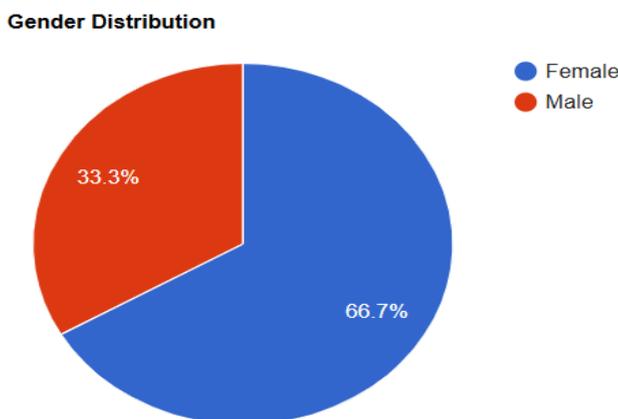


Fig. 5.2: Gender of the respondents

**Inference:**

From above chart we can analyse that most respondents are females and males are comparatively less than female respondents.

## 3. Occupation of the respondents:

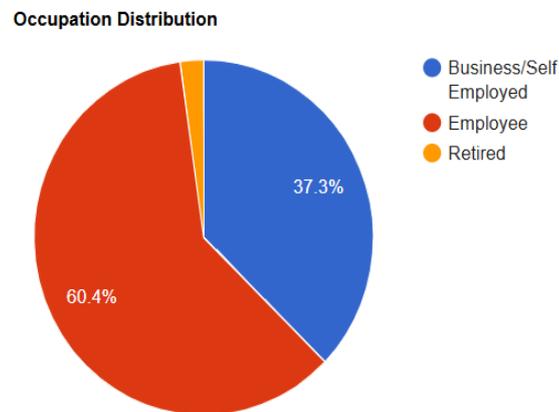


Fig. 5.3: Occupation of the respondents

**Inference:**

60% of the respondents are employees and the least responded are retired people. So, the data is mostly collected from the working officials.

## 4. Monthly Income of the respondents:

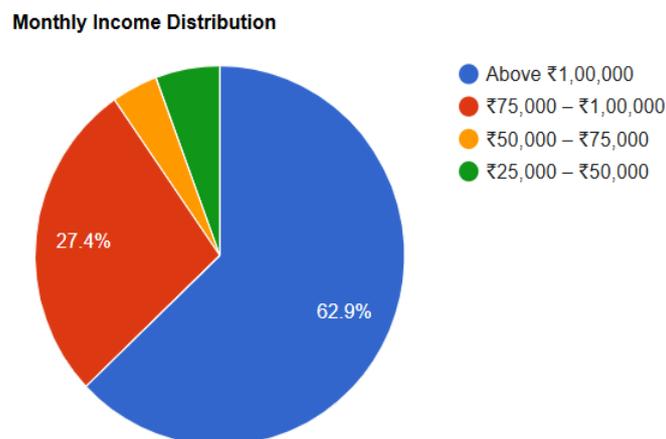


Fig. 5.4: Monthly Income of respondents

**Inference:**

The highest responded monthly income level is above 1,00,000 and 50,000-75,000 monthly income is the least responded. The second highest category of respondent's monthly income is 75,000-1,00,000.

5. The level of financial literacy of respondents is:

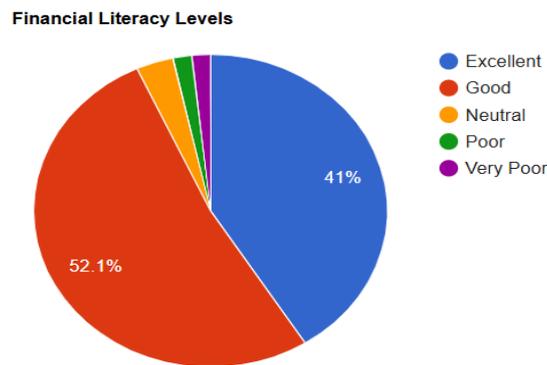


Fig. 5.5: Financial literacy level

**Inference:**

From the above pie chart we can understand that the level of financial literacy is good among the most respondents that is 52.1% of all respondents. Very few selected poor and very poor. This means that the investors or respondents have a good financial knowledge about their investment’s strategies.

6. The financial education or training course done by the respondents:

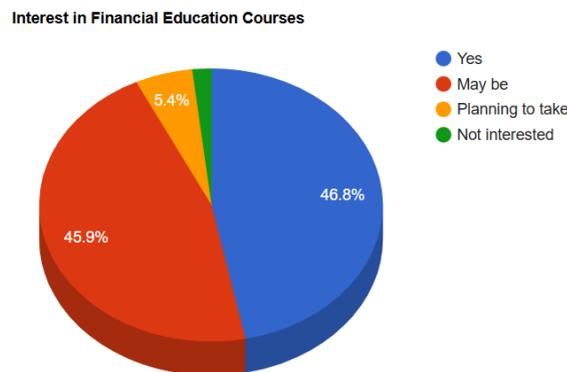


Fig. 5.6: Interest in Financial education

**Inference:**

From the above pie chart we can understand that highest responded (46.8%) is Yes. And least responded is Not Interested. The 45.9% of the respondents selected as may be which means they may take in future or may not take the financial education. It analyses that many respondents have taken education before and some them are planning to take.

7. The percent of monthly income invested by the respondents:

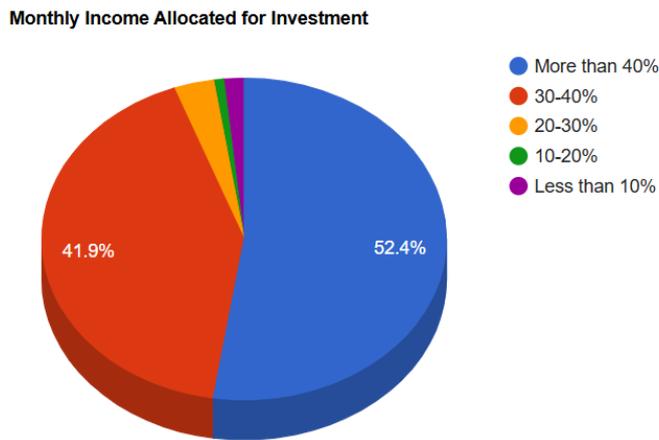


Fig. 5.7: Monthly income invested by the respondents

**Inference:**

Major responses are of category More than 40%. And least selected is 10-20%. This analyses that most of the respondents are investing more than 40% of their Monthly income. The investors are more concerned with investing.

8. The investment plan that reviews or execute every year by the respondents:

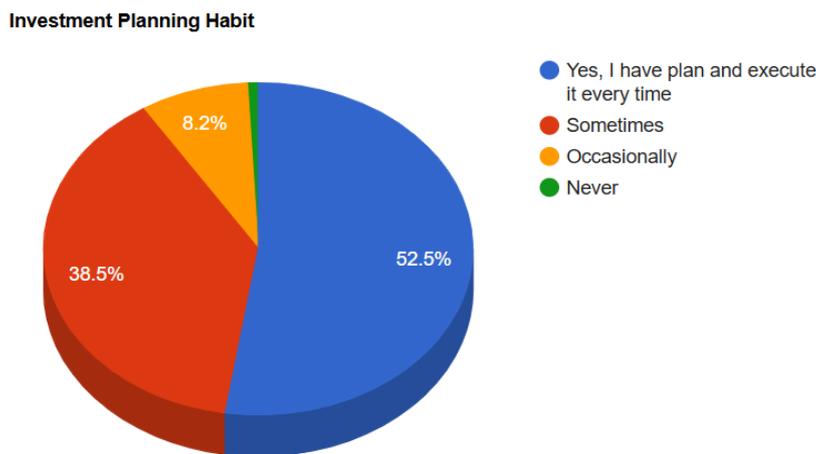


Fig. 5.8: Investment plan review

**Inference:**

The 52.5% of the respondents selected Yes. That means they have a plan and execute it every time. Least responded as Never. From the above chart we can understand that most of the investors has a plan and execute it accordingly to achieve their financial goals or objectives.

## 9. Investment in Life insurance by the respondents:

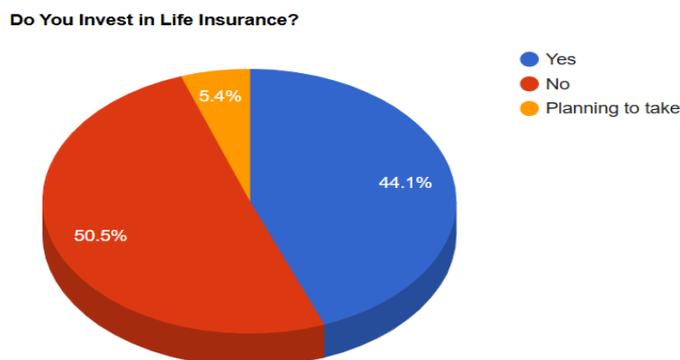


Fig. 5.9: Investment in Life Insurance

**Inference:**

From the above pie chart, we can clearly observe that half of the respondents selected as No (50.5%). Least responses are of planning to take. This analyses that life insurance is not much preferred by the investors now a days. But 44.1% of the respondents selected as yes. It means still the insurance is preferred by some of the people for their family security.

## 10. The professional advice taken by the respondents is:

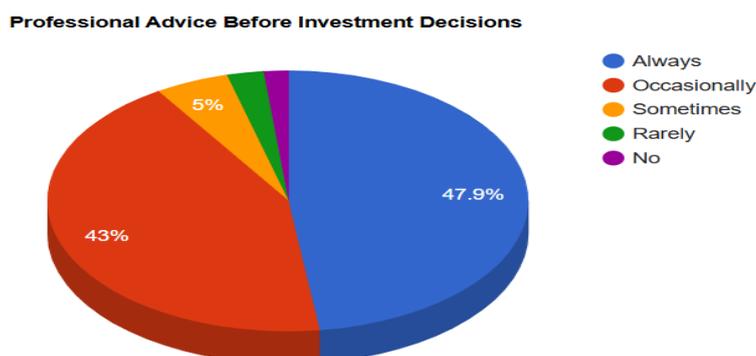


Fig. 5.10: Professional advice before investment

**Inference:**

From the above pie chart we can understand that 47.9% of the respondents selected as Always and least selected as No. That means the investors always prefer the professional advice before taking investment decisions to get into right path of achieving their financial goals. Occasionally is also preferred by many investors which means that they prefer the professional advice when it is required.

**IV. Findings:**

- Fixed deposits are the most popular choice among investors, suggesting a preference for safety and predictability. A growing number are also exploring diversified options like real estate and digital assets.
- Younger investors favour safer instruments, while older individuals tend to balance risk with long-term goals. Age influences preferences, but not significantly enough to draw strong conclusions.
- Higher income earners lean towards diversified portfolios, though statistical analysis found no strong link between income level and investment strategy.
- Most investors value professional advice and demonstrate strong financial literacy. These factors support better planning but are not the only drivers of decision-making.

**V. Suggestions:**

- Have diversified portfolio to beat index.
- Sell Anything That You No Longer Need.
- Your own decision will show you the way.
- Make sure about all the pros and cons before investing and it's better to get advices from others who already invested.
- Build an emergency funds.

**VI. Conclusions**

- **Investor Caution and Preference for Security** The dominance of fixed deposits as the top investment choice reflects a strong inclination towards low-risk, secure options. This aligns with traditional investment mindsets where capital preservation takes precedence, especially among younger and first-time investors.
- **Financial Literacy Influences Decision-Making** Investors with higher financial literacy levels are more confident and proactive in making strategic decisions. However, the regression analysis showed that while knowledge plays a role, it is not the sole determinant of investment strategy. Behavioural factors and external influences are also critical.

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