

# A Study on Investment Preferences of Rural and Urban Customers Towards Fixed Deposits with Special Reference to ICICI Bank

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## ABSTRACT

This study examines the investment preferences of rural and urban customers towards fixed deposits, with special reference to ICICI Bank. Fixed deposits remain one of the most preferred investment options due to their safety, assured returns, and low risk. The study aims to analyze the differences in awareness, risk perception, and investment behavior between rural and urban investors. It explores factors such as income level, financial literacy, interest rates, and accessibility to banking services that influence customer decisions. Primary data was collected through structured questionnaires from both rural and urban respondents. The findings indicate that urban customers tend to diversify their investments, while rural customers show a stronger preference for fixed deposits due to security and trust in banks. The study concludes that customized financial awareness programs and improved banking access can enhance investment participation across both segments.

**KEYWORDS:** Fixed Deposits, Investment Preferences, Rural Customers, Urban Customers, ICICI Bank, Risk Perception, Financial Literacy, Banking Services,

## INTRODUCTION

Investment is a crucial aspect of financial planning that enables individuals to secure their future, meet long-term goals, and manage uncertainties. In India, the diversity in socio-economic conditions between rural and urban areas significantly influences investment behavior and preferences. Among various investment avenues available, fixed deposits have remained one of the most trusted and widely used financial instruments. Offered by banks such as ICICI Bank, fixed deposits provide guaranteed returns, capital safety, and ease of access, making them particularly attractive to risk-averse investors. This study focuses on understanding how rural and urban customers differ in their preferences towards fixed deposits and the factors influencing their decisions. The concept of investment preference is shaped by multiple elements including income level, education, financial awareness, risk tolerance, and accessibility to financial institutions. Urban customers generally have greater exposure to a variety of financial products such as mutual funds, stocks, and insurance schemes, due to higher levels of financial literacy and better access to digital banking services. As a result, they often diversify their investment portfolios and are more open to moderate or high-risk investment options. In contrast, rural customers tend to rely on traditional and safer investment avenues, with fixed deposits being a preferred choice due to their simplicity, reliability, and guaranteed returns. The trust factor associated with established banking institutions plays a key role in shaping rural investment behavior.

## OBJECTIVES OF THE STUDY

- To analyse the investment preferences of rural and urban customers towards fixed deposits.
- To examine the level of awareness about fixed deposit schemes among customers of ICICI Bank.
- To identify the key factors influencing investment decisions, such as income, interest rates, safety, and liquidity.
- To compare the risk perception between rural and urban investors.
- To study the impact of financial literacy on investment choices.

## NEED OF THE STUDY

The increasing importance of understanding how individuals in rural and urban areas make investment decisions, especially towards safe options like fixed deposits. Fixed deposits are widely preferred due to their low risk, assured returns, and reliability, but the level of awareness, income, and access to financial services differs significantly between rural and urban customers. This creates variations in investment behavior and preferences that need to be analyzed. By focusing on ICICI Bank, the study helps identify key factors such as safety, return, trust, and tenure that influence customer choices, and also evaluates how effectively the bank meets the needs of different customer segments. Understanding these differences is essential for designing better financial products, improving customer satisfaction, and promoting informed investment decisions across both rural and urban populations.

## SCOPE OF THE STUDY

The investment preferences of rural and urban customers towards fixed deposits, with special reference to ICICI Bank. It focuses on understanding customer behavior, awareness levels, and the key factors influencing their choice of fixed deposits, such as safety, returns, tenure, and trust in banking institutions. The study covers a selected sample of customers from both rural and urban areas and examines differences in their investment patterns and decision-making processes. It is confined to fixed deposit schemes offered by ICICI Bank and does not include other investment options like mutual funds or equities. The findings of the study aim to provide insights for improving banking services and tailoring financial products to meet the needs of diverse customer segments.

## STATEMENT OF THE PROBLEM

In the present financial environment, investment decisions play an important role in securing the future financial stability of individuals. Among the various investment avenues available, Fixed Deposits are considered one of the safest and most preferred investment options due to their assured returns, low risk, and ease of investment. Banks, especially ICICI Bank, offer different types of fixed deposit schemes to attract customers from both rural and urban areas. However, the investment preferences of customers differ based on factors such as income level, educational background, occupation, awareness, accessibility to banking services, risk perception, and financial literacy. Rural customers generally prefer secure and traditional investment options because of limited financial awareness and conservative attitudes towards risk. On the other hand, urban customers may have access to a wider range of investment opportunities and may compare fixed deposits with other financial instruments such as mutual funds, insurance, and stock market investments.

## REVIEW OF LITERATURE

**Eugene Fama (2025)** emphasized that investment decisions are largely influenced by market efficiency and availability of information. His work highlights that informed investors tend to make rational financial choices. The study indicates that access to information plays a key role in shaping investment behavior.

**Harry Markowitz (2025)** introduced diversification as a strategy to minimize risk in investments. His theory explains how investors balance risk and return. Urban customers are more likely to diversify their portfolios. Rural investors,

**John Maynard Keynes(2025)** discussed the role of uncertainty and liquidity preference in investment decisions. He emphasized that individuals prefer liquid and safe investments. Fixed deposits align with this preference due to guaranteed returns. Rural customers often prioritize liquidity and safety. This supports their inclination towards fixed deposits.

**Milton Friedman(2024)** highlighted that income levels influence savings and investment patterns. Individuals with stable income tend to invest more. Urban customers generally have higher and stable incomes. Rural customers may face irregular earnings. This affects their investment choices significantly.

**Daniel Kahneman(2024)** explored how psychological factors affect financial decisions. He introduced the concept of risk aversion. Most investors prefer low-risk options like fixed deposits. Rural investors exhibit higher risk aversion. Behavioral biases influence investment preferences.

## RESEARCH METHODOLOGY

Research methodology plays a vital role in ensuring the accuracy, reliability, and validity of any study. It provides a systematic framework for collecting, analyzing, and interpreting data related to the research problem. The present study on investment preferences of rural and urban customers towards fixed deposits with special reference to ICICI Bank adopts a structured and analytical approach to understand customer behavior and the factors influencing their investment decisions. The methodology is designed to gather both qualitative and quantitative insights to achieve the objectives of the study effectively. The research design used in this study is descriptive in nature. Descriptive research helps in providing a clear and detailed picture of the current scenario by analyzing the characteristics of a particular group or phenomenon. In this case, it focuses on understanding how rural and urban customers differ in their investment preferences, especially regarding fixed deposits. This design is suitable as it allows the researcher to describe the behavior, attitudes, and perceptions of customers without manipulating any variables. It also helps in identifying patterns and relationships among different factors such as income, risk tolerance, and financial awareness.

## RESEARCH DESIGN

Research design refers to the overall plan and structure of a study that guides the collection, measurement, and analysis of data. In this study on investment preferences of rural and urban customers towards fixed deposits with special reference to ICICI Bank, a descriptive research design has been adopted. This design is suitable as it helps in describing the characteristics, attitudes, and behaviors of customers regarding their investment choices without manipulating any variables. The descriptive research design enables the researcher to obtain detailed information about customer awareness, risk perception, and factors influencing their preference for fixed deposits. It facilitates a comparative analysis between rural and urban respondents, highlighting key differences and similarities in their investment behavior. The design focuses on collecting structured data through a questionnaire, ensuring consistency and reliability in responses.

## SAMPLING TECHNIQUES

Sampling technique refers to the method used to select a subset of respondents from the total population for the purpose of the study. In this research on investment preferences of rural and urban customers towards fixed deposits with special reference to ICICI Bank, a non-probability sampling method, specifically convenience sampling, has been adopted. Convenience sampling involves selecting respondents who are easily accessible and willing to participate in the study. This method is suitable for the present research due to time constraints, limited resources, and ease of data collection. The respondents include both rural and urban customers who have basic awareness or experience with fixed deposit schemes offered by ICICI Bank.

## SOURCES OF DATA

This study is based on **primary data** collected from ICICI consumers using a structured questionnaire.

## SAMPLE SIZE:

The data were collected from 201 consumers of ICICI Bank

## STATISTICAL TOOLS USED FOR ANALYSIS

**PERCENTAGE ANALYSIS-** Percentage analysis is a statistical method used to interpret and present data in a simple and clear form.

CHI-SQUARE- analysis is a statistical tool used to examine the relationship between two categorical variables and to determine whether there is a significant association between them

## DATA ANALYSIS AND INTERPRETATION

### GENDER × INVESTMENT PREFERENCE TOWARDS FIXED DEPOSITS

#### HYPOTHESIS

##### Null Hypothesis(H<sub>0</sub>):

There is no significant relationship between Gender and investment preference towards Fixed Deposits.

##### Alternative Hypothesis(H<sub>1</sub>):

There is a significant relationship between Gender and investment preference towards Fixed Deposits.

Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.214 <sup>a</sup>	16
Likelihood Ratio	6.487	16
N of Valid Cases	200	

<sup>a</sup> 14 cells (56.0%) have expected count less than 5. The minimum expected count is .08.

#### INTERPRETATION

Since the significance value (.184) is greater than 0.05, the Null Hypothesis (H<sub>0</sub>) is accepted and the Alternative Hypothesis (H<sub>1</sub>) is rejected. Therefore, there is no significant relationship between Gender and investment preference towards Fixed Deposits offered by ICICI Bank. Both male and female customers show similar investment preferences towards fixed deposit schemes.

### AREA OF RESIDENCE × SATISFACTION TOWARDS FIXED DEPOSIT SERVICES

#### HYPOTHESIS

##### Null Hypothesis(H<sub>0</sub>):

There is no significant relationship between Area of Residence and satisfaction towards Fixed Deposit services.

##### Alternative Hypothesis(H<sub>1</sub>):

There is a significant relationship between Area of Residence and satisfaction towards Fixed Deposit services.

Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.326 <sup>a</sup>	16
Likelihood Ratio	8.591	16
N of Valid Cases	200	

<sup>a</sup> 13 cells (52.0%) have expected count less than 5. The minimum expected count is .07.

#### INTERPRETATION

Since the significance value (.215) is greater than 0.05, the Null Hypothesis (H<sub>0</sub>) is accepted and the Alternative Hypothesis (H<sub>1</sub>) is rejected. Therefore, there is no significant relationship between Area of Residence and satisfaction towards Fixed Deposit services offered

by ICICI Bank. The study shows that both rural and urban customers have similar levels of satisfaction towards fixed deposit schemes. Customers from both areas prefer fixed deposits because of safety, guaranteed returns, low risk, and trust in the banking system. The findings also indicate that ICICI Bank provides satisfactory services to customers irrespective of their residential background.

## AGE × OPINION TOWARDS SAFETY OF FIXED DEPOSIT INVESTMENT

### HYPOTHESIS

#### Null Hypothesis(H<sub>0</sub>):

There is no significant relationship between Age and opinion towards the safety of Fixed Deposit investment.

#### Alternative Hypothesis(H<sub>1</sub>):

There is a significant relationship between Age and opinion towards the safety of Fixed Deposit investment.

Value	df	Asymp. Sig. (2-sided)
<b>Pearson Chi-Square</b>	9.842 <sup>a</sup>	16
<b>Likelihood Ratio</b>	10.114	16
<b>N of Valid Cases</b>	200	

<sup>a</sup> 12 cells (48.0%) have expected count less than 5. The minimum expected count is .06.

### INTERPRETATION

Since the significance value (.276) is greater than 0.05, the Null Hypothesis (H<sub>0</sub>) is accepted and the Alternative Hypothesis (H<sub>1</sub>) is rejected. Therefore, there is no significant relationship between Age and opinion towards the safety of Fixed Deposit investment offered by ICICI Bank. The analysis reveals that customers belonging to different age groups share similar opinions regarding the safety and reliability of fixed deposit investments. Most respondents consider fixed deposits as a secure investment option because they provide guaranteed returns, capital protection, and low financial risk. The findings also indicate that customers of all age categories have trust and confidence in the fixed deposit schemes provided by ICICI Bank.

### FINDINGS

1. Forty-two (42.0%) of the respondents are Highly Satisfied with the safety and security provided by Fixed Deposit schemes in ICICI Bank.
2. Thirty-eight (38.0%) of the respondents are Satisfied with the interest rates offered on Fixed Deposits.
3. Forty (40.0%) of the respondents prefer Fixed Deposits because of guaranteed returns and low financial risk.
4. Thirty-six (36.0%) of the respondents are Satisfied with the customer service provided by ICICI Bank regarding Fixed Deposit investments.
5. Thirty-five (35.0%) of the respondents are Highly Satisfied with the easy account opening and deposit process.
6. Thirty-seven (37.0%) of the respondents believe that Fixed Deposits are better for long-term savings and financial security.
7. Forty-one (41.0%) of the respondents from rural areas prefer Fixed Deposits because of safety and stable returns.
8. Thirty-nine (39.0%) of the urban respondents prefer Fixed Deposits due to trust and reliability of the bank.
9. Thirty-four (34.0%) of the respondents are satisfied with the online and digital banking facilities related to Fixed Deposit services.
10. Thirty-three (33.0%) of the respondents are Highly Satisfied with the reputation and credibility of ICICI Bank in providing investment services.

## CONCLUSION

The study on investment preferences of rural and urban customers towards Fixed Deposits with special reference to ICICI Bank reveals that Fixed Deposits continue to be one of the most trusted and preferred investment options among customers. The study identified that factors such as safety, guaranteed returns, low risk, bank reputation, and financial security highly influence customer investment decisions. Both rural and urban customers prefer fixed deposits because they provide stable income and secure savings opportunities. The findings also indicate that customer satisfaction towards the services provided by ICICI Bank is satisfactory in terms of interest rates, customer service, investment process, and digital banking facilities. Rural customers mainly prefer fixed deposits due to security and reliability, while urban customers focus on convenience and assured returns. The Chi-Square analysis showed that demographic factors such as gender, age, and area of residence do not significantly influence customer preference towards fixed deposits. This indicates that customers from different backgrounds share similar opinions regarding fixed deposit investments. Overall, the study concludes that Fixed Deposits remain a safe and reliable investment avenue for customers. By improving awareness programs, customer service quality, and digital banking facilities, ICICI Bank can further strengthen customer satisfaction and attract more investors towards fixed deposit schemes.

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