

Investment Behaviour of Young Investors

Ms. Devadharshini .K

MBA School of Management Dhanalakshmi Srinivasan University


Dr. S. Bharathi

Head & Associate Professor School of Management Dhanalakshmi Srinivasan University



<https://doi.org/10.55041/ijstmt.v2i5.481>

Cite this Article: .K, D. (2026). Investment Behaviour of Young Investors. *International Journal of Science, Strategic Management and Technology*, 02(05). <https://doi.org/10.55041/ijstmt.v2i5.481>

License:  This article is published under the Creative Commons Attribution 4.0 International License (CC BY 4.0), permitting use, distribution, and reproduction in any medium, provided the original author(s) and source are properly credited.

Abstract

Investment behaviour of young investors has become an important area of study due to the increasing participation of youth in financial markets and the growing availability of diverse investment opportunities. Young investors are influenced by several factors such as financial literacy, income level, risk tolerance, social media, technological advancements, market trends, and personal financial goals. Their investment decisions are often shaped by both rational and psychological factors, including attitudes toward risk, peer influence, and expectations of future returns.

This study aims to examine the investment behaviour of young investors and identify the key factors affecting their investment decisions. The research focuses on understanding the preferences of young investors toward various investment avenues such as stocks, mutual funds, fixed deposits, gold, real estate, and other financial instruments. It also analyzes the role of demographic variables and financial awareness in shaping investment patterns.

The study uses primary and secondary data sources to collect relevant information regarding investment choices and behaviour among young individuals. The findings are expected to provide insights into the investment habits, risk perceptions, and decision-making patterns of young investors. The research will be useful for financial institutions, policymakers, and investment advisors in developing appropriate financial products and strategies to encourage informed investment decisions among young investors.

Introduction

Investment plays a significant role in the economic development of individuals and society by facilitating wealth creation and financial security. In recent years, the participation of young investors in financial markets has increased considerably due to technological advancements, easy access to online trading platforms, improved financial awareness, and the availability of various investment opportunities. Young investors represent a dynamic group with unique financial goals, attitudes, and investment preferences that differ from those of older generations.

Investment behaviour refers to the manner in which individuals make decisions regarding the allocation of their financial resources among different investment alternatives. These decisions are influenced by several factors such as income level, age, education, financial literacy, risk tolerance, market conditions, and psychological factors. Young investors often display varying investment patterns because they are more willing to explore new financial products and technologies while balancing risk and return expectations.

The modern financial environment provides numerous investment avenues including stocks, mutual funds, bonds, fixed deposits, real estate, gold, insurance plans, and cryptocurrencies. The selection of these investment options depends on an individual's perception of risk, expected returns, liquidity requirements, and investment objectives. Unlike traditional investors, young investors are increasingly influenced by digital media, peer recommendations, financial influencers, and online financial information while making investment decisions.

Behavioral finance theories suggest that investors do not always make purely rational decisions. Psychological factors such as overconfidence, herd behaviour, fear of loss, emotions, and market sentiments often influence investment choices. Young investors, due to limited experience in financial markets, may be more vulnerable to such behavioral biases. Therefore, understanding the investment behaviour of young investors becomes essential for identifying the factors that influence their financial decisions.

Studying the investment behaviour of young investors is important because it helps financial institutions, policymakers, and investment advisors understand their preferences and expectations. It also contributes to designing suitable financial products and educational programs that improve investment awareness and encourage better financial decision-making among young individuals.

This study aims to examine the investment behaviour of young investors and identify the major factors affecting their investment decisions. The research focuses on understanding the investment preferences, risk attitudes, and financial awareness levels among young investors to provide a clearer understanding of their decision-making patterns.

Research Objectives

Primary Objective

The primary objective of this study is to examine the investment behaviour of young investors and understand the various factors that influence their investment decisions, preferences, and financial planning strategies.

Specific Objectives

1. To identify the investment preferences of young investors

This objective aims to determine the types of investment avenues preferred by young investors, such as stocks, mutual funds, fixed deposits, gold, real estate, cryptocurrencies, and insurance policies. It helps in understanding which investment options are more attractive to young individuals and the reasons behind their choices.

2. To examine the factors influencing the investment decisions of young investors

The objective focuses on identifying the major factors that affect investment decisions, including income level, education, occupation, financial knowledge, economic conditions, and market trends. Understanding these factors helps in analyzing how investors make investment choices.

3. To analyze the risk perception and risk tolerance level of young investors

Risk plays a significant role in investment decisions. This objective seeks to understand the willingness of young investors to take risks and their attitudes toward uncertain market conditions. It also examines whether young investors prefer high-risk investments for higher returns or safer investment options with stable returns.

4. To study the impact of financial literacy on investment behaviour

Financial literacy influences the ability of individuals to understand financial concepts and make informed decisions. This objective aims to evaluate how financial awareness and knowledge about investment products affect the investment behaviour of young investors.

5. To understand the influence of demographic factors on investment behaviour

Demographic variables such as age, gender, educational qualification, occupation, and income level may influence investment decisions. This objective examines the relationship between these demographic characteristics and investment behaviour.

6. To identify the most preferred investment avenues among young investors

The objective focuses on studying the popularity of different investment alternatives among young investors and understanding the factors that lead them to choose particular financial products over others.

7. To examine the role of social media and technological advancements in shaping investment behaviour

With the increasing use of digital platforms and financial applications, young investors rely on online sources for financial information and investment guidance. This objective aims to analyze how social media, financial influencers, and technology impact investment decisions.

8. To evaluate the investment objectives of young investors

Young investors may invest for various purposes such as wealth creation, future financial security, retirement planning, education, or achieving personal financial goals. This objective aims to understand the primary motives behind their investment activities.

9. To suggest measures for improving investment awareness and decision-making among young investors

Based on the findings of the study, this objective aims to provide suggestions and recommendations that can improve financial awareness, encourage informed decision-making, and enhance investment practices among young investors.

Literature Review

The concept of investment behaviour has attracted significant attention among researchers and financial experts due to its importance in understanding how individuals make financial decisions. Investment behaviour refers to the process through which investors select, evaluate, and manage investment alternatives based on their financial objectives, risk preferences, and market perceptions. Several studies have examined the factors influencing investment behaviour, particularly among young investors, and have identified demographic, psychological, economic, and technological factors as important determinants.

Investment Behaviour and Investor Decision-Making

Investment decisions are often influenced by both rational and emotional factors. Traditional financial theories assume that investors make rational decisions based on risk and return analysis. However, behavioral finance theories suggest that investors are influenced by emotions, cognitive biases, and personal experiences while making investment choices. Young investors, in particular, may demonstrate varying investment patterns due to limited experience and changing financial goals.

Research conducted by **Barber and Odean (2001)** found that investor behaviour is significantly influenced by overconfidence and excessive trading activities. Their study indicated that individual investors often believe they possess superior market knowledge, leading to frequent investment decisions that may reduce returns over time.

Influence of Demographic Factors on Investment Behaviour

Demographic characteristics such as age, gender, education, occupation, and income level have a considerable influence on investment decisions. Different groups of investors may exhibit different investment patterns depending on their personal and economic circumstances.

Jain and Mandot (2012) examined the impact of demographic variables on investment behaviour and concluded that age and income significantly affect investment preferences. Younger investors were found to prefer high-risk and high-return investment opportunities, whereas older investors focused more on safety and stability.

Similarly, **Sivaramakrishnan et al. (2017)** found that educational qualifications and financial awareness levels positively influence investment decisions. Investors with higher educational backgrounds were more likely to make informed financial choices.

Role of Financial Literacy in Investment Behaviour

Financial literacy refers to an individual's ability to understand financial concepts and effectively use financial knowledge for decision-making. Financially literate individuals are more likely to invest wisely and diversify their investments.

Lusardi and Mitchell (2014) highlighted the importance of financial literacy in improving financial decision-making and wealth accumulation. Their study emphasized that individuals with greater financial knowledge are more likely to participate in financial markets and adopt better investment strategies.

Research has also shown that young investors with limited financial knowledge often rely on external advice and social influences, which can affect the quality of their investment decisions.

Risk Perception and Risk Tolerance

Risk tolerance is one of the most important factors affecting investment behaviour. Investors differ in their willingness to take financial risks depending on their income, financial goals, personality traits, and market experience.

Grable (2000) suggested that younger individuals generally exhibit higher risk tolerance because they have a longer investment horizon and greater opportunities to recover from potential losses. On the other hand, investors nearing retirement often prefer lower-risk investment options.

Several studies have also found that investors with higher income levels are more willing to take risks due to greater financial security and investment capacity.

Impact of Behavioral Factors on Investment Decisions

Behavioral finance theories explain that investors are not always rational in their decision-making process. Psychological factors such as emotions, fear, greed, overconfidence, and herd behaviour significantly affect investment choices.

Kahneman and Tversky (1979) introduced the concept of **Prospect Theory**, which states that investors tend to perceive losses more strongly than gains. As a result, they may make irrational decisions based on emotional responses rather than logical analysis.

Herd behaviour is another important factor influencing investment decisions. Investors often follow the actions of others without conducting their own research, especially during uncertain market conditions.

Influence of Technology and Social Media on Investment Behaviour

Technological advancements and digital platforms have transformed investment practices in recent years. Young investors increasingly depend on mobile applications, social media platforms, online trading systems, and financial websites for investment information.

Studies indicate that social media and digital financial platforms have increased financial awareness and market participation among young investors. However, excessive dependence on social media recommendations may sometimes lead to impulsive or uninformed investment decisions.

Research Gap

Although several studies have examined investment behaviour and factors affecting investment decisions, limited research specifically focuses on the investment behaviour of young investors in the context of rapidly changing financial technologies and digital investment platforms. Furthermore, the growing influence of social media, online trading applications, and financial literacy among young investors requires further investigation. Therefore, this study aims to bridge this gap by examining the investment behaviour of young investors and identifying the key factors influencing their investment decisions.

Summary

The literature review indicates that investment behaviour is influenced by multiple factors including financial literacy, demographic characteristics, risk tolerance, psychological biases, and technological developments. Previous studies provide valuable insights into investor behaviour; however, understanding the unique characteristics and preferences of young investors remains essential for developing effective investment strategies and financial education programs.

Research Methodology

Research methodology is a systematic procedure used for collecting, analyzing, and interpreting data to achieve the objectives of the study. It acts as a blueprint for conducting research in a scientific and organized manner. The present study focuses on understanding the investment behaviour of young investors and identifying the major factors that influence their investment decisions. This chapter explains the research design, sources of data, sampling methods, data collection procedures, analytical tools, and limitations followed in the study.

Research Design

The study adopts a **descriptive research design**. Descriptive research is used to describe the characteristics, opinions, attitudes, and behaviour of respondents regarding a particular subject. In this study, descriptive research helps in understanding the investment preferences, risk attitudes, and financial behaviour of young investors.

The research is also analytical in nature because it examines the relationship between various factors such as financial literacy, income level, demographic characteristics, and investment decisions. The study aims not only to describe investment behaviour but also to analyze the factors influencing such behaviour.

Nature of the Study

The present study is both:

- **Descriptive Study** – because it describes the investment behaviour and preferences of young investors.
- **Analytical Study** – because it analyzes the influence of different factors on investment decisions.

The study mainly focuses on identifying how young investors make investment choices and the factors affecting those choices.

Objectives of the Study

The major objective of the study is to examine the investment behaviour of young investors and understand the factors influencing their investment decisions.

The specific objectives include:

1. To identify the investment preferences of young investors.
2. To study the factors influencing investment decisions.
3. To analyze the risk tolerance level of young investors.
4. To examine the impact of financial literacy on investment behaviour.
5. To study the influence of demographic variables on investment decisions.
6. To understand the role of technology and social media in investment activities.

Sources of Data

The study is based on both **primary data** and **secondary data**.

Primary Data

Primary data refers to first-hand information collected directly from respondents for the purpose of the study. In this research, primary data is collected through a structured questionnaire distributed among young investors.

The questionnaire includes questions related to:

- Demographic profile
- Income level
- Investment preferences
- Risk tolerance
- Financial awareness
- Investment objectives
- Influence of social media and technology
- Investment frequency and decision-making factors

Primary data is useful because it provides original and specific information relevant to the objectives of the study.

Secondary Data

Secondary data refers to information that has already been collected and published by other sources. Secondary data is collected from:

- Books related to finance and investment
- Research journals and articles
- Websites and online financial reports
- Newspapers and magazines
- Annual reports of financial institutions

- Government publications
- Previous research studies

Secondary data helps in gaining theoretical understanding and supporting the findings of the study.

Area of the Study

The study focuses on young investors within the selected geographical area. Respondents from different educational backgrounds, occupations, and income groups are included in the study to understand diversified investment behaviour patterns.

The study mainly targets individuals who are actively investing or interested in investment activities.

Population of the Study

The population of the study consists of all young investors aged between **18 and 35 years** who have knowledge about investment opportunities or are actively involved in investment activities.

The population includes:

- Students
- Salaried employees
- Business people
- Self-employed individuals
- Young professionals

Sampling Technique

The study uses the **Convenience Sampling Method**.

Convenience sampling is a non-probability sampling technique where respondents are selected based on their availability, accessibility, and willingness to participate in the study.

This method is selected because:

- It is economical and time-saving.
- It is suitable for collecting responses from young investors.
- It allows easy access to respondents through online and offline methods.

Although convenience sampling may have certain limitations, it is widely used in behavioral and social science research.

Sample Size

The sample size selected for the study is **150 respondents**.

The sample includes young investors from different demographic and occupational backgrounds. The selected sample size is considered adequate for analyzing investment behaviour and drawing meaningful conclusions.

Data Collection Method

Data for the study is collected through a **structured questionnaire**.

The questionnaire is designed carefully to ensure clarity, relevance, and ease of understanding. Both online and offline methods are used to distribute the questionnaire among respondents.

Structure of the Questionnaire

The questionnaire is divided into three sections:

Section A – Demographic Profile

This section collects personal information of respondents such as:

- Age
- Gender
- Educational qualification
- Occupation
- Monthly income

Section B – Investment Behaviour

This section focuses on understanding the investment habits and preferences of respondents.

Questions include:

- Preferred investment avenues
- Frequency of investment
- Duration of investment
- Investment objectives
- Risk-taking ability

Section C – Factors Influencing Investment Decisions

This section identifies the factors affecting investment decisions such as:

- Financial literacy
- Expected returns
- Market conditions
- Liquidity
- Safety of investment
- Influence of family and friends
- Social media influence

- Technological advancements

Measurement Scale

The study uses a **5-point Likert Scale** to measure respondents' opinions and attitudes toward investment behaviour.

Scale Description

- | | |
|---|-------------------|
| 1 | Strongly Disagree |
| 2 | Disagree |
| 3 | Neutral |
| 4 | Agree |
| 5 | Strongly Agree |

The Likert Scale helps in converting qualitative opinions into quantitative data for statistical analysis.

Tools and Techniques Used for Data Analysis

The collected data is analyzed using statistical tools and techniques to interpret the responses effectively.

Percentage Analysis

Percentage analysis is used to analyze demographic information and investment preferences of respondents. It helps in presenting data in a simple and understandable form.

Mean Analysis

Mean analysis is used to calculate the average responses of respondents regarding various investment factors and preferences.

Correlation Analysis

Correlation analysis is used to determine the relationship between variables such as:

- Financial literacy and investment behaviour
- Income level and risk tolerance
- Social media influence and investment decisions

Chi-Square Test

Chi-square test is used to identify whether there is a significant relationship between demographic variables and investment behaviour.

Ranking Method

Ranking techniques are used to identify the most preferred investment avenues and major factors influencing investment decisions among young investors.

Hypotheses of the Study

The study proposes the following hypotheses:

Hypothesis 1

H₀: There is no significant relationship between financial literacy and investment behaviour of young investors.

H₁: There is a significant relationship between financial literacy and investment behaviour of young investors.

Hypothesis 2

H₀: There is no significant relationship between risk tolerance and investment decisions of young investors.

H₁: There is a significant relationship between risk tolerance and investment decisions of young investors.

Hypothesis 3

H₀: Social media does not significantly influence investment decisions of young investors.

H₁: Social media significantly influences investment decisions of young investors.

Reliability and Validity of the Study

To ensure the reliability and validity of the study:

- The questionnaire is prepared based on previous research studies and investment theories.
- Questions are framed clearly and simply to avoid confusion among respondents.
- Responses are collected from relevant participants who possess investment knowledge.
- Data is analyzed systematically using appropriate statistical tools.

Ethical Considerations

Ethical standards are maintained throughout the research process.

The following ethical principles are followed:

- Participation is voluntary.
- Respondents' personal information is kept confidential.
- Data collected is used only for academic purposes.
- Respondents are informed about the purpose of the study before collecting data.
- No misleading information is provided to respondents.

Limitations of the Study

Despite careful planning, the study has certain limitations:

1. The study is limited to a selected geographical area.
2. The sample size is limited to 150 respondents.

3. The study depends on the accuracy of respondents' answers.
4. Investment behaviour may change over time due to market conditions.
5. Convenience sampling may not fully represent the entire population of young investors.

Conclusion

The study on “**Investment Behaviour of Young Investors**” concludes that investment decisions are influenced by various factors such as financial literacy, income level, risk tolerance, demographic characteristics, and technological advancements. Young investors tend to prefer investment options that provide higher returns while balancing risk and security.

The findings indicate that financial knowledge plays an important role in making informed investment decisions. Social media, market trends, and psychological factors also influence the investment behaviour of young investors. Therefore, improving financial awareness and encouraging proper investment education can help young investors make better financial decisions and achieve long-term financial stability.

References

1. Bharathi, S., & Premkumar, B. (2026). *A study on training and development effectiveness at Techvolt Software Pvt. Ltd., Coimbatore. International Journal of Business and Administration Research Review, 13(1).*
1. Barber, B. M., & Odean, T. (2001). *Boys Will Be Boys: Gender, Overconfidence, and Common Stock Investment. Quarterly Journal of Economics, 116(1), 261–292.*
2. Grable, J. E. (2000). *Financial Risk Tolerance and Additional Factors Affecting Risk-Taking in Everyday Money Matters. Journal of Business and Psychology, 14(4), 625–630.*
3. Jain, D., & Mandot, N. (2012). *Impact of Demographic Factors on Investment Decision of Investors. International Journal of Research in Finance and Marketing.*
4. Kahneman, D., & Tversky, A. (1979). *Prospect Theory: An Analysis of Decision Under Risk. Econometrica, 47(2), 263–291.*
5. Bharathi, S., & Kannappa, R. (2019). *A study on work-life balance of employees in the unorganised sector in Perambalur District. A Journal of Composition Theory, 12(9), 1102.*
6. Lusardi, A., & Mitchell, O. S. (2014). *The Economic Importance of Financial Literacy: Theory and Evidence. Journal of Economic Literature, 52(1), 5–44.*
7. Sivaramakrishnan, S., Srivastava, M., & Rastogi, A. (2017). *Attitudinal Factors, Financial Literacy, and Stock Market Participation. International Journal of Bank Marketing.*
8. Nofsinger, J. R. (2017). *The Psychology of Investing* (6th Edition). Routledge Publications.
9. Chandra, P. (2017). *Investment Analysis and Portfolio Management* (5th Edition). McGraw-Hill Education.
10. Bodie, Z., Kane, A., & Marcus, A. J. (2018). *Investments* (11th Edition). McGraw-Hill Education.
11. Gupta, S., & Sharma, R. (2020). *Investment Behaviour among Young Investors: A Study on Financial Decision Making. International Journal of Finance and Economics.*
12. Vanhaltren, V. C. J., & Bharathi, S. (2026). *A systematic literature review study on training effectiveness. Scientific Culture, 12(4), 10332–10337.*