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Impact Of Behavioral Finance In The Investment Decision Among Women In The City Of Mumbai During Pandemic 2020

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Abstract- Behaviour finance is a new approach to financial markets that has emerged at least in part, in response to the difficulties faced by the traditional paradigm. In broad terms, it argues that some financial phenomena can be better-understood using models in which some agents are not fully rational. More specifically, it analyzes what happens when we relax one, or both of the two tenets that underline individual rationality In some behavioural finance models, agents fail to update their beliefs correctly. In other models, agents apply Bayes' law properly but make choices that are normatively questionable, in that they are incompatible with some factors.

Behavioural finance related to the psychology of investors and its impact in taking financial decisions. As we, all know that humans are social animals and they have emotions, which influence their decisions. The decisions, which are influenced by their behaviour, lead to inefficient and irrational decisions. It involves a field that studies how psychological factors affect decision making under uncertain conditions. Through this research, we came to know about the mentality of housewives while they invest in various investment avenues. Through this, we also came to know that their investment decisions are not only being influenced from the traditional methods of the investment but also from the psychological factors. The relevance is tested particularly in the COVID- 19 pandemic situation. We used both primary and secondary methods to know the effects of behavioural finance on housewives and to study the impact and relevance of behavioural financing in the investment decision of housewives.

Keywords: Investment, Behaviour, Psychology, Financial decisions, COVID-19

I. INTRODUCTION

Women need to become savvy investors and money managers. Although women outlive men by an average of five to seven years, they usually earn less and save less, drop in and out of the labor force, and suffer more financial divorce. When it comes to finance, women may be less confident of their ability to invest wisely and to plan. Women are more concerned about making ends meet in the present and less confident that they will have enough money in the future (Patterson, 1993). In addition to the particular needs of women in managing money, many families appear to need assistance. Evidence of this is shown by high debt loads and low savings. (Chang, 1994; De Vaney, 1993,1994).

II. LITERATURE REVIEW

The research reflects that women entrepreneurs consider investment as a long-term instrument and are risk averse and a little bit conservative. They are willing to take risks in business but not for making investment decisions. The reasons for this low-risk investment behaviour consist of lack of time and patience to understand investments and lack of knowledge about various products. The research asserts that if they spend time to be informed about the nuances of investment instruments, they are likely to take risks for their investments as well. The interviews also reflect that women entrepreneurs often mimic the investment behaviour of their parents. Jyoti M. Kappal (Symbiosis School of Banking and Finance (SSBF), Symbiosis International (Deemed University) (SIU), Pune, India) Shailesh Rastogi (Symbiosis Institute of Business Management, Symbiosis International (Deemed University) (SIU), Pune, India). ISSN: 1755-4179, Publication date: 10 June 2020 Kuntal Agrawal (1993) observed that the decision making power of women in India in the economic field lies in the hands of their husbands irrespective of the wives' income, education and profession.

Pandey Ranjana (2000) found that a majority of the women were not engaged in savings and credit activities. Lack of ownership of resources was a reason for non-availability of loan. Deepa Mathur (2001) found that 54% of women take professional jobs for economic reasons, 30% for career, 7.5% work for their financial independence and 2.5% for other reasons. Kulwant Sing (2004) found that women working at the upper levels of the job hierarchy carried out investment activities on their own. The ratio of the employed women who were reached during making investments was higher in the public sector than in the private sector. Anita (2004) found that the working women are more aware of the types of investments. While making an investment, working women are motivated by capital appreciation, safety, liquidity, speculation, tax benefits, and stability of income, transferability and prestige.

Radha (2009) found that gold is one of the most popular investment options among women. The investments decisions by the Indian women are mainly reliant on her financial goals, employment status, age, time horizon and most importantly risk taking abilities. Amol Agrawal (2010) observed that women do not possess the requisite skills to make successful investment and financial decisions. Neelambika Pattanshetti (2012) conducted a detailed study on the impact of savings and investment policies on working women. The study reiterated that the involvement of women in investment and savings activities improves their social and economic status as well as increases their contribution to economic development. It, therefore, recommends that the women should be given education through short training courses in order to build up their confidence in investment activities.

III. OBJECTIVES OF THE STUDY

A. To know the impact of the behavioural finance on the behaviour of housewives in Mumbai.
B. To find out the factors influencing the investment decision of the housewives.
C. To know the influence of investment of house wives in the investment market.

IV. SAMPLING SIZE

For the purpose of study, the researcher has collected data from 50 housewives, who belong to the middle income group and have minimum education i.e. eleventh pass out. This sample is the true representative of the universe.

V. SAMPLE UNIT

In this research, the researcher has included only the housewives.

VI. SAMPLING TECHNIQUE

For the purpose of study, the number of house wives selected from the universe constitutes a sample. The sample size is 50 and the researcher followed random sampling techniques for selecting those samples.

The primary data are also known as fresh data, which is collected by the researcher directly for his particular research, thus happening to be original in nature. In more simple words, we can say it is something, which is used for the first time by the researcher. There are many methods of collecting primary data for the research study. Researchers have taken the effort to make a questionnaire. The questionnaire consists of 11 questions. The questions are based on the knowledge about technical investment and the role of psychology in taking the investment decision of housewives. The researcher also used secondary data for more clarification. The secondary data was collected from the journals, articles and the authentic papers, which have been published. Therefore, the researcher has used both the primary data and secondary data for his study.

VII. RESEARCH FINDINGS

Here the researcher has asked 11 questions to know the factors which influence the investors behaviour and how that results in irrational decision making.

Item	Categories	Percentage of Respondents
Number of Earning members in Family	One	28
	Two	50
	Three	12
	More than three	10
Monthly Family Income	less than Rs. 10,000	2
	Rs. 10,000 to Rs. 30,000	26
	Rs. 30,000 to Rs. 50,000	29
	Above Rs. 50,000	43
Information about the Investment	Print Media	13
	Friends/Relatives	43
	Social Media	23
	Television	18
	Others	3
Preferred Investment Avenues (Self)	Fixed Deposits	31
	LIC	29
	Mutual Fund	26
	Share market	14
Preferred Investment Avenues (Friends/Relatives)	Fixed Deposits	29
	LIC	33
	Mutual Fund	17
	Share market	21
Nature of Investment	Short Term	2
	Mid-Term	43
	Long-Term	55
Purpose of Investment	Education of Children	34
	Marriage of Children	21
	Vehicle Purchase	2
	Investment in Property	43
Change in the investment Behavior during COVID-19 period	Yes	72
	No	28
Reason for the change	Lack of income	53
	Increased expenditure	42
	Saving for future during the pandemic period	37
	Others	20
Requirement of savings for any such situation in future	Yes	82
	No	18

Preferred Investment Avenue for saving for pandemic in future	LIC	28
	Mutual Fund	15
	Share market	3
	Fixed Deposits	54

From the above table we can see that the housewives behaviour has been getting affected by the friends and relatives. In addition, most of them started investing, getting influence from their family members. Their attitude and emotions play an important role in deciding the investment. During any pandemic or fall in the stock market instead of following the rational decision, they choose irrational decisions by getting influence from their relatives and friends and withdraw the fund instead of holding the funds and letting the market settle. While having talks with their friends they rarely discuss the stock market, this shows they have low interest in knowing the market situations. The researcher also highlighted one very important point that most of them would prefer to invest in the LIC instead of choosing mutual funds, fixed deposits or others. One reason could be the tax benefit but they preferred LIC because of what their relatives or friends have suggested. Therefore, these all reflect that the behavioural finance impacts the investment decision of house wives and many times, they preferred to take irrational decisions instead of rational decisions.

The study reveals that there are certain factors, which influence the investment choice of women. Among the different sources of information, internet and social media has been clearly shown as the ones, which have significant impact on the investment choice of women with women having exposure to and utilizing these sources showing a tendency to invest in comparatively riskier investment avenues like Equity Market, Mutual Funds, and Hedge Funds etc. The study also clearly shows that women who are more risk averse seem to be conservative and choose less risky investments like Bank Deposits and Provident Funds. The study shows that while women have engaged more in the participation of different investment avenues over the recent years, there are certain factors, which are responsible for this behaviour, the key ones being usage of the internet and social media for obtaining key information, which they use as the primary source for making their investment choice. Therefore, it is essential that focus shifts to the development of information and communication technology to reach to the women population in the country providing them with a plethora of information thus encouraging them to become active participants in different investment avenues.

One important aspect, which is very much essential for everyone, is education. That brings a lot of knowledge and wisdom in many aspects of human life. In the study area, housewives who have educational background also revealed that the source of information related to investment avenues are not got through the educational qualification. There is no significant association between the educational qualification and the sources of information regarding the various investment avenues.

When the requirements are more and resources are scattered. When there are more members in a family, the expenses are more and prime importance cannot be given to any one objective. Hence, the researcher infers one thing (i.e.) there is no significance association between the number of family members and the prime objective of their investment. More family members will reduce the percentage of savings and it leads to non objective movement in family administration.

Financial behaviour of the housewives can be improved only by a series of awareness programmes such as advertisements, motivational speeches etc in various media about savings and investments, implementation of attractive interest rate, establishment of new industries and business, reduction in cost and increase in profitability of industries and business.

VIII. CONCLUSION

This research showcases that housewives are getting influenced from behavioural finance. Therefore, house wives prefer their friends and relatives opinions or irrational methods instead of going with rational methods of investments. Though the minimum qualification of these house wives are twelfth but still they avoid the rational decision of investment and get more influence from their family members, friends and relatives for investment related information and for taking investment decisions. Women do not want to take much risk while making financial investments and therefore opt for safer investments like LIC, bank deposits and gold rather than investing in shares and bonds. The government, researchers and financial institutions must strive to promote financial literacy through its public policies, research papers, and journals so that women can have better financial planning skills. They take interest in the stock market and know the rationality of investment decisions.

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