ABSTRACT

The economic development of a nation depends on the mobilization and effective utilization of domestic savings. Domestic savings originate from three distinct sectors of the economy. They are the household sector, the private corporate sector and the public sector. More over investment decisions have assumed importance due to the general increase in employment opportunities. The stages of development in the country have accelerated demand and a number of new organisations and services have increased. More incomes have increased a demand for investments in order to bring in more income above their regular income. The different avenues of investments can be selected to support the regular income. The volatile behaviour of markets has challenged the hypothesis of efficient markets which motivates ones to understand the driving forces behind it. It is the major concern for academicians, investors and portfolio managers to understand the reasons causing irrationality in the markets. Money is an inextricable part of our lives. Educated & Uneducated also realize the importance of savings. Due to the development in the mass media and telecommunication people are aware of different investment alternatives. Due to the transparency the general public had gained expertise knowledge about the companies, its management and its market shares in the market and the company’s earning capacity over the period of time.

The respondents of the study are bank employees, as they are aware of various investment avenues and also no study conducted in Karnataka on them with respect to behavioural finance. The study aims to know the various investment avenues, sources of information for such investment, influence of economic, social and organisational factors with respect to various demographic variables.

The study considers 1765 employees across top 3 public and top 3 private banks in Karnataka state. The data obtained through structured questionnaire, which were coded using SPSS software. The Sample included from SBI, Canara Bank, Syndicate bank, ICICI, HDFC and Karnataka bank from 5 districts viz. Bengaluru, Dakshin Kannada, Belgaum, Udupi and Mysuru, which have large number of branches of banks.
Findings revealed that economic, social and organisational factors are influencing the investment decisions of bank employees. The investment decisions with respect to traditional investment avenues such as bank deposits, life insurance, precious objects, mutual fund etc are common among public and private bank employees and sources of information for such investment avenues are marketing agents, word of mouth and media ads. Hence, the financial institutions have to create an awareness of new plans and investment schemes among the people. The study concluded by saying that the investors behaviour depends on how the available information is being presented to them and how much they are prone to taking risk while making decisions; thus each variable of the factors playing a significant role in determining the investment style of an investor.