



# “A study of Financial Literacy & Investment Behaviour in IT sector”

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## **ABSTRACT:**

Financial literacy is the capacity to make wise financial decisions by having a thorough understanding of financial concepts. Developing financial literacy is done through financial education. The Indian IT sectors that which contributes to country's GDP. Investments with savings are important for accelerating the economic growth and enriching India. By understanding of savings and investing of IT workers is goal of this particular study. IT workers have alternative perspective to invest in the specific possibilities and they spent their savings in the safer manner and in the possible way.

However, the risk tolerance is different form each person. Their investing of goals likewise vary, ranging from the stability of finances to the additional income, etc. This paper identify the reasons that is responsible for adults rising in investment activity. I have used secondary data to conduct the study. The paper also examines the behavioural variables which is impacting investment decisions among the IT employees that is used an organised survey to examine Investing practices of the IT sector.

**Keywords:** Financial literacy, Savings, Economic growth, IT workers, Risk tolerance, GDP contribution.

## INTRODUCTION:

An investment acquired with the intension of generating the revenue or the credit that is known as an investment. A product purchased that are not used immediately but will be use to create the wealth is referred to as an investment in an economic point of view.

A investment that we do in finance is an asset of money which is purchased with the expectation that will either continue to provide revenue or offered for the sale of profit.

Investments are a sort of the money-making action which is carried out with the anticipation of financial gain. It is donation of funds that have been put aside from the current expenses in anticipated of benefits in future years. It is a reward for holding out for money. Therefore, the first stage in investing is savings.

The primary determinants of investment are security, return, capital growth, risk, liquidity, tax advantages, and efficiency. Various investing opportunities which are offered that include different risk-reward trade-offs. Like Bank savings, Stocks, investments in mutual funds, Post box savings, Insurance companies, Gold, tangible assets etc. Investors may build a portfolio that maximises profits while reducing risk exposure with the aid of a solid knowledge of the fundamental ideas and in-depth research of the available possibilities. Investing may be referred to as the net improvement to a country's actual holdings of capital. Investment is the sacrifice of present money or alternative assets for future rewards. There are several investing options in the current financial market.

## REVIEW OF LITERATURE:

Hasting, J. S., Madriaan, B. C., & Skimymhorn, W. L. (2013).

In this paper we can know about the financial education and literacy, and it how it affects the consumer financial results. It used to evaluate financial literacy and regulates the financial education of individual finances and literacy. This paper also looks how competitive market inspire the consumer knowledge and decision making. The efficiency and financial educational price are related with the different kind of programmes for improving financial results. And also, it highlighted the directions for further research purpose.

Fernandes, D., Lynch Jr, J. G., & Netemeyer, R. G. (2014).

The paper highlights important flaws in present method of financial education, that whose efficiency is commonly overstated in the correlational analysis. The author which support more focused role in the financial literacy that is “Just-in-time” and provide to certain behaviours. In the last part of conclusion which emphasises need of

policymakers taking into the variety of the instruments, like financial literacy, construction choice, and to improve the financial behaviour of consumer, modifying methods on the basis of particular traits of the behaviours in issue.

Malik, R., & Yadav, S. (2014).

In this we know about that India inclusive prosperity which depends on efficient systems which allocate the resources fairly. The Indian government that has placed a high priority on broad growth during past ten years, and regulatory organisations like RBI and IRDA have issued rules to further advance financial inclusion. These initiatives haven't, however, considerably reached the groups. Offering everyone accessible, efficient financial services and banking is the aim of financial inclusion. The progress India has made towards being financially integrated is outlined in this report using a variety of metrics.

Haston, S. J. (2010).

This paper examines financial literacy metrics employed in recent studies, which highlighting the demand for specific terminology and standardised valuations. For the purpose of knowing the effects of education and making financial choices, an accurate assessment of financial expertise is essential. In order to solve the existing challenges in accurately assessing financial awareness, researchers are looking for standard, approved measures.

Xiao, J. J., & Porto, N. (2017).

This study explores the effects of financial awareness on monetary fulfilment using the financial literacy, behaviour, and competence by using the data from 2012 National Financial competence Study. In this paper the findings show that this association is facilitated by a financial competence score, desirable behaviour, and subjective financial literacy. The study only includes cross sectional results, indicating necessity for more extensive longterm investigations in the future.

Shaik, M. B., Kethan, M., Jaggaiah, T., & Khizerulla, M. (2022).

This study which explores the savings and investing practises of the nation's IT professionals. It examines different aspects of investing behaviour, such as planning characteristics, factors that which influence choices, a distinct perspective of the IT experts on safe and liquid investing. The study focuses on the behavioural aspects which going to affect young IT workers investment decisions in an effort to uncover the causes behind greater investment activity within this group.

**PROBLEM STATEMENT:**

A nation capital stock is increased by investment, which includes investing in the current resources for potential future profits. There are many funding sources that are available in the present financial environment. Any investment must take time and risk into account. But people emotional tendencies, fixed thought patterns, biases based on psychology, among other factors can have a big impact on how they invest, making it more difficult to make decisions in the financial sector.

**NEED OF THE STUDY:**

Contributing in the different resources may be more advanced trend that pulls in individuals in their life, in any case of their calling, financial circumstance, level of instruction, or family history. When somebody has more cash than they require for quick utilization, they begin to think of themselves as potential business people. Businesses or industries that have made significant profits may want to use their surplus funds to expand their current operations or launch brand new ventures.

**OBJECTIVES:**

- To examine the investment preferences of the IT professionals.
- To examine various factors that influencing towards the IT workers.
- To Study satisfaction level of the IT professionals have with the financial services which they provided by the investment firms.
- To suggest relevant recommendations to improve the investment behavior of IT professionals.

**Scope of the study:**

The scope of this article is limited to the investment behavior of technology professionals in the investment world, compared to few companies that have approached certain layers of investment models. Instead of investments, there is a change in consumption.

**Some various behaviour investment preferences by the IT professions:**

Investment Options	Period of Investment (Min.)	Who Can Invest	Risks	Returns Offered
Equity	NA	An investor who knows to balance risk and return	High	NA
Mutual Funds	Within a scheme like ELSS a lock-in period of 3 years	An investor who has an appetite for medium to high risk	Low-High	Market-Linked
National Pension Scheme	60 years	An investor looking forward to retirement plans	Low-High	Market-linked (8 to 10 per cent)
Public Provident Fund (PPF)	15 years	Long-term investment goals	Nil	7.1%
Bank Fixed Deposits	7 days	One who doesn't wish to take the risk or be exposed to an equity	Nil	Fixed Returns, different from bank to bank
Senior Citizen Savings Scheme (SCSS)	5 years	Senior Citizens	Nil	8.2%
Pradhan Mantri Vaya Vandana Yojana	10 years	Senior Citizens	Nil	7.4%

**RESEARCH METHADODOLOGY:****Data collection:**

In this paper I have used the secondary data. the data which they collected from the IT professionals employed in various companies in city of Bangalore.

**Tool of analysis:**

The data they collected from the questionnaires were MS Excel later they fed it into SPSS 20.0 software and other tool used is T-test method.

## Data Analysis and interpretation:

T-test Results for the factors influencing the investment among the IT professionals

Factors influencing Investment options towards IT Professionals	Gender	N	Mean	SD	t value	P value
Interest rates	Male	50	2.61	.495	3.117	.002
	Female	50	2.46	.500		
Risk & Return	Male	50	2.67	.477	1.205	.229
	Female	50	2.62	.488		
Regular Income	Male	50	2.86	.352	6.048	.000
	Female	50	2.63	.509		
Safety & security	Male	50	2.30	.502	1.613	.107
	Female	50	2.38	.545		
Tax benefits	Male	50	2.38	.499	2.707	.007
	Female	50	2.48	.525		

### ANALYSIS:

The study revealed a significant gender difference in the factors influencing the investment habits of IT professionals. Male respondents were mainly influenced by the reduced interest rate, tax incentives and safety & security, and the null hypotheses is rejected and alternative is accepted. Conversely, women prefer cost-effective options to meet their needs, which have shown a preference for alternatives to the oil-based investments.

### FINDINGS:

IT workers are tending to be well informed about the financial options such as bank deposits and the government securities, and have higher exposure to stocks and also with mutual funds, but the former have lower exposure. They expect significant returns from the stocks and mutual funds, but lower from the insurance. In addition to this, respondents believe that by savings and investments which can increase income of the family.

## CONCLUSION:

The investment habits of IT professionals show the majority of those who responded have low savings. Additionally, they give insurance plans and bank deposits and policies. Return is the primary objective of Investment, but meeting future family requirements is the long-term objective. The financial environment is components influencing speculation choices. The larger part of respondents is substance with their current returns whereas too foreseeing higher returns. Respondents learned almost the venture from in their relatives and companions. Thus, which encourage investment professionals to grow in the economy.

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