

A STUDY OF INVESTMENT BEHAVIOUR OF YOUNG INVESTORS

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Abstract

Young investors are increasingly exposed to multiple investment avenues through digital platforms, social media and financial applications. This study examines the investment behaviour of young investors with reference to investment preference, investment objectives, risk attitude, information sources and frequency of investing. For academic demonstration, an illustrative survey dataset of 100 young respondents is used to show how the proposed research framework can be analysed. The results indicate a preference for accessible and relatively diversified avenues, while risk perception, financial knowledge and expected returns influence investment decisions. The study highlights the importance of financial literacy, disciplined investing and informed assessment of risk before selecting investment products.

*Keywords—*young investors, investment behaviour, financial literacy, risk perception, mutual funds, savings

I. INTRODUCTION

Investment behaviour refers to the way individuals allocate their savings among different financial and non-financial avenues according to their objectives, risk tolerance, knowledge and expectations. Young investors represent an important group because early investment decisions can influence long-term wealth creation and financial habits. The increasing availability of digital investment platforms has also made market-linked products easier to access.

Financial literacy is closely associated with the ability to understand risk, return, diversification, inflation and financial products. RBI has identified financial literacy and financial planning as important elements of informed financial behaviour, including among young people. [2] SEBI's investor-education resources similarly emphasize understanding products, risks and informed decision-making. [3]

The present study focuses on young investors and examines the factors that shape their investment choices. The study considers the investment avenues preferred by respondents, their main investment objective, risk tolerance, sources of investment information and investment frequency.

II. OBJECTIVES OF THE STUDY

- To identify the investment avenues preferred by young investors.
- To examine the major objectives behind investment decisions.
- To understand the risk tolerance level of young investors.
- To identify the major sources of investment information.
- To examine the frequency with which young investors invest.

III. RESEARCH METHODOLOGY

The study follows a descriptive research design. Primary-data questions were structured around demographic profile, investment preference, objective, risk tolerance, information source and investment frequency. For this draft, an illustrative sample of 100 young investors is used solely to demonstrate the analysis format. The dataset is not claimed to be an actual field survey and should be replaced by the researcher's collected responses before academic submission.

The analysis uses frequency and percentage methods. Secondary context is drawn from official investor-education and financial-literacy material published by SEBI and RBI. SEBI's Investor Survey 2025 reports that risk understanding varies

across investor groups and that financial awareness remains relevant to investment decisions. [1]

IV. DATA ANALYSIS AND INTERPRETATION

Table I presents an illustrative distribution of respondents by age group.

Age group	Respondents	Percentage
18–21 years	28	28%
22–25 years	42	42%
26–30 years	30	30%
Total	100	100%

The largest illustrative group is 22–25 years, representing 42% of the sample. This indicates that the proposed study can capture the investment preferences of young adults at an early stage of their working and financial lives.

Table II shows the preferred investment avenue in the illustrative sample.

Investment avenue	Respondents	Percentage
Mutual funds	32	32%
Equity shares	24	24%
Bank fixed deposits	18	18%
Gold	12	12%
Insurance	8	8%
Others	6	6%
Total	100	100%

Mutual funds form the largest category in the illustrative responses, followed by equity shares and bank fixed deposits. The pattern is consistent with the broader relevance of diversified and accessible investment products in the Indian market, although actual preferences must be established from primary survey responses.

IV. DATA ANALYSIS AND INTERPRETATION (CONTINUED)

Table III presents the primary objective of investment among the illustrative respondents.

Investment objective	Respondents	Percentage
Wealth creation	34	34%
Saving for future	27	27%
Tax benefits	15	15%
Regular income	13	13%
Emergency needs	11	11%
Total	100	100%

Wealth creation is the leading illustrative objective, while saving for future needs is the second major objective. This suggests that long-term financial goals can be an important component of young investors' decisions.

Table IV indicates the illustrative risk tolerance of respondents.

Risk tolerance	Respondents	Percentage
Low	22	22%
Moderate	51	51%
High	27	27%
Total	100	100%

A moderate risk tolerance is observed in the illustrative sample. This is important because investment selection should consider both expected return and the investor's ability and willingness to bear loss. SEBI's Investor Survey 2025 notes that understanding the relationship between risk and return is a key part of investment decision-making. [1]

Table V identifies the major information sources used by the illustrative respondents.

Information source	Respondents	Percentage
Social media / online content	31	31%
Friends and family	25	25%
Financial advisors	18	18%
Bank / financial institution	14	14%
Books / courses	12	12%
Total	100	100%

Online content and social media constitute the largest illustrative information source. This highlights the need for young investors to verify financial information and distinguish educational material from promotional or speculative content.

Table VI shows the illustrative investment frequency.

Investment frequency	Respondents	Percentage
Monthly	46	46%
Quarterly	22	22%
Occasionally	25	25%
Rarely	7	7%
Total	100	100%

Monthly investment is the largest category in the illustrative sample. Regular investing can support disciplined saving, but the suitability of any investment method depends on the individual's financial goals, liquidity needs and risk profile.

V. FINDINGS

- The illustrative sample is concentrated in the 22–25 year age group.
- Mutual funds are the most preferred investment avenue in the illustrative dataset.
- Wealth creation is the leading investment objective.
- Moderate risk tolerance is the most common category in the illustrative responses.
- Online content and social media are important information sources for young investors.
- Monthly investing is the most frequently reported investment pattern in the illustrative dataset.

VI. DISCUSSION

The illustrative analysis indicates that young investors may combine return expectations with convenience, accessibility and perceived diversification. The importance of financial literacy is particularly relevant because investment decisions involve trade-offs between risk, return, liquidity and time horizon. RBI's financial-literacy framework emphasizes knowledge, attitude and behaviour as interconnected components of financial literacy. [2]

The results also indicate a potential role for digital financial education. When social media and online sources are used for investment information, investors need to check whether information is factual, current and provided by a regulated or credible source. SEBI's investor-education platform encourages informed participation and provides resources on securities-market products and investor awareness. [3]

VII. SUGGESTIONS

- Young investors should define financial goals before selecting an investment avenue.
- Investors should assess risk tolerance and investment horizon rather than selecting products only on the basis of expected returns.
- Financial education programs in colleges can include practical topics such as diversification, compounding, inflation, mutual funds, equity risk and fraud awareness.
- Information obtained through social media should be cross-checked with official or regulated sources.
- Regular saving and disciplined investing should be encouraged while maintaining adequate liquidity for emergencies.

VIII. CONCLUSION

Investment behaviour among young investors is shaped by a combination of financial goals, risk tolerance, knowledge, accessibility and information sources. The illustrative analysis prepared for this paper shows a preference for mutual funds and regular investment, with wealth creation as an important objective. However, these figures are demonstration data rather than verified field responses. A final empirical conclusion should be based on actual questionnaire responses collected from the selected population. Strengthening financial literacy can help young investors understand risk and return, evaluate alternatives and make more informed investment decisions.

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