



“Understanding The Drivers Of Women’s Investment Behaviour: Socio-Demographic, Economic, And Psychological Perspectives From The National Capital Region”

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Abstract

Women's participation in formal financial markets is a key indicator of economic empowerment and inclusive growth. Women have historically been excluded from the investment ecosystem in India due to socio-cultural norms, limited financial literacy, risk aversion, and a lack of financial autonomy. This research paper conducts an in-depth empirical investigation into the multidimensional factors that influence women's investment behaviour in the National Capital Region. This study uses both quantitative and qualitative research methods to examine how social, economic, demographic, and psychological factors interact to influence women's investment decisions. The findings show that, while education and income are important enablers, deeply ingrained cultural norms, family dynamics, and a lack of financial literacy continue to undermine women's confidence in navigating complex financial markets. The study emphasises the interconnectedness of these factors and discusses strategies for policymakers, educators, and financial institutions to promote greater financial inclusion for women. This paper adds to the conversation about gender and finance by providing actionable insights for closing the gender gap in investment behaviour.

Keywords: Women investors, financial literacy, investment behaviour, socio-demographic characteristics, risk aversion, and financial capability.

1. Introduction

Financial inclusion has become a global priority as countries recognise the importance of women's economic empowerment in driving long-term development. Despite significant progress in literacy and workforce participation, women's financial inclusion, particularly as active investors, lags. Traditionally, Indian women were expected to manage household expenses, save informally, and leave larger investment decisions to male family members. However, shifting socioeconomic dynamics, urbanisation, and higher female educational attainment are gradually altering this narrative.

The National Capital Region (NCR) serves as a macrocosm for studying Indian women's evolving financial behaviour. As more women in the National Capital Region enter the workforce and gain access to digital banking tools, their ability to participate in formal financial markets grows. Nonetheless, significant barriers remain, including gaps in financial literacy, entrenched social norms, gendered expectations, risk aversion, and a lack of confidence in dealing with complex financial products. The National Capital Region (NCR) of India presents a unusual and dynamic setting for studying this miracle, offering a blend of rapid urbanization and growing socio-cultural dynamics. Understanding the specific drivers shaping women's investment choices in this crucial economic hub is needed for fostering true financial increase and empowerment.

The investment landscape is experiencing a substantial shift as women globally achieve superior financial independence and actively participate in economic activities. This empowerment challenges traditional gender norms, which historically disposed men as the primary financial decision-makers. Despite this progress, a notable gender gap in investment behavior persists, characterized by lower participation rates of women in high-risk, high-return avenues like equity markets compared to men. Women often Demonstration greater risk hatred and a preference for safer, low-yield options such as bank fixed deposits and gold, distorted by a complex interplay of personal, social, and economic factors.

Globally, gender disparities in financial literacy and investment participation are well documented. According to studies conducted by the Organisation for Economic Cooperation and Development (OECD) and other international organisations, women are less likely than men to invest in stocks, mutual funds, or other capital market instruments. Instead, they prefer safe, tangible assets such as gold and real estate, a trend that is deeply ingrained in Indian culture.

This study investigates the extent to which socio-demographic, economic, and psychological factors influence women's investment behaviour in the National Capital Region. It aims to determine the degree of relationship between these factors and how they collectively influence investment decisions. By doing so, the study fills a critical knowledge gap and provides insights for policymakers and financial institutions working to promote gender-inclusive financial systems.

"Understanding the Drivers of Women's Investment Behaviour: Socio-Demographic, Economic, and Psychological Perspectives from the National Capital Region," aims to explore the mixed factors that influence how women in the NCR manage and invest their finances.

2. Review of Literature

2.1 Women and Financial Behaviour

According to the literature on women's financial behaviour, women are generally more risk-averse than men **Barber & Odean, 2001**.

In the Indian context, several studies echo these findings.

Venkataraman 2004 stated that Indian women have traditionally saved secretly and prefer investments such as gold and jewellery that serve as status symbols and security.

Agarwal 2010 emphasised that, despite prudent household budget management, many women are hesitant to engage with more sophisticated financial products.

This risk aversion comes from both socio-cultural conditioning and a lack of financial knowledge. **Lusardi and Mitchell, 2008**.

Research from developed markets, such as that conducted by **Charness and Gneezy 2012**, has shown that when women invest, they frequently prefer safer instruments with guaranteed returns.

2.2 Socio – Demographic Determinants

Age, education, marital status, and occupation are all significant predictors of investment behaviour (Sellappan et al., 2013). Younger women, particularly those who are unmarried, are more likely to take calculated risks, whereas married and older women favour traditional, low-risk instruments.

Purohit (2015) and Bhatt & Prajapati (n.d.) found that women's financial choices are influenced by their socioeconomic status and family dynamics.

In urban India, Gupta et al. (2020) discovered a positive correlation between financial literacy and investment participation. However, the source of knowledge is frequently informal (family, friends, or social networks), resulting in gaps in understanding complex instruments such as equities, derivatives, and mutual funds.

2.3 Psychological and Behavioural Finance

The theory of behavioural finance posits that personal biases, heuristics, and psychological characteristics profoundly influence investment choices Kahneman & Tversky, 1979.

Women's investment decisions are heavily influenced by risk aversion, a lack of confidence, and societal expectations (Belsky, 2010).

According to research, even when women have comparable financial knowledge, they frequently underestimate their own competence, preferring to consult with spouses or family members before making decisions.

The 2008 global financial crisis raised the question of whether more women in leadership positions could have reduced the severity of the crisis (EY Global Wealth Research, 2021).

2.4 Indian Trends and Emerging Patterns

Following COVID, there has been a noticeable shift. According to the Economic Times (2022), an increasing number of women are opening demat accounts and exploring digital investment platforms. However, the majority continue to prefer fixed deposits, gold, and provident funds due to their perceived safety.

According to recent research, financial capability, defined as the combination of financial literacy and behaviour, is critical for empowering female investors (Kempson, 2005; Hoelzl & Kapteyn, 2011). According to studies, knowledge alone is insufficient—skills, confidence, and attitudes must all align for women to make the transition from savers to active investors.

2.5 Impact of Financial Literacy and Knowledge

Research express that higher levels of education and financial knowledge firmly interact with more informed, active, and diversified investment choices. A lack of financial literacy and investment knowledge is a significant barrier to women's sharing in diverse investment activities. However, general financial attention among women is often modest, with low understanding of complex device like derivatives or equity markets.

2.6 Socio-Demographic Determinants

Factors such as age, income levels, education, and occupational status significantly impact investment behavior. Younger, unmarried women are often more open to calculated risks, while older, married women lean towards traditional, low-risk options as they approach pillout. Above income is easily match up with investment in higher-risk assets.

2.7 Role of Information Sources and Technology

Women often gather massage from informal sources like family and friends, leading to gaps in understanding complex markets. While government initiatives (like PMJDY) and digital platforms have improved access to basic financial services, gaps stand in digital literacy and trust in professional advice. This focalpoint the need for targeted, dependable information dissemination.

3. Objectives:

- Examine how socio-demographic, economic, and psychological factors impact women's investment behaviour.
- Determine the degree of relationship between these factors.
- Assess women's financial literacy and capability in NCR.
- Propose targeted strategies to increase women's participation in formal investment opportunities.

4. Research Methodology:

4.1 Research Design:

This study employs a mixed-methods approach, combining descriptive statistics with analytical tools to interpret the interrelationships between multiple factors.

4.2 Population & Sampling:

The study focusses on women who live in Meerut district. A stratified random sampling method was used to ensure that respondents were from various age groups, marital statuses, income brackets, and educational backgrounds.

The survey included 300 women, who were working professionals, homemakers, students, and self-employed.

4.3 Data Collection:

Primary data were gathered using a structured questionnaire that included both closed and open-ended questions. The survey enquired about socio-demographic information, income levels, sources of financial information, preferred investment avenues, risk tolerance, and financial knowledge. A subsample of people was interviewed to gain qualitative insights into the cultural and psychological factors that influence investment decisions. Secondary data was gathered from government reports, research articles, and published surveys on women's financial inclusion.

4.4 Analytical Tools:

The data were analysed with SPSS. Descriptive statistics summarised the demographic profile. Cronbach's Alpha assessed the reliability of measurement scales. Factor analysis and correlation matrices were used to determine the degree of relationship between factors. The significance of associations was assessed using chi-square tests.

5. Data Analysis & Interpretation:

This section presents a comprehensive analysis of the data gathered from 300 respondents. It contains detailed demographic information, investment behaviour patterns, levels of financial literacy, sources of financial knowledge, and statistical relationships between the variables studied.

5.1 Demographic Profile of Respondents

Age Distribution:

The majority of respondents (38%) were between the ages of 18 and 26, indicating that Meerut's younger women are becoming more aware of and interested in investments. Approximately 34% were between the ages of 27 to 40, with many working professionals juggling family responsibilities and financial plans. The remaining 28% were over 40, mostly married women with traditional savings habits.

Marital Status:

About 56% of respondents were married, 42% were unmarried, and 2% were widowed or separated. Marital status has a significant impact on women's ability and confidence to make independent investment decisions.

Education Level:

A significant proportion (approximately 45%) held an undergraduate degree, while 20% held postgraduate qualifications. 25% had completed secondary education, while only 10% reported having professional qualifications in commerce, accounting, or finance, highlighting the lack of specialised financial knowledge.

Occupation:

42% of respondents were working women (in service or business), 38% were housewives, and 20% were students or recently graduated. The occupational mix influences exposure to income streams and risk preferences.

• Preferred Investment Avenues**A clear pattern emerged concerning women's investment preferences:**

- **Fixed Deposit & PPF:** 35% preferred fixed deposits, recurring deposits, or public provident fund (PPF) accounts because of its perceived safety and moderate returns.
- **Gold & Jewellery:** 28% saw gold as a safe, liquid asset that serves as both wealth and status.
- **Mutual Funds:** 15% is invested in mutual funds, usually through Systematic Investment Plans (SIPs).
- **Equities & Stocks:** Only 8% of investors were actively engaged in direct equities, citing risk concerns.
- **Real Estate:** 6% reported investing in property or land, which often necessitated family involvement.
- **No Investment:** Notably, 8% made no formal investments other than basic savings accounts. These findings indicate a strong bias towards low-risk, tangible assets.

- **Sources for Financial Knowledge:**

When asked about sources of financial information:

- **Internet/Digital Platforms:** 30% mentioned online portals, apps, and digital content.
- **Family & Friends:** 25% sought advice from spouses, parents, or relatives.
- **Social media & Influencers:** 15% followed financial influencers and content creators.
- **Financial Advisors:** 10% consulted with professional advisors.
- **Traditional Media:** 12% relied on newspapers and business magazines.
- **Workshops/Seminars:** 8% attended local workshops or webinars.

The high reliance on informal sources exposes gaps in professional advisory outreach.

5.4 Degree of Financial Literacy:

Respondents were tested on fundamental concepts such as inflation, interest rates, mutual funds, and stock market mechanisms. Results revealed.

- 65% had a good understanding of savings and fixed deposits.
- 45% understand PPFs and basic insurance.
- Only 20% correctly identified mutual funds or equity markets.
- Less than 10% of respondents were familiar with risk diversification, inflation-adjusted returns, or derivatives. This demonstrates significant gaps in advanced financial literacy.
- **Statistical Analysis: Degree of Relationship**

Using correlation and factor analysis, several key relationships were established.

- **Education vs. Financial Knowledge:** A positive correlation ($r=0.62$) indicates that higher education levels improve financial awareness.
- **Marital Status vs. Risk Appetite:** Married women had a lower risk appetite compared to single women. The chi-square test showed statistical significance.
- **Occupation vs. Investment Avenue:** Working women are more likely to invest in mutual funds and equities compared to homemakers.
- **Income vs. Diversification:** Higher income brackets exhibited moderate diversification, albeit conservative.

- **Financial Capability & Confidence:** Respondents with finance/accounting qualifications reported higher confidence in their decision-making abilities.

6. Discussion:

This study supports previous research indicating that women's investment behaviour in India is influenced by socio-demographic, cultural, and psychological factors. The popularity of gold and fixed deposits reflects cultural preferences for tangible, low-risk investments. Despite improved digital literacy, many women continue to rely heavily on informal advice networks, highlighting the importance of family influence. Psychological factors such as risk aversion and low self-confidence restrict experimentation with market-linked instruments. Behavioural finance theory supports this, as women frequently exhibit greater loss aversion than men, which is exacerbated by traditional expectations to protect family wealth. Another notable trend is that younger, more educated women are gradually breaking these patterns. With digital platforms democratising access to stock markets and mutual funds, the next generation of female investors is poised for greater active participation — provided they receive targeted financial education and accessible advisory services.

7. Conclusion:

This study confirms that socio-demographic, economic, and psychological factors influence women's investment behaviour in NCR. The degree of relationship between these factors demonstrates that:

- **Education and occupation** promote financial literacy, increasing investment confidence.
- **Marriage status and cultural norms** influence risk attitudes, leading to conservative choices.
- **Diversification is influenced by income levels**, but women who lack financial capability tend to prioritise safe assets. To close the gender gap in investment, stakeholders must prioritise both financial literacy and practical empowerment.

8. Recommendations:

1. **Integrate Practical Financial Education:** Incorporate modules on savings, investing, and personal finance into school and college curricula, particularly in Tier II and Tier III cities.
2. **Strengthen Community Outreach:** Conduct women-focused investment workshops through local institutions, NGOs, and self-help groups.
3. **Enhance Digital Financial Tools:** Promote user-friendly apps that support vernacular languages and contain gender-sensitive content. Promote user-friendly apps that support vernacular languages and contain gender-sensitive content.

- 4. Expand Advisory Networks:** Encourage banks and brokers to provide free or subsidised advisory services to first-time female investors.
- 5. Address Cultural Barriers:** Run awareness campaigns to normalise women as financial decision-makers.
- 6. Scope for Further Research:** Future research can compare rural and urban districts, look at the long-term impact of financial education interventions, and investigate women's participation in emerging asset classes such as digital currencies and ESG investments.

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