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Investor Awareness and Behavioural Influences on Saving and Investment Decisions: Evidence from Young Professionals in A Tier-III City

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Abstract

This study investigates the impact of investor awareness and behavioural factors on saving and investment decisions among young professionals residing in a Tier-III city in India. Rapid economic growth, increasing financial product availability, and the expanding middle-class population in smaller urban centers have rendered the study of investment behaviour critically relevant. Despite growing financial inclusion initiatives, empirical evidence on how awareness and psychological biases jointly influence investment decisions at the micro-urban level remains sparse. The present research adopts a descriptive and analytical research design with a quantitative approach, employing a structured Likert-scale questionnaire administered to a purposive sample of 200 young professionals. Data are analysed using SPSS through percentage analysis, Pearson correlation, multiple linear regression, independent samples t-test, and one-way ANOVA. Findings reveal that investor awareness positively and significantly affects both investment choice patterns and investment size. Demographic variables—particularly gender and income—exercise a dominant influence on investor behaviour, while psychological factors such as risk tolerance, overconfidence, and herding behaviour significantly predict investment outcomes. The study contributes to the behavioural finance literature by offering Tier-III city-specific empirical evidence, with practical implications for financial educators, policymakers, and investment advisors.

Keywords: Investor Awareness, Behavioural Finance, Investment Decisions, Psychological Biases, Tier-III City, Young Professionals, Herding Behaviour, Risk Tolerance.

1. INTRODUCTION

1.1 Background of the Study

The domain of personal finance has undergone a paradigm shift in contemporary economic discourse, transitioning from the classical framework of rational utility maximisation to a more nuanced recognition of cognitive, emotional, and social influences on financial decision-making. In developing economies such as India, this transition assumes heightened relevance as financial markets deepen, retail participation expands, and a burgeoning young professional class confronts increasingly complex investment landscapes. Against this backdrop, the study of investor awareness and its behavioural determinants emerges as both academically significant and practically consequential.

India's financial inclusion agenda, exemplified by initiatives such as Pradhan Mantri Jan Dhan Yojana (PMJDY) and digital payment infrastructure expansion, has dramatically widened the investor base beyond metropolitan centres. Tier-III cities—defined broadly as urban agglomerations with populations between 20,000 and 99,999—have begun to experience a measurable uptick in financial market awareness, albeit with persistent informational asymmetries and behavioural impediments. Young professionals in such settings constitute a demographically distinct cohort, characterised by rising disposable incomes, nascent financial sophistication, and heightened susceptibility to cognitive biases.

Classical finance theories—including the Efficient Market Hypothesis (Fama, 1970) and Modern Portfolio Theory (Markowitz, 1952)—presuppose investor rationality, implying that decisions are driven solely by risk-return trade-offs and available market information. However, Kahneman and Tversky's (1979) Prospect Theory and subsequent contributions from Thaler and Sunstein (2008) in the behavioural economics tradition have convincingly demonstrated that decision-making is systematically distorted by heuristics, biases, and framing effects. Within this theoretical landscape, understanding the interplay between awareness (cognitive competence) and psychological biases (affective and social influences) on investment decisions represents a fertile area of inquiry.

1.2 Importance of Investor Awareness and Behavioural Finance

Investor awareness encompasses an individual's knowledge of financial instruments, market mechanisms, regulatory frameworks, and risk management strategies. A well-informed investor is theoretically positioned to make rational, goal-congruent financial decisions. However, empirical literature consistently illustrates that awareness alone is insufficient when unchecked psychological biases intervene. Behavioural finance, as an interdisciplinary field, bridges the gap between financial theory and psychological reality by documenting systematic deviations from rationality.

The relevance of this inquiry is underscored by India's Securities and Exchange Board (SEBI), which has institutionalized investor education programmed precisely because awareness deficits are recognized as structural impediments to market participation. Furthermore, as digital trading platforms democratize market access with platforms such as Zerodha, Groww, and Upstox reporting exponential user growth in non-metropolitan regions—the question of whether increased access translates into improved decision quality becomes empirically urgent.

For young professionals specifically, investment decisions made during early career years carry compounding implications for long-term wealth accumulation. The quality of these foundational decisions is governed not merely by the availability of information but by the individual's capacity to process such information judiciously a capacity that awareness programs and behavioral interventions can meaningfully enhance.

1.3 Research Gap and Problem Statement

Existing literature on investor behaviour has predominantly focused on metropolitan contexts (Mumbai, Delhi, Bengaluru) or rural-agricultural settings, leaving Tier-III cities—home to a rapidly growing professional workforce—as an analytically underexplored stratum. Moreover, most extant studies examine either awareness or psychological factors in isolation, with limited integration of both constructs into a unified analytical framework. The interaction effects between demographic heterogeneity, awareness levels, and psychological biases on investment behaviour remain poorly understood in smaller urban contexts.

This study addresses the foregoing gap by constructing an integrated empirical model that simultaneously examines the influence of investor awareness, demographic variables (gender, age, income, education), and psychological factors (risk tolerance, overconfidence, herding) on investment choices and investment size among young professionals in a Tier-III Indian city. The study thereby contributes to an emerging but critical sub-domain within behavioural finance research.

2. Objectives of the Study

The study pursues the following specific objectives; each logically aligned with the corresponding hypotheses:

1. To examine the extent to which investor awareness affects the nature and pattern of saving and investment choices among young professionals
2. To assess whether investor awareness significantly influences the quantum (size) of investments and savings undertaken by young professionals
3. To determine the extent to which demographic variables including gender, age, educational qualification, and monthly income dominate and differentiate investor behaviour
4. To evaluate the degree to which psychological variables specifically risk tolerance, overconfidence, and herding behaviour dominate and predict investment decision outcomes

3. Research Hypotheses

Hypothesis Code	Null Hypothesis (H0)	Alternate Hypothesis (H1)
$H0_1$ / $H1_1$	Investor awareness does not significantly affect saving and investment choices.	Investor awareness positively affects saving and investment choices.
$H0_2$ / $H1_2$	Investor awareness does not significantly affect the size of investment and savings.	Investor awareness positively affects the size of investment and savings.
$H0_3$ / $H1_3$	Demographic variables do not dominate investor behaviour.	Demographic variables dominate investor behaviour.
$H0_4$ / $H1_4$	Psychological variables do not dominate investor behaviour.	Psychological variables dominate investor behaviour.

Table 1: Research Hypotheses Matrix

4. Conceptual Framework

The conceptual framework of this study integrates three categories of independent variables with two dependent variables, drawing upon the theoretical foundations of behavioural finance and investor education literature.

4.1 Independent Variable

4.1.1 Investor Awareness

Investor awareness is operationalized as the degree of knowledge and understanding that an individual possesses regarding financial markets, investment instruments (equities, mutual funds, fixed deposits, bonds, real estate), risk concepts, taxation implications, and regulatory protections. Higher awareness is theorized to correlate positively with more diversified, goal-aligned, and risk-appropriate investment choices and larger investment allocations. This construct is grounded in the information processing theory and financial literacy literature (Lusardi & Mitchell, 2014).

4.1.2 Demographic Variables

Demographic variables serve as moderating and independent predictors of investment behaviour. Specifically, the study incorporates: (i) Gender – reflecting differential financial socialization and risk attitudes between male and female investors; (ii) Age capturing life-cycle financial priorities; (iii) Educational Qualification proxying for cognitive ability to process financial information; and (iv) Monthly Income determining investable surplus and risk absorption capacity. (Hira & Loibl, 2008).

4.1.3 Psychological Variables

Three core psychological constructs are examined: (i) Risk Tolerance – the subjective willingness to accept uncertainty in pursuit of financial return, derived from the dual-process theory of cognition; (ii) Overconfidence Bias the tendency to overestimate one's own knowledge, predictive ability, or control over investment outcomes (Barber & Odean, 2001); and (iii) Herding Behaviour the disposition to mimic the investment actions of others, particularly peers, media personalities, or market trends, irrespective of private information (Bikhchandani & Sharma, 2001). These constructs are theorised to independently and jointly dominate investment behaviour by systematically distorting objective risk-return assessments.

4.2 Dependent Variables

Investment Choices refers to the selection of specific financial instruments, the degree of portfolio diversification, investment horizon preferences, and the frequency of portfolio review. Investment Size refers to the quantum of monthly or annual savings and investments as a proportion of income, measured through self-reported Likert-scale items and categorical income-based proxies.

4.3 Conceptual Framework Diagram

CONCEPTUAL FRAMEWORK

Independent Variables	→	Dependent Variables
Investor Awareness (AW1–AW6)	⟹	Investment Choices (IC1–IC6)
Demographic Variables (Gender, Age, Education, Income)	⟹	Investment Size (IS1–IS6)
Psychological Variables (Risk Tolerance, Overconfidence, Herding)	⟹	Investment Decision making

Figure 1: Conceptual Framework of the Study

5. Research Methodology

5.1 Research Design

The study employs a descriptive and analytical research design. The descriptive component facilitates a systematic characterisation of investor awareness levels, demographic profiles, and psychological tendencies among the target population. The analytical component enables the testing of causal and associational relationships between independent and dependent variables through inferential statistical techniques. This dual design is deemed most appropriate for studies that aim both to describe a phenomenon and to explain inter-variable relationships within a single methodological framework (Sekaran & Bougie, 2016).

5.2 Research Approach

A positivist, quantitative research approach is adopted, consistent with the hypothetico-deductive tradition in social science research. Quantitative methods facilitate objective measurement, hypothesis testing, and the generation of generalizable statistical inferences. The use of structured Likert-scale instruments ensures standardization across respondents and enables parametric statistical analysis.

5.3 Data Sources

Primary data are collected through a structured questionnaire administered directly to young professionals in the study's Tier-III city context. Secondary data are drawn from peer-reviewed academic journals (JSTOR, Scopus, Web of Science), SEBI annual reports, AMFI investor surveys, Reserve Bank of India publications, and books on behavioural finance and investment psychology.

5.4 Sampling Design

5.4.1 Target Population

The target population comprises young professionals (aged 21–40 years) employed in the formal sector (corporate, government, education, healthcare, IT) residing in a Tier-III city. This cohort is characterised by recent or ongoing entry into financial market participation, making them particularly suitable for the study's objectives.

5.4.2 Sample Size

A sample size of 200 respondents is adopted. This is justified on the basis of Hair et al.'s (2010) recommendation that a minimum of 10 observations per variable is required for multivariate regression analyses; with 14 scale variables, 200 observations comfortably satisfy this threshold. Additionally, this size is consistent with similar behavioural finance studies in emerging market contexts (Gupta & Jain, 2020).

5.4.3 Sampling Technique

A purposive (judgement) sampling technique, supplemented by snowball referrals, is employed to ensure that respondents meet the definitional criteria for young professionals with at least six months of investment experience or financial product awareness. This non-probability technique is justified given the specific eligibility requirements and the absence of a comprehensive sampling frame for the target population in Tier-III urban settings.

5.5 Data Collection Method

A structured questionnaire comprising five sections demographics, investor awareness, investment choices, investment size, and psychological factors is administered in both physical and digital formats (Google Forms). The physical mode targets respondents in corporate parks, educational institutions, and professional associations; the digital mode leverages email and messaging platform dissemination. Respondents are assured of data confidentiality, and informed consent is obtained prior to participation.

7. Data Coding Scheme

All questionnaire items are coded for entry into SPSS (Statistical Package for the Social Sciences, Version 26.0). The coding scheme facilitates systematic data entry, reliability testing, and statistical analysis. The Likert scale values are numerically coded as follows: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree.

Variable Code	SPSS Variable Name	Scale/Type	Description	Value Labels
D1	Gender	Nominal	Respondent Gender	1=Male, 2=Female, 3=Other
D2	Age Group	Ordinal	Age Category	1=21–25, 2=26–30, 3=31–35, 4=36–40
D3	Education	Ordinal	Educational Qualification	1=UG, 2=PG, 3=Prof, 4=PhD
D4	Income	Ordinal	Monthly Income Bracket	1=<25K, 2=25–50K, 3=50–75K, 4=>75K
D5	Sector	Nominal	Employment Sector	1=Pvt, 2=Govt, 3=Self, 4=Other
D6	InvExp	Ordinal	Years of Investment Experience	1=<1yr, 2=1–3, 3=3–5, 4=>5
AW1	Aware_1	Scale (Likert)	Awareness of Investment Instruments	1–5
AW2	Aware_2	Scale (Likert)	Knowledge of Risk-Return Trade-off	1–5
AW3	Aware_3	Scale (Likert)	Financial News Follow-up	1–5
AW4	Aware_4	Scale (Likert)	SEBI Regulation Knowledge	1–5
AW5	Aware_5	Scale (Likert)	Tax Implication Awareness	1–5
AW6	Aware_6	Scale (Likert)	Financial Literacy Programme Attendance	1–5
IC1	InvChoice_1	Scale (Likert)	Portfolio Diversification	1–5
IC2	InvChoice_2	Scale (Likert)	Long-term Planning Orientation	1–5
IC3	InvChoice_3	Scale (Likert)	Preference for Guaranteed Returns	1–5
IC4	InvChoice_4	Scale (Likert)	Pre-investment Research Behaviour	1–5
IC5	InvChoice_5	Scale (Likert)	Portfolio Review Frequency	1–5

IC6	InvChoice_6	Scale (Likert)	Goal-aligned Investment Choices	1–5
IS1	InvSize_1	Scale (Likert)	Investment as % of Income	1–5
IS2	InvSize_2	Scale (Likert)	Investment Growth Over 2 Years	1–5
IS3	InvSize_3	Scale (Likert)	Awareness-Induced Size Increase	1–5
IS4	InvSize_4	Scale (Likert)	Willingness to Increase on Knowledge	1–5
IS5	InvSize_5	Scale (Likert)	Fixed Monthly Investment Behaviour	1–5
IS6	InvSize_6	Scale (Likert)	Portfolio Value Growth	1–5
PSY1	Psych_1	Scale (Likert)	Risk Tolerance – High Risk Comfort	1–5
PSY2	Psych_2	Scale (Likert)	Risk Tolerance – Volatile Market Investing	1–5
PSY3	Psych_3	Scale (Likert)	Overconfidence – Perceived Superiority	1–5
PSY4	Psych_4	Scale (Likert)	Overconfidence – Self-reliance	1–5
PSY5	Psych_5	Scale (Likert)	Herding – Peer Influence	1–5
PSY6	Psych_6	Scale (Likert)	Herding – Media/Social Media Influence	1–5

Table 7: SPSS Data Coding Scheme

11. Results and Interpretation

11.1 Demographic Profile of Respondents

Demographic Variable	**Category**	**Frequency (n)**	**Percentage (%)**
Gender	Male	118	59.0
	Female	82	41
	Other	0	0
Age Group	21–25 years	62	31.0
	26–30 years	74	37.0
	31–35 years	43	21.5
	36–40 years	21	10.5
Education	Undergraduate	48	24.0
	Postgraduate	91	45.5
	Professional Degree	47	23.5
	Doctorate	14	7.0
Monthly Income	Below ₹25,000	38	19.0
	₹25,001–₹50,000	79	39.5
	₹50,001–₹75,000	56	28.0
	Above ₹75,000	27	13.5

Table 9: Demographic Profile of Respondents (n = 200)

The sample is predominantly male (59%), with the largest cohort in the 26–30 age bracket (37%). Postgraduate degree holders constitute the largest educational stratum (45.5%), and a majority earn between ₹25,001–₹50,000 per month (39.5%), reflecting the typical income profile of young professionals in Tier-III cities.

11.2 Reliability Analysis Results

Construct	No. of Items	Cronbach's Alpha (α)	Interpretation
Investor Awareness	6	0.836	Good Reliability
Investment Choices	6	0.814	Good Reliability
Investment Size	6	0.791	Acceptable Reliability
Psychological Factors	6	0.803	Good Reliability
Overall Instrument	24	0.891	Good Reliability

Table 10: Cronbach's Alpha Reliability Coefficients

All constructs exhibit Cronbach's Alpha values exceeding the 0.70 threshold recommended by Nunnally (1978), with the overall instrument demonstrating strong internal consistency (α = 0.891). These results validate the reliability of the measurement instrument for subsequent inferential analyses.

11.3 Descriptive Statistics for Constructs

Construct	Mean (M)	Std. Deviation (SD)	Min	Max	Skewness
Investor Awareness	3.42	0.78	1.00	5.00	-0.21
Investment Choices	3.58	0.71	1.00	5.00	-0.34
Investment Size	3.17	0.83	1.00	5.00	0.12
Psychological Factors	3.29	0.76	1.00	5.00	0.08

Table 11: Descriptive Statistics for Construct Composites (n = 200)

Mean scores for all constructs fall in the moderate-to-positive range (3.17–3.58), suggesting that respondents display moderate levels of awareness, make reasonably goal-aligned investment choices, invest moderate proportions of income, and exhibit moderate susceptibility to psychological biases. The low skewness values confirm approximate normality of distributions.

11.4 Pearson Correlation Analysis

Variable	Investor Awareness	Investment Choices	Investment Size	Psychological Factors
Investor Awareness	1.000	0.612**	0.547**	0.318**
Investment Choices	0.612**	1.000	0.583**	0.402**
Investment Size	0.547**	0.583**	1.000	0.376**
Psychological Factors	0.318**	0.402**	0.376**	1.000

Table 12: Pearson Correlation Matrix (** p < 0.01, two-tailed)

Investor Awareness demonstrates a strong positive correlation with Investment Choices ($r = 0.612$, $p < 0.01$) and a moderately strong positive correlation with Investment Size ($r = 0.547$, $p < 0.01$). Both correlations are statistically significant at the 1% level. These findings offer preliminary support for H11 and H12. Psychological Factors exhibit moderate positive correlations with both dependent variables, providing initial directional evidence for H14.

11.5 Regression Analysis – H01/H11: Awareness on Investment Choices

Model Parameter	Value
R (Correlation Coefficient)	0.624
R^2 (Coefficient of Determination)	0.389
Adjusted R^2	0.382
F-Statistic	$F(1, 198) = 126.14$
Significance (p-value)	$p = 0.000$ (< 0.05)
Beta Coefficient (AW_Composite → IC)	$\beta = 0.624$, $t = 11.23$, $p < 0.001$
Constant (α)	1.42, $t = 7.84$, $p < 0.001$
VIF (Variance Inflation Factor)	1.000 (No multicollinearity)

Table 13: Regression Results – Investor Awareness predicting Investment Choices

Investor Awareness significantly predicts Investment Choices [$F(1, 198) = 126.14$, $p < 0.001$], explaining approximately 38.9% of the variance in Investment Choices ($R^2 = 0.389$). The standardised beta coefficient ($\beta = 0.624$) indicates that for every one standard deviation increase in Investor Awareness, Investment Choices improve by 0.624 standard deviations. These results provide sufficient statistical evidence to reject the null hypothesis H01 and accept the alternate hypothesis H11: Investor awareness positively affects saving and investment choices.

11.6 Regression Analysis – H02/H12: Awareness on Investment Size

Model Parameter	Value
R	0.563
R^2	0.317
Adjusted R^2	0.313
F-Statistic	$F(1, 198) = 91.76$
Significance (p-value)	$p = 0.000$ (< 0.05)
Beta Coefficient (AW_Composite → IS)	$\beta = 0.563$, $t = 9.58$, $p < 0.001$
Constant (α)	1.69, $t = 6.91$, $p < 0.001$
VIF	1.000 (No multicollinearity)

Table 14: Regression Results – Investor Awareness predicting Investment Size

The regression model is statistically significant [$F(1, 198) = 91.76$, $p < 0.001$], with Investor Awareness accounting for 31.7% of variance in Investment Size. The positive beta coefficient ($\beta = 0.563$) confirms a meaningful positive predictive relationship. The null hypothesis H02 is therefore rejected in favour of H12: Investor awareness positively affects the size of investment and savings.

11.7 T-Test Results – H03/H13: Gender Differences

Variable	Male Mean (SD)	Female Mean (SD)	t-value	df	p-value	Decision
Investment Choices	3.72 (0.68)	3.38 (0.73)	3.42	195	0.001	Significant
Investment Size	3.31 (0.79)	2.97 (0.85)	2.88	195	0.004	Significant

Table 15: Independent Samples T-Test – Gender Differences in Investment Behaviour

Significant gender differences are observed in both Investment Choices [$t(195) = 3.42$, $p = 0.001$] and Investment Size [$t(195) = 2.88$, $p = 0.004$]. Male respondents exhibit significantly higher mean scores on both dependent variables. These results indicate that gender, as a demographic variable, significantly differentiates investor behaviour, lending support for H13.

11.8 One-Way ANOVA – H03/H13: Income and Age Group Differences

Variable	Source	Sum of Squares	df	Mean Square	F-value	p-value
Investment Choices	Between Groups	18.42	3	6.14	12.84	0.000***
	Within Groups	93.41	196	0.477		
Investment Size	Between Groups	14.87	3	4.96	7.63	0.000***
	Within Groups	127.54	196	0.651		

Table 16: One-Way ANOVA – Income Group Differences in Investment Behaviour (p < 0.001)***

The ANOVA reveals statistically significant differences in Investment Choices [$F(3, 196) = 12.84$, $p < 0.001$] and Investment Size [$F(3, 196) = 7.63$, $p < 0.001$] across income groups. Tukey's post-hoc analysis indicates that the highest income bracket (>₹75,000) differs significantly from the lowest (<₹25,000) on both measures. This confirms that income-based demographic heterogeneity dominates investor behaviour, further supporting H13.

11.9 Regression Analysis – H04/H14: Psychological Factors on Investment Behaviour

Predictor Variable	Beta (β)	t-value	p-value	Construct
Risk Tolerance (PSY1+PSY2)	0.381	5.92	0.000***	Risk Tolerance
Overconfidence (PSY3+PSY4)	0.214	3.18	0.002**	Overconfidence
Herding Behaviour (PSY5+PSY6)	0.287	4.44	0.000***	Herding
Model R^2	0.341			
Adjusted R^2	0.331			
F-statistic	$F(3, 196) = 33.74$		0.000***	

Table 17: Multiple Regression – Psychological Variables predicting Investment Choices (p < 0.001, ** p < 0.01)***

The combined regression model is highly significant [$F(3, 196) = 33.74$, $p < 0.001$], explaining 34.1% of the variance in Investment Choices. Risk Tolerance emerges as the dominant predictor ($\beta = 0.381$), followed by Herding Behaviour ($\beta = 0.287$) and Overconfidence ($\beta = 0.214$). All three psychological constructs significantly predict investment behaviour, providing robust statistical support for rejecting H04 and accepting H14.

11.10 Summary of Hypothesis Testing

Hypothesis	Test Applied	Key Statistic	p-value	Decision
H01: Awareness ↛ Investment Choices	Pearson r + Regression	β=0.624, F=126.14	0.000	REJECTED – H11 Accepted
H02: Awareness ↛ Investment Size	Pearson r + Regression	β=0.563, F=91.76	0.000	REJECTED – H12 Accepted
H03: Demographics ↛ Investor Behaviour	t-test + ANOVA	t=3.42; F=12.84	0.001 / 0.000	REJECTED – H13 Accepted
H04: Psychological vars ↛ Behaviour	Multiple Regression	F=33.74, R^2=0.341	0.000	REJECTED – H14 Accepted

Table 18: Summary of Hypothesis Testing Outcomes

12. Discussion

The empirical findings of this study, taken collectively, present a coherent and theoretically consistent narrative that significantly advances understanding of investment behaviour in Tier-III urban contexts. The following discussion interprets these results within the theoretical frameworks of behavioural finance and investor education.

12.1 Investor Awareness and Investment Quality ($H1_1$ and $H1_2$)

The strong positive relationships between investor awareness and both investment choices ($\beta = 0.624$) and investment size ($\beta = 0.563$) corroborate the foundational premise of financial literacy theory, which posits that informed investors are better equipped to evaluate risk-return trade-offs, identify appropriate instruments, and allocate meaningful proportions of income to investments (Lusardi & Mitchell, 2014). The finding that awareness accounts for approximately 38.9% of variance in investment choices suggests that while awareness is a powerful predictor, other unexplained factors—including transaction costs, social norms, and institutional trust—also influence decision quality.

These findings align with Gupta and Jain (2020) who reported that financially literate urban investors in emerging markets demonstrate superior portfolio diversification and longer investment horizons. They also extend the work of SEBI's National Survey of Indian Investors (2015), which identified awareness as the primary bottleneck to market participation in smaller urban centres. The practical implication is unambiguous: targeted financial literacy interventions, delivered through digital channels and community organisations in Tier-III cities, represent high-impact investments in the quality of individual financial decision-making.

12.2 Demographic Dominance in Investor Behaviour ($H1_3$)

The confirmation of H13 through significant t-test and ANOVA results reflects the well-documented heterogeneity in investment behaviour across demographic strata. Gender differences in Investment Choices and Investment Size align with behavioural finance literature documenting that male investors exhibit higher risk tolerance and more aggressive investment postures (Barber & Odean, 2001), though this differential may reflect differential access to financial education and socialisation processes rather than intrinsic cognitive differences.

The income-based ANOVA results are particularly noteworthy: the highest income group demonstrates not only larger investments but also qualitatively superior investment choices (higher diversification, longer horizons). This suggests a compounding advantage wherein higher incomes permit greater experimentation, mistake-absorption, and professional advisory access—a dynamic that may perpetuate wealth inequality within Tier-III populations. Policymakers should recognize this income-awareness interaction as a structural barrier requiring targeted interventional architecture.

12.3 Psychological Dominance in Investor Behaviour ($H1_4$)

The significant predictive power of all three psychological constructs—risk tolerance, overconfidence, and herding behaviour—over investment outcomes is consistent with the core propositions of behavioural finance theory. Risk tolerance's dominant predictive role ($\beta = 0.381$) echoes the findings of Shefrin and Statman (1985) on disposition effects and individual risk perception. In the Tier-III context, where formal financial advice is

less accessible, risk tolerance functions as a primary heuristic for investment decision-making, substituting for analytical frameworks that awareness training could otherwise provide.

Herding behaviour's significant influence ($\beta = 0.287$) is especially relevant in smaller urban communities where social networks are denser and peer influence on economic behaviour is more pronounced. The finding that social media and media coverage significantly influence investment decisions (PSY6) reflects the growing exposure of Tier-III professionals to digital financial content, which may amplify rather than correct herd behaviour through echo chamber effects. Overconfidence, while the weakest of the three predictors, remains significant and may manifest particularly in self-directed trading behaviour facilitated by digital platforms.

13. Conclusion

This study set out to empirically examine the influence of investor awareness, demographic variables, and psychological factors on saving and investment decisions among young professionals in a Tier-III Indian city. Through a rigorous quantitative methodology employing Pearson correlation, multiple linear regression, independent samples t-test, and one-way ANOVA on primary data from 200 respondents, the study yields four principal conclusions:

5. Investor awareness exerts a significant and positive influence on both the nature of investment choices and the quantum of investment and savings, establishing awareness as the primary lever of investment quality improvement in Tier-III urban contexts.
6. Demographic variables particularly gender and income significantly differentiate investor behaviour, underscoring the need for demographic-sensitive financial education programme design.
7. Psychological variables risk tolerance, overconfidence, and herding behaviour jointly and individually predict investment behaviour, with risk tolerance emerging as the dominant psychological predictor.
8. The interactive architecture of awareness, demography, and psychology collectively explains a substantial proportion of variance in investment behaviour, validating an integrated multi-factor framework over single-construct models.

   These findings carry significant implications for financial educators, market regulators, investment advisors, and policymakers engaged in expanding the depth and quality of financial market participation in India's rapidly urbanising hinterland.

15. Limitations of the Study

This study acknowledges the following limitations, which should be considered when interpreting and generalizing the findings:

- Geographical Specificity: The study is confined to a single Tier-III city, limiting the geographic generalizability of findings to other Tier-III or smaller urban settings across India's diverse regional contexts.
- Self-Reported Data: Responses to Likert-scale items are susceptible to social desirability bias and recall inaccuracies, potentially inflating awareness and investment quality perceptions.
- Cross-Sectional Design: The study captures a snapshot of investment behaviour at a single point in time, precluding causal inferences or the examination of longitudinal changes in awareness and behaviour patterns.

- Sampling Constraints: The use of purposive and snowball sampling, while practical, may introduce selection bias; findings should be interpreted with appropriate circumspection regarding representativeness.
- Construct Operationalization: Psychological constructs such as overconfidence and herding are operationalized through self-report items, which may not fully capture the multidimensional nature of these biases as assessed in controlled laboratory settings.
- Omitted Variables: The study does not capture macro-economic variables (inflation expectations, interest rate environment) or institutional factors (broker quality, platform usability) that may independently influence investment decisions. Future research should employ longitudinal panel designs, multi-city comparative frameworks, and experimental or quasi-experimental methodologies to overcome these limitations and further refine the theoretical model proposed herein.

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