

INVESTMENT BEHAVIOUR AMONG INDIVIDUALS IN THE POST COVID 19 PANDEMIC PERIOD; AN EMPIRICAL STUDY IN MANGALORE CITY

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ABSTRACT

The COVID-19 pandemic has had a significant impact on the world economy, causing widespread uncertainty and volatility in financial markets. As a result, of this individual investment behavior has been affected, with investors reassessing their risk and investment strategies. The pandemic has brought about a new level of uncertainty and unpredictability, making investors more risk-averse. This has led to a significant shift in investment behavior. The pandemic has also accelerated the adoption of digital technologies, including online trading platforms, which have made it easier for individuals to invest in financial markets. This has led to an increase in the number of individual investors, as people have more time to invest and are looking for alternative sources of income in the face of economic uncertainty. Moreover, digital platforms have made it easier for investors to access information and research, enabling them to make more informed investment decisions. The pandemic has also led to a greater emphasis on diversification. Investors are now more aware of the risks associated with concentrating their investments in one asset or sector, and are looking to diversify their investment in multiple assets to reduce their exposure to risk. This has led to an increased demand for financial advice and guidance, with investors seeking out professional financial planners and advisors to help them navigate the complexities of financial markets. In this context this paper aims to explore the changes in individual investment behaviour post-COVID-19 in Mangalore city. For the purpose of this study qualitative research approach has been used and simple random sampling technique has been used to select the respondents. The data has been collected using the online questionnaire (Google form). The primary data collected for this study has been analysed using the descriptive method.

Keywords: COVID-19 Pandemic, Investment Behaviour, Digital Technologies, Diversification.

I. INTRODUCTION

The COVID-19 pandemic has triggered unprecedented disruptions across the globe, profoundly affecting various aspects of society, including economic dynamics and individual behavior. As nations grapple with the multifaceted challenges posed by the pandemic, understanding its ramifications on investment behavior becomes increasingly crucial. In the wake of the pandemic, individuals have been compelled to reevaluate their financial strategies and risk perceptions, particularly concerning investment decisions. Mangalore City, situated in the coastal region of Karnataka, India, serves as a microcosm of these evolving trends, presenting a unique context for empirical inquiry. This study aims to delve into the investment behavior of individuals in Mangalore City during the post-COVID-19 pandemic period. By employing a quantitative research approach and drawing upon a sample of 76 residents actively engaged in investment activities, this study seeks to shed light on the factors influencing investment preferences, risk tolerance, and decision-making processes in the aftermath of the pandemic. Through an analysis of demographic characteristics, investment preferences, risk perception, financial literacy, and the impact of the COVID-19 pandemic, this research endeavors to contribute valuable insights to the field of finance and inform strategies for enhancing investment decision-making in the post-pandemic era. By examining investment behavior at the grassroots level in a specific geographic context, this study aims to provide actionable recommendations for investors, policymakers, and financial institutions navigating the complexities of the post-COVID-19 economic landscape.

II. LITERATURE REVIEW

Rohit, B., Pinto, P., & Nancy, M. T .This study investigates financial literacy and the awareness of financial instruments among respondents in Mangaluru city before and during the COVID-19 pandemic, while also analyzing the pandemic's impact on income, savings, and spending. It finds a notable difference in awareness levels pre- and post-pandemic. Furthermore, the study identifies significant associations between occupation, income, and savings, as well as a correlation between high credit card usage during the pandemic and annual income.

Shetty, S. K., Birau, R., Spulbar, C., Ninulescu, P. V., & Florescu, I. Investment encompasses various options, from savings accounts to higher-return products like mutual funds and equities, ensuring long-term financial security. Dividends from investments such as stocks and bonds provide passive income. A general guideline suggests investing 15% of pre-tax income, aiming for a million-dollar portfolio by retirement age. Men are more inclined towards investing, potentially leading to gender disparities in wealth accumulation.

Yannelis, C., & Amato, L. (2023). This article provides an overview of household finance studies conducted during the COVID-19 pandemic, focusing on consumption, government policies, credit, and investment. It highlights a rapid decline in consumption followed by a rebound, with government stimulus showing varying effectiveness compared to previous recessions. Delinquency rates decreased, possibly due to government debt relief policies, and investment behavior was influenced by shifts in beliefs. The article concludes by suggesting potential areas for future research in this field.

Shetty, S. K., Birau, R., Spulbar, C., Ninulescu, P. V., & Florescu, I. Investment, from basic savings accounts to higher-yield options like mutual funds and equities, ensures both present and future financial security. Dividends from stocks, bonds, and ETFs provide additional income. Consistently investing 15% of pre-tax income starting at age 30, with a 10% annual return and a minimum income of \$21,500 per year, could result in a million-dollar portfolio by age 65. However, men are more inclined towards investing than women, potentially leading to significant wealth disparities over a career span.

Nagar, D., Nagar, P., & Singh, N. (2020). The COVID-19 pandemic has had a profound impact globally, with India being significantly affected. A nationwide lockdown and strict measures have been enforced to curb the spread of the virus. This survey investigates the influence of age, education, and occupation on individuals' responses to the crisis. Data was collected from 489 respondents across 70 cities in 19 Indian states. The majority adhered to government guidelines, but many faced challenges during the lockdown. Participants were moderately engaged in various activities. Mental health issues were prevalent, with factors such as lockdown-related problems, age, education, and engagement in online games predicting emotional, social, and cognitive aspects of mental health. Implications of these findings are discussed.

III. OBJECTIVES

- Investigate shifts in investment preferences among Mangalore City residents following the COVID-19 pandemic.
- Examine the pandemic's influence on individuals' risk tolerance in investment choices.
- Explore determinants shaping investment decision-making post-pandemic.
- Evaluate financial literacy levels among Mangalore City residents and their impact on post-COVID-19 investment behaviors.
- Analyze how the pandemic uniquely affects investment behaviors across diverse demographic groups.
- Offer practical recommendations for investors, policymakers, and financial institutions to bolster decision-making and resilience in future crises, drawing from study findings.

IV. METHODOLOGY

The study comprehensively examines the impact of the COVID-19 pandemic on governmental strategies and actions aimed at controlling its spread. It also includes a survey conducted in Mangalore city to analyze the effects of the pandemic on individuals' financial transactions, specifically targeting 76 respondents from both the service sector and business owners through Google forms. Furthermore, the research explores the relationship between the pandemic and changes in individuals' investment preferences regarding Systematic Investment Plans (SIPs). Secondary data was collected through various websites, Journals and internet regarding Investment Behaviour.

V. DATA ANALYSIS AND INTERPRETATION

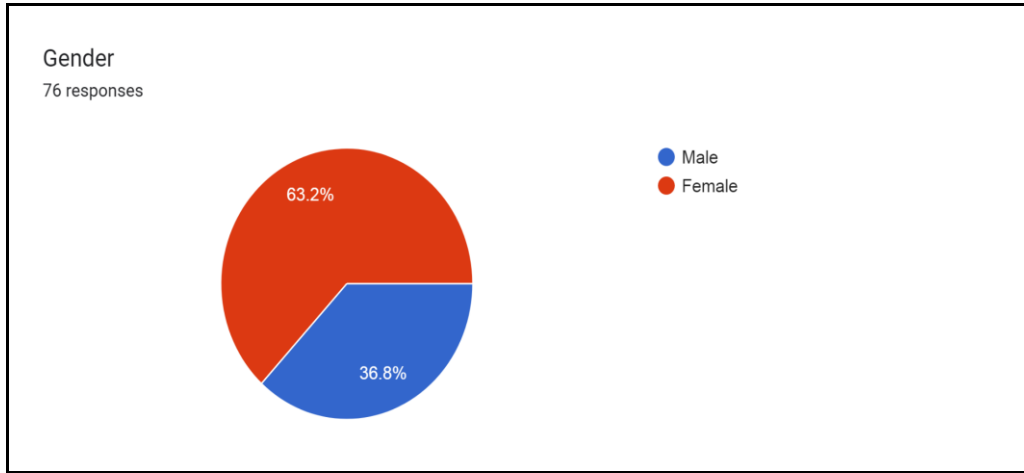


Figure 1: In the above chart it represents that the majority of the respondents belong to the category of female than male. There are 63.2% of female respondents and 36.8% of male respondents respectively.

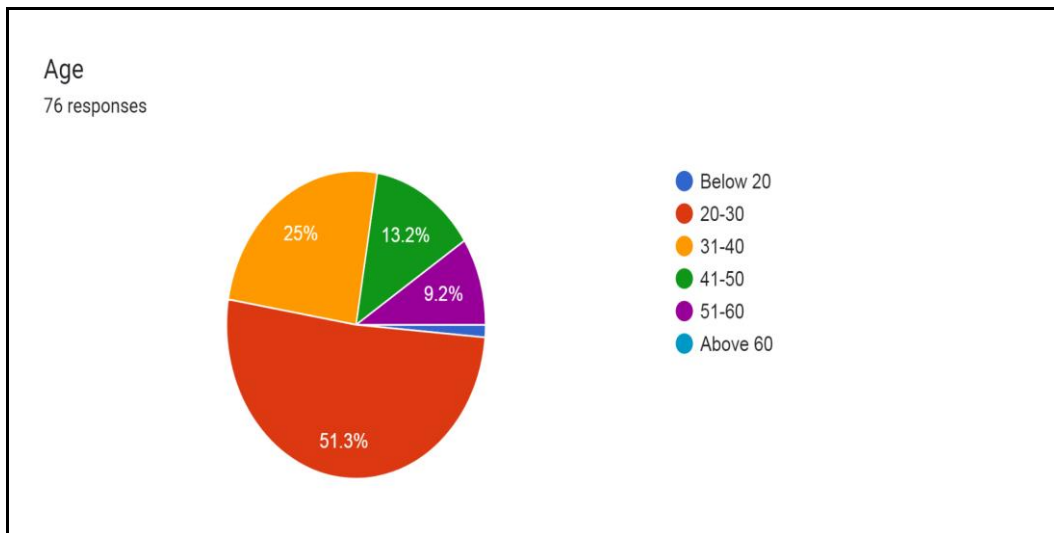


Figure 2: According given the aforementioned data, the bulk of respondents (51.3%) are between the ages of 20 to 30; 25% are between the ages of 31 to 40; 13.2% are between the ages of 41 to 50 and 9.2% are between the ages 60 & above 60.

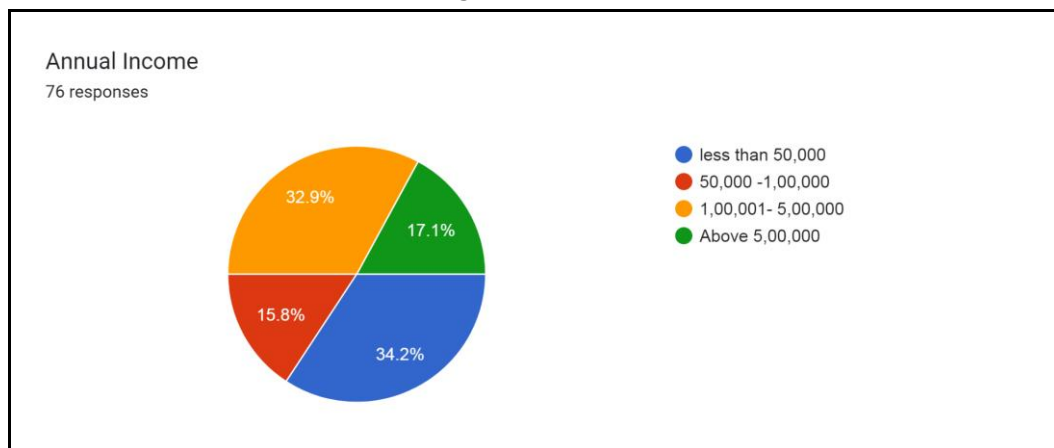


Figure 3: The graph depicts income distribution: 34.2% earn less than 50,000 units, 32.9% earn 1 to 5 lakhs, 15.8% earn 50,000 to 1 lakh, and 17.1% earn over 5 lakhs annually, suggesting diverse income demographics necessitating tailored financial strategies for all brackets.

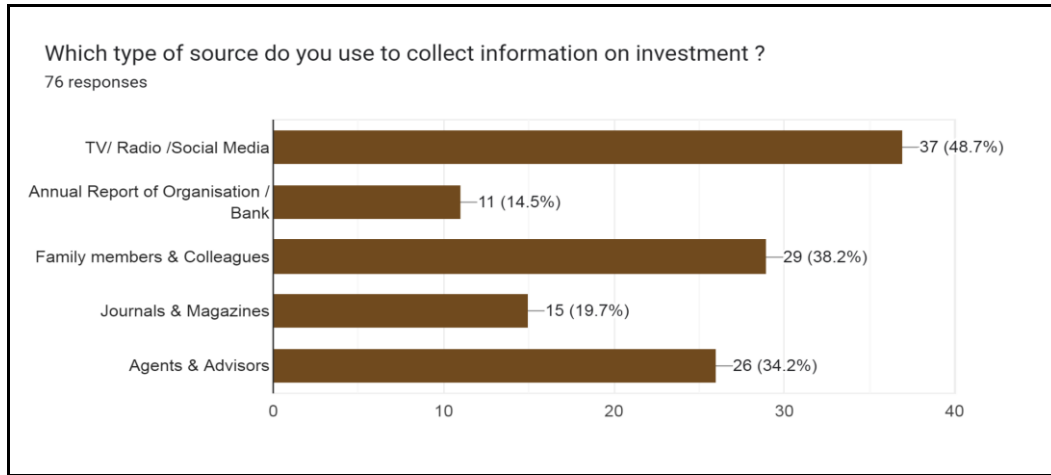


Figure 4: The graph indicates that the primary sources of investment information are diverse: 48.7% from Radio/TV/Social Media, 38.2% from Family members & colleagues, 34.2% from agents and Advisors, 19.7% from Journals/Magazines, and 14.5% from Annual reports of organizations/Banks, underscoring the significance of varied channels in shaping investment decisions.

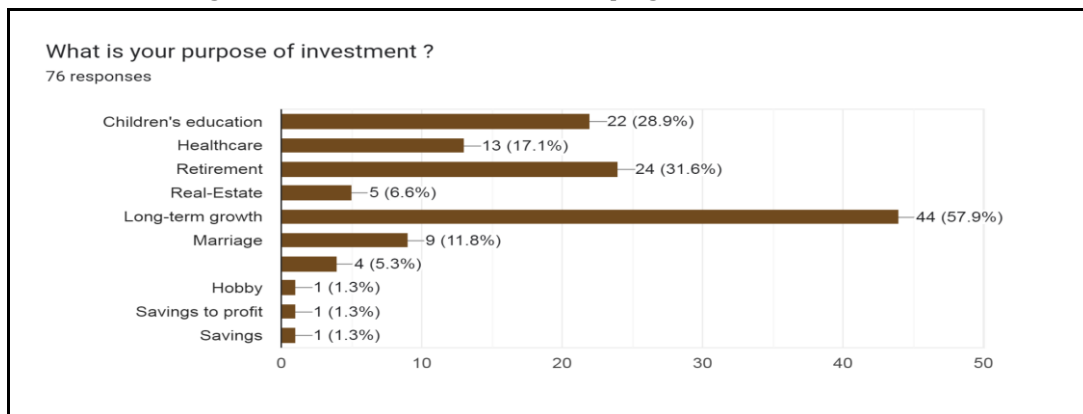


Figure 5: The graph indicates that the majority prioritize long-term growth (57.9%) for stability and wealth accumulation, followed by retirement planning (31.6%) and children's education (28.9%). Healthcare (17.1%) and real estate/marriage investments (6.6% and 5.3%) are less common, while saving/profit/hobby (1.3%) receives minimal attention, suggesting a focus on strategic financial planning.

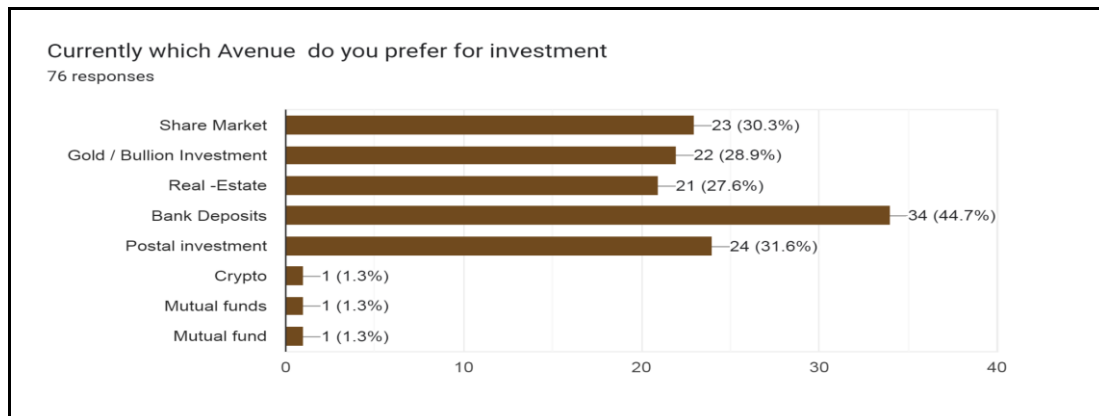


Figure 6: According to above graph the post-COVID-19 investment landscape reveals a preference for stability and security, with 44.7% opting for Bank deposits, followed by 31.6% in Postal investment, indicating trust in government-backed schemes. Share market and Gold/bullion market are popular at 30.3% and 28.9% respectively, while Real estate stands at 27.6%, reflecting enduring confidence. However, Crypto currency & Mutual funds lag significantly at 1.3%, suggesting limited interest in volatile or emerging avenues.

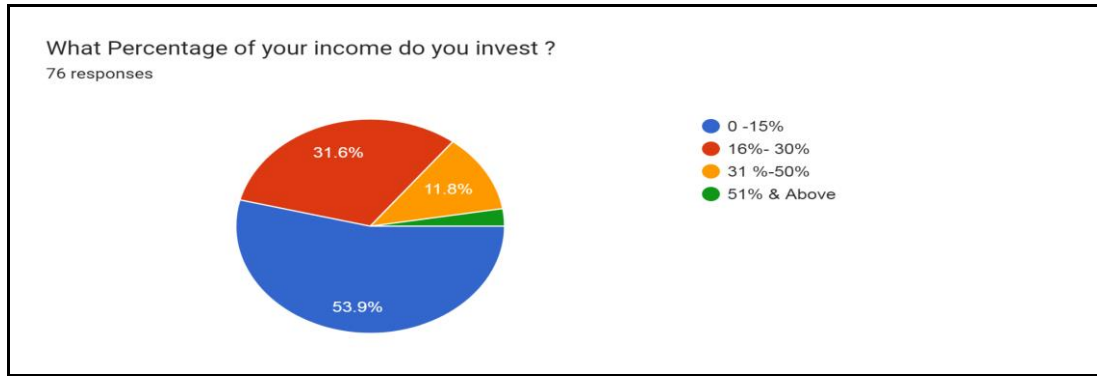


Figure 7: The graph delineates the distribution of respondents' income allocated for investment post-COVID-19. Notably, 53.9% invest between 0% to 15% of their income, with a substantial 31.6% allocating 16% to 30%. Additionally, 11.8% of respondents allocate 31% to 50% of their income, while a minor 2.7% invest above 51%, demonstrating varying levels of investment commitments.

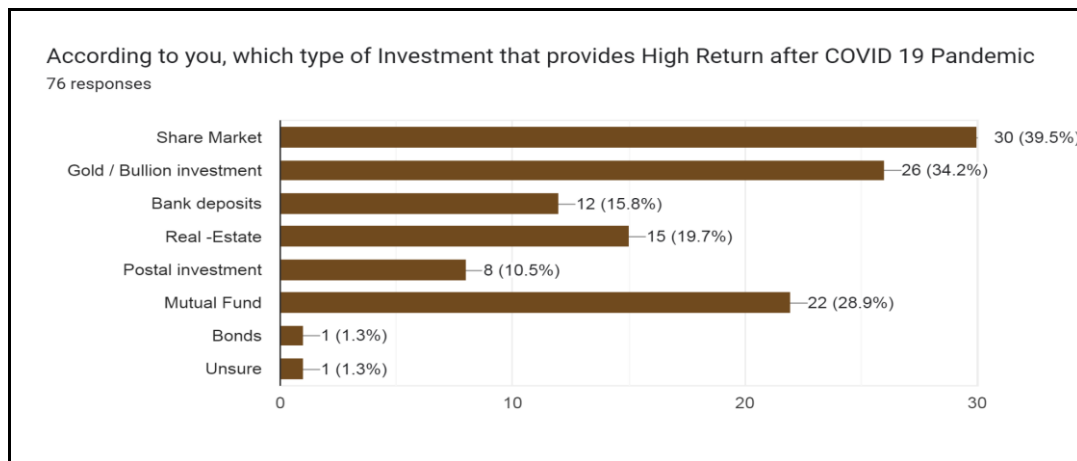


Figure 8: Above graph represents Post-COVID-19, investments with high return potential include the Share market (39.5%), showing confidence in equities, followed by Gold (34.2%) as a hedge during uncertainty. Mutual funds (28.9%) are favored for diversified portfolios, while Real estate (19.7%) remains stable despite challenges. Bank deposits and Postal investments are less favored (15.8% and 10.5% respectively), with Bonds the least preferred (1.3%), indicating minimal interest in fixed-income securities.

VI. FINDINGS

- **Shifts in Investment Preferences:** There has been a notable shift in investment preferences, with a preference for stability and security evident in choices such as Bank deposits (44.7%) and Postal investments (31.6%). However, alternative assets like the Share market (30.3%) and Gold (28.9%) have also gained popularity, indicating a diversification trend.
- **Influence of the Pandemic on Risk Tolerance:** The pandemic has influenced individuals' risk tolerance in investment choices, with preferences for safer options like Bank deposits and Postal investments. This reflects a cautious approach driven by heightened uncertainty and economic instability.
- **Determinants Shaping Investment Decision-Making:** Several determinants shape investment decision-making post-pandemic, including income distribution, sources of investment information, and investment objectives. Understanding these factors is crucial for designing targeted financial strategies and products.
- **Financial Literacy Levels and Impact:** Financial literacy levels among Mangalore City residents play a significant role in shaping post-COVID-19 investment behaviors. Higher levels of financial literacy are likely to result in more informed investment decisions and better financial outcomes.
- **Unique Effects across Demographic Groups:** The pandemic's impact on investment behaviors varies across diverse demographic groups, such as age, gender, and income level. Tailored approaches are needed to address the specific needs and challenges faced by different segments of the population.

- **Practical Recommendations:** To bolster decision-making and resilience in future crises, practical recommendations can be offered to investors, policymakers, and financial institutions. These may include initiatives to enhance financial literacy, promote diversification strategies, and provide targeted support for vulnerable groups.

VII. CONCLUSION

The study findings provide valuable insights into the evolving investment landscape in Mangalore City reflects a significant shift towards stability and security, as evidenced by the increased preference for safer options like Bank deposits and Postal investments. However, there is also a notable trend towards diversification, with alternative assets such as the Share market and Gold gaining popularity. The pandemic has undoubtedly influenced individuals' risk tolerance, leading to a more cautious approach to investment decisions. Understanding the determinants shaping investment behavior, including income distribution, sources of information, and investment objectives, is crucial for designing effective financial strategies.

Moreover, the role of financial literacy cannot be overstated, as higher levels of financial knowledge are associated with more informed investment decisions. However, it's essential to recognize the unique effects of the pandemic on different demographic groups and tailor interventions accordingly. Practical recommendations aimed at bolstering decision-making and resilience in future crises include initiatives to enhance financial literacy, promote diversification strategies, and provide targeted support for vulnerable groups. By addressing these recommendations, stakeholders can navigate the evolving financial landscape with greater confidence and adaptability.

VIII. REFERENCES

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