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A Behavioural Analysis into Awareness and Preference for Post Office Schemes Compared to Other Investment Products.

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ABSTRACT:

This research examines the determinants of behaviour that drive investors' interest and knowledge about post office schemes versus other investment products. The study reveals how investment choices are shaped by financial literacy, risk tolerance, and demographics. Through a critical examination of the primary data gathered from 126 participants in Bangalore, the research evaluates the attitude of investors towards post office scheme schemes and compares their attractiveness with others like mutual funds, fixed deposits, and stock investments. It has been confirmed that even though post office schemes are preferred due to their security and government support, poor awareness and low returns constrain their attractiveness relative to contemporary investment vehicles.

The research also sheds light on the role of financial advisory services in counselling investment choices. It highlights those determinants that affect investors' behaviour and recommends enhanced financial knowledge and awareness of post office schemes. The results are of interest to policymakers, financial planners, and investors seeking long-term saving schemes that are safe.

Keywords: Post Office Schemes, Behavioural Finance, Investment Preferences, Financial Literacy, Risk Perception.

Introduction:

Investing is a key component of financial planning, and there are various options for individuals. Post office schemes are one of the most secure investment options in India because they are safe and government-guaranteed. With the growing popularity of other investment products like mutual funds, fixed deposits, stocks, and real estate, it is important to grasp investor preference.

Post office schemes like the National Savings Certificate (NSC), Public Provident Fund (PPF), and Senior Citizens Savings Scheme (SCSS) offer risk-averse investors safe saving instruments. They are tax-efficient and offer guaranteed returns, which are appropriate for those who like secure financial returns. The money literacy levels, however, affect investment a lot, and most investors might not know that post office schemes have an edge over other market-linked investments.

The accelerated digitalization of financial services and enhanced information access have revolutionized investor decision-making in savings and investment. Individualized financial guidance has become a choice driver for investors. The purpose of this study is to examine the influence of financial advisory services on investor selection of post office schemes relative to other investment instruments. Policymakers and financial institutions can design strategies to boost investor involvement in post office schemes based on this information.

Review of Literature:

1. **Harsha Sirmour and Dr. R.P. Agrawal (2024):** Their study provides an in-depth analysis of investor perceptions regarding post office savings schemes, with a strong emphasis on tax benefits and safety. They found that tax exemptions and fixed interest rates play a significant role in attracting conservative investors. Additionally, they highlighted how investors with lower financial literacy are more likely to prefer government-backed schemes due to perceived lower risk. The study also suggested that increasing awareness about returns and tax benefits can encourage broader participation.

2. **S. Gupta and R. Verma (2024):** This research examines investor awareness regarding post office savings schemes and finds that many potential investors remain uninformed about the range of products available. The study highlights that targeted financial literacy programs, such as workshops and digital campaigns, significantly improve awareness and investment in post office schemes. The study also emphasizes the role of word-of-mouth influence in rural and semi-urban areas where formal financial education remains limited.
3. **Sonali Patil and Prithviraja Halde (2023):** The authors explore key factors that influence investment in post office schemes, such as security, ease of investment, and assured returns. The study found that while older investors are more inclined toward post office savings due to stability, younger investors prefer higher-yield investments such as stocks and mutual funds. The study recommends improving digital access to post office schemes and introducing flexible investment options to attract younger demographics.
4. **S. Beriwala and S. Agarwal (2022):** This study analyses investor preferences and awareness regarding post office savings schemes, focusing on rural versus urban differences. It finds that rural investors prioritize post office schemes due to accessibility and security, while urban investors seek higher returns. The study suggests that the introduction of hybrid investment options—combining security with market-linked returns—could enhance engagement among diverse investor groups.
5. **A. Sharma and P. Mehta (2022):** This research evaluates the performance and investor appeal of post office schemes over a five-year period. The findings indicate that while post office schemes remain a preferred investment choice among risk-averse investors, they are losing appeal due to lower returns compared to other investment avenues. The study highlights that introducing competitive interest rates and enhancing marketing efforts can improve participation in these schemes. Additionally, integrating online investment portals could increase accessibility and convenience for tech-savvy investors.

Research Gap:

There hasn't been much research on how people's knowledge, background, and social influences affect their choice between post office savings schemes and other investments like mutual funds and stocks. While studies have looked at investment preferences, they haven't really compared these traditional and modern options in detail. We also don't know much about how investment awareness changes based on where people live and their financial situation. Plus, even though marketing has been studied, not much is known about how social media and digital ads shape people's decisions about post office schemes. Another missing piece is the impact of personalized financial advice—does it really help people choose better investments? This study aims to fill these gaps by exploring how behaviour, location, and financial knowledge influence investment choices. The goal is to help policymakers and financial institutions make post office schemes more appealing and useful to investors.

Scope of the Study:

This study focuses on analysing the investment behaviour of individuals in Bangalore, examining their awareness, preferences, and decision-making process regarding post office schemes. The study also investigates how financial advisory services impact investment choices and how these schemes compare to other investment products. The findings are relevant for:

- **Investors** seeking secure and risk-free investment options.
- **Financial advisors** aiming to educate clients about government-backed savings schemes.
- **Policymakers** interested in promoting post office savings schemes through enhanced financial literacy programs.
- **Researchers** looking to explore behavioural finance perspectives on investment decision-making.

Objective of the Study:

To evaluate the impact of personalized financial advice on the preference for post office schemes compared to other investment products.

Hypothesis

1. **H0:** Personalized financial advice does not significantly impact investor preference for post office schemes compared to other investment products.
2. **H1:** Personalized financial advice significantly impacts investor preference for post office schemes compared to other investment products.

Analysis and Interpretation:

To further assess the impact of personalized financial advice, an Independent Sample T-Test was conducted.

TABLE 1: INDEPENDENT SAMPLE TEST

Levene's Test for Equality of Variances	F	Sig.	T	Df	Mean Difference	Std. Error Difference
Equal variances assumed	0.327	0.568	-7.577	124	-1.090	0.144
Equal variances not assumed			-7.489	95.852	-1.090	0.146

- Levene's Test of Equality of Variances: F-value = 0.327 and sig. level = 0.568, which shows that the equal variances assumption is valid, i.e., we can trust the first-row results.
- T-Value: The test statistic t = -7.577 indicates a significant difference in the investment choices between the two groups of people who did and did not receive financial advice.
- Mean Difference: The mean difference of -1.090 indicates that the financial advice group had so much higher preference towards post office schemes than the control group.
- Standard Error Difference: Standard error of 0.144 indicates the reliability of the estimated mean difference in favour of observed effect.

Interpretation:

The results have significant support showing the significance of having individualized investment advice in determining post office schemes selection. As variance assumption is satisfied

(Sig. = 0.568), equal variances assumed row can be used.

The negative t-value (-7.577) strongly indicates that the subjects receiving no advice on finance had substantially lower post office scheme preference scores than the subject’s receiving advice. This is aligned with behavioural finance theories, in favour of the importance of expert guidance in creating confidence among investors for secure, government-backed schemes.

Therefore, the research emphasizes the significance of advice and financial literacy in increasing awareness and take-up of post office schemes. Financial advisors can bridge the knowledge gap by assisting investors in making smart decisions based on their risk profile and investment objectives.

Limitations:

This study has certain limitations that must be acknowledged. The research is geographically limited to Bangalore, which may not fully represent investor behaviour across different regions of India. The sample size of 126 respondents, though diverse, may not capture broader investment trends on a national scale. Additionally, the study focuses primarily on the role of financial advisory services, while other external factors such as government policy changes, economic fluctuations, and interest rate variations may also significantly influence investment decisions. Furthermore, as the research relies on self-reported survey responses, there is a possibility of biases in how respondents perceive and report their investment behaviour and preferences. Despite these limitations, the study provides valuable insights into investor preferences for post office schemes and highlights areas for future research and policy intervention.

Conclusion:

The research concludes that financial advice plays a major role in shaping investor choice towards post office schemes. Investors who receive financial advice prefer investing in post office savings schemes as an investment instrument due to their safety and government backing. The research also points towards a critical shortage of awareness, especially among new investors, which makes them opt for other investment instruments like mutual funds and equities.

To enhance postal office scheme participation, policymakers and economists have to emphasize increasing awareness, streamlining investment processes, and using the internet to offer inclusive financial education. This will help investors make informed decisions that are consistent with their financial objectives and risk tolerance.

Future Scope

Future research can explore the role of digital financial advisory platforms, their effectiveness in guiding investment decisions, and their impact on rural versus urban investors. Additionally, comparative research on investment behaviour across different income groups could provide further insights into diversifying financial inclusion strategies for post office schemes.

By addressing these challenges and implementing the suggested policy interventions, post office savings schemes can remain a relevant and attractive investment option in the evolving financial landscape.

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