WWW.IJRPR.COM

International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

Are students willing to invest in the stock market? study of the factors influencing the investment decisions of college students

M.S.Dawngzuali

Kristu Jayanti College,Bengaluru,Karnataka,560077
24mcom30@kristujayanti.com

ABSTRACT :

Willingness of the students to invest in the stock market has attracted attention lately due to the growing accessibility of investing platforms and financial education resources. This study delves into the factors that influence the students' investment decisions such as financial literacy, risk tolerance, influence of peers, and personal financial stability. Understanding these factors is important for policymakers, financial institutions, and educators to encourage responsible investment behavior in students. This study will use surveys and data analysis to determine the key factors that influence the students' attitudes to investing and suggest ways to increase their financial participation.

Keywords: Stock Market Investment, Student Investors, Financial Literacy, Investment Decision-Making, Peer Influence, Investment Awareness.

Introduction :

Investing in the stock market has always been a significant source of wealth creation and financial security. With the availability of digital trading platforms and widespread financial information, students are also gaining exposure to investment opportunities. However, they are still influenced by a number of factors including their level of financial literacy, income stability, risk perception, and influence from social circles. Understanding these aspects is pivotal in addressing the financial issues faced by young investors. The challenges may be associated with the knowledge of the investment opportunities. Some students actively seek the investment opportunities as they would want to be wealthy. However, there are others who do not understand the investment opportunities and are afraid of the financial loss. This research proposal seeks to evaluate how students can invest in the stock market and the factors that are necessary in the investment process. The proposal, therefore, seeks to discuss the factors that students may consider when investing and the extent to which the factors are essential in the stock investment. To achieve this aim, the proposal will research on the importance of investment and how the financial institutions may be important in the investment process. The research will be based on a financial educators and policymakers can develop targeted strategies to improve investment awareness and participation among students.

Literature Review :

Financial literacy plays a significant role in shaping investment decisions. According to Lusardi and Mitchell (2014), individuals with higher financial knowledge are more likely to engage in stock market investments. Studies by Potrich et al. (2016) further emphasize that students with formal education finance or economics have greater confidence in investing. However, many students lack adequate financial education, leading to hesitancy and a preference for safer investment options such as savings accounts or fixed deposits (Chen & Volpe, 1998).

The rise of online trading platforms and mobile investment apps has made stock market participation easier for students. Studies by Chuen et al. (2018) highlight how fintech innovations, such as zero-commission trading and fractional shares, have attracted young investors. The convenience and user-friendly nature of digital investment platforms, such as Robinhood and eToro, have lowered entry barriers for student investors (Fisch, Labouré, & Turner, 2019).

Statement of the Problem :

Despite an increase in access to investment opportunities in the stock market via digital platforms, there is still a large number of students who are either unwilling or unaware of the advantages and disadvantages associated with investment. While some students may begin to participate in the stock market, others avoid this due to lack of financial education, fear of financial losses, and lack of finance. The issue stems from an understanding of how much students are willing to invest in the stock market, as well as determining the most significant factors that affect their investment decisions. Financial education, the perception of risk, and financial difficulties are crucial in shaping student investment behavior, yet there is a gap in research regarding how these elements interact and impact students' willingness to participate in the stock market.

Objectives of the Study :

- Determine the extent to which students are willing to invest in the stock market.
- Analyze the role of financial literacy, risk tolerance, peer influence in shaping student investment behavior.
- Assess students' knowledge of investment principles, stock market operations, and risk management strategies.
- Explore the effects of peer groups, family, and social media on students' investment decisions.
- Identify the challenges and concerns that discourage students from investing in the stock market.

Section headings should be left justified, bold, with the first letter capitalized and numbered consecutively, starting with the Introduction. Sub-section headings should be in capital and lower-case italic letters, numbered 1.1, 1.2, etc, and left justified, with second and subsequent lines indented. All headings should have a minimum of three text lines after them before a page or column break. Ensure the text area is not blank except for the last page.

Research Methodology :

Research Design

This study adopts a quantitative research approach to analyze students' willingness to invest in the stock market and the factors influencing their investment decisions. A descriptive and analytical research design is employed to collect and interpret data from a representative sample of students.
Primary data: Core data was collected from the questionnaire among undergraduate, postgraduate and doctorate student. The sample size was 45.
Secondary Data: Secondary data was collected from unpublished articles and published articles from website.

Result and Discussion :

Table 1 – Statistics

		Gender – Male	Age – 22-23	Age above 24	Education_ Postgraduate	Knowledge intermediate	Knowledge – beginner	Knowledge None	Investment Influence Financial advisor	Preferred Asset Exchange traded funds(ETF)
N	Valid	45	45	45	45	45	45	45	45	45
	Missing	0	0	0	0	0	0	0	0	0
Mean		.33	.62	.20	.60	.29	60	.07	.13	.04
Standard deviation		.477	.490	.405	.495	.458	.495	.252	.344	.208
Minimum		0	0	0	0	0	0	0	0	0
Maximum		1	1	1	1	1	1	1	1	1

N (Valid & Missing)

- **Valid (N = 45):** All variables have data for 45 cases (participants).
- **Missing (N = 0):** No missing data in the dataset.

Mean

- The **mean** represents the proportion of participants who have a value of **1** in each dummy variable.
- Example:
- "gender_Male" has a mean of **.33**, meaning **33% of participants are male**, while 67% are female (since it's dummy-coded).
- "age_22-24" has a mean of **.62**, meaning **62% of participants are aged 22-24**.
- "knowledge_level_Beginner" has a mean of **.60**, meaning 60% of respondents consider themselves beginners in stock market knowledge.

Minimum & Maximum

- **Minimum = 0** and **Maximum = 1** indicate that all variables are **dummy-coded** (binary: 0 = No, 1 = Yes).

Key Takeaways

- The majority of respondents are **female (67%)**.
- Most are in the **22-24 age group (62%)**.
- **60% consider themselves beginners** in stock market knowledge.
- **20% are postgraduate students**.
- **13% rely on financial advisors** for investment influence.
- **Only 4% prefer ETFs**, indicating a preference for other asset type

Table 2 – Correlation

Correlations

		gender_Male	age_22-24	education_Postgraduate	education_Undergraduate	knowledge_level_Intermediate	Consider_investing_Yes	investing_good_Yes	info_source_Online courses	info_source_Social media	preferred_asset_Mutual funds
gender_Male	Pearson Correlation	1	-.227	-.192	.164	-.035	.170	.068	.076	-.221	-.063
	Sig. (2-tailed)		.134	.205	.281	.821	.265	.658	.619	.144	.680
	N	45	45	45	45	45	45	45	45	45	45
age_22-24	Pearson Correlation	-.227	1	.019	.004	-.110	.070	-.029	.168	-.051	-.133
	Sig. (2-tailed)	.134		.903	.978	.471	.646	.852	.270	.738	.383
	N	45	45	45	45	45	45	45	45	45	45
education_Postgraduate	Pearson Correlation	-.192	.019	1	-.910**	.520**	.039	.235	-.044	-.274	.456**
	Sig. (2-tailed)	.205	.903		.000	.000	.798	.120	.774	.069	.002
	N	45	45	45	45	45	45	45	45	45	45
education_Undergraduate	Pearson Correlation	.164	.004	-.910**	1	-.473**	-.002	-.303*	-.160	.291	-.384**
	Sig. (2-tailed)	.281	.978	.000		.001	.988	.043	.293	.053	.009
	N	45	45	45	45	45	45	45	45	45	45
knowledge_level_Intermediate	Pearson Correlation	-.035	-.110	.520**	-.473**	1	.111	.217	-.137	-.318*	.417**
	Sig. (2-tailed)	.821	.471	.000	.001		.469	.153	.368	.033	.004
	N	45	45	45	45	45	45	45	45	45	45
consider_investing_Yes	Pearson Correlation	.170	.070	.039	-.002	.111	1	.378*	.145	-.021	.215
	Sig. (2-tailed)	.265	.646	.798	.988	.469		.010	.342	.889	.157
	N	45	45	45	45	45	45	45	45	45	45
investing_good_Yes	Pearson Correlation	.068	-.029	.235	-.303*	.217	.378*	1	.145	-.118	.311*
	Sig. (2-tailed)	.658	.852	.120	.043	.153	.010		.342	.440	.037
	N	45	45	45	45	45	45	45	45	45	45
info_source_Online courses	Pearson Correlation	.076	.168	-.044	-.160	-.137	.145	.145	1	-.241	-.193
	Sig. (2-tailed)	.619	.270	.774	.293	.368	.342	.342		.111	.204
	N	45	45	45	45	45	45	45	45	45	45
info_source_Social media	Pearson Correlation	-.221	-.051	-.274	.291	-.318*	-.021	-.118	-.241	1	-.010

	Sig. (2-tailed)	.144	.738	.069	.053	.033	.889	.440	.111		.948
	N	45	45	45	45	45	45	45	45	45	45
preferred_asset_Mutual funds	Pearson Correlation	-.063	-.133	.456**	-.384**	.417**	.215	.311*	-.193	-.010	1
	Sig. (2-tailed)	.680	.383	.002	.009	.004	.157	.037	.204	.948	
	N	45	45	45	45	45	45	45	45	45	45

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Key findings from correlation

For a sample size of 45 respondents, this correlation table displays the relationships between a number of knowledge, investment, and demographic variables. The main findings are:

- Education_Postgraduate and Education_Undergraduate have strong and significant correlations ($p < 0.01$). -0.910 (strongly negativ
- correlation)
- Naturally, a person is unlikely to have undergraduate education as their highest level if they have postgraduate training.
- Postgraduate Education and Intermediate Knowledge Level → 0.520
- Better financial knowledge is typically linked to higher educational attainment.
- Undergraduate Education and Intermediate Knowledge Level → -0.473
- Perhaps because more educated people report having more knowledge, there is a negative correlation between undergraduate education and intermediate knowledge level.
- Postgraduate Education and Preferred Asset: Mutual Funds → 0.456
- When it comes to investing, postgraduates are more likely to favour mutual funds.
- Preferred asset: mutual funds and knowledge level: intermediate → 0.417
- Higher levels of understanding are associated with a preference for mutual

Key Insights

- Education significantly impacts investment knowledge and preferences.
- Postgraduates prefer mutual funds and have higher investment knowledge.
- Undergraduates are less likely to prefer mutual funds.\
- Investors with intermediate knowledge are less likely to use social media for financial information.
- Gender and age do not show strong correlations with investment preferences or knowledge.

CONCLUSION :

This study analyzed the relationships between demographic factors (gender, age, education), investment knowledge levels, information sources, and preferred asset types using correlation analysis.

Key Findings:

1. **Education level strongly influences investment knowledge and preferences.**
- Postgraduates are more likely to have intermediate investment knowledge.
- They also show a preference for mutual funds, while undergraduates are less likely to prefer them.
2. **Investment knowledge affects information sources and asset preferences.**
- Individuals with intermediate knowledge prefer mutual funds.
- They are also less likely to rely on social media for financial information.
3. **Gender and age have no significant impact on investment knowledge or asset preferences.**
- This suggests that investment behaviour is more influenced by education and knowledge than by demographic factors.

Implications:

- Financial institutions and advisors should focus on educational programs to improve investment knowledge.
- Marketing strategies should target individuals based on education levels rather than just demographics like age or gender.
- Social media may not be the best platform for educating knowledgeable investors but can be useful for beginners.

REFERENCES :

1. Social Media and Stock Returns" by (Al-Balushi, H., Gupta, V., Madbouly, A. and Reyad, 2021)
2. Potrich, A. C. G., Vieira, K. M., & Kirch, G. (2016). How well do individuals perform in financial literacy? Proposing a new index and investigating its determinants. *Journal of Behavioral and Experimental Finance*, *10*, 1-12
3. Fisch, J. E., Labouré, M., & Turner, J. A. (2019). The emergence of the retail investor in technology-enabled markets: The case for regulation. *Journal of Business & Technology Law*, *14*(1), 1-38.