RISK TOLERANCE AND INVESTMENT PARADIGM OF INDIVIDUAL INVESTOR

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ABSTRACT

The varieties in the financial services sector have provided the individual investor with a lot of opportunities to invest. Savings are the words that any investment advisor will use. Savings are the difference between the amount investor earns and the amount investor spends. One reason could be that there are certain materials aims that they want to save for. Pakistani investor's behavior has been changing strategy in the post-economic reforms era in investment activity, preferences in selecting various financial instruments, evaluating and in analyzing the investment avenues. The objective of the study was to understand investment pattern among the investors of Peshawar (Pakistan). The data was collected through structured questionnaire distributed to 770 peoples from different Socio Economic Classes in Peshawar. A significance difference was found in safer investment and riskier investment ways. Analysis has been done through One Way ANOVA. It was calculated that the most preferred investment options are Insurance and bank deposits as more customers' basis their investment decision on safety of investment. Most of the factors influencing investment decisions were high returns, tax benefit and safety. These results indicate that majority of investors in Peshawar are risk averse. Further studies should investigate the risk tolerance and investment avenues with moderating role of financial literacy.

Keywords: Investment Pattern, Investment Objectives, Guiding Factors, Sources of Information

INTRODUCTION

Individual savings and investment pattern plays important role in any economy because it is a major part of resource market. In the recent past change has been observed in the strategies of service sector in Pakistan. Increase in purchasing power and the demand for a large variety of products by the consumer. The financing markets offer new and greater chances to investors. To exploit expanding market, companies are developing effective marketing and advertising strategies based on their study and knowing of the behavior of investors (Chandra, 2008). There are surely significant differences in the behavior of the rural consumers from the stand point of product development, pricing policies, distribution, and after-sales service, which create differences in requirements for marketing strategies in rural Pakistan. In recent times, there has been a preoccupation among financial institutions with customer retention and relationship marketing compulsorily understanding the behavior of consumers after the first purchase made

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(Doumpos, Zopounidis, & Pardalos, 2012). F or financial institutions to retain their customers it is very necessary to satisfy their customers demand of investment returns, investment safety, inflation recovery and all those factors that which for individual makes investment specifically the financial institutions should focus the investment objectives of individual if these objectives are fulfilled the customers will become satisfied and representative of the concern financial institutions (Abor, 2017). It is very important to understand the risk taking behavior of individual investors in both general and financial matter as there a general notion that risk averse investors do not take risk at all while the risk taking investors takes risk at all (Dreman & Berry, 1995). But this is not true on some ground because in studying the investment and risk taking behavior of investors we found the investors who were high risk taker in general life but when came to investment and financial matters they became too concern of the risk involve while investors who were not risk taker in general life became more risk taker in financial and investment matters (Li, Wang, & Dong, 2016). On the basis of these arguments it is can be argue that risk averse and risk taker investors are not two separate persons, but the same persons in different situations. The current research investigates the risk tolerance of individual investor on the basis of their investment objectives.

Objectives

Recent study is based on Empirical Research. This research work is set to study following objectives.

1. To study present and Future investment pattern of respondents.
2. To know Objectives behind investment decision making.
3. To draw conclusion about the risk profile of investors

Research questions

1. What is the investment pattern of individual investor?
2. Why individual investors make investment decision?
3. What are the risk profiles of investors?

Research problem

Financial institutions, money and capital markets are continuously struggling for increasing individual investor's investment in these avenues, motivating investors for investment through various workshops, investment awareness sessions but they are not getting their objectives to the extent they are trying. The main problem is not investment awareness but the objectives of investment. Some individual invest for having capital gains, inflation cover, future security and periodic returns for periodic expenses. If the financial institutions can fulfill maximum of the objective investors will increase their investment leads to high profitability by banks, financial system, increase GDP, higher per capita income and prosperity in state. All these can be happened if we understand the risk level and investment objectives of investors.

Significance of Students

The Pakistan economy is growing significantly and has different investment options.

Even in other developing countries like Pakistan the importance and role of service sector has been swiftly increasing in recent years. Understanding the individual behavior of investor could be of great help in order to explain the stock market anomalies and to help the policy makers, the investment agencies, the researchers as well as managers of firms to prepare themselves to respond to the varying behavior of an investor.

REVIEW OF LITERATURE

Every economy offers a set of investment instruments/avenues ranging from safe to risky for investment. Pakistan economy is also characterized by range of safe to risky investment avenues. Few investment instruments floated by Government fetch tax concessions. Choice of investment avenues is a subjective matter of individual investor. Few researchers have attempted to find out the preferred investment avenues in Pakistan. Samples have responded to the range of avenues offered to mark.

 found that the more investors in the city prefer to deposit their surplus in banks, post offices, fixed deposits, saving accounts and different UTI schemes, etc. The attitude of the investors towards the securities in general was bleak, though service and professional class is going in for investment in shares, debentures and in different mutual fund schemes. Similarly found that around 96% of samples have savings account in the banks, but the mere acquaintance with banks is not adequate, as only around 30% had knowledge about National Savings Certificate and Public Provident Fund. While 98 % of the investors knew about Life Insurance, only about 45% preferred Life Insurance as the most effective financial instrument, which would be helpful at the time of contingencies. Around 92% of the investors knew about Mutual Funds but only 24 % preferred them. Also, found highly preferred investment avenues by sample respondents are Gold, NSC schemes, PO schemes with mean value 3.70, 3.45 and 3.42 respectively. And less preferred investment avenues are Real Estate, Fixed Deposit and Shares/Debentures with mean value 3.32, 2.92 and 2.63 respectively. Similarly, found that 91.10% of respondents are aware about LIC, 70.40% about Bank Deposits, 54% about NSC, 50.90% about PO Schemes and 23.6% of respondents are aware about Shares. While studying future inclination for investment of respondents, results reveals that 72.3% or respondents prefer to invest in Insurance, 49.60% in Bank Deposits, 34.50% in PO schemes, 27.20% in PPF.

Londhe A. (2008) studied saving and Investment pattern of rural landless BPL (Below Poverty Line) families. He found that 77.03% investments are done in the form of financial assets and remaining i.e. 22.97% of investments found in physical assets. In addition, the tri- annual average of financial investments by sample landless BPL families reveals that 54.54% of investments are in the form of Deposits with banks, PO schemes, , Co-operative Banks and Patasanstha, 5.02% of investments are in the form of Windfall Investments. And the tri-annual averages of physical investments are 28.87% in the form of investments in house construction and 23.28% in the form of purchasing entertainment goods. 400 landless BPL families were considered for the study. Similarly, Kengatharan and Kengatharan (2014) classified investment of sample investors in two types Physical assets and financial assets. Among the physical

assets, house property 19.31%, 16.09% in Land and land development, 8.46% in farm assets and financial assets such as deposits 8.96%, Lending 7.11% and 6.27% in Insurance were most preferred investments.

While studying saving pattern of dry land farmers, found that farmers are having saving in the form of Commercial Banks, Co-operative Banks and NBFCs. In commercial banks, 103 farmers had savings less than 1000. In Co-operative Banks, 89 farmers had savings less than 1000 and very few i.e. 2 farmers had savings between 25001-50000. And in NBFCs, 105 farmers had saving range less than 1000. From above review, it has been revealed that investment avenues like commodity market, precious stones, company deposits, NBFC schemes and livestock are not considered by investors. Investors prefer traditional investment avenues such as national savings certificate and public provident fund, insurance, etc.

investigated the investment behavior and objectives of investment among land farmer in sub-Saharan Africa he argue that investors usually prefers bank current deposit with their saving which has been in intension to be used for forming in upcoming season while they prefer to invest in insurance schemes the financial resources they do not need for forming in long run, he further elaborated that investors invest their saving in various investment alternative. Some time it is the objectives of maximizing value to invest and thus invest in specific avenues while some time it is risk avoiding circumstances to invest and hence leads toward specific investment avenue.

asserted that investment decision of institutional investors mostly are informed and well diversified on the risk basis while the investment decision of individual investors are based on many factors i.e. mental status, degree of risk taking, objective of investment, economic condition of state and current economic condition of individual investors. The scholar further proclaimed that most of the salaried individual prefers risk free investments in bank deposits and insurance schemes while the business men are mostly investing in pure equity and high risk bearing securities.

investigating the investment avenues preferred by various investors found that the investment decision and investment avenue selection are mostly guided by various factors but the most influential one's are lucrative returns, security risk return trade off, risk taking behavior if investors himself, investment duration, bank deposit, insurance, mutual funds share preferences, periodic returns of the investment and long term investment futuristic returns. The researcher further elaborated the bank deposit, insurance as having popularity are using more for investment by the investor while the other avenues specially the mutual funds are very attractive but the individual are unaware of the mutual fund.

Muthumeenakshi (2017) conducted an empirical study on the topic under study in Indian context the scholar studied a sample of 495 respondents. He argue that there are various investment avenues for investment in India

but the investors are aware of few only and thus restricting the investment in these avenues only. According to the scholar the more attractive and preferred investment avenue by majority of Indian investors are motivated toward bank deposit, insurance schemes, mutual funds specifically open end mutual fund and real estate.

Hypotheses

> **H1:** investors make investment in various investment avenues on the basis of their risk taking behavior.
>
> **H2:** investment objectives are the guiding principles of investment in various investment avenues.

RESEARCH METHODOLOGY

Structured schedule was used to collect primary data which was adopted from Abor (2017) and Ngoc (2014). The validity of scale has not been check as the scale was validated in previous studies. It was divided into five instruments. Which are finding factors, Sources of information utilized and demographic profile of sample respondents? Research was conducted on the metropolitan city of Peshawar. Stratified convenient sampling technique was used to select sample of 770 from the population, on the basis of number of house hold items owned and educational qualification. Samples from all groups were approached conveniently. Statistical tools like frequency, percentages, mean, standard deviation, rank, spearman rank correlation ,paired sample 't' test, ANOVA, are used to analyze the data.

INVESTMENT PATTERN OF INVESTORS

Table 1: Demographic Profile of Samples

S.N	Profile particulars	Variables	Frequency	Percentage
01	Gender	Male	566	74
		Female	204	26
		Total	**770**	**100**
02	Income	Below Rs 7500	219	28
		7500-17000	238	31
		17000-41000	220	29
		41000-83000	81	11
		Above 83000	12	2
		Total	**770**	**100**
03	Age	18-23	57	7
		23-29	133	17
		29-35	127	16
		35-41	132	17
		41-47	128	17
		47-53	84	11
		53-59	71	9
		59-65	34	4
		Above 65	4	1
		Total	**770**	**100**

04	Occupation	Unskilled Workers	140	18
		Skilled Workers	104	14
		Petty Traders	63	8
		Shop Owners	45	6
		Business/ Industrialist with number of employees		0
		None	40	5
		1 To 9	41	5
		10+	40	5
		Self employed professional	41	5
		Clerical/Salesman	43	6
		Supervisory level	43	6
		Officer/Executive- Junior	96	12
		Officer/Executive-Middle/Semi	74	10
		Total	**770**	**100**
05	Educational qualification	Illiterate	155	20
		School: up to 4 years	86	11
		School 5-9 years	108	14
		SSC/HSC	111	14
		Some college but not Graduate	85	11
		Graduate/PG general	128	17
		Graduate/PG professional	97	13
		Total	**770**	**100**
06	Decision maker about investment	Self	320	42
		Discuss with spouse	53	7
		Discuss with friends	112	15
		Discuss with consultant	198	26
		Discuss with family	242	31
		Not disclosed	9	1
		Total	**770**	**100**

07	Family type	Nuclear	536	70
		Joint	210	27
		Not Disclosed	24	3
		Total	**770**	**100**
08	Saving and investment %	0-10	359	47
		11-20	228	30
		21-30	86	11
		Not Disclosed	97	13
		Total	**770**	**100**
09	House hold income	Below Rs 7500	171	22
		7500-17000	223	29
		17000-41000	226	29
		41000-83000	57	7
		Above 83000	69	9
		Not Disclosed	24	3
		Total	**770**	**100**

Descriptive Statistics of all Samples

Following table depicts profile of entire samples Taken for study. The tabulation is given with an objective to have overview of samples profile. Demographic Profile of samples includes Gender, Age, Educational Qualification, Occupation, Income, Decision maker about investment, Household Expenditure, family type and saving and investment percentage. Frequency and percentages are given in table. Source: (Compiled by Researcher) Table 1 depicts profile of samples taken for this study. In all 770 samples were finally taken for study. Majority of respondents i.e. 74% to the schedule were male. Entire ranges of age groups.

Since samples were based on Socio-economic Classes, due consideration was given to be given representation in research. The age groups between 23 – 47 were found to participate in research in more numbers. Educational qualification of respondents. They were taken in decided proportion. Entire range of income groups were taken for study and it was found that samples were spread over all income groups. Individual income and household income are considered. Also the portion of amount from the income is saved by the investors has been sought in the form of saving percentage from their income. Almost all samples save some amount from their income ranging from 1% to 30%. Family type is also considered i.e. Nuclear family or joint family. 70% of samples staying in nuclear family.

It can be said from the table that while selecting samples due consideration is given to the set demographic factors. Following table depicts investment preferred by entire samples taken for study investment instrument wise. The frequency, percentage of frequency, mean, rank and S.D. is calculated. Mean investment is an average of percentage of investment done by samples in particular Investment Avenue.

Table: 2: Investment Made in Instrument by Entire Samples (N=770)

S.N	Investment	F	%*	Mean	S.D	Rank
1	NSC	78	10.13	1.29	4.19	16
2	PPF	282	36.62	6.43	10.99	4
3	Bank Fixed Deposits	669	86.88	35.30	28.04	1
4	PO Schemes	165	21.43	4.63	10.84	5
5	Government Securities	86	11.17	1.57	4.96	14
6	Insurance	533	69.22	14.99	17.29	2
7	Mutual Funds	150	19.48	2.93	6.71	10
8	Cash in Hand	0	0.00	0.00	0.00	25
9	ELSS	17	2.21	0.27	1.97	20
10	Debentures	23	2.99	0.43	2.87	19
11	Bonds	97	12.60	1.38	3.87	15
12	Gold/ Silver	248	32.21	6.86	11.70	3
13	Company Deposits	15	1.95	0.27	2.54	20
14	SIP	139	18.05	2.66	7.61	11
15	ULIP	42	5.45	0.66	2.94	17
16	Commodity Market	31	4.03	0.53	2.76	18
17	NBFC Schemes	2	0.26	0.03	0.53	24
18	Live Stock	130	16.88	3.44	8.65	7
19	Real Estate	105	13.64	2.61	7.86	13
20	Chit Funds	87	11.30	4.25	16.55	6
21	Shares	162	21.04	3.40	7.48	8
22	Forex Market	6	0.78	0.15	1.81	22
23	Private Equity	6	0.78	0.07	0.89	23
24	Credit Society	55	7.14	3.21	14.91	9
25	Any Other	83	10.78	2.65	11.60	12

Source: (Field Data)

*percentages are calculated considering total sample size.

Table 2 reveals that 87% samples prefer bank fixed deposits followed by 69% sample preferring Insurance for investment. PPF is preferred by 36.62% samples whereas Gold/ Silver is preferred by 32.21% samples and 21.43% samples prefer Post Office Schemes. Least preferred investments avenues are the investment in NBFC Schemes 0.26% samples, private equity investments and Forex market 0.78% samples and Company Deposit is preferred by 1.95% of samples. Amount wise majority samples preferred Bank Deposits since average 35.30% amount is invested by samples in Bank Deposits followed by 15% of amount is invested in Insurance and 6.87% of amount is invested in Gold. In PPF, the investment is found about 6.43% and on rank 5th Gold holds 4.63% of investment. Minimum amount of investment is found in NBFC Schemes i.e. 0.03% followed by Private Equity Investments 0.07%, Forex Market 0.15%, Company Deposits and ELSS 0.27%. Following table depicts investment preferred by entire samples taken for study investment instrument wise. The mean, rank S.D. and

variance is calculated.

Table 3: Investment Preferred in Future by Entire

S.N	Investment	Mean	S.D	Rank
1.	NSC	2.91	1.62	6
2.	PPF	3.11	1.75	3
3.	Bank Fixed Deposits	4.08	1.39	1
4.	PO Schemes	2.91	1.66	5
5.	Government Securities	3.11	1.53	4
6.	Insurance	3.98	1.47	2
7.	Mutual Funds	2.57	1.64	9
8.	ELSS	1.98	1.32	17
9.	Debentures	2.03	1.37	14
10.	Bonds	2.26	1.57	12
11.	Gold/ Silver	2.72	1.59	7
12.	Company Deposits	1.94	1.43	19
13.	Systematic Investment Plan	2.41	1.65	10
14.	ULIP	2.02	1.44	15
15.	Commodity Market	1.78	1.37	21
16.	NBFC Schemes	1.52	1.13	23
17.	Live Stock	1.96	1.34	18
18.	Real Estate	2.36	1.47	11
19.	Chit Funds	2.16	1.49	13
20.	Shares	2.58	1.61	8
21.	Forex Market	1.81	1.19	20
22.	Private Equity Investments	1.75	1.23	22
23.	Credit Society	2.02	1.49	16
24.	Any Other	1.37	1.09	24

Source: (SPSS)

Table 3 reveals that almost all investment instruments are preferred reasonably by samples. Entire range of small savings avenues with safety and assured returns are preferred by majority of samples. On the scale of importance, Bank Deposits, Insurance and PPF are highly preferred with Mean score of 4.08, 3.98 and 3.11 respectively. The least preferred investment instrument on Importance scale are Precious Stones, Art & Passion, Hedge Funds with 1.37 score followed by NBFC scheme with 1.52 mean importance. The comparison of actual investment done by entire samples is made with future investment inclination to find out deviations.

Comparison of Actual Investment and Future Investment of entire Samples
The comparison is made by using spearman rank correlation as follows.

Correlation of Actual Investment and Future Investment of entire Samples

Following is the spearman rank correlation between Actual Investment and future Investment of all Samples Table 4 reveals that existing investment and preferred investment of all samples is correlated. The test results are also cross checked with the help of paired sample 't' test. Following table shows paired sample 't' test between Actual Investment and Future Investment of all Samples

Table 4.4: Paired Sample 't' Test between Actual Investment and Future Investment

S.N	Objectives behind Investment	Mean	S.D.	Rank
1	Dependent Obligation	4.15	1.31	2.00
2	Personal Obligation	4.43	0.76	1.00
3	Retirement Planning	4.01	1.24	3.00
4	Tax Saving	3.33	1.52	9.00
5	Purchasing House property	3.16	1.32	12.00
6	For Emergency Funds/crises	3.67	1.18	5.00
7	Purchasing of an Asset (Car, Machinery)	3.53	1.28	7.00
8	Financial Independence	3.59	1.22	6.00
9	Working capital Formation	2.86	1.18	13.00
10	Provision of future Expenses	3.49	1.16	8.00
11	Wealth Creation	3.29	1.19	10.00
12	Source of income	3.81	1.13	4.00
13	Life & Health Insurance	3.21	1.32	11.00
14	Any Other	2.69	1.09	14.00

Particulars	Mean	N	Std. Deviation	Std. Error Mean
Preferred	2.3552	25	.70050	.14010
Existing	4.0004	25	7.27128	1.45426

Particulars	N	Correlation	Sig.
Preferred and Existing	25	.749	.000

Source: (SPSS)

Table 5 shows that there is no significant Difference between existing investment and preferred investment of all samples.

Table 6: C

Particulars	Paired Differences					T	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Preferred and Existing	-1.64520	6.76242	1.35248	-4.43659	1.14619	-1.216	24	.236

Objectives behind Investment

Every individual is having different needs and wants. Accordingly investment decisions are taken. Following table shows objectives behind investment of all samples.

Table: 6 Objectives behind Investment of Entire Samples (n=770)

Table 6 shows that on the scale of importance Personal Obligation has been at 4.43 mean score on rank 1 with S.D. is 0.76 stands on second rank of importance Dependent Obligation with 4.15 mean with S.D. 1.31. Third important objective is retirement planning with Mean score 4.o1 with SD 1.24 the least important objectives are Investment Life & Health Insurance with 3.21 mean score and S.D. 1.32 followed by with Purchasing House property with mean score is 3.16 and S.D. 1.32 and working capital formation with mean score is 2.86 and S.D. 1.18.

Guiding Factors considered by investors

There are various guiding factors which influence investment decision making. Following table shows the guiding factors which influence investment decision making to entire samples. Fifteen Guiding factors were offered to mark on the five scale of importance. The mean, rank and S.D. are calculated.

Table 7: Guiding Factors Considered by Entire Samples (n=770)

S.N	Guiding Factors	Mean	S.D.	Rank
1	Return	4.72	0.55	2
2	Safety	4.81	0.51	1
3	Time bound	4.47	0.74	3
4	Risk	4.03	1.18	4
5	Tax Concession	3.33	1.45	10
6	Liquidity	3.74	1.04	5
7	Portfolio	2.87	1.26	12
8	Lucrative Schemes	2.61	1.23	14
9	Insurance Cover	2.86	1.40	13
10	Past Performance	3.44	1.28	9
11	Past Experience	3.68	1.27	6
12	Freebies	2.58	1.28	15
13	Brand Name	3.65	1.20	7
14	Recommendation	3.56	1.17	8
15	Any Other	2.91	0.86	11

Source: (SPSS)

Table 7 reveals that the most important guiding factors considered by entire sample investors is safety having mean importance sore of 4.81 with S.D. 0.51 followed by Return with mean score 4.72 and S.D. 0.55. On third rank is the guiding factor Time bound with mean score of 4.47 and S.D. 0.74. The least important guiding factors are Freebies with mean 2.58 and S.D 1.28, Lucrative Schemes with mean 2.61 and S.D 1.23, and followed by Coverage of Insurance with mean 2.86.and S.D. 1.40.

Sources of Information

There are different sources through which information regarding investment is received. Following table narrates sources of information for investment availed by the Entire samples. Seventeen sources were offered for evaluation to mark on the five scale of importance. The mean, rank and S.D. are calculated.

Table 8: Sources of Information Availed by Entire

Samples (n=770)

S.N	Sources of information	Mean	S.D.	Rank
1	Govt. officials	3.50	1.37	5
2	Bank officials	4.14	1.09	1
3	Financial Advisors	4.05	1.13	2
4	Postman	2.53	1.27	9
5	Teachers	2.53	1.29	11
6	Consultants(CA/Tax consultants)	3.78	1.35	4
7	Television Ads, TV Programs	3.04	1.14	6
8	Brokering Firms	2.53	1.31	10
9	Friends/ relatives	4.01	1.07	3
10	Newspaper Ads,	2.75	1.25	7
11	Websites	2.42	1.35	12
12	Hand Outs, Hoardings	1.87	1.08	17
13	Newsletters, Bulk Mailing	1.88	1.16	16
14	Seminar/ Lecture	2.05	1.18	14
15	Cold calls by financial advisors	1.88	1.13	15
16	Journals	2.25	1.30	13
17	Any Other	2.61	0.99	8

Source: (SPSS)

Table 8 reveals that the most reliable source of information is Bank Officials. Since they have received 4.14 mean score followed by Financial Advisors with mean score 4.05. On rank 3rd Reliable source of information is Friends and relatives with mean score 4.01 and on 4th rank it is Consultants (CA/Tax consultants) with mean score 3.78. Standard Deviation of all these four sources is 1.09, 1.13, 1.07 and 1.35 respectively. The least reliable sources of information is Cold Calls the mean score is 2.20, Television Ads with mea 2.66, Websites with mean is 2.68 and Newspapers with mean is 2.72.

Following tables describe ANOVA testing of investment instruments on the basis of risk involved in particular investment avenues. After discussing with Finance experts, researcher has classified investment avenues in three categories.They are Safe, Moderate and Risky. Safe investment avenues are NSC, PPF, Bank Deposits,

Insurance, Government Schemes and PO Schemes. Moderate investment avenues are SIP, ULIP, Mutual Funds, ELSS, Debentures, Bonds, Company Deposits and Gold/Silver. And Risky investment avenues are Shares, Real Estate, Forex Market, Commodity Market, Credit Society, Live Stock, NBFC Schemes, Private Equity Investments, Chit Funds and Others (Precious Stones, Art & Passion, Hedge Funds).

The mean of actual investments done in respective investment instruments by the samples is tested with the help of ANOVA. Following table shows the investment in instruments as per risk level by sample investors Table: 9 Investment in Instruments as per Risk Level by Sample Investors.

Table 9: ANOVA

S.N	Investment avenues	Sum of Squares	d.f	Mea Square	F	Sig.
1	Between Groups	341.652	2	170.826	3.940	.035
2	Within Groups	910.594	21	43.362		
	Total	1252.246	23			

S.N	Particulars	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
						Lower bound	Upper bound
1	Safe	6	10.70	13.042	5.32	-2.986	
2	Mode rate	8	1.93	2.252	.79	.049	
3	Risky	10	2.03	1.651	.52	.853	
	Total	24	4.17	7.378	1.51	1.051	

Source: (SPSS)

Table 9 shows that the mean investment is lowest in the Moderate investment instruments and highest safe investment instruments. The investment is found done by samples of all investment avenues i.e. Safe, Moderate and Risky. To test the relation of investment instruments on the basis of risk level, the test ANOVA is done as follows:

ANOVA model is significant at 95% confidence level. The detailed analysis is as follows: Following table details ANOVA testing on investment avenues on the basis of risk level of entire samples taken for the study.

Table: 10: Investment in Instruments as Per Risk Level by Sample Investors ANOVA.

From the table 10, it can be said that there is significant difference in investment made in safer and riskier investment avenues by sample investors. Insignificant difference is observed between moderate and risky investment avenues.

S.N	Particulars	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower bound	Upper bound
		Multiple Comparisons				
		Tukey HSD				
1	Safe	Moderate	8.769	3.55	.056	-.1947	17.733
		Risky	8.667*	3.40	.047	.096	17.238

2	Moderate	Safe	-8.769	3.55	.056	-17.733	.194
		Risky	-.101	3.12	.999	-7.974	7.771
3	Risky	Safe	-8.667*	3.40	.047	-17.238	-.096
		Moderate	.10150	3.12	.999	-7.771	7.974
The mean difference is significant at the 0.05 level							

Particulars	N	Mean	Std. Dev	Std. Err
Safe Invest	6	10.70	13.04	5.324
Risky Invest	18	1.988	1.88	.443

The table of comparison by 't' test reveals that there is significant difference into safer investment and riskier investment by samples. The 't' is significant at 95% confidence level.

Findings Existing Investment Pattern

The samples are investing in entire range of investment instruments offered. 87% of samples are inclined to prefer conventional investment avenues Bank Fixed deposits, insurance is preferred by 69% whereas PPF is preferred by 36.62% samples. NBFC Schemes, Private Equity Investments and Forex Market are least preferred investment instruments by samples. Bank Deposits since average 35.30% amount is invested by samples in Bank Deposits followed by 15% of amount is invested in Insurance and 6.87% of amount is invested in Gold. (Table 2).

Investment Inclination for Future

Researcher has made an attempt to gauge preferred investment pattern of Sample for future. Entire range of small saving investment avenues offering assured returns and safety are preferred by majority of investors. Bank deposits, insurance and PPF are highly preferred on importance rating scale with Mean score of 4.08 and 3.11 respectively. The least preferred investment instrument on importance scale is precious stone, art & passion, and Hedge Funds with 1.37 score followed by NBFC schemes with 1.52 mean importances.

Table 11: Independent sample 't' test for riskier investment avenues (n=770)

S.N	Particulars	Levene's Test for Equality of Variances		t-test for Equality of Means						95% Confidence Interval of the Difference	
		F	S ig	T	df	Sig. (2- tailed)	Mean Difference	Std. Error Difference		Lower	Upper
1	Equal Variances assumed	20.745	.00	2.873	22	.009	8.712	3.03		2.422	15.002
2	Equal variances not assumed			1.631	5.069	.163	8.712	5.34		-4.965	22.391

Comparison of Existing Investment and Future Investment

Spearman rank correlation and paired 't' test shows that there is no significant difference into investment pattern of existing investment and future investment of sample respondents. (Table 4 & Table 5)

Objectives behind Investment

Investors have certain objectives behind investing savings into Investment Avenue. On the scale of importance the most important objective is Personal Obligation since the mean importance score is 4.15 with S.D. 0.76, followed by Dependent Obligation with 4.15 mean and S.D. 1.31. Third important objective is Retirement Planning with mean score 4.01 with S.D. 1.24. The least preferred objectives are Life & Health Insurance, Purchasing House property and working capital formation. (Table6)

Guiding factors

There are some guiding factors which influence Investment decision making process if Investors. Safety is the most influencing factor to investor since the mean score is 4.81 with S.D. 0.51 followed by Return with mean score 4.72 and S.D. 0.55. On third rank is the guiding factor Time bound with mean score of 4.47 and S.D. 0.74. The least important guiding factors are Freebies with mean 2.58 and S.D 1.28, Lucrative Schemes with mean 2.61 and S.D 1.23, and followed by Coverage of Insurance with mean 2.86.and S.D. 1.40. (Table 7).

Sources of Information Availed

Careful analysis of investment needs and investment avenues is essential in investment decision making. Mostly investors prefer to seek information from available sources to decide on Investment Avenue. The most reliable sources of information for selecting a instrument for investment from the view point of entire samples are Bank Officials, Financial Advisors and Friends/ relatives with mean scores 4.14, 4.05, and 4.01 respectively. The least reliable sources of information are Cold Calls, Television Ads and Websites with mean score is 2.20, 2.66, and 2.68. (Table 8).

5.5 Investment in instruments as per risk level

There is significant difference in investment made in safer and riskier investment avenues by sample investors. Insignificant difference is observed between Moderate and Risky investment avenues. (Table 9 and Table 10) As there is insignificant difference is observed between moderate and risky investment avenues, for further analysis, they are categorized under one head i.e. risky investment avenues. Results reveal that there is significant difference into safer investment and riskier investment avenues. (Table 11).

SUGGESTIONS

This section deals with the suggestions to different stakeholders arrived at on the basis of findings based on primary data collected for study and supportive secondary data collected from published reports by Government and Research agencies. Suggestions

are presented for different stakeholders separately.

Suggestions for Government Agencies

As the responses of samples investors reveal that there is very less awareness about some investment avenues such as ELSS, Commodity Market, Forex Market, etc. Therefore Government should take some measures to spread more awareness about all investment avenues available in Pakistan scenario which in turn would attract the flow of funds in main stream economy. Majority of sample investors prefer those investment avenues which are easily accessible to them therefore Government agencies should take measures to make all investment avenues easily available to all masses. The government should boost financial savings access through banks, the equity market, insurance and pension funds to improve capital flows to the productive sectors of the economy. Government Agencies should develop new financial products to attract more investors and retain existing investors. Tax exemption is seen as an important tool for individuals. Therefore government should increase tax benefits it offers to individuals to encourage household savings.

Suggestions for Marketers of Financial Instruments

Marketers of financial products should target all classes of the economy such as lower income group, Middle income group and higher income group. While targeting investors from lower income group, Service providers should focus on designing products for the specific needs of the poor. The products should be low cost in order to increase take-up, and, where trade-offs must be made, low fees are more important than high interest rates. Marketers have to offer a range of products specifically designed to help people save for multiple purposes and to cope with emergencies. Also financial service providers' can facilitate access to accounts by subsidizing fees and offering add-on services like reminders to save. Investors from middle Income group have major objectives as tax planning, retirement planning and financing children's education. Therefore, by considering these objectives, marketers have to offer a range of products to encourage household savings. While offering investment products, company should make people aware about the various investment options available in the market. Every client should be given a personnel assistance to give him/her a regular & consistent service. While targeting investors from higher income groups, service providers should focus on diversified portfolio. Companies have to target their best customers, form close, personal relationships with them, and give them what they want i.e. called Customized product.

In addition, Regression analysis of the study has indicated that there exist some independent factors such as Age, Income, Educational Qualification, Household Expenditure, Dependent Members and Savings Percentages of sample investors which shape their investment decisions. Therefore, marketers have to understand these factors and accordingly target the customers.

Suggestions for Individual Investors

Every investor has his own investment aims, goals, risk bearing level, inflows and outflows of and other restrictions. Accordingly, investor should select investment

products in their portfolio. Recently, different companies are passing many financial products. A matching of financial products offered by these companies for investment decision making should be done.

CONCLUSION

Financial markets providing fragment opportunities for investors to invest. The individual investor plays an important role in the financial market because of their big share of gross savings in the country. This study is tried to understand the behavior of individual investor in financial market. The individual investors buying behavior is influenced by various factors such as social, economic, psychological and demographic. Individual investor's investments are supported by benefits and money. Individual investor still prefers to invest in financial products which give risk free returns. The study also confirmed that Pakistan investors even if they are of high income, well educated, salaried, and independent are conservative investors who prefer to play safe in the market. Financial regulators have to organize seminars, programs and sessions for creating awareness in individual investors as well as to boost confidence level among them.

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