

Financial Literacy And Factors Influencing Individual Investor Behaviours - A Study On Non-Finance Executives In Bengaluru City

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Abstract

Financial literacy is the ability to use skills and knowledge to take effective and informed money-management decisions. For a country like India, this plays a bigger role as it is considered as an important adjunct to promote of financial inclusion and ultimately financial stability. There is still a lot of work to be done in the area of financial literacy in Indian context. There is low level of financial literacy among the different segments of the population in India as evident from different studies. There is a need of serious policy measures to be taken to strengthen the financial literacy level both at basic and advance stage so that a person can more wisely save and invest in different avenues available in the market. The Present study aims at assessing Financial Literacy and the factors that influence Individual investor behaviour. The Primary data used in this study were obtained from structured questionnaire from Non-Finance Executives in Bengaluru city and Secondary data collected from various websites, journals, research papers and articles. Quantitative research was employed in order to analyse the data. Descriptive Statistics analysis was conducted in order to summarize the empirical analysis results of financial literacy level with numerical representation and factor analysis was done to measure the validity and reliability of the designed survey. Furthermore hypotheses were formulated and Confirmatory Factorial Analysis was executed through AMOS software to test the hypothesis. Out of ten hypotheses formulated and six hypotheses were accepted.

Keywords: Financial Literacy, Financial decision making, behavior, Investment Decisions, Decision making.

JEL Classification:G11, G12, G02, G110

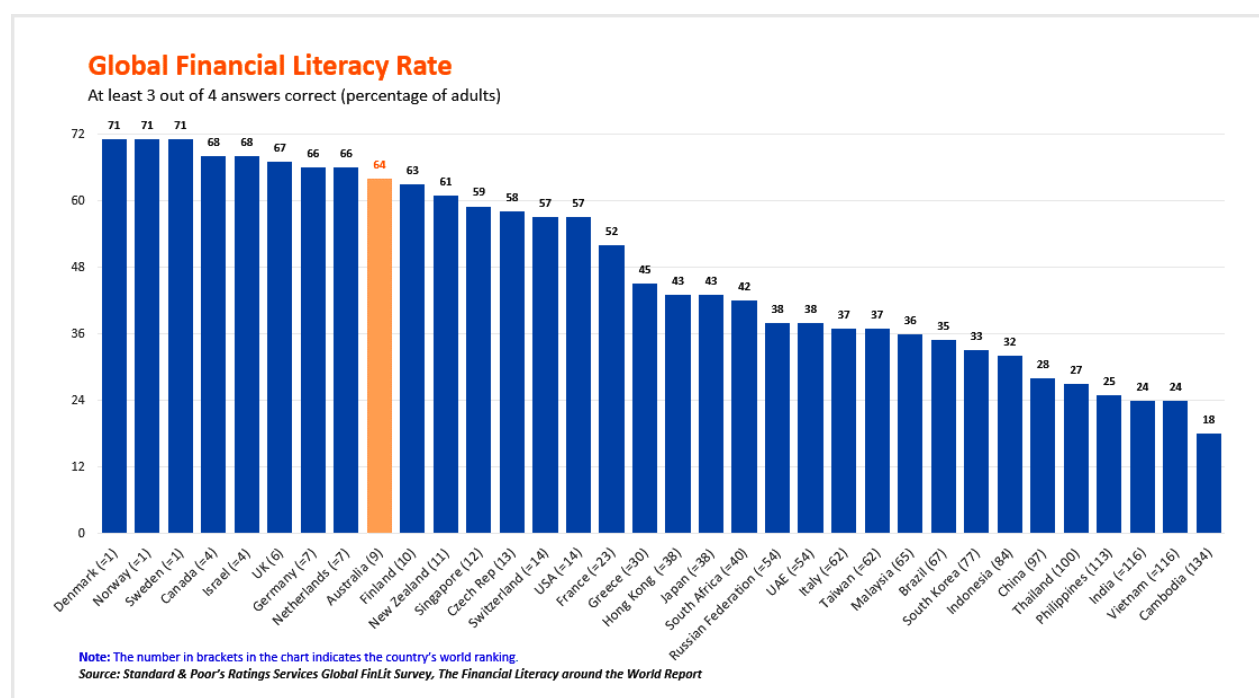
Introduction:

Financial literacy or financial education can broadly be defined as “providing familiarity with an understanding of financial market products, especially risks and return, in order to make informed choices”. Viewed from this standpoint, financial education primarily relates to personal finance to enable individuals to take effective decision and to enhance their financial wellbeing and avoid financial distress. Financial literacy goes beyond the provision of financial information and advice. The focus of any discussion on financial literacy is primarily on the individual, who usually has limited resources and skills to appreciate the complexities of financial dealings with financial intermediaries on a day-to-day basis.

Financial Literacy defined The OECD (organization for economic cooperation and development), an International organization for economic growth and world trade, Paris, defines financial literacy as –“A combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial well being.” As per study conducted by OECD and Visa international financial literacy barometer 2012 India’s standard financial literacy is much below International standard.

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Sources: World Economic Forum's Global Competitiveness Report 2015–16/BMR page 28

Literature Review:

Review of literature also establishes relationship between individuals' demographic and socio-economic variables and investors past experience to Investment decisions. There is evidence that women respondents are less confident compared to male respondents.

Clark-Murphy, M. & Gerrans, P. (2002). Male Investors generally demonstrate more confidence in dealing with financial affairs where as women are more conservative in their investment practices. **Taylor, P. (2003).**

Venkataraman (2004) in his study titled "Indian Women Investors: Emotional Decision Makers?". The study throws light on the susceptibility of women investors' to greed, fear, love and disbelief in their corporate investments. These emotions block the logic and rationality of investors, affect their prospects of generating wealth, cause financial distress, and further deteriorate their emotional stability.

Hussein et al. (2009) also indentified 37 variables affects investment decision of UAE investors. This study categorized 37 variables into eight factors. Eight variables corresponding to self-image/ firm image coincidence, eleven variables corresponding to accounting information, six variables corresponding to neutral information, five variables to advocate recommendation, and seven variables to personal financial needs.

SEBI and NCAER (2011) reported that safety and liquidity were the primary considerations which determined the choice of asset to invest in.

Annamaria Lusardi & Olivia S. Mitchell (June 2011) well known financial literacy scholars and academicians in their study titled "Financial Literacy around the World: An Overview" signifies the importance of Financial Literacy in an increasingly risky and most complex financial market in which people must be able to make well informed financial decisions. The study concludes that financial literacy is very low around the word irrespective of its economic progress.

Bonte and Filipiak (2012) conducted a large scale survey to investigate the relevance of social interaction and caste affiliation on saving patterns of India. The results of the study suggests that a

majority of Indian households are not aware of various financial instruments and that among those who are aware of various financial instruments only a minority invests in these instruments. The study also reveals that there is a weak empirical evidence for the effect of social interaction and caste affiliation on investment behaviours of households.

Ramasawmy (2013) assessed the level of awareness of financial literacy in his study “A Study of the Level of Awareness of Financial Literacy among Management Undergraduates”. The study considered four fundamental aspects of financial literacy viz. level and importance, perception of definition and theories, constraints and measures to improve financial literacy. The results show that management students have satisfactory level of financial knowledge and skills of financial literacy.

Mathivathani and Velumani (2014) conducted a research to know the level of financial literacy among women in rural areas of Tamilnadu. The study found that financial literacy of marginalized rural women is very low. Hence, the proper development of financial literacy would help the women for better financial decision making and proper utilization of financial services and products.

Harsha V Jariwala (2014) assessed in their study “The Financial literacy level of individual investors in Gujarat State”, India and its effect on investment decision by considering 44 variables. The research found that majority of respondents possess lower level financial literacy, Female respondents possess lower level of financial literacy as compared to male respondents and respondents falling under lower income groups possess a lower financial literacy.

Geetha and Vimala (2014) found in their study the effect of demographic variables on the investment decisions by performing a sample survey method in Chennai, India. According to analysis results, from the investors stand point, changes in demographic factors such as age, gender, income, education, and occupation had an influence on the investment preference

Objectives of the Study

The present study is aimed at understanding the financial literacy level of Non-Finance Executives and to determine the factors affecting Investment decisions.

1. To explore the financial literacy level among Non-Finance executives in Bengaluru City.
2. To Study the relationship between demographic and socio economic factors of Non-Finance executives and its impact on their financial literacy.
3. To study the factors influencing Non-Finance Executive behaviour.
4. To study the correlation between the factors which influences Non-Finance Executive behaviour.

Scope of The Study:

As described in the objectives, the present study has explored the level of financial literacy among Non-Finance Executives in Bengaluru City. After doing a literature review on the basis of chronological order the researcher has perceived the operational definition of “Financial Literacy” and other terms in the following manner:

- **Financial Literacy:** Financial literacy is a combination of financial skills and financial knowledge that allows an investor to understand the financial concepts that individual needs to know make informed decisions in order to enhance their financial well being.
- **Bengaluru:** Bangalore officially known as Bengaluru, is the capital of the Indian state of Karnataka. It has a population of over ten million, making it a megacity and the third most populous city and fifth most populous urban agglomeration in India. It is located in southern India on the Deccan Plateau. Its elevation is over 900 m (3,000 ft) above sea level, the highest of India's major cities.

- **Non-Finance Executive:** Person or group appointed who works in non finance domain and given the responsibility to manage the affairs of an organization and the authority to make decisions within specified boundaries.

Research Design:

The present study employs exploratory and descriptive research design wherein the researcher has explored the financial literacy level among Non-Finance Executives and factors influencing individual investment behaviors. Both primary data and secondary data were used for this study, Primary data were collected through structured questionnaire and the secondary data were collected to get into research area and develop the theoretical framework, the information is collected books, financial magazines, journals newspapers, websites, research projects etc.

Research Hypothesis:

A hypothesis is a proposed explanation about certain behaviors, facts or events that occur or will occur. The hypotheses for the current study are as under:

H1=There is correlation between Investment Preference & Economic Stability and EISEID at $\alpha=0.05$ significance level.

H2=There is correlation between Investment Preference & Economic Stability and TIPB at $\alpha=0.05$ significance level.

H3=There is correlation Investment Preference & Economic Stability and Conscious Investment Behaviour (CIB) at $\alpha=0.05$ significance level.

H4=There is correlation between Investment Preference & Economic Stability and IDIT at $\alpha=0.05$ significance level.

H5=There is correlation Effect of Income, Society & Experience on Investment Decisions and TIPB at $\alpha=0.05$ significance level.

H6=There is correlation between Effect of Income, Society & Experience on Investment Decisions and CIB at $\alpha=0.05$ significance level.

H7=There is correlation between Effect of Income, Society & Experience on Investment Decisions and IDIT at $\alpha=0.05$ significance level.

H8=There is correlation between Traditional Investment & Payment Behaviour and CIB at $\alpha=0.05$ significance level.

H9=There is correlation between Traditional Investment & Payment Behaviour and IDIT at $\alpha=0.05$ significance level.

H10=There is correlation between Conscious Investment Behaviour and IDIT at $\alpha=0.05$ significance level.

Data Analysis and Interpretation:

The purpose of this chapter is to analyze the data and convert them into some useful information. This chapter includes analysis of primary data that is collected through structured questionnaire. Broad Interpretations are made after analyzing the data.

The research instrument required each respondent to provide his/her demographic and socio-economic data that includes gender, age, level of education attempted etc.

➔ DEMOGRAPHIC PROFILE AND DISTRIBUTION OF RESPONDENTS

TABLE 1.1 GENDER

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid MALE	41	69.5	69.5	69.5
FEMALE	18	30.5	30.5	100.0
Total	59	100.0	100.0	

Inference:

Table 1.1 shows profile of the respondents of this study. Form the Table, it can be observed that the sample has a gender distribution of approximately 69.5% male (n=41) and 30.5% female (n=18).

TABLE 1.2 AGE

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-25	31	52.5	52.5	52.5
25-35	19	32.2	32.2	84.7
35 and above	9	15.3	15.3	100.0
Total	59	100.0	100.0	

Inference:

Table 1.2 shows the age distribution of sample respondents is heavily dominated by age group 18-25 years as its weight is 52.5% (n=31), in comparison with respondents fall under the age group between 25-35 years who represent 32.2% (n=19), respondents belonging from the age group of 35 and above years who represent 15.3% (n=9).

TABLE 1.3 MARTIAL STATUS

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SINGLE	44	74.6	74.6	74.6
MARRIED	15	25.4	25.4	100.0
Total	59	100.0	100.0	

Inference

Table 1.3 the respondents who are married are 25.4% (n=15) and the respondents who are single are 74.6% (n=44).

TABLE 1.4 EDUCATION

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Primary & Higher Education	4	6.8	6.8	6.8
Graduation	30	50.8	50.8	57.6
Post Graduation	25	42.4	42.4	100.0
Total	59	100.0	100.0	

Inference

Table 1.4 shows the education of the respondents of this study. Form the Table, it can be observed that the sample has an education distribution of approximately 6.8% Primary & Higher Education (n=4), 50.8 % Graduation (n=30) and 42.4% Post Graduation (n=25).

➔ BASIC FINANCIAL LITERACY

To assess the respondent's basic financial knowledge and financial literacy five questions were asked and the summary of the responses is tabulated below

TABLE 1.5 INVESTMENT CAN BE MADE BY

	Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Government	24	40.7	40.7	40.7
	Households	23	39.0	39.0	79.7
	Businessman	12	20.3	20.3	100.0
	Total	59	100.0	100.0	

Inference: From the above table it can be observed that out of the total respondents 40.7% (n=24) were given opinion that investment can be made by Government, 39% (n=23) is by Households and 20.3% (n=12) is by Businessman.

TABLE 1.6 INVESTMENT IS MADE ON

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Treasury bills	11	18.6	18.6
	Equity	17	28.8	47.5
	Security deposits& Gold	11	18.6	66.1
	All of the above	20	33.9	100.0
	Total	59	100.0	100.0

Inference: From the above table it can be observed that out of the total respondents 18.6% (n=11) were given opinion that investment can be made on Treasury bills, 28.8% (n=17) is on Equity, 18.6% (n=11) is on Security deposits & Gold and 33.9% (n=20) is on All of the above. Which is an indication of 20 respondents have given correct answer.

TABLE 1.7 INTEREST

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Earns More Interest	42	71.2	71.2
	Earns Less Interest	17	28.8	100.0
	Total	59	100.0	100.0

A question was asked to respondents to check their numeracy level

Inference: From the above table it can be inferred that out of the total respondents 100% (n=59), 71.2% (n=42) were given correct answer and 28.8% (n=17) were given incorrect answers which is an indicator that majority of non finance executives posses high numeracy level.

TABLE 1.8 INVESTMENT DIVERSIFICATION

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	34	57.6	57.6
	No	25	42.4	100.0
	Total	59	100.0	100.0

A Statement was given to assess Respondents knowledge about Investment Diversification

Inference: From the above table it can be interpreted that out of the total respondents 100% (n=59), 57.6% (n=34) were of opinion that risk can be diversified by investing on multiple investment avenues and 42.4% (n=25) were given incorrect opinion which is an indicator that majority of non finance executives possess the knowledge of Risk and Return concept.

TABLE 1.9 INFLATION

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	37	62.7	62.7	62.7
No	22	37.3	37.3	100.0
Total	59	100.0	100.0	

A question was determine the respondents knowledge of Inflation

Inference: From the above table it can be stated that out of the total respondents 100% (n=59), 62.7%(n=37) were given correct answer and 37.3% (n=22) were given incorrect answers about the stated question which is an indicator that majority of non finance executives has fair knowledge about inflation level.

Out of four questions asked about financial literacy i.e. Types of Investment can be made, Interest, Investment diversification and Inflation, Majority of the respondents i.e., 56.5% (n=33) have given correct answer hence it can be stated that majority of the non finance executives possesses high financial literacy.

➔ FACTORIAL ANALYSIS RESULTS

The common use of the FA developed by Spearman in the early 20th century was made possible with the rapid development of computer technology by the year 1970 (Eroğlu, 2003).

Factor analysis is a technique that is used to reduce a large number of variables into fewer numbers of factors. This technique extracts maximum common variance from all variables and puts them into a common score. As an index of all variables, we can use this score for further analysis. Factor analysis is part of general linear model (GLM) and this method also assumes several assumptions: there is linear relationship, there is no multicollinearity, it includes relevant variables into analysis, and there is true correlation between variables and factors. Several methods are available, but principle component analysis is used most commonly.

Factorial analysis has two types i.e., explanatory and confirmatory. The explanatory FA aim to forecast the relationship between variables under the circumstances where the researcher dose not have any idea or proposal about the relationship between variables in his study (Altunsk et al., 2005).

The following are the assumptions of Factorial Analysis:

- Factorial Analysis based on the hypothesis that the relationship between the variables are linear in nature.
- Whatever the number of variables is, the no of observations should not be less than fifty.
- Pre-requisite to Factorial analysis, the validity should be tested by using Bartlett's test of sphericity.
- The test value for Kaiser-Meyer-Olkin (KMO) measure, which will be applied for sampling sufficiency, must be greater than 60% (İslamoğlu, 2011).

Factorial Analysis was applied by feeding the data into SPSS and AMOS. As a result of the factorial analysis, reliability and validity analysis, the factor loads fourteen questions under six factors were calculated.

KMO & Bartlett's Test of Sphericity is a measure of sampling adequacy that is recommended to check the case to variable ratio for the analysis being conducted. In most academic and business studies, KMO & Bartlett's test play an important role for accepting the sample adequacy. While the KMO ranges from 0 to 1, the world-over accepted index is over 0.6. Also, the Bartlett's Test of Sphericity relates to the significance of the study and thereby shows the validity and suitability of the responses collected to the problem being addressed through the study. For Factor Analysis to be recommended suitable, the Bartlett's Test of Sphericity must be less than 0.05.

When the test result is not significant, the variables are not suitable for factorial analysis. Hence before continuing with factorial analysis the following statements were excluded from Factorial analysis.

TABLE 1.10 QUESTION CONTENTS

Question contents
Publications with financial content presented with means of communication like internet and media positively influence investor behaviour
Investors tend to prefer low-risk investments as they get older
Investors' religious and political views affect their investment decisions
Investors mostly reside in countryside
Investors have sufficient information regarding investment tools
Investors prefer less risky investment tools (bank deposit, bond, etc.) to risky investment tools (stock certificate, etc.)
Government policies (contributions, tax reductions etc.) affect investor behaviour in a positive way
Investors attach importance to innovations in financial Products & services

After excluding the following statements from factorial analysis the test of statistic value is obtained and

TABLE 1.11 KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.618
Approx. Chi-Square	380.481
Bartlett's Test of Sphericity	Df
	91
	Sig(p).
	.000

Inference:

From the above table it can be inferred that as the P(significant) value of the data was 0.000 which is less than alpha 0.005 and the KMO value is 0.618, the variables are exactly suitable for Factorial analysis.

The factor loads on the basis of Eigen-Values and the variance percentages obtained through validity and reliability analysis which are shown in Table 1.12

The Findings obtained as a result of exploratory factorial analysis are outlined as under:

TABLE 1.12 ROTATED COMPONENT MATRIX^A

	Component				
	1	2	3	4	5
VAR011	.854		.178	.142	-.170
VAR015	.782	.139		.419	.159
VAR022	.647	.540		-.277	.113
VAR017	.594		.525		.297
VAR021	.283	.844			
VAR001		.677	.191		
VAR019		.474	.181	.258	.344
VAR020	-.175	.440	.435	.128	.373
VAR012	.133		.896		-.183

VAR007	.158	.435	.658		.239
VAR014	.317	-.234	-.191	.785	.291
VAR005		.443	.217	.754	-.128
VAR010					.901
VAR004			.426	.547	.579

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 15 iterations.

TABLE 1.13 FACTOR LOAD AFFECTING INDIVIDUAL INVESTOR BEHAVIOUR

FACTOR VARIANCES	FACTOR LOADS	Eigen-value (%)
Factor 1 (Investment Preference & Economic Stability)	2.391	17.077
Investors prefer long-term investments rather than short-term investments(VAR011)	0.854	
Gold account presented by the banks attract the attention of investors(VAR015)	0.782	
Investors are influenced by expert (consumer or investment representatives) and other investors' decisions while taking investment decisions(VAR022)	0.647	
Economic stability is a key element effecting investment decisions for investors(VAR017)	0.594	
Factor 2 (Effect of Income, Society & Experience on Investment Decisions)	2.360	16.860
Investors consider their past investment experiences while taking investment decisions(VAR021)	0.844	
Investors' family structure and social environment affect their investment decisions(VAR001)	0.677	
Increase in income level raises investor interest on financial instruments(VAR019)	0.474	
Investors income levels effect the maturity date of the investments they make(VAR020)	0.440	
Factor 3 (Traditional Investment & Payment Behaviour)	2.078	14.845
Investors prefer traditional investment tools (real estate, gold etc.) (VAR012)	0.896	
Investors make their payments (individual loan, credit card etc.) in time (VAR007)	0.658	
Factor 4 (Conscious Investment Behaviour)	1.857	13.268
Investors tend to reduce risk through portfolio diversification(VAR014)	0.785	
Investors have high level of self-confidence in their investment decisions(VAR005)	0.754	
Factor 5 (Investment Discrimination and Information Tracking)	1.755	12.533
Investors discriminate between domestic and foreign companies in their investment preference(VAR010)	0.901	
Investors closely follow investment tools' performance of return(VAR004)	0.579	

IPEC(FACTOR-1): This factor consists of four variables explaining 17.077% of the Total variance. Variable composing the factor contain the Investment Preference & Economic Stability on Decisions making. Highest Contribution to the factor is made by the VAR011 (factor weight: 0.854) variable stating that “Investors prefer long-term investments rather than short-term investments.” Variables contributing to the factor are as follows: VAR015(factor weight: 0.782) “Gold account presented by the banks attract the attention of investors,” VAR022 (factor weight: 0.647) “Investors are influenced by expert (consumer or investment representatives) and other investors’ decisions while taking investment decisions,” and VAR017 (factor weight : 0.594) “Economic stability is a key element effecting investment decisions for investors” decisions while taking investment decisions.” In addition, core value of the factor is found as **2.391**.

EISEID(FACTOR-2) This factor consists of four variables explaining **16.860%** of the Total variance. Variable composing the factor contain Effect of Income, Society & Experience on Investment Decisions. Highest Contribution to the factor is made by the VAR021 (factor weight: 0.844) variable stating that “Investors consider their past investment experiences while taking investment decisions.” Variables contributing to the factor are as follows: VAR001 (factor weight: 0.677) “Investors’ family structure and social environment affect their investment decisions,” VAR019 (factor weight: 0.474) “Increase in income level raises investor interest on financial instruments” and VAR020 (factor weight: 0.440) “Investors income levels effect the maturity date of the investments they make” decisions while taking investment decisions.” In addition, core value of the factor is found as **2.360**.

TIPB(FACTOR-3) This factor consists of two variables explaining 14.845% of the Total variance. Variable composing the factor contain the Traditional Investment & Payment Behaviour. Highest Contribution to the factor is made by the VAR012 (factor weight: 0.896) variable stating that “Investors prefer traditional investment tools (real estate, gold etc.)” and VAR007 (factor weight: 0.658) “Investors make their payments (individual loan, credit card etc.) in time.” In addition, core value of the factor is found as **2.078**.

CIB(FACTOR-4) This factor consists of two variables explaining 13.268% of the Total variance. Variable composing the factor contain the Conscious Investment Behaviour. Highest Contribution to the factor is made by the VAR014 (factor weight: 0.785) variable stating that “Investors tend to reduce risk through portfolio diversification.” and VAR005 (factor weight: 0.754) “Investors have high level of self-confidence in their investment decisions.” In addition, core value of the factor is found as **1.857**.

IDIT(FACTOR-5) This factor consists of two variables explaining 12.533% of the Total variance. Variable composing the factor contain the Investment Discrimination and Information Tracking. Highest Contribution to the factor is made by the VAR010 (factor weight: 0.901) variable stating that “Investors discriminate between domestic and foreign companies in their investment preference.” and VAR004 (factor weight: 0.579) “Investors closely follow investment tools’ performance of return.” In addition, core value of the factor is found as **1.755**.

➔ AMOS-CFA RESULTS

In Confirmatory Factorial Analysis, a hypothesis identified earlier regarding the correlation between factors is tested. In other words, Confirmatory Factorial Analysis is carried out in order to test the accuracy of a related correlation found earlier. While described Factorial Analysis is used to test which variable groups are highly associated with which factor, Confirmatory Factorial Analysis is used to determine whether variable groups that contribute to a certain number of factors are adequately represented by these factors. Both SPSS and AMOS statistical programs are used in order to test the basic hypotheses of the research. There are five latent variables in the

research model Latent variables in the model are shown in ellipses whilst indicator variables used to measure these latent variables are shown in squares.

TABLE 1.14 VARIABLES IN THE MODEL AMOS ANALYSIS:

Variables in the Model	Numbers
Number of variables in your model	33
Number of observed variables	14
Number of unobserved variables	19
Number of exogenous variables	19
Number of endogenous variables	14

Sources: AMOS: Analysis of moment structure

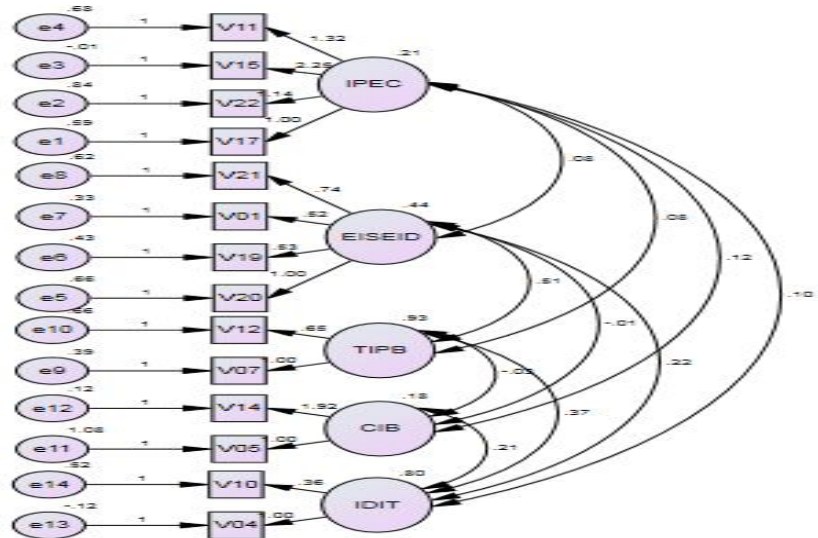


FIGURE1: ANALYSIS OF MOVEMENT STRUCTURE MODEL

TABLE 1.15 THE STANDARDIZED REGRESSION COEFFICIENTS OF LATENT VARIABLES WITH INDICATOR VARIABLE IN MEASUREMENT MODEL

SPSS CODE		AMOS CODE	CALCULATED VALUE
V10	<---	IDIT	0.408
V19	<---	EISEID	0.468
V22	<---	IPEC	0.499
V17	<---	IPEC	0.517
V01	<---	EISEID	0.517
V21	<---	EISEID	0.531
V11	<---	IPEC	0.596
V12	<---	TIPB	0.609
V20	<---	EISEID	0.633
V15	<---	IPEC	0.764
V04	<---	IDIT	0.801
V07	<---	TIPB	0.839
V14	<---	CIB	0.924

Sources: Extract from AMOS

IPEC-Investment Preference & Economic Stability, **EISEID**- Effect of Income, Society & Experience on Investment Decisions, **TIPB**- Traditional Investment & Payment Behaviour, **CIB**- Conscious Investment Behaviour & **IDIT**- Investment Discrimination and Information Tracking When the standardized regression coefficients are considered, it is observed that regression, namely indicator coefficients are in between 0.408 and 0.924. Indicator loadings of all indicator variables, in other words, the values related with regression coefficients, are quite significant. In “Table 1.15” the regression coefficients which signify the relations between latent variables and indicator variables are shown. The relations between the dimensions regarding variables belonging to investors’ tendencies involved in the model are evaluated at alpha (α)=0.05 significance level.

V14 (Conscious Investment Behaviour) is the variable that explains highest the factor concerning the Investors tend to reduce risk through portfolio diversification.

V15 (Investment Preference & Economic Stability) is the variable that explains highest the factor concerning the Investors Prefer Gold Compared to other Financial Instruments.

V20 (Effect of Income, Society & Experience on Investment Decisions) is the variable that explains highest the factor concerning the Investors income levels effect the maturity date of the investments they make

V04 (Investment Discrimination and Information Tracking) is the variable that explains highest the factor concerning the Investors closely follow investment tools’ performance of return

V07 (Traditional Investment & Payment Behaviour) is the variable that explains highest the factor concerning the Investors make their payments (individual loan, credit card etc.) in time

Considering the table of the standardized regression coefficients of the relation between latent variables and indicator variables.

The direction of relation of factors forming investors’ tendency and their significance level are shown in Tables 1.16 and 1.17.

TABLE 1.16 : COVARIANCE VALUES BETWEEN LATENT VALUES AND HYPOTHESIS TESTS

Hypothesis number	AMOS CODE		AMOS CODE	Estimate	STD ERROR	T VALE	SIGN(p)	Label
H1	IPEC	<-->	EISE ID	0.077	0.056	1.378	0.042	Accept
H2	IPEC	<-->	TIPB	0.084	0.071	1.172	0.241	Reject
H3	IPEC	<-->	CIB	0.123	0.062	1.977	0.048	Accept
H4	IPEC	<-->	IDIT	0.097	0.056	1.721	0.085	Reject
H5	EISEID	<-->	TIPB	0.512	0.162	3.15	0.002	Accept
H6	EISEID	<-->	CIB	-0.013	0.051	-0.252	0.801	Reject
H7	EISEID	<-->	IDIT	0.218	0.100	2.174	0.030	Accept
H8	TIPB	<-->	CIB	-0.033	0.069	-0.474	0.635	Reject
H9	TIPB	<-->	IDIT	0.367	0.131	2.815	0.005	Accept
H10	CIB	<-->	IDIT	0.215	0.096	2.239	0.025	Accept

Sources: Extract from AMOS

Correlation is a statistical tool that can show whether and how strongly pairs of variables are related to each other. Correlation coefficients are used in statistics to measure how strong a relationship is between two variables.

It is possible to see whether there is an association between variables, if there is an association, it is possible to see whether it is positive or negative., whether observation values of a group decrease while observed value of another group increase and Vice versa or whether they move in the same direction. By analyzing Covariance values between latent values, it was found that H2, H4, H6 & H8 hypothesis were not statistically significant hence Rejected.

It is found that statistically there is positive relationship between relationship between Investment Preference & Economic Stability (IPEC) and Effect of Income, Society & Experience on Investment Decisions(EISEID)(p=0.042). This means that the investment preference and economic stability results increase in income and investment experience. There is also observed that there is statistically significant relationship between Investment Preference & Economic Stability (IPEC) and Conscious Investment Behaviour CIB (p=0.048).

It is inferred that there exists a positive relationship between Effect of Income, Society & Experience(EISEID) on Investment Decisions and Traditional Investment & Payment Behaviour (TIPB)(p=0.002). This means increase/decrease in income, social status of the investor & investors experience will have a positive impact in choosing between traditional and modern investment and all payment transactions within stipulated time. It is also found there is positive relationship

There was a statistically significant and positive relationship between Effect of Income, Society & Experience on Investment Decisions(EISEID) and the Investment Discrimination and Information Tracking(IDIT)(p=0.030). This means that increase in income, social status and Investor experience, so will the impact on Investment Discrimination and Information Tracking.

There was a statistically significant and positive relationship between the Traditional Investment & Payment Behaviour(TIPB) and Investment Discrimination and Information Tracking(IDIT) (p=0.005). This means that as the Traditional Investment behaviour influences investment discrimination.

There was a statistically significant and positive relationship between Conscious Investment Behaviour(CIB) and the Investment Discrimination and Information Tracking (IDIT) (p=0.025). This means that Conscious Investment Behaviour affects on Investment discrimination.

TABLE 1.17 : CORRELATION VALUES BETWEEN LATENT VARIABLES

AMOS CODE		AMOS CODE	Estimate
EISEID	<-->	TIPB	0.801
IPEC	<-->	CIB	0.621
CIB	<-->	IDIT	0.562
TIPB	<-->	IDIT	0.427
EISEID	<-->	IDIT	0.368
IPEC	<-->	EISEID	0.252
IPEC	<-->	IDIT	0.234
IPEC	<-->	TIPB	0.187
EISEID	<-->	CIB	0.154
TIPB	<-->	CIB	0.142

Sources: Extract from AMOS

CONCLUSION

Individuals need to earn money to continue their lives or incentive processing. For this purpose they put a certain amount of effort to save for the future to meet their future needs. This calls for an Investor to be equip themselves with the fundamental financial knowledge and skills to evaluate the complexity of savings and investment decisions in the changing scenario. Hence the present study attempts to understand the financial literacy level and factors which affects investment decisions of non finance executives. It is evident from present study that majority of the Non finance Executives i.e., 56.5% (n=33) possesses high financial literacy.

CFA was applied to 14 variables and five factors acquired with exploratory FA in AMOS program. H1, H2, H3, H4, H5, H6, H7, H8, H9 and H10 hypotheses formed of which H2, H4, H6 and H8 hypotheses which did not have enough significance level and were non-relational were rejected.

According to standardized regression coefficients were taken into account, V14 (Conscious Investment Behaviour) is the variable that explains highest the factor concerning the Investors tend to reduce risk through portfolio diversification, V15 (Investment Preference & Economic Stability) is the variable that explains highest the factor concerning the Investors Prefer Gold Compared to other Financial Instruments, V20 (Effect of Income, Society & Experience on Investment Decisions) is the variable that explains highest the factor concerning the Investors income levels effect the maturity date of the investments they make, V04 (Investment Discrimination and Information Tracking) is the variable that explains highest the factor concerning the Investors closely follow investment tools' performance of return, V07 (Traditional Investment & Payment Behaviour) is the variable that explains highest the factor concerning the Investors make their payments (individual loan, credit card etc.) in time.

The results of the analysis showed that while Non Finance executives in Bangalore city decide on investment, they are affected by several factors such as income level, Education , Previous investment experiences, expert Opinions and financial stability; they plan to reduce risks by investing multiple investment avenues and thereby increase the return.

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