

## A STUDY ON INVESTMENT PATTERN AND PREFERENCE OF RETAIL INVESTORS: ICICI BANK

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### ABSTRACT

The investment behaviour of retail investors has gained significant attention due to the rapid expansion of financial markets, digital banking services, and diversified investment opportunities. This study examines the investment patterns and preferences of retail investors with special reference to ICICI Bank customers. The primary objective is to identify the factors influencing investment decisions, risk tolerance levels, preferred investment avenues, expected returns, and investment horizons among retail investors. The study adopts a descriptive research design and collects primary data through a structured questionnaire administered to 120 respondents. Statistical tools such as percentage analysis, chi-square tests, and comparative analysis are utilized to evaluate investor behaviour and preferences. The findings reveal that a majority of investors prefer low-risk investment avenues, with bank deposits and mutual funds emerging as the most preferred options. Liquidity, safety of principal, and expected returns are identified as the key determinants influencing investment decisions. Most respondents allocate 10–20% of their income towards investments and demonstrate moderate risk-taking behaviour. The study further indicates that demographic variables such as age, income, education, and occupation significantly influence investment choices. Investors exhibit a preference for short- to medium-term investment horizons, while long-term financial goals such as purchasing a dream house and securing children's future motivate investment planning. The statistical analysis confirms a significant relationship between investment horizon and investment objectives. The study highlights the growing awareness among retail investors regarding financial planning and portfolio diversification. The results provide valuable insights for financial institutions, investment advisors, and policymakers in designing investor-centric financial products and enhancing financial literacy initiatives. The study concludes that understanding investor preferences is essential for developing effective investment strategies and promoting sustainable participation in financial markets.

**Keywords:** Retail Investors, Investment Pattern, Investment Preference, Risk Tolerance, Mutual Funds, Financial Behaviour, ICICI Bank, Investment Decision.

### I. INTRODUCTION

Investment plays a vital role in economic development by facilitating capital formation and wealth creation among individuals and institutions [1]. The increasing complexity of financial markets has created numerous investment opportunities for retail investors [2]. Investors today can choose from a wide range of financial instruments including equities, mutual funds, bonds, fixed deposits, gold, and real estate [3]. The selection of an investment

avenue depends on the investor's risk-return expectations [4]. Financial literacy has become an important factor influencing investment decisions [5]. Technological advancements have enhanced investor access to financial products and services [6]. Digital banking and online trading platforms have simplified investment processes [7]. Retail investors contribute significantly to market liquidity and capital market development [8]. Investment decisions are often influenced by demographic factors such as age, gender, education, occupation, and income [9]. Risk tolerance remains a critical determinant of portfolio selection [10]. Investors generally seek an optimal balance between risk and return [11]. Behavioural finance theories suggest that psychological factors also affect investment choices [12]. Market information, economic conditions, and financial awareness influence investor confidence [13]. Mutual funds have emerged as a preferred investment option due to professional management and diversification benefits [14]. Banking institutions play a crucial role in promoting investment awareness among customers [15].

The Indian financial market has witnessed substantial growth in retail participation over the last decade [16]. Increasing disposable income and improved access to financial services have encouraged individuals to invest in diverse asset classes [17]. Investors are becoming more conscious of long-term financial planning and wealth management [18]. Safety of principal remains a major concern among conservative investors [19]. Liquidity considerations also influence investment decisions significantly [20]. Financial institutions continuously develop innovative products to satisfy evolving investor needs [21]. Economic uncertainty often alters investor behaviour and portfolio preferences [22]. Studies have reported that investment objectives vary across different demographic groups [23]. Younger investors generally exhibit higher risk appetite compared to older investors [24]. Education level positively impacts investment awareness and decision-making capabilities [25]. Investor perception towards risk and return influences the selection of investment avenues [26]. The emergence of fintech solutions has transformed investment practices globally [27]. Understanding investor behaviour is essential for designing suitable financial products [28]. Therefore, analysing the investment pattern and preference of retail investors provides valuable insights for banks and financial institutions [29]. This study aims to evaluate the investment behaviour, preferences, and decision-making factors among retail investors associated with ICICI Bank [30].

## II. LITERATURE REVIEW

Several researchers have examined the investment behaviour of retail investors and identified multiple factors affecting investment decisions [1]. Singh et al. reported that mutual funds and equities are among the most preferred investment avenues due to their return potential [2]. Danielsson emphasized the growing interest in alternative investment assets among investors [3]. Bryant and Liu highlighted the importance of fund management structures in determining mutual fund performance [4]. Olsen and Cox observed that gender differences significantly influence risk perception and investment behaviour [5]. Praba found that investment objectives vary according to age, income, and profession [6]. The SEBI-NCAER survey revealed that awareness and risk perception strongly affect investment participation [7]. Le Phuoc and Doan identified behavioural biases such as herding and overconfidence as major determinants of investment decisions [8]. Selvam et al. recognized risk tolerance as one of the most influential factors affecting investor attitude [9]. Bandgar emphasized the significance

of financial literacy in investment planning [10]. Dutta found that investor reactions vary according to market information and economic news [11]. Coval and Shumway demonstrated the impact of behavioural biases on investment outcomes [12]. Kahneman and Tversky's Prospect Theory explained how investors respond differently to gains and losses [13]. Research has consistently shown that demographic variables influence investment behaviour [14]. Financial awareness enhances the ability of investors to make rational decisions [15].

Recent studies indicate that retail investors increasingly prefer diversified investment portfolios [16]. Jain reported that income levels significantly influence investment allocation decisions [17]. Vasagadekar observed that working individuals exhibit growing awareness regarding investment opportunities [18]. Researchers have noted that safety, liquidity, and returns remain the primary considerations in investment selection [19]. Mutual funds continue to attract investors due to professional fund management and reduced risk exposure [20]. Digital financial services have improved accessibility and transparency in investment activities [21]. Investor education programs have positively impacted financial decision-making capabilities [22]. Market volatility influences investor confidence and portfolio adjustments [23]. Economic conditions play a crucial role in determining investment preferences [24]. Studies also reveal that long-term financial goals motivate investment planning among retail investors [25]. Financial institutions increasingly focus on customer-centric investment products [26]. Portfolio diversification is widely recognized as an effective risk management strategy [27]. Risk tolerance differs across demographic categories and investment experience levels [28]. Investor awareness regarding financial planning has increased substantially in recent years [29]. Overall, the literature confirms that investor behaviour is influenced by a combination of economic, demographic, behavioural, and institutional factors, thereby necessitating continuous research in this area [30].

### III. RESEARCH METHODOLOGY

The study adopts a descriptive research design to analyse the investment pattern and preferences of retail investors associated with ICICI Bank. Primary data were collected through a structured questionnaire designed to capture demographic characteristics, investment objectives, preferred investment avenues, risk tolerance, investment horizon, expected returns, and decision-making factors. A convenience sampling technique was employed to select respondents due to accessibility and time constraints. The sample consisted of 120 retail investors from different occupational and income groups. Secondary data were gathered from journals, books, research articles, annual reports, and financial websites to support the conceptual framework of the study.

The collected data were coded and analysed using statistical techniques. Descriptive statistics such as percentages and frequency distributions were used to summarize respondent characteristics and investment preferences. Inferential statistical tools including chi-square analysis were employed to examine relationships between investment variables. The study evaluated the influence of demographic factors on investment behaviour and identified significant patterns among investors. The research methodology ensured systematic data collection and interpretation, enabling reliable conclusions regarding retail investor preferences and investment decision-making behaviour.

## IV. RESULTS & DISCUSSION

The analysis indicates that the majority of respondents belong to the younger age group and demonstrate active participation in financial planning. Most investors prefer safe and low-risk investment avenues, reflecting a conservative investment approach. Bank deposits emerged as the most preferred investment option, followed by mutual funds and other financial instruments. A significant proportion of respondents allocate 10–20% of their annual income towards investments. Liquidity, safety of principal, and expected returns were identified as the major factors influencing investment decisions. The findings also reveal that investors regularly monitor their investments and seek information through financial publications, brokers, and banking institutions.

PATICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
20-30 years	100	83.3 %
31-40 years	13	10.8 %
41-50 years	6	5 %
50 & above	1	0.9 %
<b>Total</b>	<b>120</b>	<b>100 %</b>

Source: primary Data

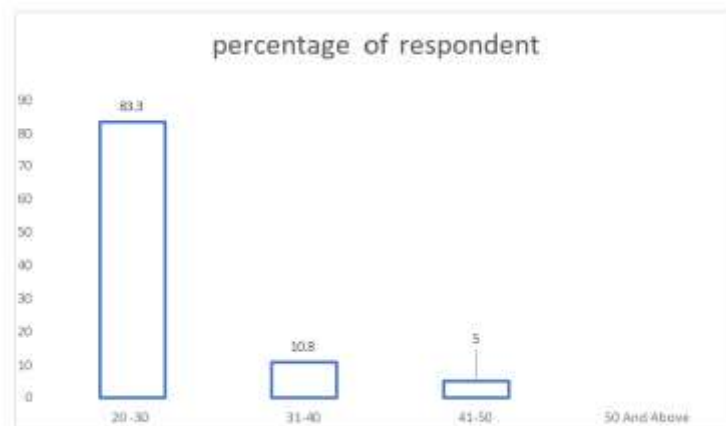
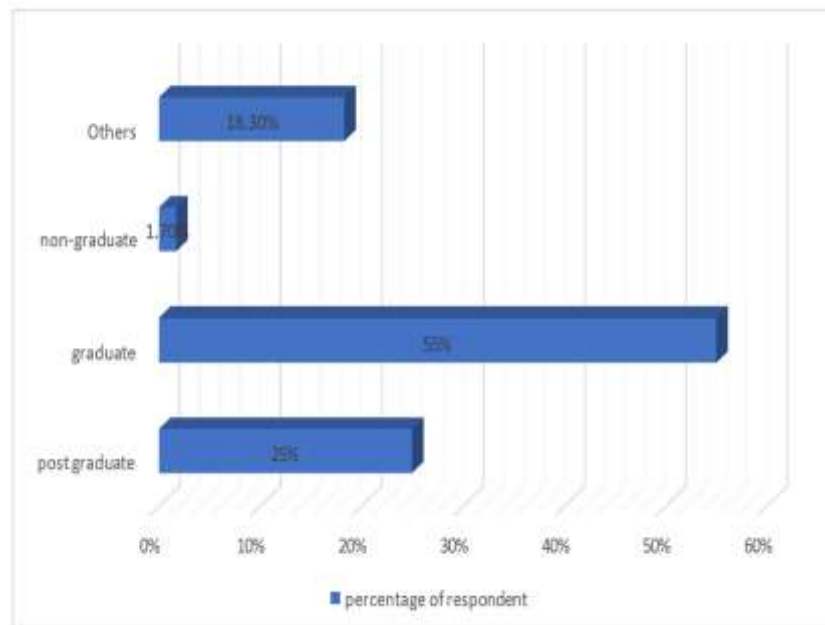
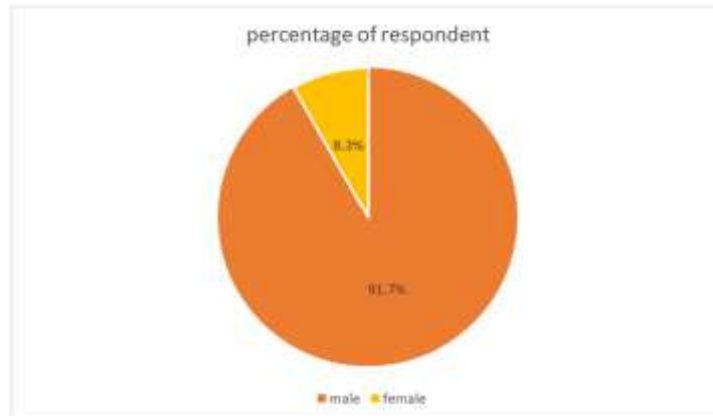


Chart 4.1 shows age of the respondents

PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
male	110	91.7 %
female	10	8.3 %
total	120	100 %

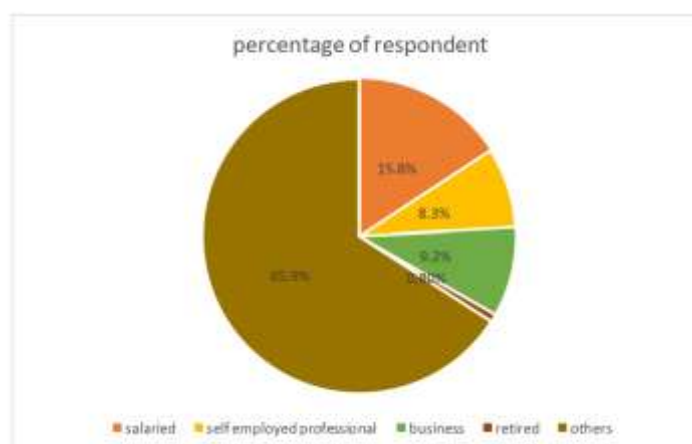
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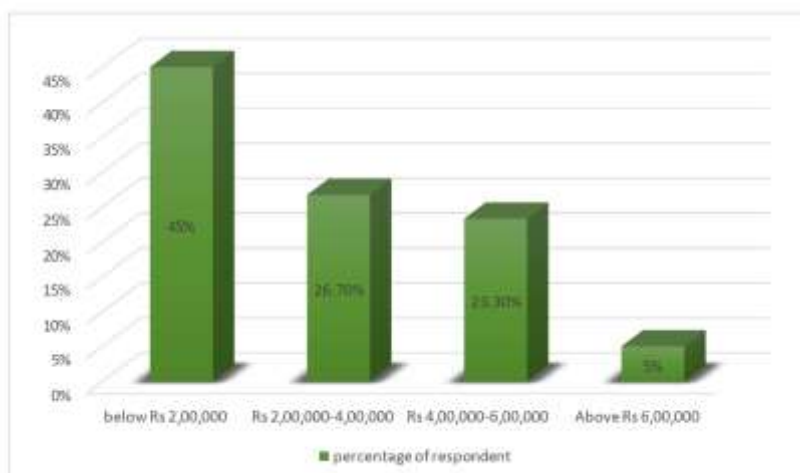


The study further shows that most respondents possess moderate risk tolerance and prefer investment horizons ranging from one to two years. Long-term financial goals such as purchasing a house and securing family welfare significantly influence investment planning. The chi-square analysis confirmed a statistically significant relationship between investment horizon and investment objectives, indicating that investor preferences vary according to financial goals. The results suggest that demographic variables and behavioural factors play an important role in determining investment choices. Financial institutions should therefore design customized

investment products and strengthen investor education initiatives to enhance investment participation and satisfaction among retail investors.

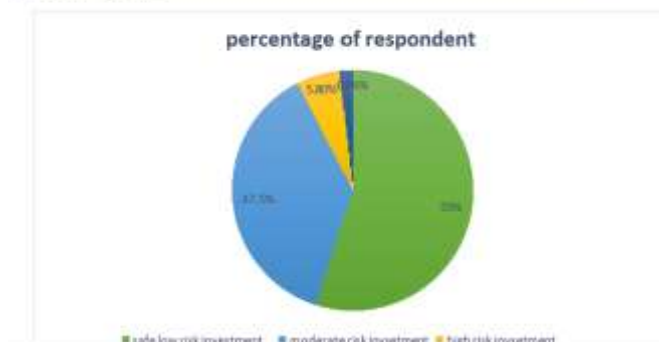
PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
salariet	19	15.8 %
self-employed professional	10	8.3 %
business	11	9.2 %
retired	1	0.8 %
others	79	65.9 %
total	120	100 %





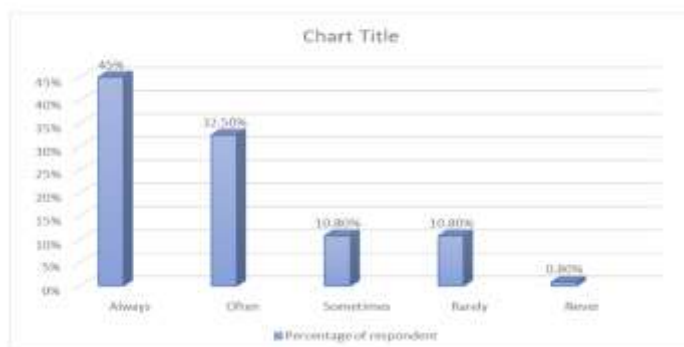
PARTICULARS	NO. OF THE RESPONDENT	PERCENTAGE OF RESPONDENT
safe low risk investment	66	55 %
moderate risk investment	45	37.5 %
high risk investment	7	5.8 %
traditional investment	0	0 %
emerging investment	2	1.7 %
<b>total</b>	<b>120</b>	<b>100 %</b>

Source: Primary Data



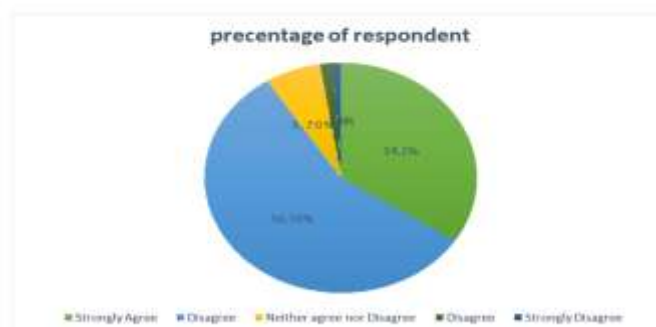
PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
Always	54	45 %
often	39	32.5 %
sometimes	13	10.8 %
rarely	13	10.8 %
never	1	0.8 %
<b>total</b>	<b>120</b>	<b>100 %</b>

Source: Primary data



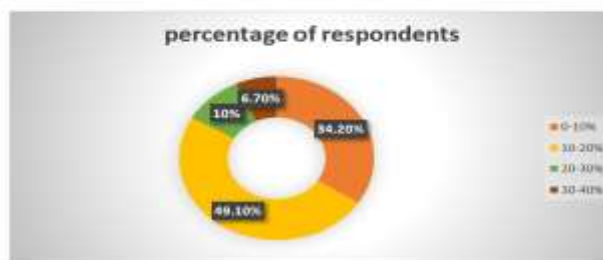
PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
strongly agree	41	34.2 %
agree	68	56.7 %
neither agree nor disagree	8	6.7 %
disagree	2	1.6 %
strongly disagree	1	0.8 %
<b>total</b>	<b>120</b>	<b>100 %</b>

Source: Primary Data



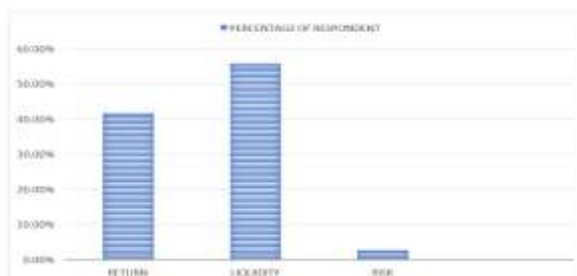
PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
0-10%	41	34.2 %
10-20%	59	49.1 %
20-30%	12	10 %
30-40%	8	6.7 %
TOTAL	120	100 %

Source: Primary Data



PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
return	50	41.7%
liquidity	67	55.8%
risk	3	2.5%
total	120	100%

Source: primary Data



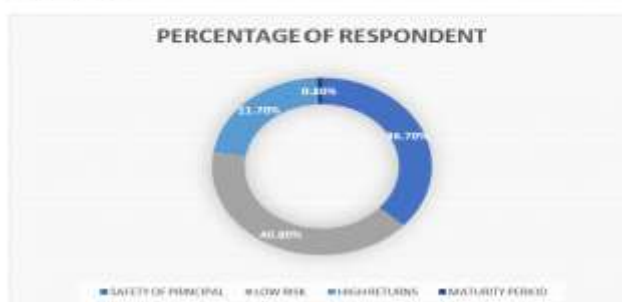
PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
past performance	36	30%
economic scenario	26	21.6%
industry analysis	30	25%
company analysis	23	19.2%
credit analysis	5	4.2%
others	0	0%
total	120	100%

Source: primary Data



PARTICULARS	NO. OF RESPONDENT	PERCENTAGE OF RESPONDENT
safety of principal	44	36.7%
low risk	49	40.8%
high return	26	21.7%
maturity period	1	0.8%
total	120	100%

Source: Primary Data



## V. CONCLUSION

The study concludes that retail investors exhibit diverse investment preferences shaped by demographic, behavioural, and economic factors. Although investment opportunities have expanded considerably, most investors continue to prioritize safety, liquidity, and stable returns over highly speculative alternatives. Bank deposits and mutual funds remain popular investment avenues due to their perceived security and accessibility. The findings demonstrate that investors increasingly recognize the importance of financial planning and portfolio diversification in achieving long-term financial objectives. Risk tolerance varies among investors, highlighting the need for personalized investment solutions. The significant relationship identified between investment horizon

and investment objectives emphasizes the importance of aligning investment strategies with individual financial goals. Financial institutions such as ICICI Bank can utilize these insights to develop customer-focused investment products, enhance advisory services, and improve financial literacy programs. Policymakers should encourage investor awareness initiatives to facilitate informed decision-making and promote broader participation in capital markets. Overall, understanding retail investor behaviour is essential for strengthening financial inclusion, improving investment outcomes, and supporting sustainable economic growth.

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