

Exploring the factors effecting Financial Well-Being of Investors in Hyderabad

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Abstract: Introduction: Financial Well being, an individual stability in achieving his financial goals meeting unexpected needs , managing day to day financial activities , securing for future needs and gaining financial confidence.

Objectives: This study aims to understand the factors influencing the financial well-being of investor and financial well-being of investor.

Methods: Using Descriptive Statistics, Chi-Square Tests, and Regression Analysis, the research evaluates data from a sample of 100 respondents to understand the relationship between Factors influencing financial well being and financial well being of investors.

Results: The study reveals that there exists no significant association between age and Financial literacy, but age is correlated to financial knowledge and up to a certain extent with financial behaviour. Education does not relate to any of the factors. The study also reveals that there exists a moderate relationship with financial well being and financial behaviour.

Conclusions: The analysis reveals that education is correlated to earning of investors and financial literacy, age and monthly income are strong predictors of savings and financial well being. There is a moderate correlation between financial well being and factors like investment awareness and financial practices. Additionally, the study identified significant relationships between age and monthly savings, as well as between monthly income and monthly savings. However, no significant relationships were found between education level and savings or among other factors influencing financial well-being.

Keywords: Financial well-being, financial attitude, financial behavior, financial knowledge, financial ability, financial literacy.

1. Introduction

Financial well-being refers to the overall stability and health of an individual's finances. It's not just about how much money you make, but also how well you manage it to meet your needs and goals. It encompasses a range of factors that contribute to your financial satisfaction, stability, and ability to achieve both short-term and long-term objectives. Key elements of financial well-being include having a reliable source of income that covers your basic needs, an emergency fund to handle unexpected expenses, and careful planning for future goals like retirement, buying a home, or education. It also involves recognizing and managing debt responsibly, making smart investment choices, and adapting to changes in the market.

A crucial part of financial well-being is financial literacy—the ability to understand and make informed decisions about financial planning, investing, budgeting, and the implications of various financial products. Access to financial tools, technologies, and resources can enhance your ability to manage your money effectively. Achieving financial well-being is more than just accumulating wealth; it's about avoiding excessive debt, keeping track of your spending, and being prepared for unexpected financial

setbacks. It requires regularly evaluating your financial goals, setting spending priorities, and adjusting your financial plans as circumstances change.

Financial well-being is closely linked to overall well-being because financial stress can impact both physical and mental health. Strong financial well-being is associated with lower stress levels, greater life satisfaction, and a better ability to achieve personal and professional goals. In essence, financial well-being is about having a sense of security and confidence in your financial situation, enabling you to handle life's challenges and opportunities with greater ease.

2. Objectives

The present research focuses on investigating the factors such as education, marital status, income, age, financial knowledge, financial behavior, financial literacy influence on financial well being of investors. This study gives a significant need to assess how various factors have influence on financial well being of investors ensuring Financial stability, enhancing financial literacy , encouraging smart financial behavior, building financial security and achieving long term financial goals. Thus, the study is carried on with the following objectives.

- To study the financial well being of Investor.
- To identify the factors influencing the financial well-being of investor.

Hypotheses were framed and verified in the study.

H₀₁: Demographic factors do not significantly impact on the financial well being of investors.

H₀₂: There is no significant relationship between factors influencing financial well -being.

3. Methods

This study mainly focuses on financial well being of investors and the factors which influence investors while making investment decision. The study focused on factor like Financial literacy, financial knowledge, financial behavior on demographic factors while making investment decision and ensuring financial well being. The data for the study was collected through one to one survey using structured questionnaire. The sample population for the study was targeted investors residing in Hyderabad. Data from 100 respondents was gathered using a structured questionnaire to explore the factors influencing financial well being .Firstly, the investors' demographic information, such as age, gender, income, marriage status, and degree of education were identified. Then the relationship demographic factors were studied through correlation. Additionally, Regress Analysis was used to identify the relationship between Financial Literacy, Financial Behavior and Financial Knowledge.

4. Results

[Table 2] Education levels average at 2.18 (SD = 0.722), indicating most respondents have completed secondary education. Occupation has a mean of 2.19 (SD = 1.323), showing a diverse spread across occupational categories. Marital status, with a mean of 1.84 (SD = 0.455), suggests a balance between single and married individuals. Monthly income averages at 2.30 (SD = 1.118), reflecting moderate income diversity within the group.

[Table 3] It reveals the relationship between education and monthly savings of an investor. The Pearson correlation coefficient of 0.144 which indicates a weak positive relationship between these two variables. This reveals that as education level increases, monthly savings tend to increase slightly. However, the p-value for this correlation is 0.135, which is greater than the conventional significance level of 0.05. Therefore, the correlation is not statistically significant relationship between education level and monthly savings.

[Table 4] The table reveals the relationship between age and monthly savings of an investor shows a Pearson correlation coefficient of 0.426, indicating a moderate positive relationship between these variables. This reveals that as age increases, monthly savings tend to increase. The p-value for this correlation is 0.000, which is well below the conventional significance level of 0.05, indicating the statistically significant positive relationship between age and monthly savings.

[Table 5] It reveals relationship between the monthly income and monthly savings of an investor reveals a Pearson correlation coefficient of 0.609, indicating a strong positive relationship between these two

variables. This reveals that as the monthly income of an investor increases, their monthly savings tend to increase significantly. The p-value for this correlation is 0.000, which is well below the conventional significance level of 0.05, making the relationship statistically significant relationship between monthly income and monthly savings.

[Table 6] [Table 7] [Table 8] [Table 9] It indicates a multiple regression analysis with three predictors: confidence in creating a diversified investment portfolio, understanding financial statements, and future planning confidence. The R value of 0.423 suggests a moderate correlation between these predictors and the financial well-being. The R Square value of 0.179 indicates that approximately 17.9% of the variance in the financial well-being is explained by the model. The Adjusted R Square of 0.156 accounts for the number of predictors, showing a slight reduction. Hence, null hypothesis is accepted.

[Table 10] [Table 11] [Table 12] [Table 13] A multiple regression analysis with three predictors: being well-informed about emergency funds, familiarity with risks of different investment options, and awareness of various investment avenues. The R value of 0.374 suggests a moderate correlation between these predictors and the financial well-being. The R Square value of 0.140 indicates that 14% of the variance in the financial well-being is explained by the model. The Adjusted R Square of 0.115, slightly lower than the R Square, accounts for the number of predictors in the model. Hence, null hypothesis is accepted.

[Table 14] [Table 15] [Table 16] [Table 17]: A multiple regression analysis with three predictors: paying bills on time, creating and sticking to a monthly budget, and checking credit scores. The R value of 0.407 suggests a moderate correlation between these financial behaviors and the financial well-being. The R Square value of 0.166 means that 16.6% of the variance in the financial well-being is explained by the model. The Adjusted R Square of 0.142, which is slightly lower, accounts for the predictors. Hence, null hypothesis is accepted

5. Discussion

- The study shows a relatively young and educated group of investors, predominantly in intermediate-level occupations. They are primarily unmarried and have varying monthly incomes, suggesting a diverse financial profile with moderate income levels.
- The Pearson correlation coefficient of 0.144 indicates a weak positive relationship between education level and monthly savings, with a p-value of 0.135 suggesting this correlation is not statistically significant. This implies that higher education does not necessarily lead to significantly higher savings among respondents, potentially due to varying financial literacy, income brackets, or spending habits.
- A moderate positive relationship between age and monthly savings ($P=0.426$), with a statistically significant p-value of 0.000. This suggests that as individuals age, their monthly savings tend to increase, likely due to factors such as higher income, increased financial responsibilities, or greater emphasis on retirement planning.
- This study suggests that higher monthly income is significantly associated with increased savings. The Pearson correlation coefficient of 0.609 indicates a strong positive relationship between monthly income and savings, with a p-value of 0.000 confirming statistical significance.
- The R value of 0.423 indicates a moderate correlation between the three predictors and financial well-being, with 17.9% of the variance explained. Acceptance of the hypothesis suggests that other unmeasured factors significantly influence financial well-being beyond these predictors.
- A moderate correlation between investment options, awareness, and financial well-being ($R=0.374$), with 14% of the variance explained by the model. Acceptance of the hypothesis suggests that financial well-being is influenced by a broader set of variables beyond just knowledge and awareness of financial concepts.
- The hypothesis acceptance implies that factors such as income stability and personal attitudes are also crucial contributors to financial well-being. An R value of 0.407 shows a moderate link between financial behaviours and financial well-being, explaining 16.6% of the variability in outcomes.

6. Conclusion

Most respondents have completed secondary school this has an effect on their earning potential, job prospects, and financial literacy. Plans for investments and savings are impacted by the equal

distribution of married and single persons. Savings are significantly predicted by age and monthly income, with higher earners and older people saving more. The importance of other factors, such as spending habits and financial literacy, is suggested by the fact that education level does not significantly correspond with increased savings. The moderate correlations seen between financial well-being and measures like investing awareness and financial practices. The study found that there is a significant relation between age and monthly savings, monthly income and monthly savings and there is no significant relation between education levels and monthly savings. There is no significant relationship between factors influencing financial well-being.

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