

THE EFFECT OF DEMOGRAPHIC FACTORS AND PERSONALITY TRAITS ON INVESTMENT INTENTIONS OF RETAIL INVESTORS

Mrs. Ritu Kasliwal

Assistant Professor, Institutional Affiliation: Camp Education Society's Rasiklal M Dhariwal
Institute of Management

Dr. Bhushan Pardeshi

Associate Professor, Institutional Affiliation: Pimpri Chinchwad Education Trust's S. B. Patil
Institute of Management

ABSTRACT:

The study is to examine the role of selected demographic factors and personality traits on the investment intentions of retail investors. Exploratory factor analysis and multiple regression are applied on the data collected from 414 retail investors from Pune city using a structured questionnaire. The age, gender, educational qualification, annual income and employment as well as openness, conscientiousness, extraversion, agreeableness & neuroticism are found to have influence on investment intention of retail investors. The results of regression analysis indicate that annual income, conscientiousness, extraversion, openness traits exert a positive influence on intention of diversification, combat inflation & high liquidity intentions. However, neuroticism & agreeableness traits show a positive influence on intentions of short-term gains & long-term returns. While, demographic traits except annual income do not exert significant influence on investment intentions of retail investors.

Keywords: Financial Behavior, Investment Intention, Investment Objective, Life Goal, Personality Traits, Retail Investors

1. INTRODUCTION:

The early investment theories, Efficient Market Hypothesis proposed by Fama, (1965; 1970) and Modern Portfolio Theory given by Markowitz in the year 1952 were built on the beliefs that the behaviour of investors is rational when it arises to doubt or uncertainty regarding the investment decision mostly based on maximizing returns and restraining the risks. The theories were challenged by Tversky and Kahneman (1974) and a new theory emerged that believes that neither human beings always think and behave rationally nor the markets always perform efficiently. Humans always take the investment decision by using their human, sociable and emotional brain (Nandan & Sourabh, 2016). In line with this, investors' investment intention is being affected by many factors such as personality, cognitive and emotional biases (Nga & Yien, 2013). Many Studies divulge that an investment decision and behaviour of an investor follow certain procedure which combines multiple factors like demographic, psychographic and personal traits.

The sum of traits which differentiate individuals termed as personality traits have an influence over financial decisions (Kubilay & Bayrakdar, 2016) such as setting investment objectives to achieve life goals, investment preferences and so on. To improve the financial life choices, it is important to understand the factors that can predict the behaviour of financial decision makers (Firth et al., 2023). Thus, the main purpose of this study is to analyse the influence of selected demographic and personality traits on the investment intentions of retail investors.

Financial behaviour of retail investors gets reflected through their life goals, investment

objectives & investment choice. The objectives of investment are the safety of savings, tax saving, liquidity, regular income, diversification, long term and short-term capital gains (SEBI, 2016; Gangwar & Singh, 2017). While, individuals wish to achieve security for family, purchase of physical assets, funds for children education & marriage, retirement planning, meet contingencies, fight inflation, financial abundance, enhance lifestyle & social status (SEBI, 2016; RBI, 2017). Hence, retail investors set investment objectives with intentions to achieve their life goals. Different financial behaviour is contribution for retirement, savings for car, education, home in the long term, diversification in multiple asset classes and so on (Mayfield et al., 2008; SEBI, 2016; Gangwar & Singh, 2017; RBI, 2017; Strömbäck et al., 2020). Financial behavior of retail investors is measured through their investment intentions. The concept is termed as investment intentions (Murugan, 2018; Aren & Hamamci, 2020); motive of investment (Saivasan & Lokhande, 2022); investment objectives (SEBI, 2016; Gangwar & Singh, 2017); financial goals based on life events (RBI, 2017).

Kubilya & Bayrakdar (2016) mentioned that financial decision making gets affected by personality, which is a sum of traits that differentiate individuals from others. Numerous studies suggest that intention of investment may vary with the personality traits of retail investors (Mayfield et al., 2008; Murugan, 2018; Dickason-Koekemoer & Ferreira-Schenk, 2018; Kumari et al., 2019; Aren & Hamamci, 2020; Strömbäck et al., 2020; Nguyen et al., 2023). Openness, extraversion, agreeableness, conscientiousness & neuroticism are five traits of personality (Gosling, 2003; Mayfield et al., 2008; Firth et al., 2023; Nguyen et al., 2023). The prominent life goals, investment objectives & personality traits of retail investors are identified from literature and investment intentions & financial personality traits are designed for the study. A pilot study is conducted to examine the reliability and validity of measurement scale for financial personality traits. The study adds knowledge to existing literature by providing a summarized list of investment intentions as a measure of financial behavior and financial personality traits for retail investors. The findings of the study highlight the extent of statistically significant influence of personality traits on investment intentions. The evidence would help financial institutions and advisors to offer investment options and financial services appropriate to the personality of the retail investors.

2. LITERATURE REVIEW & HYPOTHESES DEVELOPMENT:

2.1 Demographic Factors Investment Intention

Saivasan & Lokhande (2022) considered moderate return at minimal risk, high returns in long term and no loss of capital as prime motive of investment. Furthermore, high dividend yield, buying different stocks, moving funds to safe avenues such as bonds, deposits or less risky stocks, cost averaging was considered as important investment decisions. Aren & Hamamci (2020) considered risky investment intentions that is the desire to invest in risky assets / markets. Murugan (2018) reported that long term & short-term investment intentions vary with age, gender, educational qualification, annual income and employment. Sharma and Aggarwal (2023) explore the influence of demographic factors on investment intention. The findings explain the significance of demographic factors in identifying investors' investment needs and behaviors. The results show that age has low impact whereas, females have recorded low level of engagement as far as the influence on investment decision. At the same time, Income level is associated to investment preferences. The results highlight that investors falling under lower-income groups usually favour less risky options. Married investors exhibit high tolerance. Hence, it can be hypothesized that:

H01: Investment intentions are influenced by demographic factors of retail investors.

2.2 Personality Traits and Investment Intention

Mayfield et al. (2008) there is a significant relationship between neurotic and extrovert traits with short term investment intentions. Agreeableness has no effect on investment intention, level of risk aversion has an impact on both long-term & short-term intentions. Conscientiousness & open to experience has no relation with short term intentions, but open to experience have significant impact on long term investment intentions. Kubilay & Bayrakdaro (2016) reported that out of five traits of personality, extravert, open to experience & neurotic people have high, while agreeable & conscientious people have low financial risk tolerance. Dickason-Koekemoer & Ferreira-Schenk (2018) considered conservative, moderate, growth and aggressive as the dimensions of investor personality based on risk tolerance. Conservative investors are slow in decision making, concerned about family, education and wealth preservation and seek high return at low risk. While investors with moderate risk tolerance seek for lower risk and higher returns in the long term, they lack knowledge & rely on advice for investment decisions. Growth investors are self-assured & take moderate to high risk for high long-term returns, while aggressive investors rebalance portfolio actively and take high risk for high returns. Murugan (2018) studied short term & long-term intent to invest such as retirement saving, multiple assets in portfolio, low risk - study returns, high risk - return, beat inflation. The neuroticism has a strong negative while extraversion & openness has a significant strong positive relation with short term intention of investment. Whereas, neuroticism & extraversion has small negatives, while openness, agreeableness and conscientiousness have a significant small positive relation with long term intention. While, Kumari et al. (2019) used structural equation modelling and revealed that a compliant personality has significant positive & detached personality has an insignificant positive relation with emotional, cognitive & social motivational factors. Aggressive personality has an insignificant relation with emotional & social factors, but a significant positive relation with cognitive factor among individuals in the stock market in India. Aren & Hamamci (2020) examined the influence of financial literacy, personality & emotions on risk aversion, investment choices of investors from Turkey. Results indicated that neuroticism & openness to experience were predictors of risky investment intentions. risky investment intentions & risk aversion can predict choice of investment, but choice is not directly affected by personality or emotions. Strömbäck et al. (2020) studied the effect of self-reported personality traits which include optimism, self-control & deliberative thinking on the financial behavior of students and their wellbeing. Ordinary least square regression results indicated that only self-control can predict financial behavior as well as wellbeing. The study demonstrated that self-control, optimism & deliberative thinking are positively & significantly related to financial management behavior and investment decisions. The study conducted by Isidore and Arun (2022) observed high correlation between personality traits and investment decision. Nguyen et al. (2023) applied logistic regression to analyse the personality traits as determinants of financial behavior and investment performance in the stock market of students in Vietnam. Findings revealed that the stronger the social consciousness and self confidence among investors, greater are the odds of superior performance than market. The results of K-means clustering method indicated that investors who are agreeable, negative thinkers and moderately open-minded form a cluster of most profitable investors with greater risk tolerance. Open to experience, neuroticism & conscientiousness have a significant positive influence over earning better returns than market investment. Hence, literature shows that personality & investment intentions have significant relation, So, it can be hypothesized that:

Ho2: Investment intentions are influenced by personality traits of retail investors.

3. RESEARCH METHODOLOGY:

Data for the study is collected from 414 retail investors residing in Pune City, Maharashtra. A structured questionnaire with closed ended questions on demography, personality & investment intentions is used. Since, exact size & distribution of target population is unknown, a non-probability method that is convenience sampling is used to collect data. Demographic information that is age, gender, marital status, education, occupation & annual income is collected.

Items of constructs for personality traits are adapted from (Gosling, 2003; Mayfield et al., 2008; Firth et al., 2023; Nguyen et al., 2023), after modifying items in a financial context for retail investors. Extraversion is active communication about financial matters. Openness is curiosity about financial matters and readiness to try different investment options. Agreeableness is the tendency to easily agree with others on financial matters or trust investment opportunities. Conscientiousness is being determined and meticulous about financial information and decisions making. Neuroticism is the tendency to get easily upset or anxious due to lack of financial knowledge or poor financial decisions.

Percentage analysis is conducted to understand the demographic spread of the sample. Kaiser-Meyer-Olkin measure to check sampling adequacy and Bartlett's Test to check sample sphericity are used as indicators of data validity. A KMO value (> 0.50) indicates sufficient sampling adequacy and p-value (< 0.05) for Bartlett's test indicate adequate correlation in data (Hair et al., 2016) & suitability to carry out factor analysis. To reduce the items of personality traits & investment intentions, exploratory factor analysis is used. The principal component analysis & varimax rotation is used to extract the factors. Factor loading (> 0.50) is considered a threshold for convergent validity of latent variables. The factor scores are saved as variables for further statistical analysis. Cronbach's Alpha is calculated to assess the inter-item reliability of construct (factor items) used to measure latent variables. The Cronbach's Alpha (> 0.07) as threshold (Hair et al., 2006) indicates good construct reliability.

Multiple Linear Regression is carried to test hypotheses Ho1 and Ho2. It is used when there is one dependent variable (continuous scale) to be predicted through 2 or more independent variables (Field, 2006). The assumptions for multiple linear regression are no autocorrelation and no multicollinearity exist among independent variables. Durbin Watson test (DW = 2.000) is used to check that no autocorrelation exists between independent variables. Stepwise method to enter independent variables is used, it automatically removes insignificant predictors from the model. Furthermore, the variance inflation factor is used, VIF value between 1 to 2 indicates that it does not exist among independent variables in the models.

4. DATA ANALYSIS & FINDINGS:

4.1 Demographic Spread of Sample:

As shown in table 1, a sample of 414 retail investors has 63.3% of male investors, whereas 36.7% are female. A major 71.5% investors are married, and 28.5% are single. A significant portion 44.9% of the respondents have high academic qualifications like M. Phil / Ph. D or above and 49.3 % are post-graduate, whereas only 5.8 are graduate or below. It indicates the majority of respondents have taken higher education. A large portion of 73.9 % are in public / private service, followed by 14.8% are self-employed / profession / business and very few respondents 5.6% are retired / homemaker / student and 5.8% are unemployed. There is an approximately equal distribution, 20 to 30% of respondents belong to each annual income

range that is income tax slab (for FY 2023-24) in India.

Table 1: Demographic Spread of Sample

| Demographic traits | Frequency | Percent | Demographic traits | Frequency | Percent |
|-------------------------|-----------|---------|---------------------------------------|-----------|---------|
| Gender | | | Annual Income | | |
| Female | 152 | 36.7 | Up to Rs. 2,50,000 | 97 | 23.4 |
| Male | 262 | 63.3 | Rs. 2,50,001 - Rs. 5,00,000 | 118 | 28.5 |
| Marital Status | | | Rs. 5,00,001 - Rs. 10,00,000 | 119 | 28.7 |
| Single | 118 | 28.5 | Above Rs. 10,00,000 | 80 | 19.3 |
| Married | 296 | 71.5 | Occupation | | |
| Qualification | | | Public / Private Service | 306 | 73.9 |
| Graduate or below | 24 | 5.8 | Retired / Homemaker / Student | 23 | 5.6 |
| Post-graduate | 204 | 49.3 | Self Employed / Profession / Business | 61 | 14.8 |
| M.Phil / Ph. D or above | 186 | 44.9 | Unemployed | 24 | 5.8 |
| Total | 414 | 100 | Total | 414 | 100 |

(Source: Primary data analysis)

4.2 Mean Investment Intentions:

The study was conducted to know the preferences of the investors and their investment intentions. The data were collected on a scale of 1 to 5 based on their preference and importance. The mean score is calculated and on the basis of mean value the ranking was given to the preference. In table 2, The investment intentions ranking is presented. The results indicate that time bound intention to have sufficient funds after a few years to the care of family, child education or their medium-term needs is most important.

Table 2: Preference towards Investment Intentions

| Investment Intention | Mean | Rank |
|---|------|------|
| 1. I need money after a few years for the care of my family / child education / marriage. (family responsibilities) | 4.07 | 1 |
| 2. I want to earn returns that can at least fight inflation to maintain my | 3.95 | 2 |

| | | |
|---|------|---|
| lifestyle. (combat inflation) | | |
| 3. I like to put my money in a variety of assets to have a balance of risk - return. (diversification) | 3.90 | 3 |
| 4. I like to invest in assets which are easy & quick to sell / withdraw in any emergency. (high liquidity) | 3.86 | 4 |
| 5. I have planned for interest / dividend / pension for financial independent retirement. (retirement income) | 3.77 | 5 |
| 6. I make tax saving investments so that I have higher disposable income in hand. (tax saving) | 3.65 | 6 |
| 7. I like to invest for a long term to earn higher returns for a luxury home / farm. (long terms returns) | 3.46 | 7 |
| 8. I like to have short term gains for buying luxury cars / vacation / home renovation. (short term gains) | 3.26 | 8 |

(Source: Primary data analysis)

4.3 Kaiser-Meyer-Olkin & Bartlett's Test:

The KMO & Bartlett's test were performed, for investment intentions, KMO 0.725 (> 0.70) and for personality traits KMO 0.834 (> 0.70) indicate that sampling adequacy is sufficient. The Bartlett's Test p-value (< 0.05) indicates adequate sample precision. As shown in table 3, the data of investment intentions and latent variable personality traits is suitable for carrying out the EFA to reduce the items into more meaningful factors for further use.

Table 3: KMO & Bartlett's Test

| Latent Variables | | Investment Intentions | Personality Traits |
|--------------------------|------------------|-----------------------|--------------------|
| KMO | | 0.725 | 0.834 |
| Bartlett's Test | Approx. χ^2 | 356.895 | 1833.13 |
| | df | 10 | 105 |
| | Sig. | 0 | 0 |
| Factors Extracted | | 2 | 5 |
| Total Variance Explained | | 65.316 | 65.85% |

(Source: Primary data analysis)

4.4 Exploratory Factor Analysis:

As shown in table 4, EFA is carried out to reduce the number of investment intentions. The factor extraction criteria are Eigenvalue (≥ 1) and factor loading (> 0.50). The respondents are asked to mark their current agreement level for 8 different investment intentions designed based on investment objectives and purpose of retail investors. Based on the results, three items, family responsibilities, retirement income & tax saving with communalities less than 0.50 were removed. The three items, diversification, combat inflation & high liquidity loaded

on factor 1 (Inv_Int_1) with Eigenvalue 2.263 explaining 39.365% variance. While, two items high long-term return & short-term gains loaded on factor 2 (Inv_Int_2) with Eigenvalue 1.003 explaining 25.95% variance. The factor scores of investment intentions are saved as variables for further analysis.

Table 4: Factor Analysis of Investment Intentions

| Items | Communalities | Rotated Component Matrix: Factors | | Eigenvalues | % Variance | Cumulative % |
|------------------|---------------|-----------------------------------|-----------|-------------|------------|--------------|
| | | Inv_Int_1 | Inv_Int_2 | | | |
| Diversification | 0.718 | 0.847 | | 2.263 | 39.365 | 39.365 |
| Combat Inflation | 0.633 | 0.772 | | | | |
| High Liquidity | 0.580 | 0.736 | | | | |
| Short Term Gains | 0.794 | | 0.891 | 1.003 | 25.95 | 65.316 |
| Long Term Return | 0.540 | | 0.654 | | | |

(Source: Primary data analysis)

Although, there exist well developed theoretical models in the literature, which explains the 5 personality traits. Still, EFA is carried out for personality trait items, to get the factor scores for subsequent analysis. The factor extraction criteria are the factor loading (> 0.50), number of factors (= 5), using principal component analysis, correlation method & varimax rotation. As shown in table 5, big 5 personality traits are extracted as factors, openness (OPN), conscientiousness (CON), neuroticism (NUR), extraversion (EXT) and agreeableness (AGR) explaining 15.86%, 13.69%, 13.53%, 11.59% and 11.18% variance respectively. The factors explain total 65.85% variance The factor scores of 5 personality traits are saved as variables for further analysis.

Table 5: Factor Analysis of Personality Traits

| Items | Communalities | Rotated Component Matrix: Factors | | | | | Eigen values | % Variance | Cumulative % |
|-------|---------------|-----------------------------------|-------|-------|-----|-------|--------------|------------|--------------|
| | | OPN | CON | NUR | EXT | AGR | | | |
| OPN2 | 0.694 | 0.801 | | | | | | | |
| OPN4 | 0.672 | 0.754 | | | | 4.279 | 15.86 | 15.86 | |
| OPN1 | 0.660 | 0.745 | | | | | | | |
| CON1 | 0.669 | | 0.786 | | | | | | |
| CON4 | 0.666 | | 0.744 | | | 2.321 | 13.69 | 29.55 | |
| CON2 | 0.597 | | 0.711 | | | | | | |
| NUR5 | 0.687 | | | 0.814 | | | | | |
| NUR2 | 0.652 | | | 0.774 | | 1.492 | 13.53 | 43.08 | |
| NUR1 | 0.612 | | | 0.766 | | | | | |

| | | | | | | | | | |
|------|-------|--|--|--|-------|-------|-------|-------|-------|
| EXT1 | 0.730 | | | | 0.746 | | 0.979 | 11.59 | 54.67 |
| EXT4 | 0.684 | | | | 0.740 | | | | |
| EXT2 | 0.634 | | | | 0.560 | | | | |
| AGR4 | 0.668 | | | | | 0.791 | 0.807 | 11.18 | 65.85 |
| AGR2 | 0.610 | | | | | 0.759 | | | |
| AGR1 | 0.642 | | | | | 0.560 | | | |

(Source: Primary data analysis)

4.5 Scale & Reliability Statistics:

Based on the EFA the coefficient value was collected for the five factors. The Cronbach's Alpha for 3 item scales of 5 personality traits are Neuroticism (0.724), Extraversion (0.752), Conscientiousness (0.709), Openness (0.777) and Agreeableness (0.634). The Cronbach's Alpha for Inv_Int_1 is 0.724 and Inv_Int_2 is 0.444. It indicates that the measurement scales used have sufficient inter-item reliability. The mean score of factor scale Inv_Int_1 is 11.71, which is greater than 6.72 of Inv_Int_2. It shows greater desirability of Inv_Int_1 among retail investors. Among personality traits, conscientiousness has the highest mean score of 11.15 and NUR has lowest mean score of 9.19, indicating that the degree of presence of the conscientiousness trait is highest and NUR is lowest as compared to other traits among retail investors.

4.6 Regression Analysis:

Multiple linear regression analysis is performed to test the hypothesis. Saved factor scores of investment intentions and personality traits along with selected demographic traits are used to carry out the regression analysis, for testing of hypothesis:

Ho1: Investment intentions are influenced by demographic factors of retail investors.

Ho2: Investment intentions are influenced by personality traits of retail investors.

The table 6, summarizes the results of Multiple linear regression. Durbin Watson (DW) test values are model 1 (2.058) and model 2 (1.902), which indicate no autocorrelation (DW = 2.000) between independent variables in the model. Furthermore, the variance inflation factor (VIF) for all the independent variables in the models is between 1 to 2, which indicates that multicollinearity does not exist among independent variables in the models. Thus, the assumptions for multiple linear regression are satisfied.

The model one is statistically significant (F = 25.543) with Significance value is < 0.05 and explanatory power 19.2% (Adjusted R Square 0.192). Conscientiousness, extraversion, openness and annual income (AI) are statistically significant (Sig. < 0.05) predictors of dependent variables. The Beta coefficients are conscientiousness (0.325), extraversion (0.253), openness (0.133) and annual income (0.099). All the predictors have a positive influence on dependent variables. With an increase in three personality traits, conscientiousness, extraversion and openness and annual income of the retail investors, diversification, combat inflation & liquidity are more likely to be the intention behind investments. Therefore, the regression equation can be presented as:

$$\text{Equation 1: } \text{Inv_Int_1} = -0.243 + 0.325*CON + 0.253*EXT + 0.133*OPN + 0.099*AI$$

It can be interpreted that conscientiousness, extraversion and openness has a positive but

small significant influence and neuroticism & agreeableness has no influence on the investors' inclination towards diversification, returns that at least beat inflation and liquidity of investment. Murugan (2018) found that neuroticism & extraversion has small negatives, while openness, agreeableness and conscientiousness has a small positive significant relation with long term investment intention. Only one demographic trait, annual income, has a small but positive significant influence on investors' inclination towards diversification, returns that at least beat inflation and liquidity of investment. Whereas, other demographic traits do not cause significant variation in investment intentions of retail investors. Murugan (2018) reported that long term investment intentions such as retirement saving, diversification and maximum returns do not vary with annual income.

Table 6: Coefficient of Multiple Linear Regression

| Model | Dependent Variable | Iteration | Independent variables | B | t | Sig. | Tolerance | VIF |
|-------|--------------------|-----------|-----------------------|----------|--------|-------|-----------|-------|
| 1 | Inv_Int_1 | 4 | (Constant) | -0.243 | -2.168 | 0.031 | | |
| | | | CON | 0.325 | 7.344 | 0.000 | 1.000 | 1.000 |
| | | | EXT | 0.253 | 5.723 | 0.000 | 1.000 | 1.000 |
| | | | OPN | 0.133 | 3.010 | 0.003 | 0.998 | 1.002 |
| | | | Annual Income | 0.099 | 2.360 | 0.019 | 0.997 | 1.003 |
| 2 | Inv_Int_2 | 2 | (Constant) | 8.60E-17 | 0.000 | 1.000 | | |
| | | | NUR | 0.316 | 6.876 | 0.000 | 1.000 | 1.000 |
| | | | AGR | 0.175 | 3.800 | 0.000 | 1.000 | 1.000 |

(Source: Primary data analysis)

The model 2 is statistically significant ($F = 30.861$) with Significance value is < 0.05 and explanatory power 12.6% (Adjusted R Square 0.126). Neuroticism & agreeableness are statistically significant (Sig. < 0.05) predictors of dependent variables. All the predictors have a positive influence on dependent variables. With an increase in 2 personality traits, neuroticism & agreeableness of the retail investors, high returns in both short term & long term are more likely to be the intention behind investments. Therefore, the regression equation can be presented as:

$$\text{Equation 2: } Inv_Int_2 = 8.60E-17 + 0.316*NUR + 0.175*AGR$$

It can be interpreted that neuroticism & agreeableness has a significant positive but small influence, while conscientiousness, extraversion and openness have no influence on the investors' inclination towards high returns in short & long term both. The findings are partially the same as reported by Nguyen, Ngo, Le & Nguyen (2023) that investors with higher neuroticism and openness earn higher returns. Any of the selected demographic traits has not shown significant influence on the investors' inclination towards high returns in short & long term both. Murugan (2018) reported that long as well as short term intentions vary significantly with age, gender, educational, annual income & employment.

5. DISCUSSION:

The study was intended to analyse the effect of personality and demographic traits on investment intention of retail investors. The demographic profile represented that the sample are having high academic qualification, it may be inferred that the investors are well educated and most of the respondents are married, the marital status may affect the intention. The Durbin Watson test shows that there is no autocorrelation between independent variables and the VIF of the independent variables indicates that multicollinearity does not exist.

Multiple linear regression results indicate that conscientiousness, extraversion, openness traits and annual income positively influence diversification, combat inflation & high liquidity intentions of investment among retail investors. Hence, the neuroticism & agreeableness traits have no influence on the investors' inclination towards diversification, returns that at least beat inflation and liquidity of investment. The similar results were observed in the study conducted by Murugan (2018).

Neuroticism & agreeableness traits positively influence short term & long-term capital gain intentions. While conscientiousness, extraversion and openness have no influence on the investors' inclination towards high returns in short & long term both. Any of the selected demographic traits has not shown significant influence on the investors' inclination towards high returns in short & long term both. The findings are partially the same as reported by Nguyen, Ngo, Le & Nguyen (2023); Murugan (2018) reported that long & short-term investment intentions of investors vary significantly with age, gender, educational, annual income & employment.

6. IMPLICATION:

The level of presence of different personality traits and any change in different context and investment intentions could also change over time due to different life events and socio-economic factors. The study suggests that the personality trait test and understanding the personality profiling may result in better investments. The consideration of demographic factors and personality traits may be useful in developing the investment strategy and choice of investment. The financial institutions should do the profiling of the investors based on their demographic and personality characteristics to offer lucrative investment options.

The study has provided a reliable base for conducting further research. A pan India study can be conducted with the support of financial institutions to understand a generally acceptable relation between personality and their investment intentions. The finds could help governments to design financial literacy programs & increase financial inclusion.

7. CONCLUSION:

The findings establish that selected personality traits have a small but statistically significant influence on investment intention of retail investors from Pune city, Maharashtra. This study shows the financial behaviour of retail investors. The age, gender, educational qualification, annual income and employment as well as openness, conscientiousness, extraversion, agreeableness & neuroticism are found to have influence on investment intention of retail investors. The results of regression analysis indicate that annual income, conscientiousness, extraversion, openness traits exert a positive influence on intention of diversification, combat inflation & high liquidity intentions. However, neuroticism & agreeableness traits show a positive influence on intentions of short-term gains & long-term returns. While, demographic traits except annual income do not exert significant influence on investment intentions of retail investors.

This study can be used as a combined effect of demographic factors such as gender, income

and marital status with the personality traits with due consideration of investment intention. This study is also useful to the financial institutions to carry out retail investor profiling / categorization based on personality traits & investment intention, so that they can offer more suitable and customized investment products. It is also suggested to the retail investors to get their financial personality analysis done from experts. This analysis will help them to understand the influence of their personality on their life goals, investment objectives, investment preferences and portfolio outcomes for financial satisfaction and well-being.

REFERENCES

1. Alwina Salim Ignatius Roni Setyawan (2023). The Effects of Demographic Factors on Investment Decision: Financial Literacy and Behavioral Bias as Mediating Variables. *International Journal of Application on Economics and Business*, 1(1).
2. Aren, S., & Hamamcı, H. N. (2020). Relationship between risk aversion, risky investment intention, investment choices. *Kybernetes*, 49(11), 2651–2682. <https://doi.org/10.1108/k-07-2019-0455>
3. Balamurugan, Harini & Santhanam, Subramanian. (2023). Influence of Big Five Personality Traits on the Investment Decisions of Investors-Empirical Approach. 10.2991/978-94-6463-162-3_36.
4. Dickason-Koekemoer, Z., & Ferreira-Schenk, S. (2018). Establishing a link between risk tolerance, investor personality and behavioural finance in South Africa. *Cogent Economics & Finance*, 6(1). <https://doi.org/10.1080/23322039.2018.1519898>
5. Field, A. (2006), *Discovering Statistics Using SPSS*, 2nd ed., SAGE, London.
6. Firth, C., Stewart, N., Antoniou, C., & Leake, D. B. (2023). The effects of personality and IQ on portfolio outcomes. *Finance Research Letters*, 51, 103464. <https://doi.org/10.1016/j.frl.2022.103464>
7. Gangwar, M. & Singh, S. (2017). A Study of Investor Behaviour for Investment in Mutual Funds in Allahabad. *International Advanced Research Journal in Science, Engineering and Technology*, 4(7), 266-271. <https://iarjset.com/upload/2017/july-17/IARJSET%2046.pdf>
8. Gosling, S. D., Rentfrow, P. J., & Swann, W. B. (2003). A very brief measure of the Big-Five personality domains. *Journal of Research in Personality*, 37(6), 504–528. [https://doi.org/10.1016/s0092-6566\(03\)00046-1](https://doi.org/10.1016/s0092-6566(03)00046-1)
9. Hair, J. F., Anderson, R., Black, B. & Babin, B. (2016). *Multivariate Data Analysis*, Pearson, Kennesaw.
10. Kubilay, B., & Bayrakdaroğlu, A. (2016). An empirical research on investor biases in financial Decision-Making, financial risk tolerance and financial personality. *International Journal of Financial Research*, 7(2), 171-182. <https://doi.org/10.5430/ijfr.v7n2p171>
11. Kumari, S., Chandra, B., & Pattanayak, J. K. (2019). Personality traits and motivation of individual investors towards herding behaviour in Indian stock market. *Kybernetes*, 49(2), 384–405. <https://doi.org/10.1108/k-11-2018-0635>
12. Mayfield, C., Perdue, G. & Wooten, K. (2008). Investment management and personality type. *Financial Services Review*, 17(3), 219-236.

13. Murugan S. (2018). *The Influence of Risk Attitude and Personality on Retail Investors' Stock Investment Decision*. Published Ph. D. Thesis, Anna University.
14. Muzzamil, R.; Dhiman, R.; Kumar, R.; Cheema, G. S.; Vaid, A. (2023). Exploring the Impact of Personality Traits on Investment Decisions of Immigrated Global Investors with Focus on Moderating Risk Appetite: A SEM Approach. *Migration Letters*, 20 (5).
15. Nandan, T., & Saurabh, K. (2016). Big-five personality traits, financial risk attitude and investment intentions: Study on Generation Y. *International Journal of Business Fore-casting and Marketing Intelligence*, 2(2), 128–150.
16. Nga, J. K., & Ken Yien, L. (2013). The influence of personality trait and demographics on financial decision making among Generation Y. *Young Consumers*, 14(3), 230–243.
17. Nguyen, H. H., Ngo, V. M., Le, T. T. P., & Van Nguyen, P. (2023). Do investors' personalities predict market winners? Experimental setting and machine learning analysis. *Heliyon*, 9(4), e15273. <https://doi.org/10.1016/j.heliyon.2023.e15273>
18. RBI (2017). Indian Household Finance. *Report of the Household Finance Committee, Reserve Bank of India*. Retrieved from <https://www.rbi.org.in/scripts/PublicationReportDetails.aspx?UrlPage=&ID=877>
19. Riar, Ekam & Kumar, Amit. (2022). Personality Traits (Big-Five Model) and Investment Behaviour of Individuals: Analysis of Socio-Demographic Factors. *Understanding Interdisciplinary Organizational Flows*, Indu Book Services Pvt. Ltd (pp.126-138)
20. Saivasan, R., & Lokhande, M. (2022). Influence of risk propensity, behavioural biases and demographic factors on equity investors' risk perception. *Asian Journal of Economics and Banking*, 6(3), 373–403. <https://doi.org/10.1108/ajeb-06-2021-0074>
21. SEBI (2016). *SEBI Investor Survey 2015, Securities and Exchange Board of India*. https://www.sebi.gov.in/reports/investor-survey/apr-2017/sebi-investor-survey-2015_34539.html
22. Sharma, R. and Aggarwal, M. (2023). Impacts of Demographic Factors On Investment Decision. *International Journal for Research in Engineering Application & Management*, 09 (3). DOI : 10.35291/2454-9150.2023.0130.
23. Strömbäck, C., Skagerlund, K., Västfjäll, D., & Tinghög, G. (2020). Subjective self-control but not objective measures of executive functions predicts financial behavior and well-being. *Journal of Behavioral and Experimental Finance*, 27, 100339. <https://doi.org/10.1016/j.jbef.2020.100339>