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A STUDY ON THE INVESTMENT BEHAVIOURS AND PREFERENCES OF WORKING PROFESSIONALS IN BANGALORE

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ABSTRACT

This study explores how working professionals in Bangalore balance income, expenses, savings, and investments, highlighting the gap between traditional perceptions of India as a nation of savers and the nuanced financial realities of individuals. Using a cleaned dataset of over 1,500 professionals and insights from a primary survey, the research finds that income alone does not determine investment potential.

While essential expenses remain stable, discretionary spending on lifestyle choices often dictates the capacity to save and invest. Regression analysis shows that high incomes are frequently offset by loan obligations and lifestyle indulgences, whereas moderate earners with disciplined budgeting accumulate wealth more effectively.

Survey findings reveal generational differences in investment preferences, with younger professionals gravitating toward fintech-enabled tools and older cohorts preferring traditional instruments.

Keywords: Investment Behaviour, Working Professionals, Financial Literacy, Savings, Disposable Income, Discretionary Spending, Mutual Funds, Fixed Deposits, Behavioural Finance, India

1. INTRODUCTION

In Bangalore, where formal social security is limited, working professionals must independently manage their financial security. While the nation has traditionally favored safe assets like gold and fixed deposits, rising living costs, loans, and lifestyle aspirations now compete with savings.

At the same time, fintech platforms and SIPs have opened access to modern investment options, especially for younger professionals. This study, based on over 1,500 working individuals and a focused survey, examines how income, expenses, and financial discipline shape saving and investment behaviors, highlighting that mindful spending often matters more than income in achieving long-term security.

2. LITERATURE REVIEW

Table 1

Sl.no.	Research Paper Title	Author/Source	Performance Metrics Examined.	Key findings.
1	Household Saving and Investment Trends in Bangalore	Association of mutual Funds in Bangalore. (2025)	shifting toward financial products like mutual funds and SIPs	Bangalore, household savings are shifting from physical assets to market-linked products, with digital platforms and affordable micro-SIPs fostering broader retail investment
2	Determinants of Private and Household Savings	Ghosh, 2023	Determination of household savings based on factors.	Household savings in Bangalore are constrained by income, demographics, fiscal policy, and rising fixed costs, which often offset gains from higher earnings.
3	Life-Cycle Perspectives and Investment Preference Heterogeneity	Modigliani, (1966)	saving and investment behaviour varies with age.	The life-cycle hypothesis suggests that saving and investment preferences evolve with age, shifting from risk-taking in youth to security in later years.

3. OBJECTIVES

1) To examine the influence of income, spending discipline, and fixed obligations on household savings and investment capacity.
2) To analyze the impact of discretionary expenses on the availability of surplus funds for investment.
3) To evaluate the gap between intended savings targets (10–20% of income) and actual savings behavior.
4) To study generational differences in investment preferences between younger and older professionals.
5) To assess the role of digital platforms and fintech apps in shaping investment choices of younger demographics.

4. METHODOLOGY

This research adopts a mixed-methods design:

1) Secondary Data: A Kaggle dataset of over 20,000 records was filtered to 1,547 working professionals. Variables included income, expenses, savings, and investment intentions.
2) Primary Data: A structured survey of 32 professionals captured real-world motivations, barriers, and preferences.
3) Analytical Tools: Descriptive statistics, correlation, and regression analyses tested the relationship between income, expenses, and investment capacity.
4) Triangulation of survey responses with statistical findings enriched interpretation.

Ethics: Anonymity and voluntary participation were ensured; only non-sensitive data was collected.

5. IMPLEMENTATION

The study was implemented through:

1) Data Cleaning: Exclusion of retirees and students to focus only on professionals.
2) Variable Categorization: Expenses classified as fixed (rent, loans), essentials (groceries, utilities), and discretionary (entertainment, dining).
3) Regression Models: Tested the impact of expense categories on investment capacity.
4) Survey Analysis: Cross-tabulations of age, income, and preferences provided qualitative insights.

6. ADVANTAGES/DISADVANTAGES/APPLICATIONS

- **Advantages:**
  1) Integrates large-scale data with primary insights.
  2) Highlights both economic and behavioural dimensions.
  3) Offers actionable implications for policymakers, institutions, and individuals.

- **Disadvantages:**
  1) Small primary sample (32 respondents) limits generalizability.
  2) Cross-sectional data does not capture long-term behavioural shifts.
  3) Self-reported survey responses may reflect bias.

- **Applications:**
  1) Policymakers: Design financial literacy and tax-friendly investment policies.
  2) Financial institutions: Develop segmented, user-friendly, transparent products.
  3) Individuals: Recognize the importance of lifestyle discipline and automated savings.

7. RESULTS/OUTPUT

1) Descriptive Statistics

The dataset of 1,500 professionals shows an average monthly income of ₹41,600, with most earning between ₹30,000–₹60,000. Fixed obligations such as rent (≈₹9,000) and loan repayments (≈₹6,000) consume a large share of income, leaving little flexibility. Essentials like groceries (≈₹5,000) and utilities (≈₹2,500) remain stable across income levels, while healthcare and education vary with family needs. Dongre et al. (2026)

Discretionary expenses—entertainment, eating out, and lifestyle purchases (≈₹4,000)—show the widest variation, explaining differences in savings across similar incomes. On average, individuals aimed to save 7% of income (≈₹4,600), but actual disposable income averaged only ₹7,200, reflecting an intention–action gap in savings

Table 2

Table 2

Statistic	Potential_Savings_Healthcare	Potential_Savings_Education	Potential_Savings_Miscellaneous
Mean	42.6724622	79.66592633	142.9644024
Standard Error	1.492639549	3.018085316	4.22546317
Median	24.98590524	46.9333655	90.71733824
Mode	#N/A	#N/A	#N/A
Standard Deviation	58.70838064	118.7070928	166.1955831
Sample Variance	3446.673958	14091.37389	27620.97183
Kurtosis	58.27554417	136.9953045	24.5380918
Skewness	5.455756715	8.693191224	3.867629373
Range	995.0705331	2436.469476	1919.989519
Minimum	0.034668739	0.048256455	3.119630501
Maximum	995.1052018	2436.517733	1923.109149
Sum	66014.29902	123243.188	221165.9305
Count	1547	1547	1547

2) Correlation Insights

Income strongly influences both fixed and discretionary spending, reflecting lifestyle inflation as earnings rise. While higher earners save more in absolute terms, savings as a percentage of income remain similar across groups.

Disposable income is a key driver of savings, but high fixed costs like rent and loans reduce this potential. Discretionary expenses show a strong negative link with savings, indicating that lifestyle choices, more than essentials, largely determine investable surplus.

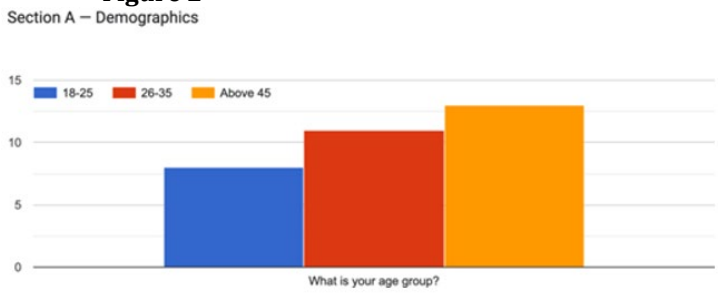
Figure 1

	Income	Rent	Loan_Repayment	Insurance	Groceries	Transport	Eating_Out	Entertainment	Utilities	Healthcare	Education	Miscellaneous	Desired_Savings	Disposable_Income	Total potential Savings
Income	1														
Rent	0.950159	1													
Loan_Repayment	0.886003	0.82525	1												
Insurance	0.95163	0.9036	0.83435621	1											
Groceries	0.986433	0.94426	0.86982467	0.937409	1										
Transport	0.983275	0.93678	0.86930445	0.930422	0.97275	1									
Eating_Out	0.949278	0.89126	0.84968123	0.906081	0.934755	0.93287	1								
Entertainment	0.948406	0.90133	0.82900102	0.905922	0.934554	0.92627	0.89421	1							
Utilities	0.965528	0.90949	0.84423469	0.922824	0.949335	0.94217	0.91883	0.916826703	1						
Healthcare	0.982325	0.93769	0.87069319	0.932109	0.969629	0.97188	0.93116	0.928665639	0.94926	1					
Education	0.968747	0.9144	0.86327603	0.92323	0.953148	0.9456	0.92275	0.92116338	0.93534	0.9471635	1				
Miscellaneous	0.929633	0.88849	0.84848928	0.883535	0.911328	0.90969	0.87033	0.874202809	0.90001	0.9125315	0.900281	1			
Desired_Savings	0.926859	0.81793	0.75154172	0.883087	0.899137	0.90571	0.87105	0.883700279	0.90115	0.8967677	0.892524	0.843646292	1		
Disposable_Income	0.877651	0.72937	0.66512449	0.823946	0.8454	0.85538	0.82457	0.822956265	0.84468	0.8504688	0.832582	0.787643351	0.94884	1	
Total potential Savings	0.962622	0.91395	0.86049432	0.915123	0.952024	0.95058	0.92752	0.918356848	0.9441	0.9507368	0.922157	0.913536304	0.8794	0.8312122	1

8. ROLE OF DEMOGRAPHICS (AGE AND DEPENDENTS)

Bivariate fits with age and dependents showed negligible or insignificant relationships with savings. Age had a near-zero correlation (–0.003, p = 0.90), and number of dependents was also statistically insignificant (correlation = –0.016, p = 0.51). This suggests that demographic factors such as age or family size do not independently predict savings once income and expenses are accounted for.

Figure 2



9. SAVINGS BEHAVIOR

Survey results show a divide in saving habits: about one-third save 21–30% of income, another third save less than 10%, and a smaller group save over 30%. Overall, more than half reported saving above 20%, much higher than the 7% average in the larger dataset—possibly due to greater financial awareness or overreporting in self-assessments.

Figure 10

10. KEY IMPLICATIONS

- **For Policymakers:**

1) Introduce affordable housing policies and accessible credit management systems.
2) Promote workplace-based financial literacy programs.
3) Provide tax incentives and encourage automated saving mechanisms.

- **For Financial Institutions:**
  1) Design segmented products—digital, flexible, and return-focused for youth; simple, safety-first products for older investors.
  2) Focus on clarity and trust-building in communication to overcome fear and complexity.
  3) Develop hybrid products balancing safety and growth.

- **For Individuals:**
  1) Control discretionary spending to boost investable surplus.
  2) Automate savings (via SIPs, salary deductions).
  3) Improve financial literacy and start with small, low-risk investments to build confidence.

11. FINDINGS

- Income alone does not guarantee higher savings or investments; spending discipline matters more.
- Fixed obligations like rent and loan repayments reduce disposable income, especially in metro households.
- Discretionary expenses (entertainment, eating out, lifestyle) are the most decisive factor in whether individuals have surplus to invest.
- There is a clear intention–action gap: many want to save 10–20% of income, but actual savings are much lower.
- Generational divide exists:
- Younger professionals (18–35) prefer mutual funds, SIPs, and equity through fintech apps.

12. SUGGESTIONS

- Expand the survey size to include a more representative sample, especially from rural and semi-urban areas.
- Use longitudinal data to track changes in saving and investment behavior over time.
- Include additional variables like asset portfolios, net worth, and psychological risk profiles.
- Explore behavioral and cultural nuances (family influence, peer pressure, regional differences).
- Compare BNPL adoption trends with credit cards in more detail using transactional datasets.

13. CONCLUSION

- Investment behavior of working professionals in India is shaped not only by income but also by expense management, financial discipline, and psychological factors.
- While traditional instruments (FDs, gold, real estate) remain popular, there is a gradual generational shift toward market-linked products like SIPs and equities.
- BNPL adoption is rising among younger, digital-savvy professionals due to convenience, but it risks reducing long-term savings.
- The study confirms that structural obligations and lifestyle choices compress investment capacity, while fear and lack of knowledge act as behavioral barriers.
- For sustainable financial security, individuals must adopt mindful spending, automated saving, and diversified investing, supported by institutional trust and policy reforms.

CONFLICT OF INTERESTS

None.

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