

The Influence of Demographic Factors on Individual Investors' Investment Preferences

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Abstract

Investments play a major role in economic development of any country and the primary objective of all government's policy has been to promote capital formation in the economy which is a primary instrument of economic growth. The main features of investments are safety, liquidity, income stability, and capital appreciation. There are so many investment avenues available to the Northern Province investors like banks deposits, life insurance scheme, gold, share and bonds. Choosing right investment avenue is depended on the investors' behavior. Therefore, the present study an attempt to analysis investors' demographic factors and investors' preference of Northern Province individual investors. For the study purpose 1000 questionnaires are sent to the individual investors on random sampling method, but only 688 questionnaires are returned. Analyzed results shows that majority of the people are having traditional investment scheme like bank account and investment in gold. Only 1% of people invested in bonds and 4% of investors included shares investment in to their portfolio. Further 15% of investment in real estate and 19% of investment are made in insurance scheme in Northern Province. Further gender has positive significant relationship profit and negative significant relationship with tax, risk and wealth creation. Marital status has positive significant relationship with profit and capital appreciation and negative significant relationship with risk and tax. Northern province investors are to preferred bank deposit because of safety but, most of the Northern province investors could not aware of investing their money in Bonds like commercial and government bonds. Therefore, the study recommended to investors must be positively educated about the investments like shares, debentures, government bonds and mutual funds.

Keywords: Investment preference, investors' demographic factors, investors' behavior, tax risk and return.