

## **A Study on Investment Preferences of College Students**

### **1. Dr. Dhaneesh V**

Assistant Professor, School of Management, Dhanalakshmi Srinivasan University, Tiruchirappalli.

### **2. Aswathi. S**

PG Student, School of Management, Dhanalakshmi Srinivasan University, Tiruchirappalli.

### **3. Jayaprabha. M**

PG Student, School of Management, Dhanalakshmi Srinivasan University, Tiruchirappalli.

### **4. Roshini. B.V**

PG Student, School of Management, Dhanalakshmi Srinivasan University, Tiruchirappalli.

### **5. Vinoth. R**

PG Student, School of Management, Dhanalakshmi Srinivasan University, Tiruchirappalli.

## **1. ABSTRACT**

The present study examines the investment preferences and financial behaviour of college students. The research focuses on understanding the awareness, attitude, risk tolerance, and investment choices among students pursuing undergraduate and postgraduate education. Primary data were collected from 100 college students using a structured questionnaire through convenience sampling. The study identified that students prefer safer investment avenues such as bank deposits and savings accounts, while awareness regarding mutual funds, stock markets, and cryptocurrency remains moderate. The findings also reveal that factors such as income level, financial literacy, family influence, and risk perception significantly affect investment decisions among students. The study highlights the importance of financial education in developing better investment habits among young individuals.

**Keywords:** Investment Preferences, Financial Literacy, Risk Tolerance, Mutual Funds, College Students.

## **2. INTRODUCTION**

Investment plays a significant role in the financial planning process of individuals. In the modern economic environment, investment decisions are not limited only to employed individuals or business people, but students are also becoming increasingly aware of savings and investment opportunities. The growing accessibility of digital banking, online trading platforms, and financial applications has encouraged young individuals to explore various investment options at an early age.

College students represent an important segment of young investors because their financial attitudes and investment behaviour formed during this stage often influence their future financial decisions. Students today are exposed to different investment avenues such as bank deposits, mutual funds, insurance, stock markets, gold, real estate, and cryptocurrency. However, their investment preferences are shaped by several factors including financial knowledge, family background, income level, risk-taking ability.

## **3. MEANING OF INVESTMENT**

Investment refers to the allocation of money into financial assets or instruments with the expectation of generating future income, profit, or appreciation in value. Investments help individuals increase wealth, meet future financial needs, and achieve financial security.

## **4. INVESTMENTS CAN BE BROADLY CLASSIFIED INTO:**

1. Safe Investments – Savings accounts, fixed deposits, post office schemes.
2. Moderate Risk Investments – Mutual funds, insurance policies.
3. High Risk Investments – Shares, stock markets, cryptocurrency.

## **5. TYPES OF INVESTMENT AVENUES**

### **5.1 Savings Account**

A savings account is the most common and safest form of investment preferred by students. It offers liquidity and low risk.

### **5.2 Fixed Deposit**

Fixed deposits provide fixed returns over a specified period and are considered secure investments.

### **5.3 Mutual Funds**

Mutual funds pool money from multiple investors and invest in diversified financial assets. They provide moderate returns with manageable risk.

### **5.4 Stock Market**

Investing in shares provides opportunities for high returns but involves higher risk due to market fluctuations.

### **5.5 Insurance**

Insurance provides financial protection and long-term savings benefits.

### **5.6 Gold Investment**

Gold is considered a traditional and safe investment option in India.

### **5.7 Cryptocurrency**

Cryptocurrency is a digital investment option that attracts young investors because of high return potential, though it involves high volatility and risk.

## **6. FACTORS INFLUENCING INVESTMENT PREFERENCES**

Several factors influence the investment decisions of college students:

1. Financial literacy
2. Family income
3. Risk tolerance
4. Expected return
5. Safety and security
6. Liquidity needs
7. Influence of parents and friends
8. Availability of investment information
9. Technological accessibility

Students with higher financial knowledge are more likely to explore diversified investment opportunities.

## **7. LITERATURE REVIEW**

<b>Author</b>	<b>Year title of the study</b>	<b>Key Findings</b>
Ramesh	2023 Risk and Return Analysis of Student Investments	The study found that students generally avoid high-risk investment options due to lack of experience, fear of market uncertainty, and limited understanding of financial markets.

Patel	2022 investment Awareness and preferences	The study revealed that mutual funds and bank deposits are becoming increasingly popular among students because of better accessibility, professional management, and moderate returns.
Sharma	2021 Investment Behaviour of Youth	The study found that students mostly prefer low-risk and safe investment options because of limited financial knowledge and fear of loss. Safety and liquidity were identified as the major factors influencing investment decisions among youth.
Kumar & Singh	2020 Financial Literacy among students	Financial Literacy among Students The research concluded that financial literacy has a significant impact on investment decisions. Students with better financial knowledge were more likely to invest in diversified investment avenues such as mutual funds and stocks.

## **8. THEORETICAL FRAMEWORK**

Investment behaviour among college students can be understood through behavioural finance theory, which explains how psychological and emotional factors influence financial decisions. Students often make investment decisions based on personal beliefs, risk perception, peer influence, and financial awareness. The theory suggests that investors are not always rational in making financial decisions. Emotional factors such as fear, confidence, and social influence affect investment choices. Young investors generally prefer investment avenues that provide safety and liquidity because of uncertainty regarding future income.

Financial literacy also plays a significant role in shaping investment behaviour. Students with better knowledge about financial products are more likely to diversify investments and take calculated risks. Investment behaviour among college students can be understood through behavioural finance theory, which explains how psychological and emotional factors influence financial decisions. Students often make investment decisions based on personal.

## **9. NEED FOR THE STUDY**

The study is important because college students are future investors and financial decision-makers. Understanding their investment preferences helps educational institutions, financial advisors, and policymakers promote financial awareness and responsible investment practices. The study also helps identify the level of awareness among students regarding various investment avenues and the factors influencing their decisions.

In the modern financial environment, students are exposed to various investment opportunities through digital platforms, social media, and financial applications. However, many students lack proper knowledge about the risks and returns associated with different investment avenues. This study helps in understanding how students perceive investments and the extent to which they are financially prepared to make investment decisions in the future.

## **10. OBJECTIVES OF THE STUDY**

1. To identify the investment preferences of college students.
2. To analyse the factors influencing investment decisions among students.

3. To understand the investment goals of college students such as savings, wealth creation, and financial security.

### **11. HYPOTHESES OF THE STUDY**

H<sub>0</sub>: There is no significant relationship between financial literacy and investment preferences among college students.

H<sub>0</sub>: There is no significant difference between male and female students regarding investment preferences.

H<sub>0</sub>: Risk tolerance does not significantly influence investment decisions among students.

H<sub>0</sub>: There is no significant relationship between students' income level and their investment preferences.

### **12. RESEARCH METHODOLOGY**

The study adopted a descriptive research design to analyse the investment preferences of college students. Both primary and secondary data were used for the research. Primary data were collected through structured questionnaires distributed to college students, while secondary data were gathered from journals, books, articles, websites, and financial reports. The sample size of the study consisted of 100 college students selected through the convenience sampling method.

The research methodology provides a systematic framework for conducting the study on investment preferences among college students. It helps in collecting, organizing, and analysing data in a scientific manner to ensure accurate and reliable results. The study mainly focuses on understanding students' awareness, attitudes, and behaviour toward different investment avenues and the factors influencing their financial decisions.

### **13. DATA ANALYSIS AND INTERPRETATION**

#### **13.1. Demographic Profile of Respondents**

<b>Variable</b>	<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
Gender	<b>Male</b>	<b>55</b>	<b>55%</b>
Gender	<b>Female</b>	<b>45</b>	<b>45%</b>
Age	<b>18-20 Years</b>	<b>60</b>	<b>60%</b>
Age	<b>21-23 Years</b>	<b>40</b>	<b>40%</b>
Course	<b>UG</b>	<b>70</b>	<b>70%</b>
Course	<b>PG</b>	<b>30</b>	<b>30%</b>

#### **13.2. Preferred Investment Avenues**

<b>Investment Avenue</b>	<b>Percentage of Preference</b>
Savings Account	35%
Fixed Deposit	20%
Mutual Funds	18%
Gold	10%

Stock Market	9%
Insurance	5%
Cryptocurrency	3%

The analysis indicates that savings accounts and fixed deposits are the most preferred investment avenues among students because of safety and low risk.

### **13.3. FACTORS INFLUENCING INVESTMENT DECISIONS**

<b>Factor</b>	<b>Mean Score</b>
Safety	<b>4.5</b>
Expected Return	<b>4.2</b>
Liquidity	<b>4.0</b>
Risk Level	<b>3.9</b>
Family Influence	<b>3.7</b>
Financial Knowledge	<b>4.1</b>

Safety and expected returns are the major factors influencing investment preferences.

### **14. FINDINGS OF THE STUDY**

1. The study found that most college students prefer low-risk investment options such as savings accounts and fixed deposits because they provide safety and stable returns. Students are generally cautious while investing their money due to limited income and lack of experience in financial management.
2. Financial literacy plays an important role in shaping investment awareness among students. Students who possess better knowledge about finance, banking, and investment concepts are more confident in making investment decisions and exploring different investment avenues.
3. Male students show slightly higher interest in stock market investments compared to female students. However, female students are more inclined toward secure and risk-free investment options that ensure financial stability and protection of capital.
4. The study identified that many students prefer investing in bank-related financial products because they are easy to understand and involve lower financial risk. Safety, liquidity, and guaranteed returns are the major reasons behind their preference for traditional investment methods.
5. It was observed that students with higher monthly income or part-time earnings show greater interest in investing in mutual funds, stocks, and digital investment platforms. Availability of disposable income positively influences investment behaviour.
6. Social media, family members, and friends significantly influence the investment decisions of college students. Many students gain basic financial knowledge through online platforms, financial influencers, and peer discussions.
7. disciplines. Educational background has a strong impact on investment knowledge and confidence.

### **15. SUGGESTIONS**

1. Colleges should conduct financial literacy programmes and investment awareness workshops.
2. Students should be encouraged to develop savings habits from an early age.
3. Financial institutions can provide simplified investment guidance for young investors.
4. Awareness regarding diversified investment options should be improved.

5. Colleges can introduce basic financial education subjects or certificate courses to improve students' practical knowledge about investment and money management.
6. Financial institutions should create student-friendly investment schemes with low minimum investment amounts to encourage early investment habits among young people.
7. Workshops on stock market operations, mutual funds, and digital investment platforms should be organized regularly to improve practical exposure among students.
8. Parents should motivate students to maintain personal savings and guide them in making responsible financial decisions from a young age.
9. Government and educational institutions can collaborate to promote financial awareness campaigns among college students through seminars, webinars, and training programmes.
10. Students should be encouraged to diversify their investments instead of depending only on savings accounts or fixed deposits, as diversification helps reduce financial risk.

## **16. CONCLUSION**

The study concludes that college students primarily prefer safe and low-risk investment avenues due to limited income and financial uncertainty. Financial literacy, safety, expected returns, and family influence are the major factors affecting investment decisions. Although students are gradually becoming aware of modern investment avenues such as mutual funds and stock markets, their participation remains limited because of lack of experience and fear of risk. The study highlights the importance of financial education in improving investment awareness and developing responsible financial behaviour among students. Proper financial guidance and educational programmes can help students make informed investment decisions and achieve long-term financial security.

The study on investment preferences of college students concludes that students are becoming increasingly aware of the importance of savings and investment in achieving financial stability and future security. Most college students prefer safe and low-risk investment avenues such as savings accounts, fixed deposits, and recurring deposits because of their limited income, lack of practical experience, and fear of financial loss. Safety of investment, expected returns, liquidity, and family influence are identified as the major factors affecting investment decisions among students.

The study also reveals that financial literacy plays a significant role in shaping students' investment behaviour and confidence. Students who possess better knowledge about financial concepts, banking services, and investment opportunities are more willing to explore modern investment avenues such as mutual funds, stock markets, and systematic investment plans. However, many students still hesitate to invest in high-risk options due to inadequate awareness and insufficient guidance regarding market fluctuations and risk management.

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