

## Understanding the Buying Behavior of Potential Customers for Financial Products

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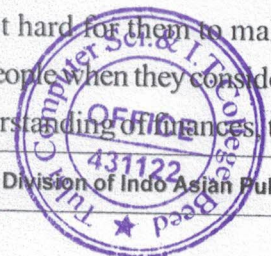
### ABSTRACT

*These studies we are observe the people in India how is a financial product choosing. As more investment options become presented, it's important for financial companies to understand what affects customer decisions. We at feature like how much people know about finances, the digital technology is very risk for the trust in financial companies. We collected data through surveys and interviews with potential investors. Our findings show that having a good understanding of finances helps people make better choices. Trust in financial companies is also very important; if customers don't trust a company, they are less likely to advance. Additionally, online platforms are increasingly influencing customer decisions.*

**Keyword :** Buying Behavior, Financial Products, Trust, Marketing Influence, Barriers to Purchase.

### Introduction:

There are many people choosing for saving accounts, mutual funds, insurance, and stocks. People who want to buy these goods often don't know which ones to choose, though they are important for managing money and planning for the future. In India, the financial market is growing fast, with more choices available due to technological advancement and government support. However, many individuals still hesitate to invest because they are either unaware or lack information. This uncertainty can make it hard for them to make good financial decisions. This paper will explore what influences people when they consider buying financial products. We will look at factors such as their understanding of finances, their comfort



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risk and their trust in financial companies. By understanding these factors, financial institutions can improve their products and marketing to help more people feel confident in their investment choices.

**Consumer Behavior Theories:**

some research alert on consideration why are people purchase. The Consumer Decision-Making Process goes through the theories like how to select the product. The buying decision attention to the processes and position and control.

**Financial Literacy Movement:**

A few years ago, financial literacy became important because more people realized that knowing about money is important for making smart choices.

Studies show that people with better financial knowledge tend to make wiser investment choices. This has led to efforts to educate consumers about financial products.

Trust in Financial Services: We are selecting to the how people choose financial products. After financial crises, many consumers became more cautious and needed assurance that institutions be regular. Building trust through intelligibility and experience is important for be a focus for customers.

**Influence of Marketing and Social Networks:**

The depending upon marketing plan to power buying behavior. Effective advertising can raise awareness and shape opinions about financial products. Additionally, people often seek advice from friends and family, making personal recommendations very powerful in their decision-making.

**Emerging Markets and Changing Dynamics:**

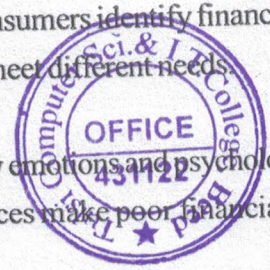
In developing countries, the landscape of financial products is changing. Increased access to the internet and mobile technology has empowered consumers, but many still face challenges like unfamiliarity with products and concerns about hidden fees. Understanding the unique buying behaviors of these consumers is vital for financial institutions.

**Cultural Factors:**

There are different cultures have changeable feelings on the way to money and investment. These cultural differences influence how consumers identify financial products, and understanding these factors helps tailor offerings to meet different needs.

**Behavioral Finance Insights:**

This type people Behavioral finance thinks at how emotions and psychological factors affect financial decisions. Sometimes people why choices make poor financial and fear of



losing money.

**Literature Review:**

Kumar and Singh (2021) studied the connection between financial literacy and perception. They found that when investors have a better understanding of finance, they are more confident about taking risks, which encourages them to invest more actively. Ghos Choudhury (2020) support this by showing that financial literacy improves the quality of investment choices.

Sharma and Mehta (2019) looked at various factors that affect investment decisions such as personal financial goals and market conditions. They emphasized that both emotional and external situations play important roles in how people decide to invest. Rai and (2018) focused on consumer behavior regarding financial products, finding that personal attitudes significantly shape investment preferences.

Verma and Kumar (2017) highlighted the role of trust in financial services. Their research showed that when investors trust financial institutions, they are more likely to invest. This trust is crucial for encouraging participation in the market.

Joshi and Singh (2016) examined how socioeconomic factors like age, income, and education influence investment decisions. They discovered that these factors create different investment profiles, affecting how individuals approach investing. Mishra and Kumar (2018) added to this by discussing how psychological aspects related to socioeconomic background can lead to different investment outcomes.

Chakraborty and Ghosh (2014) studied risk aversion, explaining that individuals who are more cautious tend to choose safer investments, while those who are comfortable with risk are more likely to invest in higher-risk options. Singh and Gupta (2000) provided foundational insights into the investment behaviors of Indian households, illustrating how cultural and economic factors play a role.

Finally, Bhattacharya and Bhattacharya (2013) emphasized the importance of financial literacy, showing that it directly impacts the investment decisions of Indian households. Their findings suggest that improving financial education can lead to better investment outcomes.

In conclusion, the research shows that financial literacy, trust, socioeconomic factors, and psychological influences are all important in shaping how Indian retail investors make investment decisions. Understanding these factors can help educators, policymakers, and financial institutions promote better investment practices and enhance financial literacy among the general population.



**Research Methodology:**

This study aimed to understand the buying behavior of potential customers for financial products. The research methodology consisted of some key components:

**Research Design:**

A quantitative research design was employed to gather numerical data that could be analyzed statistically. This approach was chosen to identify patterns and relationships among various factors influencing buying behavior.

**Population and Sample:**

The target population included potential customers of financial products in India. A sample of 300 respondents was selected using a convenience sampling method. The sample included individuals from diverse age groups, income levels, and educational backgrounds to ensure a comprehensive understanding of the market.

**Data Collection:**

Primary data were collected using a structured questionnaire designed to assess various factors influencing buying behavior. The questionnaire included sections on:

**Data Analysis:**

The collected data were analyzed using statistical software. Descriptive statistics summarized demographic information, while correlation and regression analyses were conducted to examine the relationships between financial literacy, trust, marketing influence, peer recommendations and buying behavior.

**4. Analysis and Discussion:**

The analysis of the study on the buying behavior of potential customers for financial products involved a detailed examination of the data collected from the structured questionnaire. The following statistical techniques were employed:



**Demographic Information:**

Demographic Variable	Percentage (%)
<b>Age Distribution</b>	
18-25 years	25%
26-35 years	35%
36-45 years	20%
46 years and above	20%
<b>Income Levels</b>	
Below 25,000	30%
25,001 - 50,000	40%
50,001 - 75,000	20%
Above 75,000	10%

Calculation:

Age Distribution: To find the number of people in each age group:

$$\text{Number of People in Age Group} = \frac{\text{Percentage}}{100} \times \text{Total Population}$$

For each age group:

1. 18 - 25 years (25%):  $= \frac{25}{100} \times 1000 = 250$  People
2. 26 - 35 years (35%):  $= \frac{35}{100} \times 1000 = 350$  People
3. 36 - 45 years (20%):  $= \frac{20}{100} \times 1000 = 200$  People
4. 46 years and above (20%):  $= \frac{20}{100} \times 1000 = 200$  People

**Income Levels:**

To find the number of people in each income group:



**1. Coefficient ( $\beta$ ):**

Coefficient ( $\beta$ ) measures the strength and direction of the relationship between each factor and the dependent variable.

Positive values indicate a positive relationship: as the factor increases, the dependent variable increases.

**2. Significance (p-value):**

The p-value indicates the statistical significance of the factor's impact on the dependent variable.

A p-value less than 0.05 shows that the factor has a statistically significant effect on the outcome.

The lower the p-value, the stronger the statistical significance.

**Common significance thresholds:**

$p < 0.001$  (very strong significance)

$p < 0.01$  (strong significance)

$p < 0.05$  (significant)

**Barriers to Purchasing Financial Products:**

Barrier	Percentage (%)	Number of People (out of 100)
Lack of Awareness	35%	350
Fear of Hidden Costs	25%	250
Previous Negative Experiences	20%	200
Complexity of Financial Products	15%	150
Other	5%	50

**New Results:**

The study explored what influences people when they buy financial products and found some important insights. Most respondents were between 26 and 35 years old and earned between ₹25,001 and ₹50,000, indicating that young to middle-aged working adults are a key group. The results showed that people with more financial knowledge are more likely to invest in financial products. Trust in financial institutions is also very important; those who trust the banks or financial services are more willing to consider their products. Also, good online



marketing can strongly influence customers, and many people rely on recommendations from friends and family when making decisions. However, some barriers were identified, such as not knowing enough about financial options and worrying about hidden costs.

#### **Conclusion:**

##### **1. Age Distribution:**

1. The largest group of people (35%) is between 26-35 years, which indicates that a significant proportion of respondents are in their prime working age.
2. The younger group (18-25 years) also makes up a large portion (25%), showing engagement from the younger population.
3. The remaining people are evenly distributed across the older age groups (36-45 and 46+ years, both 20%).

##### **2. Income Levels:**

1. The majority of people (70%) have an income below ₹50,000, with 40% earning between ₹25,001 and ₹50,000.
2. A small portion of the population earns a higher income, with only 10% earning above ₹75,000.

This analysis suggests that the population consists largely of younger adults with middle to lower income levels. This insight can help target programs, services, or marketing efforts toward the dominant age and income groups.

1. Lack of Awareness is the most significant barrier, affecting 35% of respondents (or 350 people). This suggests that many individuals do not have enough knowledge about financial products.
2. Fear of Hidden Costs is another major barrier, impacting 25% of respondents (250 people). This indicates that people are concerned about potential undisclosed charges or fees.
3. Previous Negative Experiences affect 20% of people (200 respondents), showing that negative past encounters with financial products have deterred future purchases.
4. Complexity of Financial Products poses a challenge for 15% of respondents (150 people), indicating that the complexity or difficulty in understanding these products discourages some potential buyers.
5. Other factors contribute to the hesitation of 5% of respondents (50 people), covering less common or unspecified reasons.



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