

**A STUDY ON PSYCHOLOGICAL FACTORS AFFECTING  
DAILY LIFE FINANCING DECISIONS**

**Project Report**

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Under the guidance of

**Ms. AGLIN M V**

In partial fulfilment of requirements for award of the degree of

**Bachelor of Commerce**



**ST. TERESA'S COLLEGE (AUTONOMOUS), ERNAKULAM**

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**ST. TERESA'S COLLEGE (AUTONOMOUS), ERNAKULAM**

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## **CERTIFICATE**

This is to certify that the project report titled **"PSYCHOLOGICAL FACTORS AFFECTING DAILY LIFE FINANCING DECISIONS"** submitted by **RHEMA ANNA TENNY, SANJANA SAJEEV, SREELAKSHMI K J** towards partial fulfilment of the requirements for the award of the degree of **Bachelor of Commerce** is a record of Bonafide work carried out by them during the academic year 2024 – 2025.

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## **DECLARATION**

We, **RHEMA ANNA TENNY, SANJANA SAJEEV, SREELAKSHMI K J**, do hereby declare that this dissertation titled, **“PSYCHOLOGICAL FACTORS AFFECTING DAILY LIFE FINANCING DECISIONS”** has being prepared by us under the guidance of **Ms. Aglin M V**, Assistant professor, Department of Commerce, St Teresa’s College, Ernakulam.

We also declare that this dissertation has not been submitted by us fully or partly for the award of any Degree, Diploma, Title or Recognition before.

**Place: Ernakulam**

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**Date: 28/03/2025**

**Sanjana Sajeev**

**Sreelakshmi K J**

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**Rhema Anna Tenny**

**Sanjana Sajeev**

**Sreelakshmi K J**

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# **CHAPTER 1**

## **INTRODUCTION**

## **1.1 INTRODUCTION**

Being informed about fundamental financial convention is essential for making wise decisions in financial planning. This study shows the relationship between psychological factors (emotions, cognitive biases, and social factors) that affect routine financing decisions. This can be projected by analysing the psychological factors stated earlier, that affect budgeting, saving, spending and investing, we aim to uncover the underlying mechanism that drive financial decision making. The result of this research will not only develop our comprehension of personal finance but also provide guidance for policy making and increase financial knowledge.

An Individual's financial security and the ability to make decisions in the present and future are gauged by their level of financial well-being. The best possible and trustworthy approach to measure the idea is through the perception of financial well-being. The financial well-being of an individual is more affected by psychological characteristics than by demographic, social, or economic ones, according to a review of the research on the topic. These psychological factors needed further investigation for identification of specific psychological factors affecting financial well-being. This study attempted to analyse empirical and scholarly research findings.

Financial knowledge is crucial for managing personal finance, daily life finance, planning for future etc. Financial knowledge is the foundational element of financial literacy. It encompasses and understanding key financial concepts, principles and information necessary to make informed and effective financial decisions.

Our everyday decision-making is greatly impacted by finance, which determines how we allocate our resources and rank our requirements. Whether we're budgeting for groceries, choosing a big purchase, or making future plans, knowing the fundamentals of finance enables us to weigh our alternatives, identify dangers, and make wise decisions. We may maximize our spending and savings by utilizing ideas like opportunity cost and cost-benefit analysis, which will ultimately result in increased financial stability and the accomplishment of our long-term objectives. Our daily financial decisions are significantly influenced by psychological factors. Our attitudes toward money, influenced by upbringing, personal experiences, and societal norms, can impact how we save, spend, and invest. For instance, fear of loss may lead to overly conservative investment strategies, while a desire for instant gratification can result in impulsive spending. Cognitive biases, such as overconfidence or anchoring, also affect

our perceptions of value and risk, influencing decisions about purchases and savings. Understanding these psychological influences is crucial for developing better financial habits, as it allows individuals to recognize and It is crucial to comprehend these psychological aspects in order to enhance decision-making and financial literacy. People can create plans to reduce irrational decisions by realizing the emotional and cognitive factors that shape our actions. For instance, making a budget can assist prevent impulsive purchases, and establishing specific financial objectives can help decision-makers match actions to long-term objectives.

## **1.2 SIGNIFICANCE OF THE STUDY**

It is important to research how psychological variables affect daily financial decisions for a number of reasons. This research focuses on the ways in which psychological biases and heuristics financial choices. This contributes to a better understanding of behavioural economics, which combines psychological understanding into economic theories. A better understanding of psychological variables enables the development of educational facilities and their interventions that are specially designed to address specific or particular cognitive biases, like loss aversion or overconfidence.

By addressing psychological factors, we can empower individuals to achieve more reasonable choices, leading to better financial stability, which directly or indirectly helps us to enhance financial literacy. Mental health and finances are intimately related. Stress, anxiety, and other emotional states can be considered as potential psychological factor which may result in mental health interventions implementation.

Making better financial decisions can improve life quality overall by lowering financial stress and making a positive contribution to a sense of control and stability.

## **1.3 STATEMENT OF THE PROBLEM**

This research aims to investigate the important influence of psychological variables on people's daily financial decisions. Many people find it difficult to make wise financial decisions in spite of the wealth of financial tools and information accessible. These decisions are frequently impacted by societal pressures, emotions and cognitive biases. These psychological factors may influence people's financial well being in the long run by causing irrational spending, bad saving habits and insufficient investing strategies. It is essential to comprehend how these elements influence decision making processes in order to create tactics that effectively raise financial literacy and encourage people to make better financial decisions.

## **1.4 OBJECTIVES**

1. To identify key psychological factors that impact daily financial decisions.
2. To analyze how psychological factors vary among different demographics (age, income, education)
3. To assess the relationship between psychological traits and financial behaviors.

## **1.5 LIMITATIONS**

1. Social desirability or lack of self awareness may cause participants to report their activities or opinions inaccurately.
2. The study includes limited sample size and does not cover everyone.
3. The findings might quickly become irrelevant as financial situations change quickly.
4. The study won't show how financial decisions change over the years as it looks at one point in time.
5. The project is limited to the knowledge of the researcher.

## **1.6 SCOPE OF THE STUDY**

The scope of study on psychological factors affecting daily life financing could include how psychological traits ( e.g.: overconfidence, loss of aversion ) influence financial decision making, analyzing how emotions(anxiety, stress, and happiness) impact on budgeting and spending habits and a gauge into the role of knowledge and understanding of financial concepts on a person's financial behavior. The research may offer an in-depth understanding on how psychological factors influence everyday financial habits by investigating these elements.

## **1.7 RESEARCH METHODOLOGY**

Research methodology means a systematic process and procedure use to collect, analyse and interpret data in research. To investigate a particular problem or hypothesis, the research follow some theoretical framework and practical steps. There is a drastic difference between research method and research methodology. All the methods or techniques that used in the research process. Research methodology is a wider concept. It forms a base for every research consists of the theoretical basis as well as the actual

steps that researchers take to dive into a particular problem or theory. These are the main elements:-

**1. Data collection methods:** -The question “how to collect data “for the study plays a vital role in research process. This study makes use of primary source of data. The information that is collected first hand for study is called primary data. It is the original data which has not been analysed or gathered before. Primary data can be obtained through various methods such as surveys, questionnaire, interviews observation. Here we have chosen questionnaire method, as it is easier to obtain data.

**2. Research design:-** This point out the overall strategy for conducting the research. The sampling technique used for this study is convenience sampling. It is a non profitability sampling method that helps in selecting the members of target population who are easier for the researcher to access. The attractive part of convenience sampling are that is cheap, efficient and simple to implement. By this method, the collection of data will be much easier.

**3. Population:** Population considered under the study is limited to the residents of Kochi.

## **1.8 KEYWORDS**

**1. Psychological Factors:** Psychological factors refer to the cognitive, emotional, and social influences that affect individuals’ financial decisions and market behaviour. These factors often lead to irrational financial choices, impacting investment strategies, market trends, and economic outcomes.

**2. Financial Behaviours:** Financial behaviour refers to the decision-making processes, habits, and actions individuals or organizations take regarding money management, spending, saving, investing, and borrowing.

**3. Cognitive Bias:** Systematic error in thinking that affects the decisions and judgments people make. These biases arise due to mental shortcuts (heuristics), emotions, and social influences, leading to irrational or suboptimal choices.

**4. Overconfidence Bias:** over exaggeration of knowledge and ability to predict market fluctuations by investors.

5. **Confirmation Bias:** Seeking information that supports pre-existing beliefs while ignoring contradictory evidence.
6. **Loss Aversion:** Fear of losses leads investors to avoid risks, even when potential gains outweigh them.
7. **Anchoring:** Relying too much on initial information (e.g., stock price history) when making decisions.
8. **Risk Aversion:** Financial and psychological concept where individuals prefer lower-risk options, even if higher-risk alternatives offer potentially greater rewards.

## **1.9 CHAPTERISATION**

### **Chapter 1- Introduction**

This chapter contains a brief introduction of the topic, its scope and significance, methodology adopted, objectives and limitations of the study.

### **Chapter 2 – Literature review**

This chapter deals with the details of past studies conducted by researchers relating to the topic under study.

### **Chapter 3 – Theoretical Framework**

This chapter deals with theoretical works relating to the topic under study “Psychological factors affecting daily life financing decisions.”

### **Chapter 4 – Data Analysis and Interpretation**

It includes analysis and interpretation of primary data collected using tables and charts.

### **Chapter 5 – Conclusion (Summary, Findings and Recommendations)**

This chapter shows the summary of the study, findings, recommendations and conclusion.

## **CHAPTER 2**

### **LITERATURE REVIEW**



1. **AFM JALAL AHAMED & YAM B LIMBU (2024):** The study included the first comprehensive analysis and collection of the research data on financial anxiety. Depending on the field of study, financial worry is defined differently. Many antecedents were found, including family history, personality traits, mental health, and socio demographic characteristics (e.g., gender, age, income, race, etc.). Financial worry has detrimental effects on one's physical and mental well-being, interpersonal relationships, career outcomes, and more.
2. **Hersh Shefrin (2024, Feb. 15):** Greed and fear are not the primary emotion that determine risk taking behavior, but hope and fear. To overcome this fear, one has to understand the mistakes they made behind financial decisions. People use to make decision and judgments quickly. This leads to errors in judgements which are also known as 'heuristic – driven bias' in behavioral psychology.
3. **Aamir Sarwar, Ghadeer Afaf, Congent Business and Management (2016):** The purpose of this study is to understand and determine the difference between the effects of psychological and economic factors on individual investors' decision-making. Factor analysis was applied to find out the major contributing components of psychological and economic factors. Finding's show that there is a significant relationship of psychological and economic factors with individual investors' decision-making.
4. **AB Imasheva, AM Kim The Journal of Psychology & Sociology 59 (4), 2016:** In all countries, a pressing issue was the problem of teaching the basics of financial literacy of the population. Dynamic changes in the economic environment, especially regarding financial markets, cause the necessity to develop financial skills of societies. Improving the financial literacy of the population has become one of the most urgent problems of modern society. Currently, the importance of financial education has increased significantly for two main reasons: 1) the responsibility and the risk of making decisions that can have a serious impact on the lives and the future of each individual, are transferred from the state to citizens; 2) financial services, government support are becoming more diverse, which means that you must make a difficult choice from a wide selection of options. Financial literacy gives people the knowledge, understanding, skills, and confidence to enable them to make financial decisions and take actions that are most appropriate in any given situation.

- 5. Hasrita Lubis, M Dileep Kumar, P Ikbar and Saqib Muneer (2015):** Role of Psychological Factors in Individuals Investment Decisions” In this study the author identifies the psychological factors that influence investment decision which are discussed with three dimensions (risk, repay and corporate data). It identifies that over confidence; loss aversion and herd behavior are some of the important psychological factors leading to investment decisions that are not optimal. The study employs a qualitative research method. It also revealed that other behavioral and psychological factors such as personality and defense mechanism have impact on financial behavior. Primary data was used to collect data from a sample of 320 participants. The participants of the study were private and public bank customers. Through the findings it was found that there is a significant relationship between risk criterion and personality. By integrating insights from psychology and finance individuals can improve their investment strategies.
- 6. Hasrita Lubis, M Dileep Kumar, P Ikbar, Saqib Muneer International Journal of Economics and Financial Issues (2015):** In this study, the authors intend to identify psychological factors that could influence the criteria for investment decisions, which are discussed with three dimensions (risk, repay, and corporate data). With regard to this aim, the criteria for investment decision were examined through defense mechanisms, personality traits, emotional intelligence, and financial literacy.
- 7. Johannes Haushofer, Ernst Fehr, (2014):** One of the most prominent consequences stressing the world is poverty: the mechanism through which poverty arises without any change is not understood properly. The studies show that poverty causes stress and anxiety which may even lead to short sighted and risk adverse decision making possibly by limiting attention and flavoring habitual behavior for goal achievers. Consequently, these relationships may contribute to a feedback loop the in turns results in perpetuation of poverty. Theories of poverty typically fall into one of two main groups: whether poor people’s actions are representations of the best decisions they can make under challenging circumstances, or they are a consequence of a unique ‘culture of poverty’ built on deviant ideals.

- 8. Gulnur Muradgolu, Nigel Harvey (2012):** Behavioral Finance: The role of Psychological Factors in Financial Decisions” This paper examines how psychological factors influence individual and market investment decisions. It also challenges the rationality assumptions of traditional economics. The authors discuss about the key concepts in behavioural finance like cognitive biases, emotional influences which can lead to various financial mistakes including overconfidence and loss aversion. Understanding these psychological factors enhances financial management decisions at both individual level and market conditions. The study also provides investors, regulators and policy makers with a more behavior by fusing insights from psychology with financial theories.
- 9. A. Greenberg, Hal E Hershfield (2011):** Financial Decisions along with other significant decisions have long term effects on consumer wellbeing. It summarizes contemporary literature on financial decision through financial well being. The findings show that investors tend to fear losses more than gains and emotional factors can significantly impact investment decisions. Common biases that can lead to poor investment have also been identified. The study shows the importance of fairness, future outcomes and cognitive biases in shaping behaviors
- 10. Shalini Kalra Sahi's:** literature review on psychological biases of individual investors and their financial satisfaction examines the role of cognitive biases in shaping financial decision-making and overall satisfaction with investment outcomes. The review highlights that biases such as overconfidence, loss aversion, mental accounting, and herd behavior significantly influence investors' choices, often leading to suboptimal financial decisions. Overconfidence, for example, may result in excessive risk-taking or overtrading, while loss aversion can cause investors to hold on to losing investments longer than is rational. Herd behavior further exacerbates these tendencies, leading individuals to follow the crowd rather than make independent, informed decisions. The literature also suggests a strong link between these psychological biases and financial satisfaction. Investors who fall prey to biases may experience lower returns and heightened stress, negatively impacting their overall sense of financial well-being. The review emphasizes the importance of understanding these biases to improve financial literacy and investment outcomes. Sahi reviews various studies that use both qualitative and quantitative methods to

assess the effects of psychological biases on individual investors. Quantitative approaches include surveys and experimental designs, often with sample sizes ranging from 200 to 500 participants. These studies typically focus on collecting data about investor behavior, decision-making processes, and levels of financial satisfaction. Some research also includes interviews and case studies to provide deeper insights into how biases manifest in real-world investment practices. The review ultimately underscores the need for investors to be aware of these biases and the potential benefits of interventions, such as financial education or decision aids, to mitigate their impact. Understanding these psychological factors can lead to better investment strategies and greater financial satisfaction in the long term.

**11. Jing Jian Xiao, Jeffrey P. Dew:** Few behavioral financial management scales that are simultaneously multifaceted; psychometrically verified, and validated with nationally representative data are available, considering the fact that study on financial control behavior is popular. This study developed a new scale assessing financial management behaviors and assessed its psychometric features using data from a nationally representative population of people. The FMBS accurately predicted participants' real savings and consumer debt levels and had a strong correlation with additional measures of budgeting practices. Although the subscales require enhancement, these results suggest that the overall FMBS is a valid and credible indicator of financial management skills. Individuals may perceive money management and consumption as two separate domains. Only money management-related activities that do not involve spending behavior may be important to financial management habits. A clear hierarchy of managing finances strategies was another finding that did not come through. The other behaviors—insurance, cash management, and debt management—were practiced at about the same level, although the reality as preserves and invest had the lowest mean and were typically practiced by the least humans.

**12. Mikhail Gnevanov, Maria Nikolaevna Chernikova, Tatyana Vyacheslavovna Vetrova, Sergey Nikolaevich Kosnikov, Alexander Vladimirovich Grigoriev, Marina Mikhailovna Krekova:** The article examines the psychological foundations of decision-making in the field of financial activity. One's own awareness of the process of the need to organize financial control for oneself as such is more effective than other borrowed strategies. Having come to the conclusion that it is necessary to

control their financial income and expenses, a person can create a system for himself that will allow him to form his own budget, make financial decisions in a timely and competent manner, as well as develop his own financial behavior strategy that makes it possible to build a progressively developing system of expenses and financial income.

## **CHAPTER 3**

### **THEORETICAL FRAMEWORK**

## **INTRODUCTION**

Financial decision making is a critical aspect of everyday life. To understand the psychological factors that drive daily financial decisions is critical for grasping how individuals manage their finances. Most choices made about spending, saving, investing or borrowing money are influenced by emotional responses, cognitive biases, social influences and past experiences. Some factors like emotions, cognitive biases and personal experiences significantly shape everyday financial decisions. For example, emotions such as fear, excitement can lead to impulsive spending or avoiding beneficial investments. These factors often create challenges to individuals to make financially sound decisions in their daily lives. Financial stress and past experiences also play a role in shaping attitudes towards money. By recognizing these psychological factors, individuals can become better aware of their financial habits in order to make more conscious financial decisions.

## **FINANCING DECISION**

Financing decisions is about how individuals raise and manage money to meet their financial goals and obligations. It involves managing their personal funds whether to borrow or invest, savings and investment plans for future goals. It is an act of making choices about the allocation of finance resources.

These decisions can be broadly classified into the following:

- **Spending Decision** - The choices individuals make on how to spend their money. It involves daily expenditures like purchasing goods or services.
- **Saving Decision** - It means setting aside income for future use or investing in assets. Saving is generally low risk and also the interest on savings account is low. It helps to meet unexpected expenses, meet short term goals and for future needs, such as retirement or emergency fund.
- **Borrowing Decisions (Debt Management)**- One of the primary financing decisions is whether to borrow money, if so which type of credit is appropriate. It is concerned with taking out loans or credit, mostly to finance larger purchases. Effective credit management is essential to avoid debt accumulation. Interest rates, repayment terms and creditworthiness are to be considered.

- **Investment Decisions-** It involves how individuals finance their investments through purchase of stocks, bonds or other long-term assets. These decisions depend on risk, tolerance and expected returns.
- **Risk Management Decisions-** Personal financing decisions must account for financial risk, interest rate risk and personal risk. Insurance and other mechanisms can be used to protect financial assets.
- **Credit Management-** Financing decisions include how to use credit wisely whether through credit cards, personal loans. Individuals can maintain or improve their credit score using responsibly. These decisions are highly influenced by psychological factors like cognitive biases, emotions, social norms etc.

## **PSYCHOLOGICAL THEORIES**

### **\* Cognitive Biases:**

\* **Anchoring Bias:** The tendency to rely too heavily on the first piece of information encountered. Anchoring bias can be used in selling real estate, which can be difficult to price exactly. The seller might price the property higher than they believe it's worth, and the buyer will make an offer based on the anchor price.

\* **Availability bias:** Having the tendency for exaggerating the odds of easily remembered incidences is known as the availability heuristic. Because it makes an inference that information that is easier to recall is more probable to occur, the availability heuristic could end up in systematic biases. This may result in inaccurate judgments and poor choices.

\* **Confirmation bias:** Confirmation bias is the tendency to look at information that supports already existing opinions. By ignoring information that contradicts your existing views, mental models, and hypotheses, the Confirmation Heuristic causes you to look for evidence that supports them.

\* **Loss Aversion:** The tendency to favor avoiding losses above obtaining similar benefits is known as loss aversion. People are more likely to feel the anguish of loss than the joy of gain. Loss aversion could have an adverse effect on long-term investment efficiency. Investors may use unduly restrictive strategies that limit possibilities for expansion.



\*Overconfidence bias: propensity to overestimate one's abilities or knowledge is known as the overconfidence bias. Overconfidence bias in finance and investing can result in trading, under-diversification, and excessive risk-taking, among other problems.

**\*Behavioral Economics:**

\* Mental Accounting: Financial institutions may encourage fiscal responsibility by utilizing mental accounting bias. Banks may, for example, issue savings accounts with higher rates of interest on specific kinds of transactions. A tendency to separate decisions regarding saving and spending into distinct mental accounts.

\* Present Bias: The tendency to give preference to short-term gains over long-term ones is called present bias . It indicates the Inclination to put greater importance on immediate results while placing fewer value on long-term effects. A preference towards short-term investments with instant earnings over investments that last with higher returns could arise from present bias.

\* Default Bias: The tendency to stick with the default option is called default bias. People prefer to carry on behaving as they have always done even when the circumstances that might influence their decisions change. Repeat choices / purchases often become automatic because default choices don't involve much mental (cognitive) effort.

\* Social Proof: social proof defines influence of social norms and peer behavior on decision-making. People assume that the actions of others reflect the correct behavior. Social proof is a powerful tool in behavioral economics, especially in online marketing.

**Additional Considerations:**

**\* Personality Traits:**

\* Impulsivity: The tendency to act on impulse without considering the consequences is impulsivity. It is a key concept in understanding human behavior and decision-making, particularly in areas like consumption, savings, and investment. Impulsive spending can lead to excessive debt and financial instability.

\* Self-Control: Self- control defines the capacity to resist short term impulses and temptations for attaining long term goals. The tendency that tempt people not to act with the aim of their long-term goals because of less self- control is called self -control bias.

\* **Risk Tolerance:** Based on behavioral economics, a person's risk tolerance is the degree of uncertainty they are willing to accept in order to attain a desired result. Besides social and economic preferences, it is an essential component of risk preferences. It describes a person's readiness to put forward uncertainty or possible loss in return for possible gain. While both fields acknowledge the significance of willingness to take risks, behavioral economics provides a more advanced approach by taking into consideration cognitive and psychological aspects that affect judgment.

\* **Anxiety and Stress:** Behavioral economics studies exactly how stress and anxiety may affect a person's competitive self-confidence and decision-making. Stress can make individuals who have low anxiety become overconfident and people with high anxiety become under confident. Because stress is linked to increased brain responses, it can heighten loss aversion. However, altering one's perspective could lessen resistance to loss.

\* **Happiness and Well-being:** Happiness economics acknowledges that, in addition to indicators like work, education, and health care, happiness and well-being are significant outcome metrics. There is a strong correlation between happiness and other significant outcomes like productivity and health. Governments are increasingly adopting national wellness as a supplement for national revenue when evaluating standards of living.

## **Psychological factors which affect daily life financing under different demographics**

### **1. AGE:**

Psychology plays a significant role in how individuals of different age groups make financial decisions. Here's a breakdown:

#### **Young Adults (18-30)**

\* **Risk Tolerance:** Often higher risk tolerance due to a longer investment horizon and a greater focus on long-term growth.

\* **Emotional Decision-Making:** Can be influenced by emotions like excitement and fear, leading to impulsive purchases or risky investments.

\* **Present Bias:** Tendency to prioritize immediate gratification over long-term financial goals.

### Middle-Aged Adults (31-50)

- \* Financial Responsibility: Increased focus on financial security, retirement planning, and providing for family.
- \* Risk Aversion: Risk tolerance may decrease as they approach major life milestones like buying a home or raising children.
- \* Experience: Benefit from past financial experiences and may make more informed decisions.

### Older Adults (51+)

- \* Risk Aversion: Generally, more risk-averse due to a shorter investment horizon and a greater focus on preserving wealth.
- \* Cognitive Decline: Age-related cognitive decline can impact decision-making abilities, making them more susceptible to scams or poor investment choices.
- \* Legacy Planning: May focus on estate planning and passing wealth to future generations.

### Key Psychological Factors Across All Age Groups:

- \* Loss Aversion: The tendency to feel the pain of a loss more strongly than the pleasure of an equivalent gain.
- \* Framing Effects: How information is presented can influence decision-making.
- \* Cognitive Biases: Mental shortcuts that can lead to irrational or biased decisions.

It's important to note that these are general trends and individual experiences can vary greatly. Financial literacy programs and education can help individuals of all ages make more informed and rational financial decisions.

## **2. GENDER:**

Psychological factors significantly affect how individuals make financial decisions. As a result of these psychological factors there arises differences between genders while making financial decisions. The following is the breakdown of how psychological factors influence daily financial decisions among different genders:

## 1. MALE

- Risk aversion and risk taking behavior

Men are inclined to take risks. They are more likely to invest in stocks or make high stakes financial decisions, believing to get higher potential rewards.

- Emotional Decision Making

Men also experience emotions in financial decisions and they tend to place more value in logical and immediate outcomes such as maximizing return on investment. They may also be engaged in financial risk taking as a form of status.

- Financial confidence

Normally men have a higher level of financial confidence. They might feel more competent in handling finances, and this leads to more assertive decision making.

- Money management and spending behavior

Men are more likely to engage in big spending decisions, like purchasing cars or making major investments. They are more inclined to spend on personal or leisure items.

- Long term and short-term focus

Men would normally appear for a short-term focus, for immediate returns or gratification. They seek to achieve for faster financial gains.

- Time horizon and planning

Men plan for the future which focuses on wealth accumulation and career advancement. They invest more in personal assets aiming for higher future returns.

## 2.FEMALE

- Risk aversion and risk-taking behavior

Women are more risk averse in their financial decisions than men. They are more cautious when it comes to investments, savings and other financial choices preferring safe and low risk options.

- Emotional Decision-Making

Women make more emotionally driven financial decisions compared to men. They may base spending or saving choices in emotions such as security, family needs or about future.

- Financial confidence

Women are much lower in terms of financial confidence as compared to men. They are less likely to undertake complex financial planning due to lack of knowledge.

- Money management and spending behavior

Women mostly give priorities to budgeting and managing household finances. They are typically focused on day to day financial management and always play the leading role in managing family expenses.

- Long term and short-term focus

Women tend to have more long-term perspective in financial planning. They are more concerned with long term financial security, like saving for retirement etc.

- Time horizon and planning

Women are highly engaged in detailed financial planning for future life stages. This long-term planning is driven by a desire to ensure the financial stability of their families.

### **3. INCOME GROUPS:**

Psychological factors which affect daily life financing across various income groups. The psychological factors have impact on different income groups of society in many ways. It can be classified as follows:

**LOW INCOME GROUPS:** The financing needs of this group depends on various psychological factors that impact their daily life financing. Below are the key factors of an analysis,

1. Financial Stress: Living pay checks to pay check can cause constant worry about money. This stress can lead to anxiety, depression and being overwhelmed. Low income individuals are dependent on each pay check to cover their basic needs.

2. Limited Financial Literacy: Low income people may have limited access to financial education, and it can be challenging for them to comprehend budgeting, saving and investing ideas.

3. Short term focus: As a result of financial constraints, low-income individuals might focus more on short term financial goals. E.g.: Paying bills rather than long term planning like retirement savings.

4. Impulse Purchase: Financial Stress can prompt impulsive spending, thereby compounding financial hardship.
5. Social Comparison: Low income individuals tend to compare themselves unfavourably to others, and therefore feel inadequate about money and lack the motivation to manage finances effectively.
6. Lack of Emergency Funds: Without a financial safety net, low income individuals might find themselves having to turn to high interest loans or credit cards, fostering a debt cycle.
7. Mental Accounting: Low income individuals may set aside funds for specific expenses, like rent or utilities, but have difficulty budgeting for saving or paying debt.

MEDIUM INCOME GROUPS: Medium income groups face unique psychological factors that affect their day to day financing decisions. Below are some of the factors:

1. Financial Stability Motive: Individuals of this group prioritise maintaining a steady and reliable income, with a motive for saving for emergencies.
2. Social Status: Many individuals of this group feel the pressure to conform to societal expectations which can lead to spending on non-essential items etc. Social status can also lead to financial stress.
3. Risk aversion: This group of individual's fear of losing money or uncertainty leads that leads to cautious investment decisions
4. Present Bias: They tend to prioritize short term gains over long term financial goals.
5. Framing Effects: Medium income groups may be more susceptible to framing effects because of limited literacy. So, they might make decisions according to perceptions presented.
6. Loss Aversion: This group may be overly cautious of financial decisions, like avoiding investments or savings that involve any perceived risk.
7. Mental Accounting: It is the tendency to allocate funds for specific expenses. Medium income groups engage in Mental Accounting by setting aside separate funds for various financial goals such for education etc.

## HIGH INCOME GROUPS

High income groups face unique psychological factors that influence their daily life financing decisions. Here are some key factors:

1. **Wealth Accumulation Motive:** High income individuals are often driven by a desire to continue building their wealth. They aim to secure long term financial stability through the accumulation of assets.
2. **Social Responsibility:** Most of the high-income individuals feel a strong sense of social responsibility. This includes their desire to contribute to charity as donations either through direct giving or setting up foundations.
3. **Luxury Goods Motive High:** income earners have a strong inclination towards luxury goods. It includes high- end vehicles, designer clothing and exotic vacations. The desire for luxury goods can often lead to overspending.
4. **Investment Confidence:** Higher income creates a stronger sense of confidence to make a sound financial and investment decisions. This in turn leads to higher risk tolerance where individuals feel more comfortable investing in higher- risk assets. Overconfidence can potentially lead to over- investment in riskier assets leading to possible financial loss.
5. **Diversification Bias:** Individuals with higher income may often fall into the trap of Diversification Bias, where they feel to spread their investments across a wide array of assets. Over diversifying can result in an overly complex portfolio that diluted returns.
6. **Anchoring Bias:** High income individuals rely on past experiences when making future decisions. If they experienced a significant return on an investment in the past, they may anchor their future decisions to that outcome and expect similar returns.
7. **Affluenza:** As wealth increases the perceived value of money can decrease, leading a sense that spending has little consequence. This can in turn lead to reckless spending, excessive luxury purchases. In extreme cases, Affluenza can contribute to financial irresponsibility.

## 4. EDUCATION :

"Education is a significant investment, and there are many factors that can impact our daily financial decisions. Let's break them down:

1. **The rising cost of tuition:** It's no secret that tuition fees, boarding costs, and other educational expenses are increasing rapidly.

2. Student loan interest rates: If you're considering taking out a student loan, fluctuations in interest rates can affect how much you'll need to repay.
3. Scholarship and grant opportunities: Access to financial aid, scholarships, and grants can greatly influence your educational choices.
4. Inflation: As the cost of living continues to rise, so do the prices of textbooks, educational materials, and other necessities.
5. Opportunity costs: Pursuing higher education means weighing the potential benefits against the potential earnings you could make by entering the workforce directly.
6. Family finances: Your household income, expenses, and financial obligations all play a role in determining how much you can afford to invest in education.
7. Return on investment: When choosing an educational program, it's essential to consider the potential future earnings and career prospects.
8. Credit score and history: Your credit score and history can affect your ability to secure student loans, credit cards, and other financial aid.
9. Government policies and regulations: Changes in government policies, tax credits, and deductions can all impact your educational financial planning.
10. Personal financial goals and values: Ultimately, your educational expenses should align with your individual financial goals, values, and priorities.



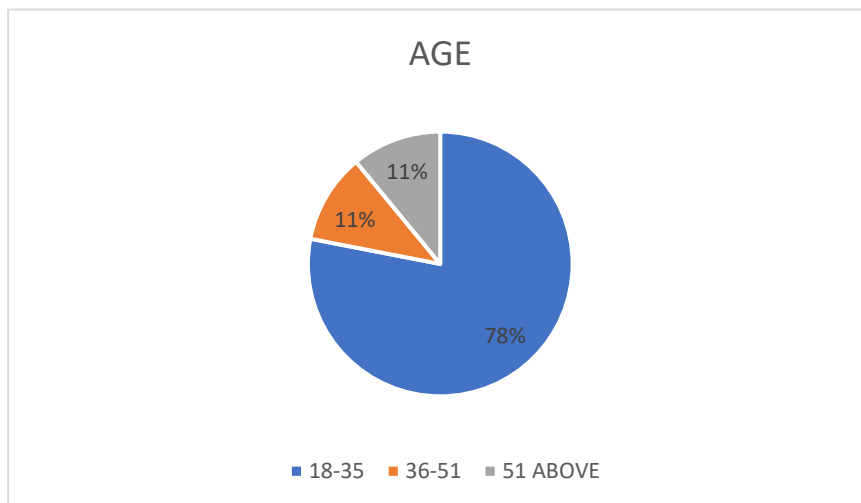
## **CHAPTER 4**

### **ANALYSIS AND INTERPRETATION OF DATA**

**Table 4.1 Age of Respondents**

AGE	FREQUENCY	PERCENTAGE (%)
18-35	64	11
36-51	9	11
51 Above	9	78
Total	82	100

**Figure 4.1 Age of Respondents**



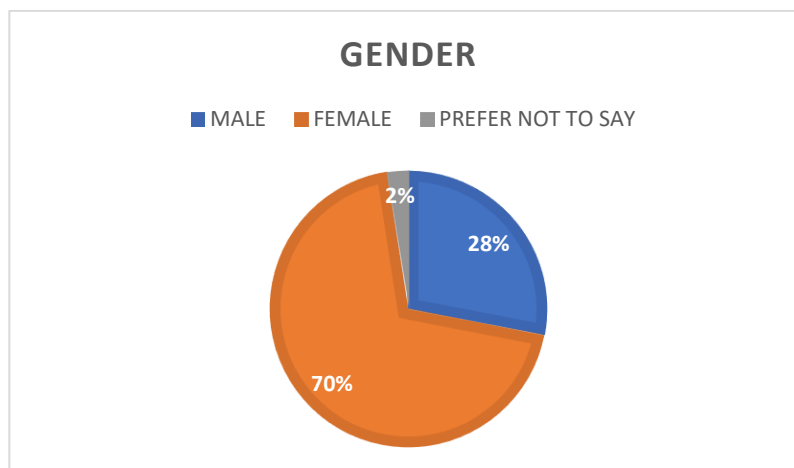
Source: Primary Data

Interpretation: The data shows a predominantly aging population, with 78% above 51 years old. Younger age groups (18-35 and 36-51) are underrepresented, each accounting for only 11%.

**Table 4.2 Gender of Respondents**

Gender	Frequency	Percentage (%)
Male	23	28
Female	57	69.5
Prefer Not to Say	2	2.4
Total	82	100%

**Figure 4.2 Gender of Respondents**



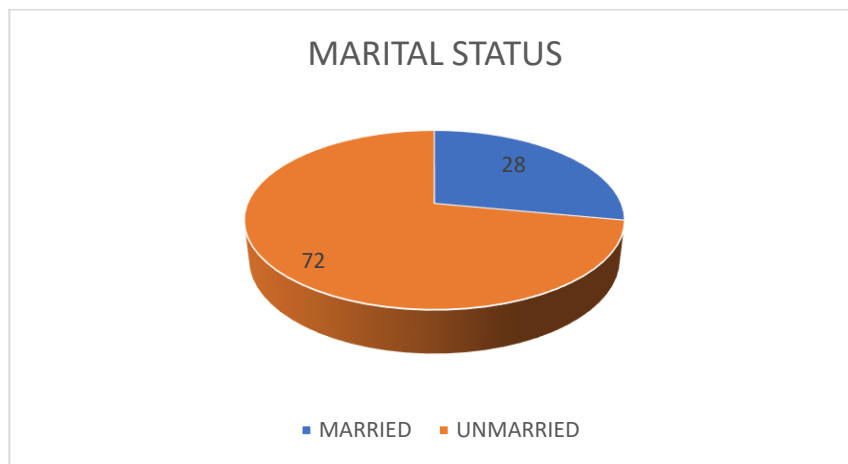
Source: Primary Data

Interpretation: The data shows that females (69.5%) outnumber males (28%) by a significant margin, while a small percentage (2.4%) prefer not to disclose their gender.

**Table 4.3 Marital Status of the Respondents**

Marital Status	Frequency	Percentage (%)
Married	23	28
Unmarried	59	72
Total	82	100%

**Figure 4.3 Marital Status of the Respondents**



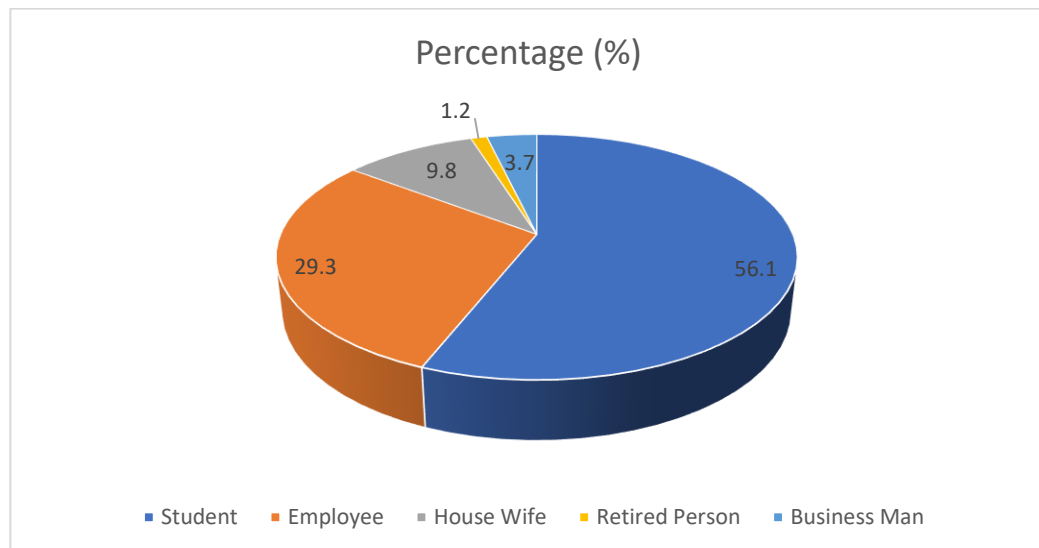
Source: Primary Data

Interpretation: The data shows that the majority (72%) of the individuals are unmarried, while 28% are married. This suggests that the population is predominantly single.

**Table 4.4 Category of Respondents**

Category	Frequency	Percentage (%)
Student	46	56.1
Employee	24	29.3
House Wife	8	9.8
Retired Person	1	1.2
Business Man	3	3.7
Total	82	100%

**Figure 4.4 Category of Respondents**



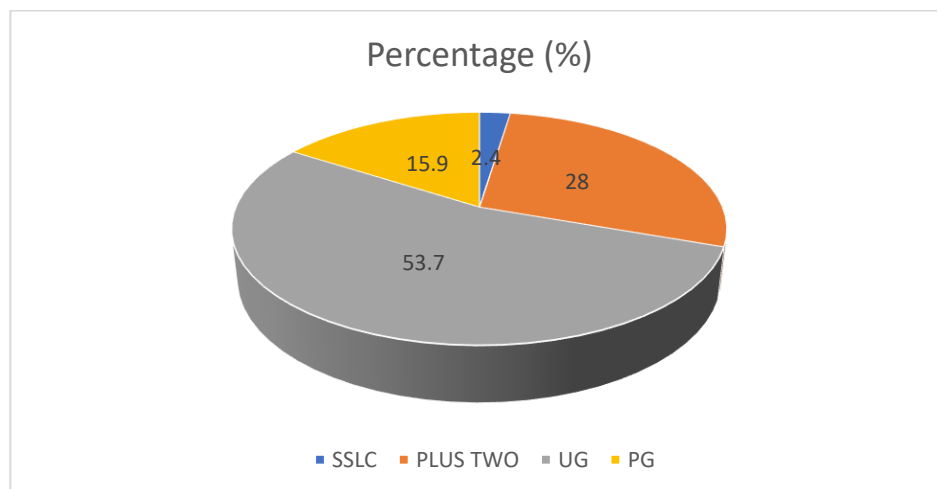
Source: Primary Data

Interpretation: The data shows that the majority (56.1%) of the individuals are students, followed by employees (29.3%). The remaining categories, including housewives, retired persons, and businessmen, makeup a smaller percentage of the population.

**Table 4.5 Highest Qualification of the Respondents**

Highest Qualification	Frequency	Percentage (%)
SSLC	2	2.4
PLUS TWO	23	28
UG	44	53.7
PG	13	15.9
Total	82	100%

**Figure 4.5 Highest Qualification of the Respondents**



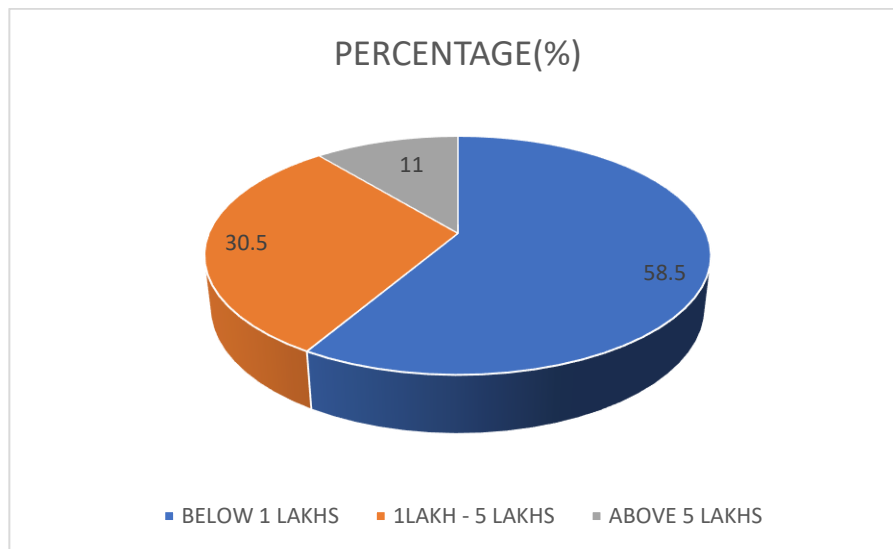
Source: Primary Data

Interpretation: The data reveals a well-educated population, with 53.7% holding an undergraduate degree. A significant 28% have completed higher secondary education, and 15.9% have pursued post graduate studies. Only 2.4% have completed secondary school education.

**Table 4.6 Annual Income of Respondents**

Annual Income	Frequency	Percentage(%)
Below 1 Lakhs	48	58.5
1lakh - 5 Lakhs	25	30.5
Above 5 Lakhs	9	11
Total	82	100%

**Figure 4.6 Annual Income of Respondents**



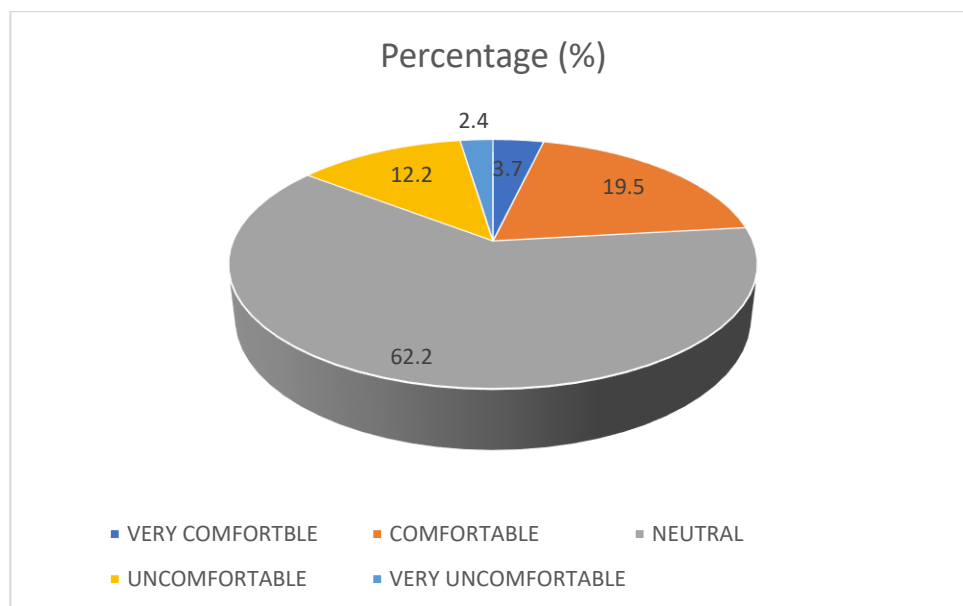
Source: Primary Data

Interpretation: The data reveals that the majority (58.5%) of individuals have annual income below 1 lakh, while 30.5% earn between 1-5 lakhs, and a smaller proportion (11%) earns above 5 lakhs.

**Table 4.7 Respondents attitude towards Financial Risk Taking**

Financial Risk	Scale	Percentage (%)
VERY COMFORTBLE	3	3.7
COMFORTABLE	16	19.5
NEUTRAL	51	62.2
UNCOMFORTABLE	10	12.2
VERY UNCOMFORTABLE	2	2.4
Total	82	100%

**Figure 4.7 Respondents attitude towards risk taking**



Source: Primary Data

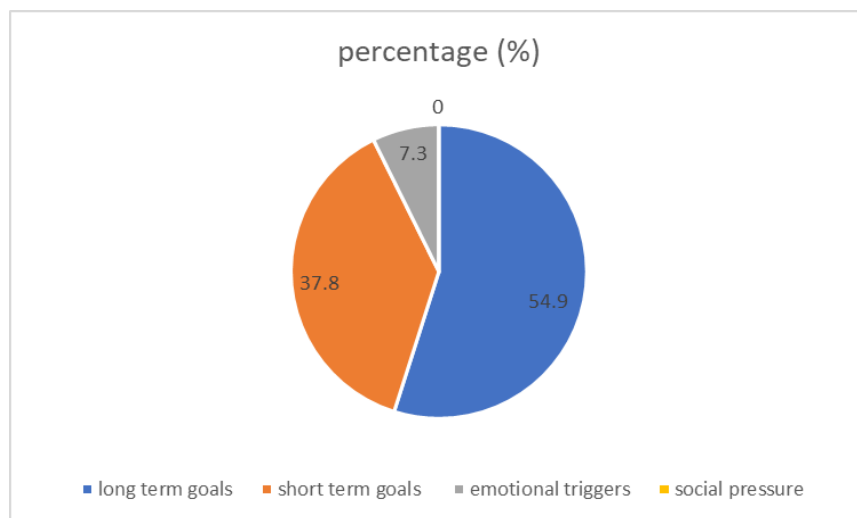
Interpretation: 62.2% of the respondents are neutral about taking financial risk, while a smaller portion of respondents is either comfortable (19.5%) or uncomfortable (14.6%). Only 3.7% feels very comfortable, and a small percentage of 2.4% is very uncomfortable with financial risks.



**Table 4.8 Key motivators behind respondent's daily financial choices**

Opinion	No of Respondents	Percentage %
Long term goals	45	54.9
Short term goals	31	37.8
Emotional Triggers	6	7.3
Social Pressure	Nil	Nil
Total	82	100%

**Figure 4.8 Key motivators behind respondent's daily financial choices**



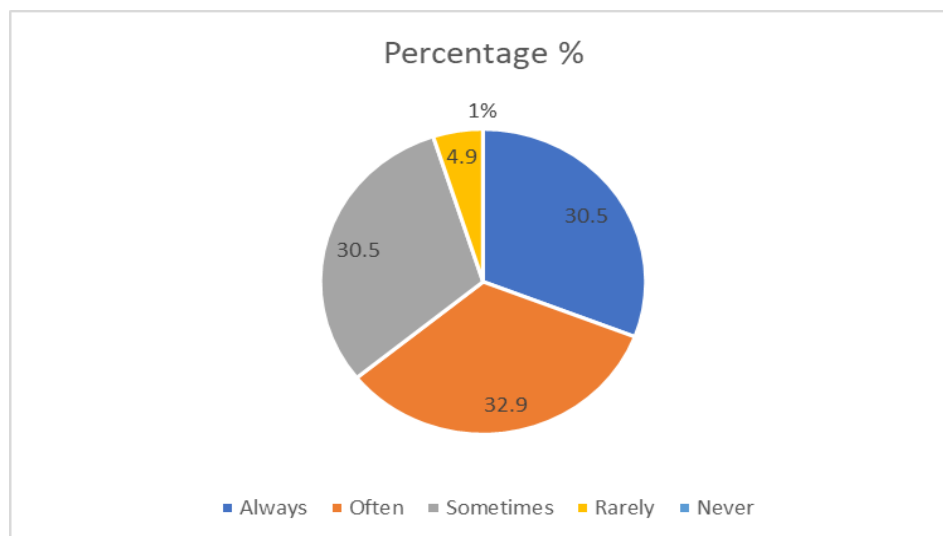
Source: Primary Data

Interpretation: 54.9% of the respondents prioritize long term goals over short term ones which is 37.8%, highlighting a preference for sustained, future oriented planning. Only 7.3% of the respondents cite emotional trigger as a factor in their goal setting process. Social pressure is not a significant factor, as no respondents have been influenced by it.

**Table 4.9 Frequency of risk evaluation in financial decisions**

Opinion	No of Respondents	Percentage %
Always	25	30.5
Often	27	32.9
Sometimes	25	30.5
Rarely	4	4.9
Never	1	1%
Total	82	100%

**Figure 4.9 Frequency of risk evaluation in financial decisions**



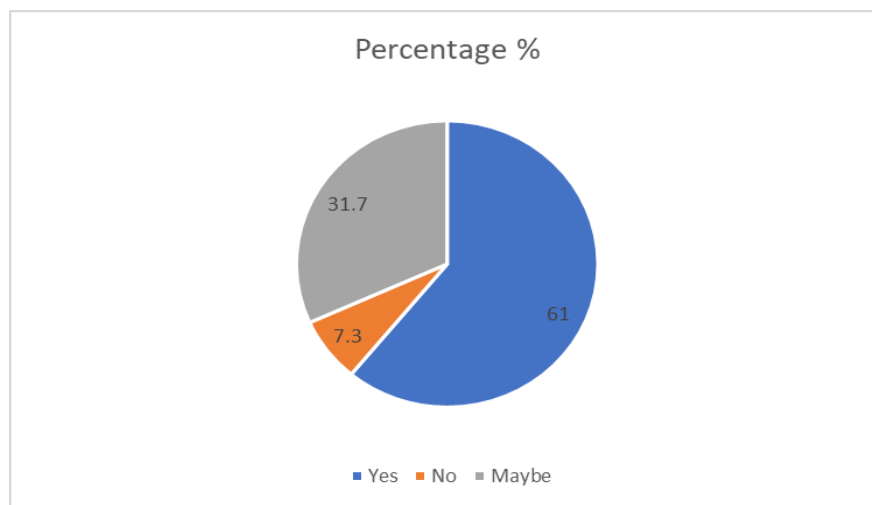
Source: Primary Data

Interpretation: The majority of respondents prioritize evaluating potential risks before making financial decisions with 32.9% often doing so and 30.5% always considering the risks. 30.5% of individuals sometimes evaluate risks. A small portion of respondents of 4.9% rarely evaluate risks and just 1.2% never does so. Overall most individuals are mindful of risks in their financial decision making.

**Table 4.10 Financial Decision Preferences: Safe or Risky Financial Options**

Opinion	No of Respondents	Percentage %
Yes	50	61
No	6	7.3
Maybe	26	31.7
Total	82	100%

**Figure 4.10 Financial Decision Preferences: Safe Or Risky Financial Options**



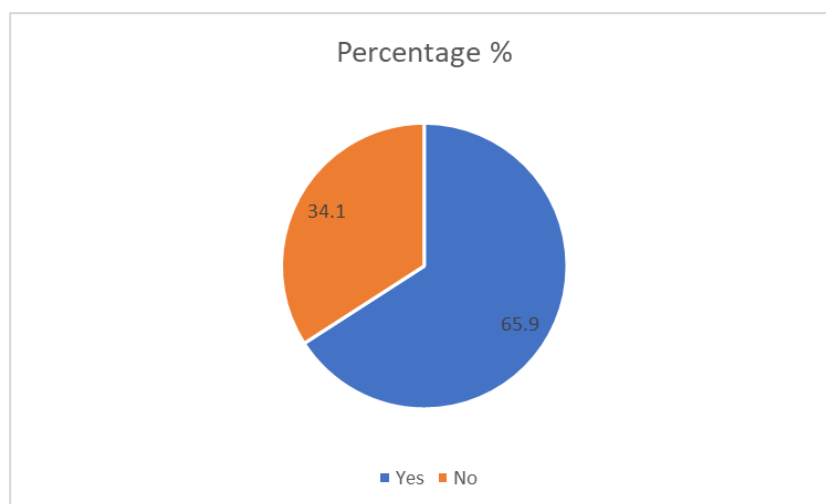
Source: Primary Data

Interpretation: Majority of respondents of 60.9% prefer safe and predictable options, indicating a cautious approach to decision making. 7.3% of the respondents prefer riskier potentially more rewarding choices, while 31.7% are uncertain, suggesting a more flexible or situational approach.

**Table 4.11 Budgeting Habits of Respondents**

Opinion	No of Respondents	Percentage %
Yes	54	65.9
No	28	34.1
Total	82	100%

**Figure 4.11 Budgeting Habits of Respondents**



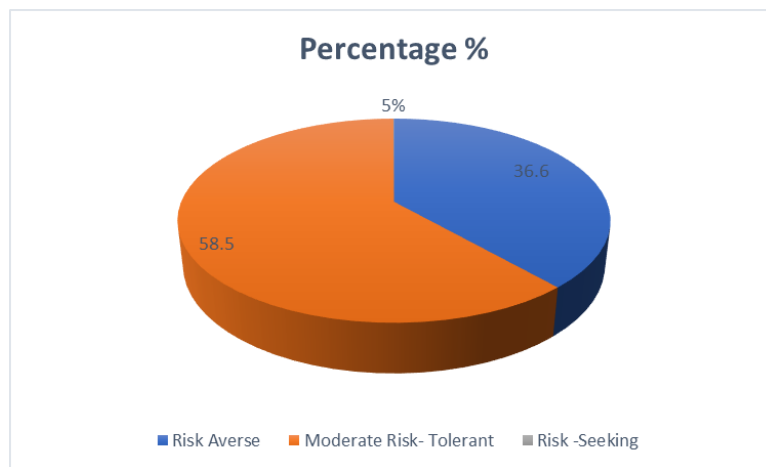
Source: Primary data

Interpretation: Majority of the respondents of 65.9% creates and sticks to a budget, indicating a strong tendency towards financial discipline. 34.1% of respondents do not follow a budget, suggesting that they may not have a structured approach to their spending.

**Table 4.12 Risk tolerance in Investment**

Opinion	Frequency	Percentage %
Risk Averse	30	36.6
Moderate Risk- Tolerant	48	58.5
Risk -Seeking	4	5
Total	82	100%

**Figure 4.12 Risk Tolerance in Investment**



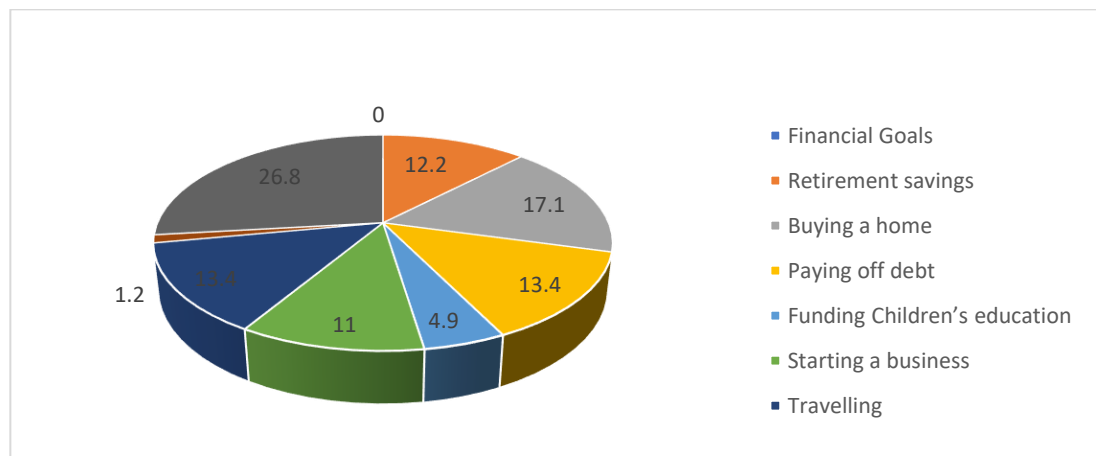
Source: Primary Data

Interpretation: The data reveals that the majority of respondents of 58.5% have a moderate risk tolerance when it comes to investing, indicating a balanced approach to risk and reward. 36.6% of the respondents prefer safer and more conservative investment options. Only a small group of 5% identifies as risk seeking showing willingness to embrace higher risk for potentially greater rewards.

**Table 4.13 Primary Financial Goals of Respondents**

Financial Goals	Frequency	Percentage(%)
Retirement Savings	10	12.2
Buying a home	14	17.1
Paying off debt	11	13.4
Funding Children's Education	4	4.9
Starting a business	9	11
Travelling	11	13.4
Charitable Giving	1	1.2
Other	22	26.8
Total	82	100%

**Figure 4.13 Primary Financial Goals of Respondents**



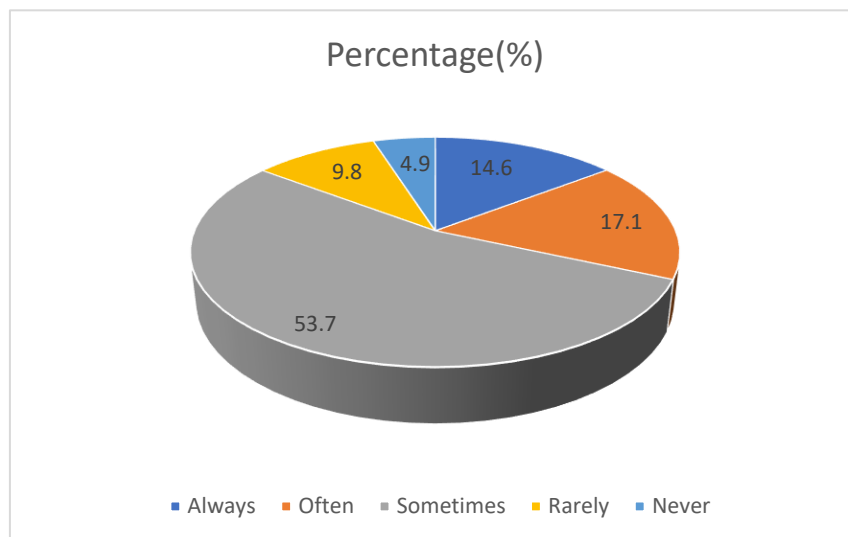
Source: Primary Data

Interpretation: The data shows that the primary financial goals of respondents vary, with the most common goals being buying a home with a 17.1%, paying off debt at 13.4%, and retirement savings at 12.2%. Traveling and starting a business, each have 13.4% and 11% respondents, respectively. A smaller number of respondents are focused on funding children's education (4.9%) or charitable giving (1.2%). A majority of the respondents (26.8%) chose "other" as their goal, suggesting a variety of unique financial objectives. The data highlights a mix of goals on financial security, personal aspirations, and future planning.

**Table 4.14 Financial Decisions and Anxiety**

Opinion	Frequency	Percentage (%)
Always	12	14.6
Often	14	17.1
Sometimes	44	53.7
Rarely	8	9.8
Never	4	4.9
Total	82	100%

**Figure 4.14 Financial Decisions and Anxiety**



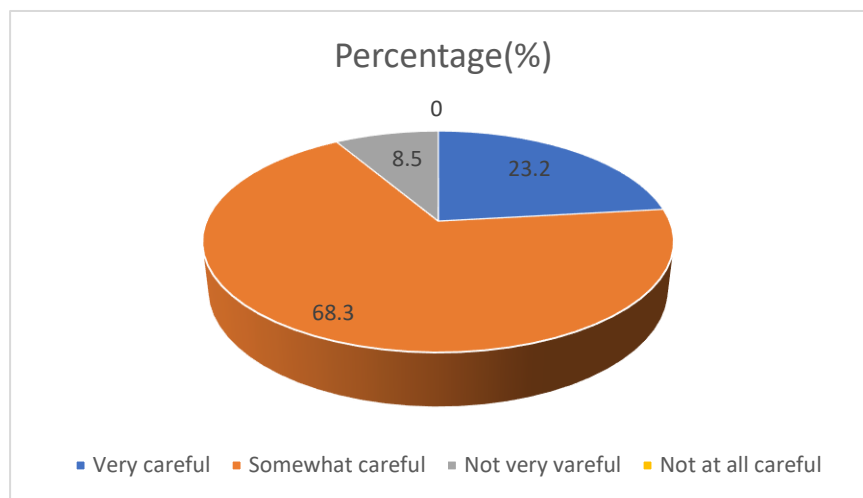
Source: Primary Data

Interpretation: Over 53.7% respondents have been given the opinion that sometimes they feel stressed and anxious on taking financial decisions. 31.7% of respondents indicated that they "often" (17.1%) or "always" (14.6%) have similar experience. A small percentage of respondents answered "rarely" (9.8%) or "Never" they feel stressed or anxious on taking financial decisions.

**Table 4.15 Spending Habits of Respondents**

Particulars	Frequency	Percentage (%)
Very careful	19	23.2
Somewhat careful	56	68.3
Not very careful	7	8.5
Not at all careful	0	0
Total	82	100%

**Figure 4.15 Spending Habits of Respondents**



Source: Primary Data

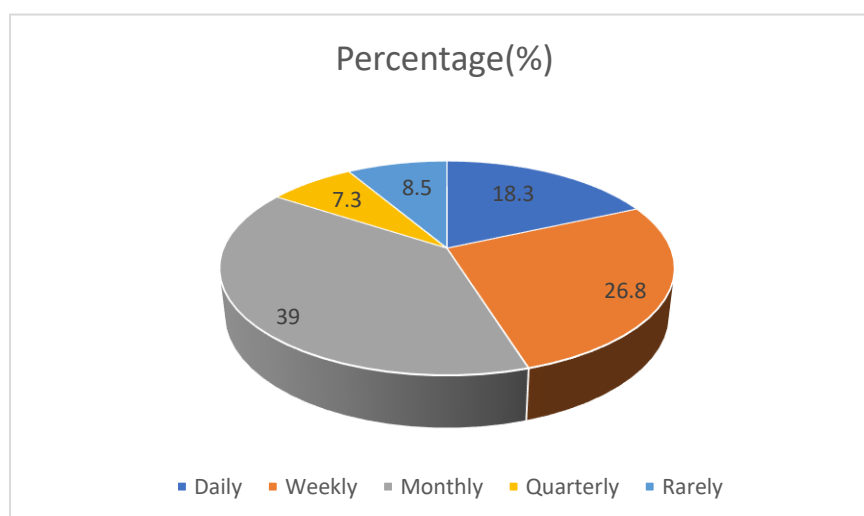
Interpretation: The majority of respondents (68.3%) reported that they are “somewhat careful” in spending, while 23.2% identified as "very careful". A smaller portion of (8.5%) indicated that they are "not very careful" and no respondents considered themselves "Not at all careful".



**Table 4.16 Financial Situation Review Habits**

Particulars	Frequency	Percentage (%)
Daily	15	18.3
Weekly	22	26.8
Monthly	32	39
Quarterly	6	7.3
Rarely	7	8.5
Total	82	100%

**Figure 4.16 Financial Situation Review Habits**



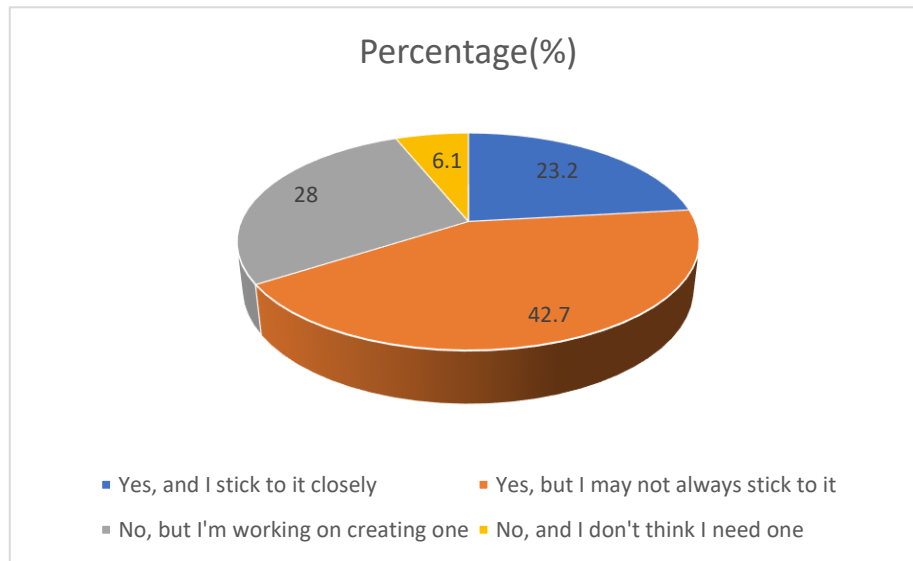
Source : Primary Data

Interpretation: The data shows that majority of respondents (39%) has been reviewing their financial status "monthly". 26.8% of respondents review their financial situations weekly. While a smaller portion of respondents do it daily (18.3%) and 15.8% respondents reviewing infrequently (quarterly / rarely).

**Table 4.17 Budget Maintenance and Review**

Opinion	Frequency	Percentage (%)
Yes, and I stick to it closely	19	23.2
Yes, but I may not always stick to it	35	42.7
No, but I'm working on creating one	23	28
No, and I don't think I need one	5	6.1
Total	82	100%

**Figure 4.17 Budget Maintenance and Review**



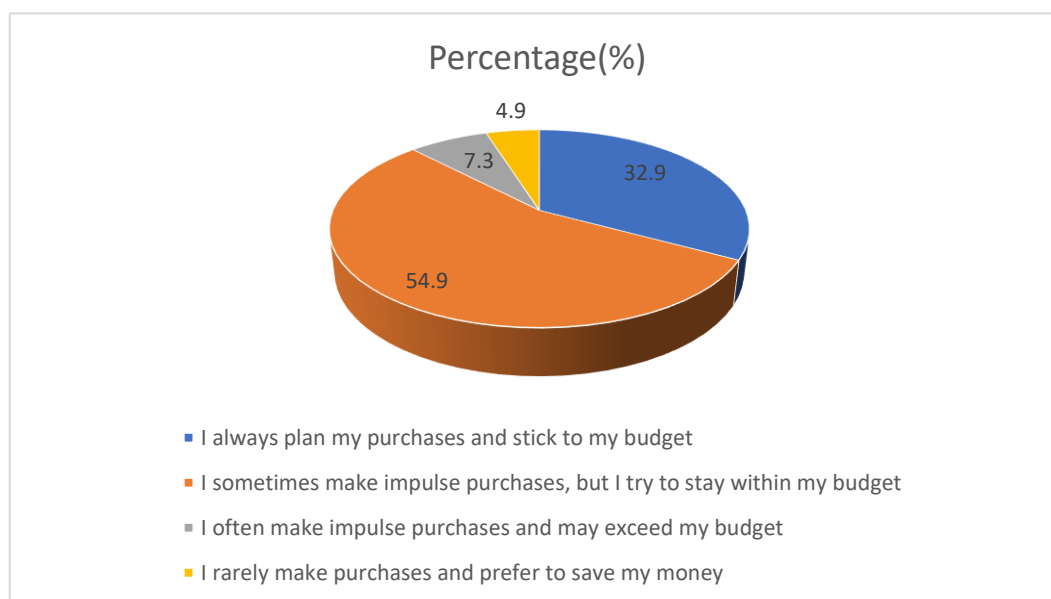
Source : Primary Data

Interpretation: About 42.7% of respondents acknowledged that they have a budget plan but they may not always follow it strictly. Meanwhile 28% of respondents do not currently have a plan, but are working on establishing one. A small percentage (23.2%) of respondents strictly adheres to their plan, demonstrating strong discipline and consistency. Only a small portion of respondents (6.1%) stated that they don't need a budget plan at all.

**Table 4.18 Shopping Behaviour of Respondents**

Particulars	Frequency	Percentage (%)
I always plan my purchases and stick to my budget	27	32.9
I sometimes make impulse purchases, but I try to stay within my budget	45	54.9
I often make impulse purchases and may exceed my budget	6	7.3
I rarely make purchases and prefer to save my money	4	4.9
Total	82	100%

**Figure 4.18 Shopping Behaviour of Respondents**

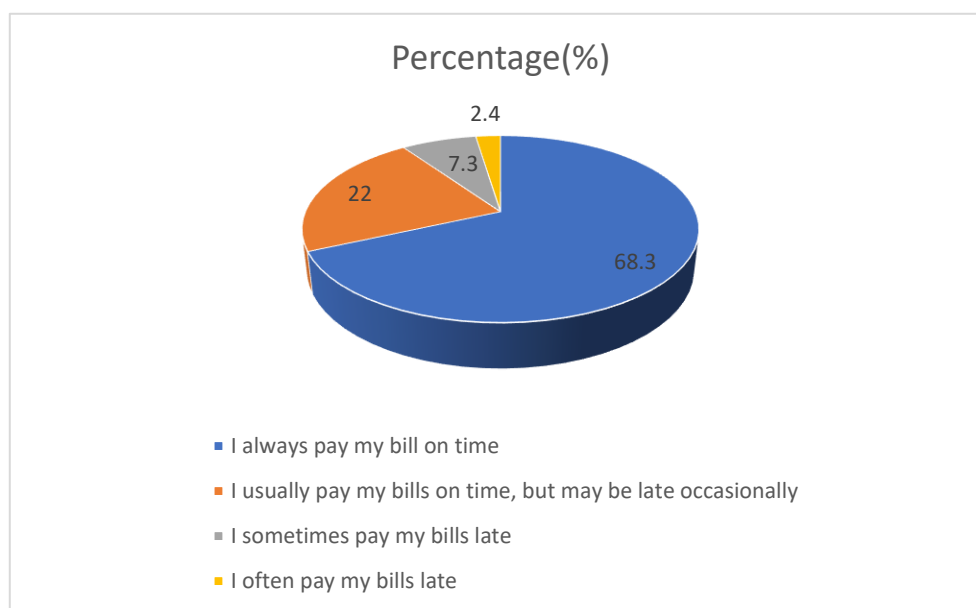


Source : Primary Data

Interpretation: The majority (54.9%) of respondents admits to making impulse purchases but generally try to stay within their budget. A significant portion of respondents (32.9%) strictly plan their purchases and adhere to their budget, reflecting strong financial discipline. A smaller group (7.3%) frequently makes impulse purchases and may exceed their budget. Meanwhile, only 4.9% of respondents rarely make purchases.

**Table 4.19 Evaluation of Bill Paying Habits**

Particulars	Frequency	Percentage (%)
I always pay my bill on time	56	68.3
I usually pay my bills on time, but may be late occasionally	18	22
I sometimes pay my bills late	6	7.3
I often pay my bills late	2	2.4
Total	82	100%

**Figure 4.19 Evaluation of Bill Paying Habits**

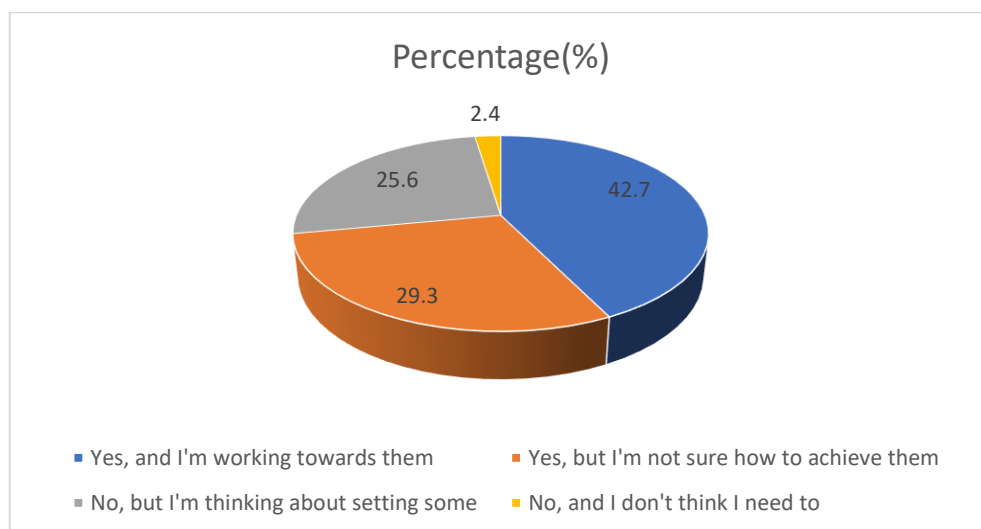
Source: Primary Data

Interpretation: The majority of respondents of 68.3% consistently pay their bills on time. Another 22% of respondents usually pay bills on time but may occasionally be late. A smaller portion of participants about 7.3% sometimes pay their bills late. Only 2.4% of respondents frequently pay their bills late.

**Table 4.20 Respondents Financial Goal Setting**

Particulars	Frequency	Percentage (%)
Yes, and I'm working towards them	35	42.7
Yes, but I'm not sure how to achieve them	24	29.3
No, but I'm thinking about setting some	21	25.6
No, and I don't think I need to	2	2.4
Total	82	100%

**Figure 4.20 Respondents Financial Goal Setting**



Source: Primary Data

Interpretation: The data shows that most of respondents about 42.7% have set goals and are actively working towards them, while 29.3% have financial goals but struggle with achieving them. Additionally, 25.6% are considering on setting financial goals, and only 2.4% believe that they don't need specific financial goals.

**CHAPTER 5**  
**CONCLUSION (SUMMARY, FINDINGS AND**  
**SUGGESTIONS)**

## 5.1 SUMMARY

The psychological factors influencing daily financial decisions analyses how various psychological elements shape individual's financial behavior. It determines prominent factors like cognitive biases such as loss aversion, overconfidence often lead people to make irrational financial choices. Emotional states like fear, stress can cause impulsive spending. Social pressure can also lead to financial behaviors like conspicuous consumption. Personal values like instant gratification or long-term planning significantly affect decisions relating to saving, investing and spending.

The project highlights how an individual's risk tolerance affects his or her method of responding to financial decisions. Risk adverse individuals may avoid investments that could lead to higher returns while risk seeking individuals make decisions that expose them to unnecessary financial risks. Understanding these psychological factors is significant to improve financial literacy and also Individuals can make more informed decisions.

## 5.2 FINDINGS

- Among the respondents, majority of the respondents are young adults within the age group of 18-35.
- Around 69.5% respondents are females. Only around 28% respondents are males.
- Most of the respondents having a UG qualified.
- Majority of the respondents having an income below 1 lakh which means, most of them are coming under the category of low income or medium income group.
- 62.2% of participant's having a neutral response on how they feel about taking financial risk. Which means they are neither comfortable nor uncomfortable.
- Motives for making daily financial decisions include long term goals, short term goals, Emotional triggers, and social pressure. Among this, about 54.9% of respondents prefer long term goals.
- 32.9% of the participants often evaluate their potential risk before making financial decisions.
- Majority of respondents prefer safe and predictable options over risky and potentially rewarding ones in financial decisions.
- 65.9% of respondents prepare a budget for themselves and stick on it.

- Primary financial goals include retirement savings, buying a home, paying off debts, funding children's education, starting a business, travelling charitable giving etc. Among this around 26.8% respondents prioritize funding for their children's education.
- Majority of the respondents stated that they feel significant stress/ anxiety while making financial decisions.
- Most of the participants review their financial status monthly (39% respondents) and weekly (26.8% respondents).
- Majority of them sometimes make impulse purchases, but try to stick within the budget.
- Most of them always pay their bills on time.

### **5.3 SUGGESTIONS:**

1. Early education about budgeting, investment decision - making and management of finances should be inculcated.
2. Encourage using rational decision- making frameworks; automate savings and financial goals setting.
3. Various financial decisions, including saving for retirement, avoiding excessive debts and investing, necessitate the individuals to prioritize long term benefits over short term needs.
4. By enabling automated payments to saving or investment account will ensure consistency while eliminating the temptation to spend the money.
5. Individuals can keep a vision board or reminders of their financial objectives to further enhance the advantage such waiting creates.
6. Periodic small rewards for attaining financial goals could maintain motivation instead than total deprivation.
7. Create a transparent monthly budget that includes savings, expenses and emergency funds.
8. Set aside an emergency fund for at least 3 to 6 months' worth of living expenses.
9. Tackle priority financial problems and work on them step-by-step, to avoid being overwhelmed.
10. Set realistic financial goals to minimize frustration.
11. Viewing money as a tool instead of a cause of stress can help individuals to make better decisions and feel less anxious.



## 5.4 CONCLUSION

In conclusion, psychological determinants that affect everyday money decisions are intricate and play a substantial role in affecting people's money behaviors. Through the identification of these crucial determinants, it is evident that cognitive biases, emotions, risk tolerance, and decision-making styles are all crucial in determining how people manage their money. These factors can vary significantly between different groups, including age, income, and education, and different patterns may exist in how individuals from each group make financial decisions. For example, younger people might be more prone to making rash financial decisions because of less familiarity with long-term planning, whereas older people might be more concerned about security and risk aversion. Similarly, individuals with higher incomes or education levels might exhibit more advanced financial choices because they have greater financial knowledge and availability of resources.

The relationship between psychological characteristics and financial habits is also evident, with variables such as self-discipline, future orientation, and financial self-confidence having a direct influence on the habits of spending, saving, and investing in individuals. Being able to acquire knowledge about them can help contribute to more potent financial education strategies and interventions, especially for varied demographic segments, and result in improved financial wellness and more appropriate decision-making.

In conclusion, the interplay between psychological factors and demographic traits is important in explaining everyday financial choices. Recognizing these factors provides us with a better understanding of consumer behavior and offers possibilities for enhancing financial outcomes through interventions.

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## **APPENDIX**

## **QUESTIONNAIRE: PSYCHOLOGICAL FACTORS AFFECTING DAILY LIFE FINANCING DECISIONS.**

As part of our final year project, we Sanjana Sajeev, Rhema Anna Tenny and Sreelakshmi K J are making certain enquiries about the topic “The study on Psychological factors affecting daily life financing decisions”.

This form is designed to help us better understand about our project ideas and assist in finding the necessary resources and guidance. Please provide as much detail as possible so it will be a great support for our academic endeavours.

The details that you provide will only be used for academic purpose and will be confidential.

Q1. Age:

- 18- 35
- 36-50
- 51 above

Q2. Gender

- Female
- Male
- Prefer, if not to say

Q3. Category

- Student
- Employees
- Housewife
- Retired person
- Business man

Q4. Marital status

- Married
- Unmarried

Q5. Highest qualification

- SSLC
- Plus two
- UG
- PG

Q6. Annual income

- Below 1 lakh
- 1 lakh- 5 lakhs
- More than 5 lakhs

Q7. How do you feel about taking financial risk (for instance; Making investments, large purchases)?

- Very comfortable
- Comfortable
- Neutral
- Uncomfortable
- Very uncomfortable

Q8. What motivates your daily financial decisions the most?

- Long term goals
- Short term goals
- Emotional triggers
- Social pressure

Q9. How often do you evaluate the potential risk before making a financial decision?

- Always
- Often
- Sometimes
- Rarely
- Never

Q10. Do you prefer safe and predictable option over risky and potentially rewarding ones in financial decisions?

- Yes
- No
- Maybe

Q11. Do you create and stick to a budget?

- Yes
- No

Q12. How will you describe your overall risk tolerance when it comes to investing?

- Risk averse (prefer low risk investment)
- Moderate risk tolerant (willing to take some risk)
- Risk seeking (comfortable with high risk, high reward investment)

Q13. What are your primary financial goals?

- Retirement savings
- Buying a home
- Paying off debts (mortgage of assets, student loans etc)
- Funding children's education
- Starting a business
- Travelling
- Charitable giving
- Others

Q14. Does financial decision cause you significant stress or anxiety?

- Always
- Often
- Sometimes
- Rarely
- Never

Q15. How careful are you with your spending?

- Very careful – I track every expense and stick to my budget
- Somewhat careful – I try to stay within my budget, but may splurge occasionally
- Not very careful – I don't really track my expenses or stick to a budget
- Not at all careful – I don't worry about my spending habits

Q16. How often do you review your financial situation (e.g. checking accounts, investments, etc.)?

- Daily
- Weekly
- Monthly
- Quarterly
- Rarely

Q17. Do you have a budget that you regularly review and update?

- Yes, and I stick to it closely
- Yes, but I may not always stick to it
- No, but I'm working on creating one
- No, and I don't think I need one



Q18. How would you describe your shopping habits?

- I always plan my purchases and stick to my budget
- I sometimes make impulse purchases.
- I often make impulse purchases and may exceed my budget.
- I rarely make purchases and prefer to save my money.

Q19. How would you rate your bill-paying habits?

- I always pay my bills on time.
- I usually pay my bills on time, but may be late occasionally.
- I sometimes pay my bills late.
- I often pay my bills late.

Q20. Have you set specific financial goals for yourself (e.g. saving for a down payment, retirement, etc.)?

- Yes, and I'm working towards them.
- Yes, but I'm not sure how to achieve them.
- No, but I'm thinking about setting some.
- No, and I don't think I need to.