
A Study on Assessing the Influence of Financial Advisors on the Formation and Execution of Personalized Investment Strategies

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Abstract:

This study explores the various Investment instruments and Investment avenues prevailing in the market and risk associated with them. Main objective of the study is to check the awareness of Equity investment. Research aims to create awareness about long term equity Investment, debt investment and diversification of risk. The objective of checking the awareness is fulfilled by collecting Primary Data through Questionnaires and Personal Interview of sample size 50. The sample size includes Retired person , Age 20-30, Age 31-40, sole proprietors, Housewives, etc. This Study further explains the individual how an Individual can plan his investment around the year by studying the economic sectors. The aim of the research is to increase the number of investors in the market as it is beneficial for the country, businesses as well as individual investor.

Keywords:- Investment, strategies, Economy, awareness, Equity.

Introduction:

A person providing systematic financial plan, advice or guidance with his expertise, knowledge and experience related to the investment, keeping the future uncertainties and the financial capacity in front of the client is a financial advisor. There are many different types of services provided by a financial advisor related to investment management, tax planning, estate planning etc. In today's competitive market there are various professionals available such as stock brokers, insurance agents, Money manager, estate planners, bankers. There's an saying do not hatch all the eggs in one basket, the main motto of every financial advisor is that while investing in any investment do diversification of investment so that there is no risk or minimum risk involved in the future in the market shows some uncertainties.

Create a Financial Plan.

An financial advisor always create a financial plan of the client by proper planning and analyzing the client profile, current financial situation, current assets and liabilities and liquidity condition. The advisor analyses the risk appetite of the clients and accordingly lays down the short-term and long term financial goal.

Right Asset Allocation.

There is no one-size-fits-all portfolio that can exist as the needs of each investor varies and is subject to change with time. The asset allocation in the client's portfolio may change over time depending upon the performance of the underlying instruments and should be reviewed by the advisor on an ongoing basis.

Minimize tax liability.

Taxes are an unavoidable levy on the income of individuals by the government and are often considered as a burden. However, through a sound tax planning strategy, advisors can help reduce the tax liability which is totally legal.

Estate and Retirement Plan.

An advisor helps value an estate and can also act as a liaison for his client when distributing the assets of the estate. Advisors help set up long-term care plans and help secure the health of the clients through insurance plans. They also help keep spending in line in the present to ensure that their client is secure in the future and is taken care of after retirement.

Managing Inheritance

Financial advisors also help in managing the inheritance that their clients receive. The advisors ensure that the money is released on time and is wisely deployed as per the goals and risk appetite of the client.

Responsibility of financial advisor

- Assessment of financial situation.
- Regular information and communication about the investment
- Compliance with regulations
- To keep confidentiality about the clients details
- Educating clients about various financial plans.
- Helping them about understanding the implications of their financial decisions and strategies.

Ethical Principle of financial advisor

- Financial advisors have a legal and ethical obligation to act in the best interests of the clients.
- Advisor should be honest and transparent in their dealings with clients, providing accurate and complete information.
- Advisor should make recommendation and decisions based on objective analysis rather than personal biases or conflicts of interest.
- Advisors should treat all clients fairly and avoid any form of discrimination.
- Advisors should conduct themselves in a professional and ethical manner, upholding the reputation of the financial industry.

Investments means using the money with aim to of making it grow in a specific period of time. Investment was introduced around 1700 BCE in Mesopotamia, which is now as Iraq. Benjamin Graham is known as the father of investment, he is famous for his book The intelligent Investor. Various strategies are explained about investment, but continuous threats and frauds have made it difficult for the common people to differentiate between right and wrong information. Equity is when any person agrees to invest in the company according to the surplus amount available with them. Debt means a person agrees to give debt or loan to any company where they get fixed rate of interest for a

certain period of time. Debt can be for long term or short term but when taking about it is equity it is profitable for long term as on the market performance along with the fundamentals of the company.

1. Public Provident Fund

PPF – Public provident fund offers monthly as well as lump sum investment options with minimum of 500 and maximum of Rs 1.5 lakh in each financial year. It offers dual benefits of wealth creation as well as tax saving.

2. Post office monthly saving scheme

Post office saving scheme offers various scheme but monthly saving scheme is the best option . It offers fixed returns like Public Provident Fund. This are the safe methods of investment associated with the Indian Government.

3. Government Bonds

Bonds are issued by the government of India with a motive to raise funds from the public. To issue loans to the government and we receives fixed interest in the from of returns for a certain period of time.

4. National Pension Scheme

Citizen of India between 18-70 years of age can open account at NPS. This is a scheme for future planning of retirement where one can receive pension even if he is not a government employee. Here investment is made voluntarily for a bright future.

5. Mutual Funds

Mutual funds as investment option where Asset Management Company launch various equity and debt schemes as per the need arising currently . Fund is collected and invested as per the theme of the scheme. Each AMC have minimum 20 and maximum more than 60 schemes. Monthly as well as lump sum mode of investment is available.

6. Bank Fixed Deposits

Most commonly used method of investment option for Indians is Fixed Deposits . This type of investment is provided at banks which is based on fixed tenure and gives fixed interest with safety of money.

7. Initial Public Offer

When any company wish to raise funds and share its ownership publicly by issuing of shares for the first time, it is termed as Initial Public Offer (IPO).

8 .National saving certificate

This is a initiative taken by Government of India. NSC offers guaranteed return and amount can be saved at Post office, but the returns provided is not sufficient to beat inflation. This saving scheme is promoted only for Individuals, Private and Public.

9. Direct equity

When an individual buys and sell shares or stocks directly from the company through any apps or broker and not through mutual funds is known as Direct equity investment.

10. Gold Exchange trade fund

This type of investment is purchase of gold in units and not actual or physical gold. Prices of gold are linked and similar to domestic physical gold price. It can also be observed in the schemes of mutual funds.

Objectives of study

- To know the investment habits of investors.
- To study the factors consider by the clients before they invest their money in any investment.
- To understand the investment objectives of investors.
- To analyses the investor’s preferences level about investment

Research Methodology:

Research methodology is the technique which we used to find the problems taking place and to prove the things which we just believe but after the survey conducted through Primary data and information gathered by reading. We use various methods to find something which is not explored till date. Research is the process of finding a solution through the use of tools and techniques. I have preferred telephonic as well as questionnaire by taking into consideration the understanding capability and questions were limited only to my requirement as people are not interested to fill a long questionnaire. While making questionnaire it should be kept in mind that it should not give rise to any problem.

Primary Data: In this paper primary data is collected for understanding the awareness among the common public about the investment habits and their thoughts regarding investing in various investment avenues by using sources such as: Interviews, Observation, and Questionnaires. The Questionnaires contains 16 questions according to objectives mentioned.

Secondary Data: Secondary data refers to data which we refer from other people collection. Mostly internet is used nowadays, to get each and every detail. In these papers I have used secondary data for pictures and various information related financial advisor roles and the investment habits followed. This data is obtained from different sources such as: Website, Research paper, Magazines.

Sampling Size & Techniques:

The population for the study consisted of investors who invest in various financial instruments. A sample of 113 responses out of 150 populations. In this paper Convenience sampling technique is used. Descriptive technique is used in this research. This type of research describes the things in detail.

LITERATURE REVIEW:

Kahneman and Tversky (1979) found in their work, “Prospect Theory - An Analysis of Decision under Risk”, individuals make decisions based on the potential value of losses and gains rather than the final outcome, and people evaluate these losses and gains using interesting heuristics.

Phillip (1995) reported changes in financial decision-making and investor behavior as a result of participating in investor education programs sponsored by employees. In India, SEBI started such awareness program for small investors, which has started giving benefits, in terms of value investing and informed investing from retail investors.

Nasir and Khalid (2004) concluded that Savings in Pakistan showed a positive response to GDP growth and government’s current expenditure while it remained insensitive to interest rates.

Ippolito (1992) and Bogle (1992) reported that fund selection by investors is based on past performance of the funds and money flows into winning funds more rapidly than they flow out of losing funds

Shanmugasundaram and Balakrishnan (2011), they conducted research to analyze the factors influencing the behavior of investors in capital market. They concluded that demographic factors influence the investors' investment decisions.

MurithiSuriya, Narayanan and Arivazhagan (2012), in their study reveal that majority of the investors are found to be considering two or more sources of information to make investment decisions. Most of the investors discuss with their family and friends before making an investment decision.

Simon Gervais (2009) in “Behavioral Finance; Capital Budgeting and Other Investment Decision”, he has made a survey of literature on the effects of behavioral biases on capital budgeting.

Kadariya (2012) investigated factors impact on the investor decision. These factors include capital structure, political and media coverage, luck and financial education and trend analyses in the Nepalese capital market. He concluded that majority of the investors are youngsters and they take decision considering the media coverage and friends recommendations as good source of information.

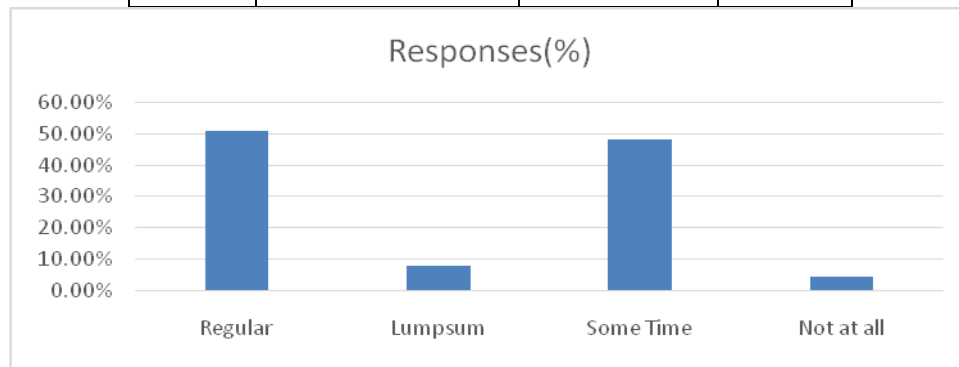
Dividend, earning, equity contribution and government control are considered the most important factors while taking the decision.

Data analysis

on the basis of primary data collected from investors clients and other common people interested in investment.

Table No. 1: Saving habits of investors.

Sr. No	habits	Responses (%)	Total Number
1	Regular	50.90%	57
2	Lumpsum	8%	9
3	Some Time	48%	49
4	Not at all	4.50%	5

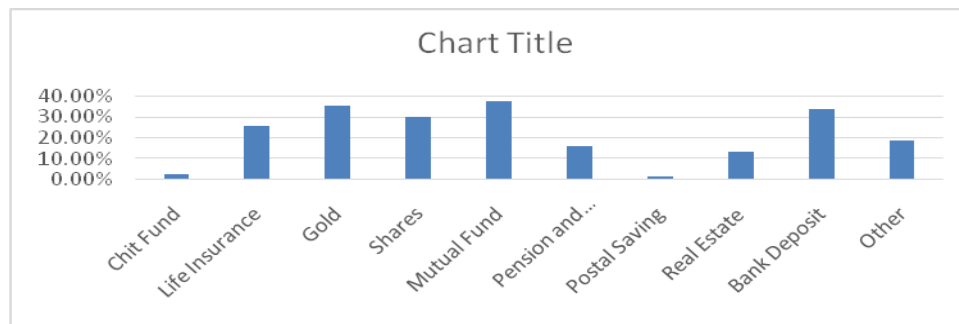


Graph No 1. : Saving habits of investors

It is observed from the above table and graph out of 100 % of population 50% do regular saving which is the good habit among all, 8% do lumpsum which is very much less savings in lumpsum is been seen, 48% in sometime which is also not good and there are also some people who don't event invest are been seen i.e.4.5%.

Table No. 2 :Current preference for investment avenues

Sr.No	Investment Avenues	Responses (%)	Total Number
1	Chit Fund	2.70%	3
2	Life Insurance	25.70%	29
3	Gold	35.40%	40
4	Shares	30.10%	34
5	Mutual Fund	37.20%	42
6	Pension and PFF	15.90%	18
7	Postal Saving	1.80%	2
8	Real Estate	13.30%	15
9	Bank Deposit	33.60%	38
10	Other	18.60%	21

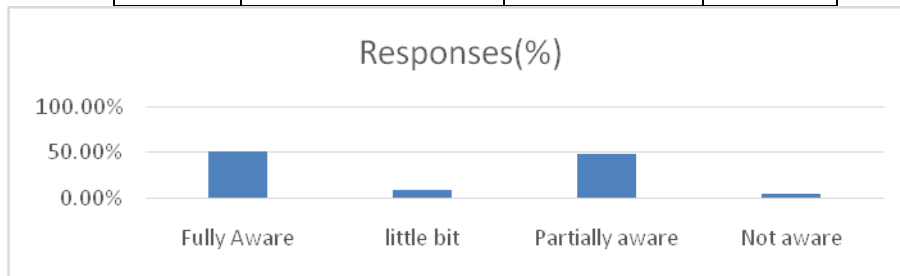


Graph No.2 :Current preference for investment avenues

It is observed from the above table and graph out of 100% of the simple size least people investment in postal saving (1.80%) and chit funds (2.70%) as it gives less return, while more people invest in share market (30.10%), mutual fund (37.20%) and Gold (35.40%) as people want more return in less time, while some also invest in bank deposit due to less awareness about the equity market.

Table No.3 Awareness about Stock market

Sr. No	Awareness	Responses (%)	Total Number
1	Fully Aware	50.90%	23
2	little bit	8%	50
3	Partially aware	48%	31
4	Not aware	4.50%	18

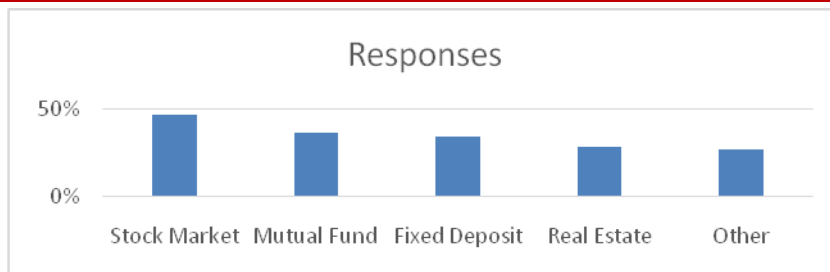


Graph No.3 Awareness about Stock market

From the above table and graph it is observed that there are (50.90%) people who are fully aware about the stock market ,(48%) have partially awareness and (8%) are little bit aware, the not aware people are less in the as people have knowledge but they are afraid of risk.

Table No.4 Future Investment plans.

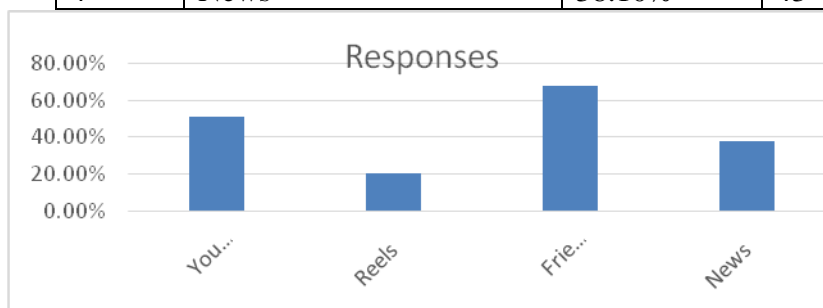
Sr No.	Investment Plan	Responses	Total Number
1	Stock Market	46%	52
2	Mutual Fund	36.30%	41
3	Fixed Deposit	33.60%	38
4	Real Estate	28.30%	32
5	Other	26.50%	30



Graph No 4. Future Investment plans.

Table No. 5 Source of knowledge in investment

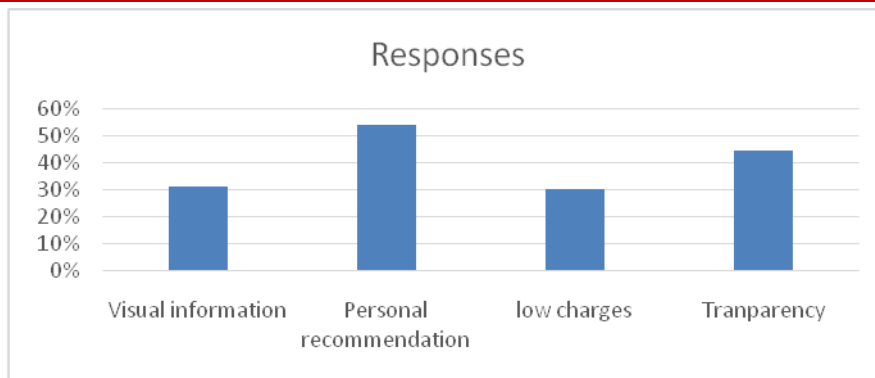
Sr No	Sources	Responses	Total Number
1	You tube	51.30%	58
2	Reels	20.40%	23
3	Friends/Relatives/Teachers	68.10%	77
4	News	38.10%	43



Graph No.5 Source of knowledge in investment

Table No.6 Services needed from financial advisor.

Sr No.	Services Needed	Responses	Total Number
1	Visual information	31%	35
2	Personal recommendation	54%	61
3	low charges	30.10%	34
4	Transparency	44.20%	50



Graph No.6 Services needed from financial advisor

Table No. 7 :In the volatile market which investment is the best option

Sr No	Best option	Responses (%)	Total Number
1	share market	32.70%	37
2	Mutual Fund	35.40%	40
3	Fixed Deposit	26.50%	30
4	Other	5.30%	6

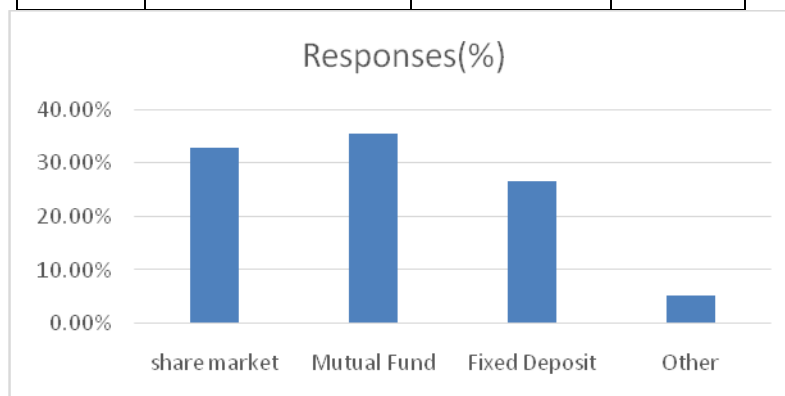


Table No. 8 Factors consider while investing

Sr. No.	Factors consider	Responses	Total Number
1	Period of investment	43.40%	49
2	Past Return	16.80%	19
3	Future Return	78.80%	89
4	To cope up Future emergencies	23.90%	27

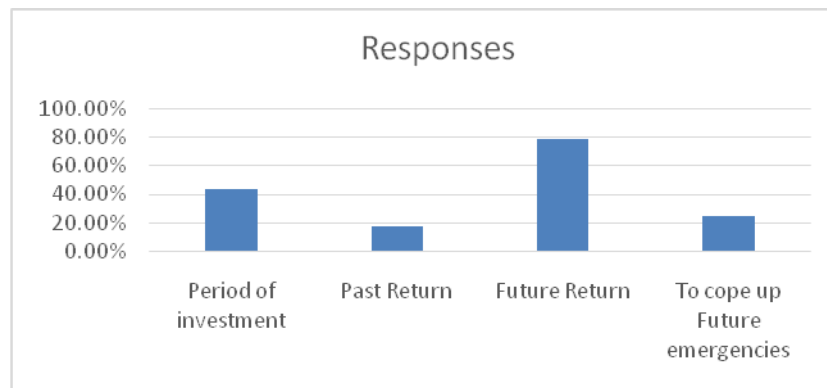
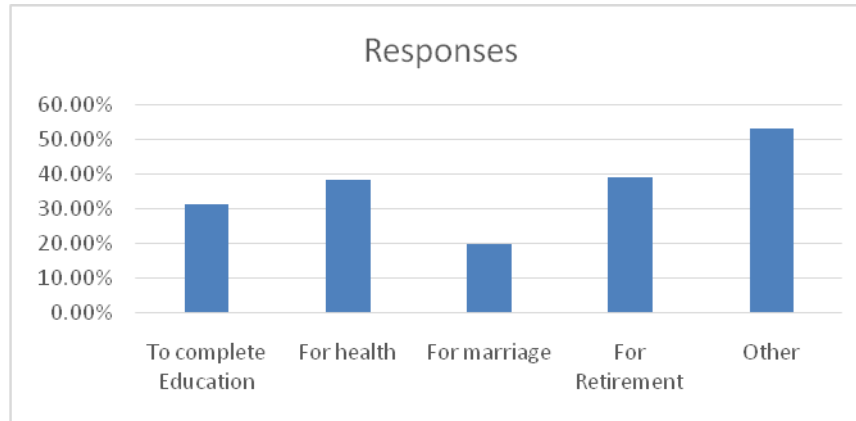


Table No.9 Future objectives of yours for investment.

Sr No	Future Objective	Responses	Total Number
1	To complete Education	31.00%	35
2	For health	38.10%	43
3	For marriage	19.50%	22
4	For Retirement	38.90%	44
5	Other	53.10%	60



Interpretation: From the above table and graph it is observed that there are future objectives of the people for which they do investment among them least people are investing for marriage (19.50%) most of the people have other(53.10%) future objectives , for retirement (38.90%) are investing. .

CONCLUSION:

As there is financial advisor to guide and manage the portfolio still multiple options of investment are not accessible by the people, the working class cannot opt to diverse their investment. This paper grabs attention of investors towards long term equity and debt investment. It justify that people in the future are most likely to invest in stock market as they fill by the reference of financial advisor, the awareness given by the financial advisor may reduce their risk of investment in various sectors . The reason behind not choosing equities option by maximum people is lack of awareness . It is observed that incomplete and incorrect knowledge act as a barrier. One more important thing which should not be neglected is frauds taking place nowadays, which create an abstain people to in believe in any new investment option.Here the study highlights the positive impact of financial advisor in improving investment behavior , promoting sound financial planning, and helping clients achieve their long-term financial goals . Its crucial for individuals to carefully choose a financial advisor in this competitive market.

Finding

- More than 50% of the population is interested in share market and mutual fund saving.
- More than 50% of the population needs services of personal recommendation from the financial advisor.
- Lack of awareness and risk factor has made it difficult for the people to choose between correct and incorrect.
- Most of them are not aware about all the investment habits available for savings.

Suggestions

As it was difficult for the company to create trust among the investors. I suggested them to create a broadcast group and give them some suggestions of all the investment services we provide , from this strategy the investors can verify the services provided by the firm . Then they can conclude with the companies skills and the services provided and if they find suitability then the investors may start investing with the Investors.

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