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AN ANALYTICAL STUDY ON FACTORS INFLUENCING ON INDIVIDUAL INVESTOR'S INVESTMENT DECISION ON SELECTING PRIVATE COMMERCIAL BANKS AT KANO CITY IN NIGERIA

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Abstract

Because of the rise in economic growth and employment opportunities around the world, investment decisions have gained prominence. Individual investors' investment decisions in Nigeria's Kano city center of commerce are examined in this study. There were more items in the structured questionnaire that fell into certain categories, such as self-image; facts about the accounting; unbiased information; incline toward recommendation; personal financial requirements and information in general. The extensive review of the available literature revealed that no single factor determines an individual's investment decisions. In addition, factors such as profit percentage, high returns, safety, the influence of friends, risk diversification, and so on influence investment decisions. In the Nigerian state of Kano, investors have a significant impact on personal financial requirements, accounting information, and general information. The self-image, impartial information, and recommendation from advocates remain unaffected. It was suggested that the investment path should take into account all of the variables and how they affect investment decisions.

Keywords: Investing decisions, factors' influences, investment types, knowledge, investor behavior, and attitude

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Introduction

Venture directors and financial specialists make speculation decisions. Using essential examination, specialized examination, and judgment, financial specialists frequently conduct speculation investigations. Choice devices frequently support venture choices. In the same way that trend results do, it is generally accepted that the data structure and components of private commercial banks have a big influence on investors' investing choices. To show the rationale for stock trading, investors' exhibit behavior derived from dynamic mental standards. How financial professionals interpret data and follow up on it in order to make venture decisions will be at the center of these variables. According to Shefrin (2000), According to its description, the social fund is "a rapidly growing area that manages the impact of brain science on the behavior of financial professionals." According to Nofsinger and Richard (2002), single speculations behavior is concerned about decisions regarding the acquisition of modest measures of record protection. Even if a financial specialist is well-educated, has done research, and spent a lot of research studying the stock before investing, he nevertheless acts unreasonably with the dread of catastrophe in the future. The different behaviors of the distinct financial experts are influenced by a variety of things that aid the speculator in maintaining their composure. A personal financial specialist typically purchases small amounts of insurance for their own records.

Behavioural finance holds that individual investor investment decisions are influenced by features of bank investment applicants and information structure. In behavioural finance, it is presumed that individual investors' points of view and the factors influencing their investment decisions and return on investment (ROI) are also taken into account. The basic goal of behavioral finance is to understand how

people process information and act on it to make financial decisions. The deregulation of Nigeria's financial sector has led to a significant increase in the volume of investments and the number of investors in the investment zone. To entice investors to make investments, a variety of investment products are available. There are now more regional stock exchanges. From simply having higher dividend expectations to a greater capital increase, equity shares as an investment preference have advanced significantly. Due to the quality of continually evolving legislation, depositories' payment guarantee, and effective government engagement, investors have grown to feel secure, active intermediaries, and modern, technologically advanced exchanges. Various elements, including as one's self-perception, accounting information, neutral information, advocacy advice, and individual financial needs, have an impact on individual investors, and general information, who are ordinary people. Investors' intelligent decision-making, on the other hand, is contingent on a variety of factors.

Need for this research study

Numerous factors, some of which are identified by this study, affect the investing choices made by individual investors. It makes it easier to determine whether each investor and employee must be informed of the Investor Guidelines through their organization. Additionally, this research focuses on raising investors' awareness of the various investment opportunities available to them. Before they invest, they must consult.

Objectives of the research study

1. to find out how investors think about the various investing-related elements that affect investment choice
2. to determine which factors have the greatest impact on investment decisions
3. to suggest the best places to invest in private commercial banks in Kano, Nigeria

Scope of the study

The main objectives of this study is to identify the component that has the biggest influence on individuals' investment decisions..

The various factors that influence investors' decision-making processes will benefit from this study's findings.

Limitations of the Study

This study was only done for academic purposes because it would have been too expensive and time-consuming to conduct a full study.

The sample size was only 100, but if it had been larger, the responses and suggestions would have been much more diverse.

The sample respondents find it difficult to complete the questionnaire and do not want to spend a few minutes providing valuable responses on investment pattern and decisions, so we limit the sample size.

The investors' reluctance to share the true details of their investment pattern could be a limitation.

Literature Review (previous studies)

The findings of various scientists regarding venture selections are clarified in this section. Social money has made significant strides toward elucidating the social aspects of business decisions. Social money looks into making decisions when you're vulnerable.

According to Theory of Mental Accounting, individuals frequently compartmentalize particular events in their minds, and the distinction between the impact of these compartments Occasionally, on our conduct outweighs the events themselves. The failure to sell a business that once had enormous increases but now has a modest addition is the best illustration of a contributing case of mental bookkeeping. During a boom in the economy and a market that is positively trending, people become familiar with solid, albeit paper gains. Financial advisors

are increasingly reluctant to sell at a lower overall revenue when the market correction drains their total assets. They create mental compartments for the things they used to have, making them wait for the good times to come back (Thaler, 2001).

According to the theory of overconfidence, most people think they are better than expected at what they do. They also overestimate how accurate their insight is and how it compares to others. Many financial professionals think they can predict the market correctly. The evidence tends to be overwhelming in favor of a different conclusion in any scenario. (Tapia and Yermo, 2007) Pomposity results in an abundance of exchanges, with exchange costs resulting in benefits.

Singular ventures conduct is concerned about decisions regarding the acquisition of modest amounts of protections for one's own record, according to Ambrose Jagongo (2014). Choice devices frequently support venture choices. It is anticipated that the market's elements and data structure have an effective impact on individuals' venture choices and showcase results. The goal of the inquiry was to determine what factors affect speculators' decisions at the Nairobi Stock Exchange. Out of the 50 speculators who made up the test size, 42 financial specialists were the focus of the investigation. An organized survey that was primarily directed at the respondents was used by the analyst to gather data. There were 28 items in the poll. The individual financial specialists were the respondents. In this study, the data were analyzed using Friedman's test, factor examination, rates, mean scores, standard deviations, and frequencies. The researcher found that it is very likely that the conduct account hypothesis's component parts and previously acknowledged experimental findings share some degree of a relationship as for the

standard value financial specialist. The specialist discovered that the following factors have the greatest impact on individual venture decision-making: the company's notoriety, the organization's standing in the sector, projected corporate income, benefit and announcement conditions, stock of prior execution firms, and cost per share, economic sentiment, and anticipated isolation by financial specialists are all factors to consider. Since the venture choices made by the financial specialists will determine the organization's system to be applied, based on the common elements and potential outcomes for each choice, the findings of this investigation would help financial specialists understand the various choices they must make. They would also identify the elements that have the biggest influence on how the company's financial experts behave with regard to their future ambitions and procedures will be affected.

This study was carried out by Jeet Singh and Preeti Yadav (2016) to determine the elements that have a major impact on the investment choices made by a sample of 100 financial professionals in the Uttar Pradesh city of Moradabad. The emergence and growth of social funds bring about transformation in the fund industry. Financial professionals rarely make sound decisions while contributing. Prior to investing resources in the value that is advertised, financial specialists primarily respond to the available data that they control and respond as necessary. When putting resources into the capital market, proportion investigation must be considered a specialized and money-related investigation of the organization alongside a central economic examination. This study compares the viewpoints of male and female financial professionals on a number of elements to take into account when investing in the claimed value. The purpose of this paper is to show how male and female financial professionals feel about various venture options. From the urban areas of Jaipur and Moradabad, the

analysts selected 60 male and 40 female financial specialists. The theory is evaluated by means of autonomous t-tests in this investigation. Before investing in the offers, the paper assumes that financial professionals should make extensive efforts to conduct basic, specialized, and money-related research. When allocating their assets across a variety of resources, financial professionals, whether male or female, ought to consider all avenues. When contributing their assets, financial specialists should consider all options. Because some ventures are risky and others are not, financial professionals should choose risky or less risky ventures based on their time.

S.Hemalatha (2019) says that putting money away for future gains is the driving force behind speculation. People have access to a variety of investment avenues, including fixed store, security strategies, government protections, corporate securities, shares and common reserve, genuine bequests, items, chit reserves, post office plans, and interest in gold and silver. The individual's choice of venture is influenced by another factor. The section profile of the person is important for project selection as well. Consequently, the objective of this study is to ascertain how distinct individual investors perceive the factors that influence venture selection based on demographic profile. The overview's data came from 374 people in Chennai, Tamil Nadu. Using illustrated measurements like the t-test and the f-test, the estimation of the mean, standard deviation, standard error, and mean of the factors that influence a single project choice can be determined. The findings revealed that sex, age, occupation, web use, PC information level, and use of web-based exchanging are all factors that influence venture shifts.

Methodology of the research study

This study is descriptive in nature and provides an investor's perspective on the

influencing factors and investment decision. Empirical research was used in this study to investigate investment opportunities at a few private commercial banks.

Area of study: Around the city of Kano (Centre of Commerce)

Sample size:

Size of the Sample In this study, the sample frame was chosen at random. A total of one hundred people were contacted and offered the chance to take the survey. The respondents to this study were given a questionnaire as part of the survey design. A statistical technique is employed to control the sample size to guarantee that it is representative of the full population.

Design of the Questionnaire: The five-point Likert scale was chosen as the response

Analysis and interpretation of data:

Table 1. Demographic background of the Respondents

S.No	Variables	Responses	No of Respondents	Total
1	No of Respondents	Male	95	100
		Female	05	
2	Age	Less Than 30	4	100
		30-40	48	
		40-50	40	
		Above 50	8	
3	Education Qualification	Schooling	15	100
		Degree	60	
		Master degree	25	
4	Occupation	Business	18	100
		Profession	34	
		Service	19	
		Retired	8	
		Others	21	
5	Annual Income	Less than 2 million ₦	20	100
		2 million to 5 million ₦	34	
		5 million to 10 million ₦	37	
		Above 10 million ₦	9	

format for the questionnaire. To ascertain if and to what extent the respondents agree or disagree with each statement for each dimension,. In this analysis, the responses received scores ranging from 1 to 5. The scores for each respondent are then added together to give an attitude score for each question.

Collection of Data:

Basic data: It was gathered through a survey by handing out the questionnaire to investors.

Secondary data gathered from newspapers, magazines, and CBN bulletins.

Data analysis tools:

With the assistance of the statistical software package SPSS, the data that were gathered from the sources are systematically analyzed and interpreted.

Table-2 Mean score of Perception of Investors

S.No	Variables	N	Mean	SD
1	Past Dividends	100	4.09	.830
2	Financial Ratio	100	3.81	.907
3	Recent Financial Performance	100	4.09	.889
4	Bonus	100	3.79	.782
5	Daily Reports	100	3.97	.915
6	Management & Directors of the company	100	3.92	.918
7	Ownership Structure of the Company	100	4.13	.787
8	Advice of the friends	100	4.33	.817
9	Family Culture in share investments	100	3.9	.813
10	Motivation by the people who are successful in share investment	100	4.06	.0851

ANOVA Test

Education VS Investment factors

H₀: Investment and educational characteristics have a fairly similar relationship.

H₁: Investment and factors associated to education have quite different relationships.

This section tries to measure the difference between education and investment factors by using ANOVA.

Table 3 ANOVA (F-Test)

S.N O	FACTORS	F	Sig.
1	Self-image	.782	.714
2	Accounting information	5.578	.005
3	Neutral information	1.151	.330
4	Advocate recommendation	.370	.957
5	Personal financial needs	8.739	.000
6	General information	.649	.834

Interpretation

The significance and value of factor F can be seen in the table above. The table demonstrates that the significant values for self-image, neutral information, advocate recommendation, and general information are greater than 0.05 percent. Therefore, accept the null hypothesis, which states that factors and education do not differ significantly. The significant value of accounting data and personal financial

requirements is less than 0.05%. Therefore, accept the alternative hypothesis that factors and education differ significantly.

Age VS Investment factors

H₀: The relationship between investment characteristics and age is not very different.

H₁: The relationship between investment characteristics and age is different.

This section tries to measure the difference between age and investment factors by using ANOVA.

Table 4 ANOVA (F-test)

S.N O	FACTORS	F	Sig.
1	Self-image	8.739	.000
2	Accounting information	.7314	.0.001
3	Neutral information	2.204	.016
4	Advocate recommendation	1.375	.205
5	Personal financial needs	3.911	.023
6	General information	15.382	.000

Interpretation

The significance and value of factor F can be seen in the table above. The table makes it abundantly clear that the significant value of self-image, accounting data, neutral data, personal financial requirements, and general data is less than 0.05 percent. Therefore, accept the alternative hypothesis, which states that age and these factors differ significantly. Accept the null hypothesis, according to which age and the advocate recommendation parameters do not differ statistically significantly.

Analysis of factors using Correlation

Table No.5 Correlation Analysis

		IV1	IV2	IV3	IV4	IV5	DV
IV1	Pearson Correlation	1	-.137	.226*	.214*	.165	.129
	Sig. (2-tailed)		.175	.024	.032	.100	.202
	N	100	100	100	100	100	100
IV2	Pearson Correlation	-.137	1	.057	.202*	.084	.301**
	Sig. (2-tailed)	.175		.572	.044	.406	.002
	N	100	100	100	100	100	100
IV3	Pearson Correlation	.226*	.057	1	.439**	.279**	.344**
	Sig. (2-tailed)	.024	.572		.000	.005	.000
	N	100	100	100	100	100	100

Correlation Analysis

H₀: The relationships between the self-image factors, accounting information factors, neutral information factors, advocate suggestion factors, personal financial needs factors, and general information factors are all negative.

H₁: The association between the self-image factor, accounting information factor, neutral information factor, advocate suggestion factor, personal financial need factor, and general information factor is positive.

IV4	Pearson Correlation	.214*	.202*	.439**	1	.270**	.226*
	Sig. (2-tailed)	.032	.044	.000		.007	.024
	N	100	100	100	100	100	100
IV5	Pearson Correlation	.165	.084	.279**	.270**	1	.394**
	Sig. (2-tailed)	.100	.406	.005	.007		.000
	N	100	100	100	100	100	100
DV	Pearson Correlation	.129	.301**	.344**	.226*	.394**	1
	Sig. (2-tailed)	.202	.002	.000	.024	.000	
	N	100	100	100	100	100	100

Interpretation

The table displays the 'r' value and significance level. Elements affecting one's self-perception, accounting information, neutral information, advocate recommendations, and personal financial needs, and general information factors all have significant values of less than 0.05 percent, as shown in the table.

Accounting factors have a positive relationship with general information factors, neutral information factors have a positive relationship with advocate recommendation factors, neutral information factors have a positive relationship with personal financial needs factors, general information factors have a positive relationship with neutral information factors, and factors related to individual financial requirements are positively correlated. with general information factors, and general information factors have a positive relationship with neutral information factors. The table also makes it abundantly clear that the importance of accounting information, self-image factors, neutral information factors, proponent suggestion factors, and personal financial necessities.

Self-image factors have a negative relationship with accounting information factors, self-image factors have a negative

relationship with neutral information factors, self-image factors have a negative relationship with advocate recommendation factors, self-image factors have a negative relationship with personal financial needs factors, self-image factors have a negative relationship with general information factors, personal financial needs factors and self-image factors, personal financial needs factors and accounting information factors.

Findings and Discussions

- The majority of respondents (investors) are male (95%), with only 5% being female.
- The majority of respondents (investors) (4 percent), followed by those aged 30 to 40 (48 percent), 40 to 50 (40 percent), and over 50 (8%).
- The majority of respondents (investors) are UG students (60 percent), followed by PG students (25 percent) and school students (15 percent). The majority of respondents (investors) are between 5 and 10 million N (37%), followed by between 2 and 5 million N (34%), >2 million N (20%), and above 10 million N (9%).
- The majority of respondents (26 percent) own shares, followed by bank deposits (20 percent), real estate (18

percent), mutual funds (17 percent), insurance plans (12 percent), and bonds (7 percent).

- The majority of respondents' investment horizons are between one and two years (42%) followed by between six and twelve months (27%) and between two and three years (19%).
- The majority of respondents are interested in tax savings (39%) and wealth creation (34%) as well as earning returns (19%) and avoiding future expenses (8%)
- The majority of respondents (42%) favor low risk, followed by high returns (22%), maturity period (12%), and safety of principal (24%).

From the mean score,

- The financial firm investment product variables with the highest mean value, 2.9500, are financial firm involvement, wealth, firm status, feelings about the economy, perceived ethics, and the firm's reputation, according to Mean analysis.
- With a mean value of 2.9300, the dividends paid variable ranks highest, followed by corporate earnings, past performance, share price, expected dividends, and corporate position.
- The statement of government variables has the highest mean value of 2.7800, followed by price fluctuations, information, fluctuation, coverage, and economic indicators.
- With a mean of 2.6500, the statement of people's opinion ranks highest, followed by broker recommendation and friend and family member opinion.
- The mean value for the need for diversification is 2.7500, followed by attractiveness, false, and minimizing risk.
- The statement of location has the highest mean value of 2.5500, followed by diversify risks, unsecured investments, tax advantages, favorable

political circumstances, and industry nature.

From Anova (F-test)

There are not statistically different, education and self-perception, education and neutral information, education and advocate recommendation, age and neutral information, or age and advocate recommendation. However, there is a statistically significant distinction between accounting data and education information. Education and general information, age and self-image, age and accounting information, age and personal financial factors, and age and general information factors are all related to education. There is no discernible difference between the two.

From Correlation analysis

Accounting factors are correlated positively with general information factors, neutral information factors are correlated positively with advocate recommendation factors, neutral information factors are correlated positively with personal financial needs factors, general information factors are correlated positively with neutral information factors, advocate recommendation factors are correlated positively with neutral information factors, personal financial needs factors are correlated positively with general information factors.

Accounting information factors and self-image factors, accounting information factors and self-image factors, accounting information factors and neutral information factors, advocate recommendation factors, personal financial needs factors, and general information factors, personal financial needs factors and factors relating to self-image, personal financial needs, accounting information, personal financial needs, advocate recommendation, general information, and self-image, as well as general information and advocate

recommendation. With regard to accounting information factors, neutral information factors, and advocate suggestion factors, self-image and general information factors have a negative association.

Recommendations

- In order to encourage more investors to invest, the Nigerian federal government must organize an investment awareness program.
- Every investor gains knowledge as a result of this awareness program, enabling them to make sound investment decisions.
- The growth of the economy can be boosted by making the right investment choice.
- The nation's economic growth encourages more investors to invest.
- Investors should be educated about investment practices.
- Investing in dividends in the shares must be explained to investors.
- The factors that have the most of an impact are the investor's decision-making process and the accounting information set while advocate recommendation has the least influence on investors.
- For calculating active investing strategies for investors, behavioral finance offers a framework and offers a variety of useful perspectives for investment professionals.
- When exchanging common assets, stocks, and putting resources into other money-related choices, monetary advisors should filter the conduct of financial specialists and their tendencies, particularly urban speculators, since conduct account is another promising part of money.
- Before investing in the offers, speculators should make a serious effort to conduct fundamental, specialized, and financial research.

- Both male and female financial specialists attempt to divide resources into various resource categories.
- Depending on the age of the financial professionals, they should choose the level of risk to take because some ventures are risky and others are not.
- Younger generation speculators may face difficulty, but more experienced financial professionals should steer clear of risky investments.

Endnote (Conclusion)

Nowadays, financial research is increasingly reflecting behavioral finance. It indicates that a person's investment decision is based on a combination of multiple factors rather than just one. Several variables, including age and gender, degree of education, social status, and economic background, self-image of the company, information related to the company, advocate recommendation, personal financial needs, and general information, are taken into consideration before investors invest their money. The investment decision is the testing experiment that they most challenge; when making decisions about investments, they behave rationally and typically comply with their requests, despite their emotional subjectivity. Numerous studies have shown that individual investors' decisions regarding investments are not influenced by a single variable or factor; rather, they differ from person to person, location to location, security to security, etc. The findings of this study suggest that an investor's decision to invest is influenced by the amount of risk they are prepared to take and the information they have access to. As a result, each variable has a significant impact on an investor's investment strategy.

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