

# Study of Buying Behavior Patterns of Consumers Concerning Select Financial Products in India: A Descriptive Study

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## **Abstract**

*This descriptive research examines customer purchasing trends for certain financial goods in India, focusing on savings accounts, insurance policies, and mutual funds. Despite substantial improvements in India's financial industry, adoption rates for these products still need to improve, emphasizing the need to understand customer decision-making processes.*

**Introduction:** The study investigates how financial literacy, confidence in institutions, perceived product value, and cultural variables affect customer behavior to solve the problem of low financial product penetration in India.

**Purpose:** The primary aim is to identify and analyze the key factors influencing consumer decisions regarding financial products and provide actionable insights for financial institutions to improve product adoption and market engagement.

**Method:** This study used descriptive research. The author gathered information about the present condition to define it descriptively. The primary emphasis is on describing rather than judging or interpreting.

**Results:** The study finds that financial literacy significantly enhances product adoption, as informed consumers are likelier to engage with financial products. Trust in financial institutions is crucial, with higher trust correlating with greater consumer engagement. Perceived product value, including benefits, fees, and alignment with economic goals, also influences decisions. Cultural factors play a crucial role in framing financial preferences and behaviors.

**Conclusion:** These factors help understand the factors essential for financial institutions seeking to increase product adoption and improve consumer engagement. The study recommends enhancing financial literacy, building institutional trust, clearly communicating product value, and considering cultural contexts to foster greater financial inclusion in India.

## **Introduction**

Consumer behavior examines the complex processes underlying individuals' choices, usage, and disposal of products, services, concepts, and habits that fulfill their desires and requirements, taking into account psychological, social, and environmental factors that influence their decision-making and actions. It includes consumers' thoughts, feelings, experiences, actions, and other environmental factors such as advertisements, price, competition, etc.

The decision-making process of consumers is shaped by a multitude of factors, including external influences like marketing and environment, social contexts, internal drivers like personal characteristics and emotions, as well as familial and cultural backgrounds, all of which interact to determine their purchasing choices (Shishani, 2020). It investigates how customers behave to meet their needs and desires during the purchasing and selection process. Businesses aim to determine customer behavior by controlling shop layout, music, product availability, price, and advertising.

To be a successful customer-oriented company, consumers go through a decision-making process that comprises identifying their needs and wants, gathering accurate information about the desired product, searching for alternatives, evaluating them, making a purchase decision, and evaluating the product in real life to safeguard satisfaction (Kacen, 2002). Several factors substantially impact both habits and the final buying choice.

Financial literacy is essential when seeking professional financial advice and when considering whether professional intervention can replace it. In 1997, the Jumpstart Coalition for Personal Financial Literacy developed the term "financial literacy."

It involves "the capacity to use knowledge and skills to manage one's financial resources effectively for lifetime financial security." Individuals make several financial decisions each year. Budgeting, spending, saving, investing, risk management, and debt alternatives are all examples of economic decisions. While the level of intricacy varies, all of these decisions need basic financial literacy (Zhang,2020). Perceptions of fairness and integrity substantially impact client trust in the banking industry.

### **Factors Influencing Consumer Behavior:**

Economic reforms, technological advancements, and a more dynamic regulatory environment have all contributed to the remarkable transformation of India's financial industry in recent decades. Despite these advances, many financial products remain unpopular, particularly among certain demographic groups. This imbalance must be addressed by better understanding consumer purchasing behaviors to enhance product adoption and economic inclusiveness.

The study of Consumer Behavior can be defined as composition of people, communities, and organizations. It includes all consumer-related characteristics, such as purchasing behavior, product and service use and disposal, and the customer's emotional, mental, and social dimensions, that precede or follow these acts. To compete in today's dynamic and rapidly changing environment, marketers must understand everything about their consumers, including what they require, what they think, how they work, and how they spend their money and time.

(P. Agrawal, 2024). The study found that consumer behavior is unpredictable, even for experts in the field.

It looks at how and why individual consumer's emotions, attitudes, and preferences differ. This study will discover how customers often react differently under various circumstances. We will investigate how customers choose from multiple alternatives and what factors influence purchase decisions. They must become more engaged in the wines that customers desire to purchase from them. Their primary goal should be customer satisfaction, followed by sales. Motivation is triggered by either a biological or psychological need. The former results from a physiological condition like thirst or hunger, whereas a psychological state causes the latter. Motivation is a desire or urge that a person seeks to satisfy. It becomes a purchase motive when a person seeks satisfaction by acquiring something. Marketers must understand the motivation element as an internal force that motivates clients to purchase to meet their needs (Muruganantham, 2013). Individuals differ in their degree of selection. Thus, marketers should consider this while marketing their products, mainly when advertising the product or service. The firms' research divisions understood this and created memorable advertising that, because of its appeal, is rapidly noticed by purchasers.

## **LITERATURE REVIEW**

Consumer behavior may be defined as "the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to

satisfy various needs and the impacts that these processes have on the consumer and society" (Hawkins et al., 2017)

The consumer buying motive is the inner drive of the customer to buy a product to satisfy a need or want. The motive for saving is the customer's drive to prepare financially for the future. The family is one of the most potent groups for consumer buying decisions, and the number of members in a family can influence the consumer. Jamal et al. (2015) investigated the effects of social influence and financial knowledge on students' saving habits. The study revealed that family and peers substantially affected young people's saving habits.

Financial knowledge was another element that influenced saving habits. Cultural, social, personal, legal, and psychological factors impact consumer purchasing behavior. Impact marketing is a marketing strategy identifying the various elements that impact purchasers. Chang et al. (2011) found that favorable emotional reactions from consumers in the shop environment led to impulsive purchases.

Marketers are keen to capitalize on the marketable value of influence and determine which factors have the most significant impact on customers (Kumar, 2016). They explored the effect of family experiences on students' saving behavior and analyzed consumers to understand their long-term purchase patterns. Trust is essential in the financial business, affecting clients' willingness to use financial services. In India, historical issues, regulatory changes, and financial businesses' overall image can all influence trust in financial institutions. Financial literacy is the knowledge and skills necessary to make informed financial decisions (Lusardi, A. 2019).

According to various research, higher financial literacy leads to better financial decisions and product adoption. Financial literacy varies significantly throughout India's demographics, impacting customers' ability to understand and interact with financial products.

Perceived value includes both the advantages and expenses of a financial product. It evaluates interest rates, payments, accessibility, and financial objectives. Consumers' opinions of value impact their purchases of economic items. According to Youn and Faber (2000), emotions substantially influence purchasing patterns, resulting in impulsive consumer purchases.

Consumer behavior is strongly influenced by cultural elements such as values, traditions, and social standards. Cultural beliefs and traditions in India might impact financial product choices and decision-making processes. While previous research sheds light on individual aspects influencing consumer behavior, there is no comprehensive examination of financial literacy, trust, perceived value, and cultural impacts in the Indian setting. This study closes the gap by combining these components into a coherent framework.

## **Methodology**

This study used descriptive research. The author gathered information about the present condition to define it descriptively. The emphasis is on describing rather than judging or interpreting. The primary aim is to identify and analyze various factors that influence consumer decisions regarding purchasing financial products. This study provides multiple measures that can be taken to improve product adoption by different sectors of people, which will enhance market engagement.

## **Problem Statement**

The poor adoption of financial goods in India highlights the impact of financial literacy, confidence in institutions, perceived value, and cultural variables on consumer behavior. Identifying these characteristics and understanding how they interact is critical for financial institutions seeking to build strategies that meet client expectations while overcoming adoption hurdles. India's low

adoption of economic goods reflects a complicated ecosystem in which several variables interact to impact consumer behavior (Patwa, N., 2021).

Financial literacy is essential because it directly impacts an individual's capacity to understand, appraise, and make educated financial product and service selections. Consumers who lack financial literacy may hesitate to try new financial products because they are unsure of the advantages or hazards.

Trust in financial institutions is another crucial aspect influencing customer decisions (Geebren, 2021). Several factors can affect trust, including past experiences, institutional reputation, media coverage, and public image. Customers concerned about financial institutions' integrity or trustworthiness may be unwilling to invest their money in or use their services. Financial firms must first build and maintain trust to attract and retain customers. According to Schiffman 2010, new sales incentives, creative communications, and effective use of technology in retail outlets have made impulse purchasing necessary in today's shopping environment.

### Research Questions

1. What factors most significantly influence consumer buying behavior concerning financial products in India?
2. How does financial literacy impact consumers' purchasing decisions in the Indian financial market?
3. What role does trust in financial institutions play in consumer decision-making?

### Scope and Limitations

The research focuses on India's urban and semi-urban areas and covers three financial products: savings accounts, insurance policies, and mutual funds. The findings may not apply to rural regions or other financial products not covered in the research. In addition, the study is based on self-reported data, which may be biased.

This study uses a descriptive research approach to investigate and characterize customer purchasing behavior for specific financial products. Descriptive research is ideal for analyzing current events without modifying variables, as it provides a full view of the elements driving consumer decisions.

Inclusion Criteria: Participants must be people aged 18 and older who live in urban and semi-urban regions of India and have access to essential financial services. Exclusion criteria: The study excludes those under 18, those living in remote areas, and those who do not have access to financial services.

### Findings

According to the study report, age, income, education, and risk appetite majorly impact customer purchasing behavior for financial goods in India. It may reveal that awareness and preference for financial products such as mutual funds, insurance, and fixed deposits vary significantly across demographic groups, with younger, urban, and higher-income consumers favoring equity-based products and older or more conservative consumers preferring safer options. Furthermore, the study may emphasize the significance of confidence in financial institutions, the influence of good marketing and promotional techniques, and the hurdles, such as a lack of understanding or perceived complexity, that prevent greater acceptance of specific financial products.

**Financial Literacy-** People with higher financial literacy tend to use financial products more effectively. They can better understand product details and make smart financial choices. The study adds to theoretical knowledge by combining many aspects of consumer behavior into a unified

framework. Financial institutions may increase product acceptance by emphasizing economic education, fostering trust via transparent processes, and tailoring goods to cultural preferences.

**Trust in Institutions:** Trust has a significant influence on buying behavior. Consumers who trust financial organizations are more inclined to use their goods—previous experiences and institutional reputation impact trust.

**Perceived Product Value:** Consumers prioritize the perceived value of financial items. Competitive interest rates, reasonable fees, and alignment with financial goals significantly impact consumer decisions. The findings emphasize the importance of economic knowledge, trust, perceived value, and cultural influences in affecting customer behavior toward financial goods in India. Financial literacy is essential for making educated decisions and using products. Trust in institutions boosts confidence while lowering perceived dangers. Perceived value and cultural influences impact consumer preferences and decisions.

**Cultural variables influence** consumer choices for certain financial goods. For example, traditional beliefs and family traditions impact savings and investment decisions.

A regression analysis found strong positive correlations between financial literacy and purchasing behavior, showing that enhancing financial literacy may increase product adoption. Trust in institutions also indicates a positive correlation, emphasizing the significance of transparency and dependability. Perceived product value and cultural characteristics are somewhat related, showing their relevance in consumer decision-making.

### Limitations and Recommendations for Future Research

The research has some limitations, including a sample size that is restricted to a specific geographic area, which may not be representative of other regions, and the potential for inaccuracies or biases in the data collected through self-reporting by participants. These limits are acknowledged, and steps are taken to mitigate their influence. The study's shortcomings include a concentration on urban and semi-urban areas and a narrow choice of financial products. Future studies should overcome these constraints and investigate new factors influencing customer behavior. Future research should look into customer behavior in rural areas and across a broader spectrum of financial products. Additionally, research should take into account upcoming technological breakthroughs and economic realities.

### Conclusion

This descriptive research examines customer purchasing behavior for several financial products in India. The findings highlight the significance of financial knowledge, trust, perceived value, and cultural factors in consumer decisions. By addressing these characteristics, financial institutions may create more successful strategies for increasing product acceptance and promoting economic inclusion. These characteristics assist us in understanding the aspects that financial institutions must consider to support uptake and consumer engagement. To encourage greater financial inclusion in India, the report proposes improving financial literacy, increasing institutional trust, clearly explaining product value, and considering cultural settings.

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