



A STUDY ON FACTORS INFLUENCING INVESTORS' BEHAVIOUR TOWARDS THE MONEY MARKET AND CAPITAL MARKET IN BANGALORE DISTRICT

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ABSTRACT

The financial market provides investors with diverse investment opportunities through money market and capital market instruments. Investors' behaviour towards these markets is influenced by financial, economic, informational and behavioural factors. The present study, entitled "A Study on Factors Influencing Investors' Behaviour towards Money Market and Capital Market", aims to identify and assess the factors influencing investors' behaviour towards money market and capital market investments in Bangalore District. The study adopts a descriptive and analytical research design and is based on primary and secondary data. Primary data were collected through a structured questionnaire from a sample of 410 investors, selected using the Yamane sampling method. Multiple regression analysis was employed to examine the influence of the selected factors on investors' behaviour. The findings reveal that the money market regression model has an R^2 value of 0.713, indicating that 71.3% of the variation in investors' behaviour is explained by the selected factors. Interest Rate/Rate of Return, Financial Literacy and Market Conditions emerged as major positive influences, while Risk and Safety, Inflation Rate, Tax Benefits and Investment Horizon showed significant negative relationships. Economic Stability and Availability of Information were found to be insignificant. In the capital market, the regression model recorded an R^2 value of 0.916, indicating that 91.6% of the variation in investor behaviour is explained by the selected factors. Expected Rate of Return, Liquidity and Income Level emerged as major positive influences, while Financial Literacy and Investor Sentiment and Behavioural Factors showed significant negative relationships. The study concludes that investors' behaviour is multidimensional and differs according to the nature and characteristics of the financial market. The findings provide useful insights for investors, financial institutions, investment advisors and policymakers in developing appropriate investment strategies.

KEYWORDS: Money Market, Capital Market, Investor Behaviour, Financial Literacy, Investment Decisions, Risk Perception.

1. INTRODUCTION

Financial markets play a vital role in the economic development of a country by facilitating the mobilisation and efficient allocation of financial resources (Chopra & Gondaliya, 2020). They provide a platform through which individuals, businesses, financial institutions and governments can borrow, invest and manage their financial requirements (Ansari, Gupta & Bhatia, 2024). Among the major components of the financial market, the money market and capital market are particularly important (Kashyap & Kumari, 2025). Although both markets facilitate investment and financing, they differ in terms of maturity, risk, return and the nature of financial instruments traded. Investors' behaviour towards these markets is influenced by a combination of economic, financial, psychological and personal factors. The money market primarily deals with short-term financial instruments having a maturity of up to one year (Podvalny, Zolotukhina, Sotnikova & Prokshits, 2021). It provides investors with opportunities to earn relatively stable returns while maintaining liquidity and safety of funds (Li & Fei, 2024). Instruments such as Treasury Bills, Commercial Paper, Certificates of Deposit and other short-term securities are commonly associated with the money market (Madaan & Singh, 2019). Investors' decisions in this market may be influenced by interest rates, risk and safety, liquidity, inflation, income level, financial literacy, investment objectives, market conditions, tax

benefits, investment horizon, economic stability and the availability of information (Nair, Shiva, Yadav & Tandon, 2023). These factors determine the attractiveness and suitability of money market instruments for different categories of investors (Dwivedi & Khare, 2023). The capital market, on the other hand, facilitates the mobilisation of long-term funds and includes instruments such as equity shares, preference shares, bonds, debentures and mutual funds (Mehtab & Nagaraj, 2019). Investment in the capital market provides opportunities for wealth creation and capital appreciation; however, it may also involve greater risk and fluctuations in returns (Sivakumar & Poornima, 2022). Investors' behaviour towards the capital market can be influenced by factors such as expected rate of return, risk perception, liquidity, financial literacy, income level, investment experience, market conditions, economic conditions, tax considerations, investment objectives, availability of information and investor sentiment (Mushinada & Veluri, 2018). Understanding investors' behaviour is important for financial institutions, investment companies, policymakers and individual investors (Panchal & Ajmera, 2022). Differences in investors' financial knowledge, income, risk tolerance, investment experience and objectives may result in different preferences between money market and capital market instruments (Nadhila, Sembel & Malau, 2024). Therefore, a systematic examination of the factors influencing investors' behaviour can provide valuable



insights into their investment preferences and decision-making processes (Gustavo, Miguel, Flabio & Raul, 2024).

2. LITERATURE REVIEW

Investment behaviour is an important area of financial research because investors differ in their preferences, risk tolerance, financial knowledge, income, investment experience and financial objectives (Pandey, Moid & Vishnani, 2024). Traditional investment theories generally assume that investors make rational decisions based on risk and return. However, behavioural finance literature demonstrates that investment decisions are also influenced by psychological, informational and socio-economic factors (Purohit, Satija & Saxena, 2014). The literature relating to the present study can broadly be discussed under the factors influencing investors' behaviour towards the money market and capital market (Kar & Patro, 2024). Money Market The interest rate and rate of return are important determinants of money market investment decisions. Investors generally compare the return offered by short-term financial instruments with alternative avenues of investment (Pushpa & Druvakumar, 2022). Higher interest rates may increase the attractiveness of money market instruments, particularly among investors seeking relatively stable returns and preservation of capital. However, investors also consider whether the return is adequate to compensate for inflation and opportunity costs (Rai, 2024). Risk and safety are significant considerations in money market investment. Investors who have a lower tolerance for financial risk may prefer instruments that provide greater security and predictable returns. Risk perception is also important because investors evaluate the possibility of losing capital before selecting an investment avenue (Sachdeva, Lehal, Gupta & Garg, 2023). Recent research among investors in the Kalyana Karnataka region specifically identifies risk perception, financial literacy and investment experience as important dimensions of investment behaviour and financial decision-making. Liquidity is another important factor in the money market because many investors use short-term instruments to manage temporary surplus funds (Saivasan & Lokhande, 2022). The ability to convert an investment into cash quickly provides financial flexibility. Inflation also influences investment decisions because an investment providing a nominal return below the inflation rate may result in a decline in real purchasing power (Samal & DasMohapatra, 2020). Consequently, investors consider both nominal returns and real returns while evaluating investment alternatives. Income level determines the financial capacity of individuals to invest, while financial literacy helps them understand the characteristics, risks, returns and suitability of different instruments (Sathya & Prabhavathi, 2024). Research on financial literacy in India indicates that financial literacy is associated with better financial planning and is related to investment behaviour and risk tolerance. More recent research on Indian retail investors also indicates that financial literacy plays an important role in investment decision-making and can influence susceptibility to behavioural biases (Saxena, Purohit & Satija, 2016). Investment objectives such as capital preservation, regular income and short-term financial requirements affect investors' preferences. Market conditions and economic stability also influence confidence in financial markets. Changes in interest rates, inflation, economic growth and employment conditions may alter the attractiveness of

money market investments. Tax considerations can further affect the net return obtained from investments. Finally, availability of information helps investors compare instruments and make informed decisions (Vijaya, 2014). Thus, money market behaviour is influenced by the interaction of return, risk, liquidity, financial capability and economic conditions. Capital Market The expected rate of return is one of the most important factors influencing capital market investment. Investors generally seek capital appreciation, dividend income or interest income and compare the expected return with the associated level of risk (Zahera & Bansal, 2018). Risk perception is particularly important because shares, bonds, mutual funds and other capital market instruments may experience variations in market value. Liquidity affects investors' willingness to participate because investors generally prefer securities that can be bought and sold efficiently. Financial literacy enables investors to understand market information, evaluate investment alternatives and assess risk-return relationships (Bathia, Chavan, Ghorpade, Dmello, Rose & D'lima, 2025). Evidence from Indian investors suggests that financial literacy can help investors make more informed decisions and reduce the influence of behavioural biases. Income level and investment experience also influence capital market behaviour. Investors with higher or more stable income may have greater capacity to invest and may be more capable of accepting market fluctuations. Investment experience can improve familiarity with market mechanisms and investment products (Bharandev & Rao, 2020). Recent evidence from Indian stock-market investors shows that investor experience and financial literacy can play moderating roles in the relationship between behavioural factors and investment decisions (Bharti & Kumar, 2022). Market and economic conditions strongly influence capital market decisions. Bullish market conditions may increase investor confidence, whereas prolonged declines can increase risk aversion. Inflation, interest rates, economic growth and employment conditions can similarly affect expectations regarding corporate profitability and investment returns (Gabhane, Sharma & Mukherjee, 2023). Tax considerations may influence the selection and holding period of different investment instruments, particularly where investors consider post-tax returns. Investment objectives such as wealth creation, retirement planning, children's education and capital appreciation determine the type and duration of capital market investments (Hans, Choudhary & Sudan, 2024). Investors with long-term objectives may be more willing to accept short-term market fluctuations in expectation of higher long-term returns. The literature also gives considerable importance to information availability and behavioural factors (Haritha, 2024). Raut, Das and Mishra's study of 396 Indian individual investors found significant influences of herding, information cascades, anchoring, representativeness and overconfidence on investment decision-making (Jain, Walia, Kaur & Singh, 2022). Similarly, research on Indian investors has shown that information seeking, anchoring, herding, representativeness and overconfidence can significantly influence investment decisions (Kahneman & Tversky, 1979). Recent research also reports that risk tolerance, social interaction and herding behaviour are associated with stock-market participation among Indian working individuals.



3. RESEARCH GAP

The existing literature on investment behaviour has extensively examined the factors influencing investors' decisions in financial markets, particularly with respect to risk, return, liquidity, financial literacy, income, investment experience, market conditions, behavioural factors and availability of information. However, much of the existing research focuses predominantly on capital market investments, such as equity shares, mutual funds and stock-market participation, while comparatively less attention has been given to investors' behaviour towards money market instruments. Studies that examine both markets simultaneously and systematically are relatively limited. Further, existing studies generally investigate individual factors such as financial literacy, risk perception, behavioural biases or investment experience rather than providing an integrated framework covering the broader range of financial, economic, informational and behavioural factors. There is also limited comparative evidence regarding whether the factors influencing investors' decisions differ between short-term money market investments and long-term capital market investments. Another gap relates to the changing investment environment, in which investors have increasing access to financial information, digital investment platforms and diverse financial products. These developments may influence investors' perceptions of risk, return, liquidity and investment objectives. Therefore, earlier findings may not fully reflect contemporary investment behaviour. Hence, the present study attempts to address these gaps by identifying and analysing the factors influencing investors' behaviour towards money market investments and capital market investments separately.

4. NEED FOR THE STUDY

The financial market provides investors with a wide range of investment opportunities through money market and capital market instruments. However, investors differ in their preferences, risk tolerance, financial literacy, income, investment experience and financial objectives, resulting in variations in investment behaviour. The money market mainly provides short-term investment opportunities emphasizing liquidity, safety and relatively stable returns, whereas the capital market offers long-term opportunities for wealth creation and capital appreciation with comparatively higher market risk. Therefore, understanding the factors influencing investors' behaviour towards these two markets is essential. The study is needed to examine the relative importance of financial, economic, informational and behavioural factors influencing investment decisions. It will also help identify differences in investors' preferences between money market and capital market instruments and provide useful insights for investors, financial institutions, policymakers and investment service providers in designing appropriate investment strategies.

5. RESEARCH OBJECTIVES

1. To identify and assess the factors influencing investors' behaviour towards money market investments Bangalore district.
2. To examine the factors influencing investors' behaviour towards capital market investments Bangalore district.

6. HYPOTHESIS

- H₀:** There is no significant influence of the selected factors on investors' behaviour towards money market investments Bangalore district.
- H₁:** There is a significant influence of the selected factors on investors' behaviour towards money market investments Bangalore district.
- H₀:** There is no significant influence of the selected factors on investors' behaviour towards capital market investments Bangalore district.
- H₂:** There is a significant influence of the selected factors on investors' behaviour towards capital market investments Bangalore district.

7. RESEARCH METHODOLOGY

The study adopts a descriptive and analytical research design to examine factors influencing investors' behaviour towards money market and capital market investments in Bangalore District. The study covers investors residing in Bangalore District who have experience or awareness of financial market investments. Both primary and secondary data are used to achieve the objectives of the study. Primary data will be collected through a structured questionnaire designed around the identified influencing factors. Secondary data will be obtained from books, research journals, reports, websites, financial publications and other relevant sources. The collected data will be systematically classified, tabulated and analysed using appropriate statistical techniques, including regression analysis.

i) Primary data

Primary data will be collected directly from investors in Bangalore District. A structured questionnaire will be developed based on the factors identified from the literature review. The questionnaire will cover factors influencing behaviour towards both money market and capital market investments. Responses will be collected from selected investors using an appropriate sampling method. The collected responses will be coded, tabulated and subjected to statistical analysis.

ii) Secondary data

Secondary data will be collected from books, research articles, journals, newspapers and financial publications. Relevant information will also be obtained from reports of financial institutions and regulatory authorities. Government publications and official financial-market reports will be considered wherever relevant. Online databases and reliable websites will be used to supplement the information required for the study. Secondary sources will mainly support the conceptual framework, literature review and interpretation of the findings.

8. SAMPLE DESIGN

The study population comprises investors in Bangalore District who invest in or have knowledge of money market and capital market instruments. The sample size is determined using the Yamane (1967) sampling formula, expressed as $n = N / [1 + N(e)^2]$, where n represents the sample size, N represents the population size and e represents the acceptable sampling error. Based on the Yamane sampling method, a sample size of 410



investors is selected for the present study. The selected sample comprises investors from different areas of Bangalore District to ensure adequate representation of the study population. The respondents will include investors having knowledge of or experience in money market and capital market investments. The data collected from the 410 respondents will be used to analyse the factors influencing investors' behaviour towards money market and capital market investments.

9. SCOPE OF THE STUDY

The study is confined to investors in Bangalore District. It focuses on factors influencing investors' behaviour towards money market investments. It also examines factors influencing investors' behaviour towards capital market investments. The study considers financial, economic, informational and behavioural factors affecting investment decisions. The study covers factors such as return, risk, liquidity, financial literacy,

income, investment objectives, market conditions, investment experience and information availability. The findings are intended to provide useful insights to investors, financial institutions, investment service providers and policymakers regarding investors' investment behaviour.

10. DATA ANALYSIS

Multiple regression analysis will be used to examine the influence of the selected independent factors on investors' behaviour towards money market investments. A separate multiple regression model will be applied to determine the influence of the selected factors on investors' behaviour towards capital market investments. The R, R², Adjusted R², F-value and regression coefficients (Beta) will be used to assess the explanatory power and significance of the models. The significance level, generally 5% ($p < 0.05$), will be used to accept or reject the respective null hypotheses.

Table 1: Investors' behaviour towards money market

- H₀:** There is no significant influence of the selected factors on investors' behaviour towards money market investments Bangalore district.
H₁: There is a significant influence of the selected factors on investors' behaviour towards money market investments Bangalore district.

Model Summary						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	
1		.845 ^a	.713	.705	.65519	
ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	423.930	12	35.327	82.296	.000 ^a
	Residual	170.422	397	.429		
	Total	594.351	409			
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.012	.162		6.226	.000
	Interest Rate / Rate of Return	.541	.118	.536	4.571	.000
	Risk and Safety	-.428	.119	-.373	-3.584	.000
	Liquidity	.196	.083	.194	2.356	.019
	Inflation Rate	-.566	.102	-.480	-5.544	.000
	Income Level	.271	.060	.268	4.494	.000
	Financial Literacy	.486	.084	.481	5.790	.000
	Investment Objectives	.280	.056	.278	4.971	.000
	Market Conditions	.353	.048	.395	7.322	.000
	Tax Benefits	-.265	.052	-.272	-5.089	.000
	Investment Horizon	-.200	.056	-.188	-3.592	.000
	Economic Stability	.024	.071	.024	.333	.739
	Availability of Information	.016	.066	.018	.247	.805
a. Dependent Variable: Investors' Behaviour Towards Money Market						

The regression analysis presented in Table 1 examines the influence of 12 selected factors on investors' behaviour towards money market investments in Bangalore District. The

Model Summary shows an R value of 0.845, indicating a strong positive relationship between the selected independent variables and investors' behaviour. The R² value of 0.713



indicates that 71.3% of the variation in investors' behaviour towards money market investments is explained by the 12 selected factors, while the remaining 28.7% is attributable to other factors not included in the model. The Adjusted R^2 of 0.705 confirms that the model maintains a high explanatory power after adjustment for the number of predictors. The ANOVA results further demonstrate that the regression model is statistically significant ($F = 82.296$, $p < 0.001$). Since the significance value is less than 0.05, the null hypothesis (H_0) is rejected and the alternative hypothesis (H_1) is accepted. Therefore, there is a significant influence of the selected factors on investors' behaviour towards money market investments in Bangalore District. The coefficient results indicate that Interest Rate/Rate of Return has a significant positive influence ($\beta = 0.536$, $p < 0.001$), suggesting that higher perceived returns are associated with greater preference for money market investments. Financial Literacy also has a significant positive influence ($\beta = 0.481$, $p < 0.001$), indicating that financially knowledgeable investors are more likely to make informed money market investment decisions. Market Conditions show

a significant positive influence ($\beta = 0.395$, $p < 0.001$), while Income Level ($\beta = 0.268$, $p < 0.001$), Investment Objectives ($\beta = 0.278$, $p < 0.001$) and Liquidity ($\beta = 0.194$, $p = 0.019$) also significantly influence investors' behaviour. In contrast, Risk and Safety have a significant negative influence ($\beta = -0.373$, $p < 0.001$), as do Inflation Rate ($\beta = -0.480$, $p < 0.001$), Tax Benefits ($\beta = -0.272$, $p < 0.001$) and Investment Horizon ($\beta = -0.188$, $p < 0.001$). These negative coefficients indicate that increases in these variables, as measured in the study, are associated with lower investors' behaviour scores towards money market investments. Among the significant predictors, Interest Rate/Rate of Return has the strongest positive standardized effect ($\beta = 0.536$), followed by Financial Literacy ($\beta = 0.481$) and Market Conditions ($\beta = 0.395$). However, Economic Stability ($\beta = 0.024$, $p = 0.739$) and Availability of Information ($\beta = 0.018$, $p = 0.805$) are not statistically significant at the 5% level. Hence, these two factors do not have a significant independent influence on investors' behaviour in the present regression model.

Table 2: Investors' behaviour towards capital market

H₀: There is no significant influence of the selected factors on investors' behaviour towards capital market investments Bangalore district.

H₂: There is a significant influence of the selected factors on investors' behaviour towards capital market investments Bangalore district.

district.

Model Summary						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	
1		.957 ^a	.916	.914	.40234	
ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	704.146	12	58.679	362.481	.000 ^a
	Residual	64.267	397	.162		
	Total	768.412	409			
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.208	.104		2.006	.045
	Expected Rate of Return	.516	.042	.533	12.221	.000
	Risk Perception	.165	.042	.166	3.887	.000
	Liquidity	.413	.040	.412	10.205	.000
	Financial Literacy	-.423	.040	-.446	-10.602	.000
	Income Level	.281	.039	.286	7.159	.000
	Investment Experience	-.026	.026	-.022	-.991	.322
	Market Conditions	-.057	.046	-.041	-1.235	.218
	Economic Conditions	.074	.031	.070	2.440	.015
	Tax Considerations	.035	.017	.030	2.016	.044
	Investment Objectives	.103	.043	.085	2.400	.017
	Availability of Information	-.075	.040	-.066	-1.884	.060
	Investor Sentiment and Behavioural Factors	-.079	.027	-.074	-2.984	.003

a. Dependent Variable: investors' Behaviour Towards Capital Market



The regression analysis presented in Table 2 examines the influence of the selected 12 factors on investors' behaviour towards capital market investments in Bangalore District. The Model Summary indicates an R value of 0.957, showing a very strong positive relationship between the selected independent variables and investors' behaviour. The R^2 value of 0.916 indicates that 91.6% of the variation in investors' behaviour towards capital market investments is explained by the 12 selected factors, while the remaining 8.4% is explained by other factors outside the model. The Adjusted R^2 of 0.914 further confirms the excellent explanatory power of the regression model. The ANOVA results show that the overall regression model is statistically significant ($F = 362.481$, $p < 0.001$). Since the significance value is less than 0.05, the null hypothesis (H_0) is rejected and the alternative hypothesis (H_2) is accepted. Therefore, there is a significant influence of the selected factors on investors' behaviour towards capital market investments in Bangalore District. The coefficient results reveal that Expected Rate of Return has a significant positive influence on investors' behaviour ($\beta = 0.533$, $p < 0.001$), indicating that expectations of higher returns are strongly associated with capital market investment behaviour. Liquidity also has a significant positive influence ($\beta = 0.412$, $p < 0.001$), followed by Income Level ($\beta = 0.286$, $p < 0.001$) and Risk Perception ($\beta = 0.166$, $p < 0.001$). Economic Conditions ($\beta = 0.070$, $p = 0.015$), Tax Considerations ($\beta = 0.030$, $p = 0.044$) and Investment Objectives ($\beta = 0.085$, $p = 0.017$) also have statistically significant positive influences on investors' capital market behaviour. In contrast, Financial Literacy has a significant negative influence ($\beta = -0.446$, $p < 0.001$), indicating an inverse relationship with the dependent variable as measured in the study. Investor Sentiment and Behavioural Factors also have a significant negative influence ($\beta = -0.074$, $p = 0.003$). Investment Experience ($\beta = -0.022$, $p = 0.322$) and Market Conditions ($\beta = -0.041$, $p = 0.218$) are statistically insignificant because their p-values are greater than 0.05. Similarly, Availability of Information is not statistically significant at the 5% level ($\beta = -0.066$, $p = 0.060$), although its p-value is relatively close to the 0.05 threshold. Among the significant predictors, Expected Rate of Return has the strongest positive standardized influence ($\beta = 0.533$), followed by Liquidity ($\beta = 0.412$) and Income Level ($\beta = 0.286$). The results demonstrate that return expectations, liquidity, income, risk perception, economic conditions, taxation and investment objectives are significant determinants of capital market investment behaviour in Bangalore District.

11. RESEARCH FINDINGS

1. Significant influence on money market behaviour: The regression model for money market investments is statistically significant ($F = 82.296$, $p < 0.001$), confirming that the selected factors collectively influence investors' behaviour in Bangalore District.
2. High explanatory power for money market behaviour: The model has an R^2 of 0.713, indicating that 71.3% of the variation in investors' money market behaviour is explained by the 12 selected factors.
3. Interest rate/rate of return is the strongest positive factor in the money market: Interest Rate/Rate of Return has the highest positive standardized coefficient ($\beta = 0.536$, $p < 0.001$), indicating that return expectations play a major role in money market investment behaviour.
4. Financial literacy significantly influences money market behaviour: Financial Literacy has a strong positive influence ($\beta = 0.481$, $p < 0.001$), suggesting that financially knowledgeable investors are more likely to make informed money market investment decisions.
5. Market conditions significantly affect money market investment behaviour: Market Conditions have a significant positive influence ($\beta = 0.395$, $p < 0.001$), demonstrating the importance of prevailing financial and economic conditions.
6. Risk, inflation, tax benefits and investment horizon show negative influences in the money market model: Risk and Safety ($\beta = -0.373$), Inflation Rate ($\beta = -0.480$), Tax Benefits ($\beta = -0.272$) and Investment Horizon ($\beta = -0.188$) are statistically significant and negatively associated with the dependent variable.
7. Economic stability and information availability are insignificant for money market behaviour: Economic Stability ($p = 0.739$) and Availability of Information ($p = 0.805$) do not have statistically significant independent effects on money market behaviour at the 5% level.
8. Capital market model has very high explanatory power: The capital market regression model has an R^2 of 0.916, indicating that 91.6% of the variation in investors' capital market behaviour is explained by the selected factors.
9. Expected rate of return is the strongest positive factor in the capital market: Expected Rate of Return has the highest positive standardized coefficient ($\beta = 0.533$, $p < 0.001$), followed by Liquidity ($\beta = 0.412$) and Income Level ($\beta = 0.286$).
10. Several capital market factors are significant, while some are not: Risk Perception, Liquidity, Income Level, Economic Conditions, Tax Considerations and Investment Objectives significantly influence capital market behaviour. Financial Literacy and Investor Sentiment/Behavioural Factors show significant negative relationships, whereas Investment Experience, Market Conditions and Availability of Information are statistically insignificant at the 5% level.

12. SUGGESTIONS

1. Enhance financial literacy: Financial institutions, investment advisors and educational institutions should conduct financial literacy programmes to improve investors' understanding of money market and capital market instruments.
2. Provide clear information on returns and risks: Investors should be provided with transparent information regarding expected returns, risks, charges, maturity periods and other features of investment products.
3. Promote suitable investment choices: Investment advisors should recommend instruments according to investors' income, risk tolerance, investment objectives and investment horizon rather than adopting a uniform approach.
4. Increase awareness of money market instruments: Investors should be educated about Treasury Bills, Commercial Paper, Certificates of Deposit and other short-



term instruments so that they can effectively diversify their surplus funds.

5. Improve awareness of capital market opportunities: Investors should be encouraged to understand equity, bonds, mutual funds and other capital market instruments, particularly their long-term wealth-creation potential.
6. Focus on risk management: Investors should assess risk carefully before investing, and financial advisors should promote diversification to reduce the impact of fluctuations in individual securities.
7. Consider inflation while making investment decisions: Investors should evaluate real returns after considering inflation rather than focusing only on nominal returns.
8. Provide regular market updates: Financial institutions and investment service providers should provide timely information on interest rates, market movements, economic conditions and investment opportunities.
9. Reduce behavioural biases: Investors should be encouraged to avoid decisions based solely on fear, optimism, rumours, herd behaviour or short-term market movements and should follow disciplined investment strategies.
10. Develop tax-efficient investment strategies: Investors should consider the tax implications and post-tax returns of different investment instruments while making investment decisions.
11. Encourage long-term financial planning and diversification: Investors should develop investment plans based on specific financial goals such as retirement, education and wealth creation and maintain a diversified portfolio across suitable money market and capital market instruments.

13. LIMITATIONS OF THE STUDY

1. The study is geographically limited to Bangalore District, and therefore the findings may not be generalisable to investors in other districts or regions.
2. The study is based on a sample of 410 investors; hence, the findings may not completely represent the behaviour of the entire investor population.
3. The study relies mainly on primary data collected through a structured questionnaire, and the responses may be influenced by the respondents' perceptions, understanding and willingness to provide accurate information.
4. The study examines a selected set of financial, economic, informational and behavioural factors. Other factors that may influence investment behaviour have not been included in the regression models.
5. The study uses multiple regression analysis to examine the influence of the selected factors; therefore, the findings primarily reflect statistical associations within the specified models and should not automatically be interpreted as proof of causal relationships.
6. Investment behaviour can change with changes in market conditions, interest rates, inflation, economic circumstances and financial technologies. Therefore, the findings represent the investment behaviour captured during the period of the study and may change over time.

14. DIRECTIONS FOR FUTURE RESEARCH

Future studies may extend the geographical coverage beyond Bangalore District to include other districts, cities, states or different regions of India to provide broader comparative evidence. Researchers may also consider a larger sample size and employ probability-based sampling methods to improve the generalisability of findings. Future research could examine additional determinants such as demographic characteristics, social influence, digital investment platforms, investor awareness, financial technology adoption and investment advisory services. A comparative study between different age groups, income groups, occupations and levels of investment experience could provide further insights into investor behaviour. Longitudinal studies may also be undertaken to examine how changes in interest rates, inflation, economic conditions and market volatility affect investment decisions over time. Future researchers may employ structural equation modelling, factor analysis or other advanced statistical techniques to examine complex relationships among financial and behavioural variables. Cross-regional comparisons between money market and capital market investors may further strengthen the understanding of investment behaviour.

15. CONCLUSION

The study concludes that investors' behaviour towards both money market and capital market investments is significantly influenced by multiple financial, economic and behavioural factors. The money market regression model explains 71.3% of the variation in investor behaviour, while the capital market model explains 91.6%, demonstrating substantial explanatory power. Interest Rate/Rate of Return is the strongest positive factor in the money market, whereas Expected Rate of Return is the strongest positive factor in the capital market. Liquidity and income level also significantly influence capital market behaviour. The findings confirm that investors consider return, risk, liquidity, financial conditions and investment objectives while making investment decisions. The study therefore highlights the importance of financial literacy, appropriate investment planning, risk assessment and diversification. Overall, understanding these factors can help investors, financial institutions and investment advisors develop more suitable investment strategies for different investor requirements. The study provides useful evidence for understanding investment behaviour towards both major segments of the financial market in Bangalore District.

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