



INVESTMENT PATTERN OF IT PROFESSIONALS: A LITERATURE REVIEW

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Abstract

Investment patterns are strategies and behaviors individuals and institutions follow when allocating their money in a wide range of investment avenues. In recent times, investment patterns are very dynamic and influenced by numerous factors. Such factors influence individual investment patterns according to investors' investment objectives, perceptions, attitudes, and risk and return expectations. The present study contributes a systematic review of previous literature reviews and thereby identifying the research gap and also suggesting scope for future research. The findings of the study recommended that no such prominent research has been conducted to date to assess the determinants that impact investment decision-making of Information Technology Professionals. Moreover, the study also suggested that with appropriate investment planning and with adequate investment policies, IT professionals can capitalize on their returns and minimize the risk related to investment options. The literature provides a significant gap in understanding the unique financial behavior of IT professionals in India. This creates scope for a comprehensive study that incorporates financial literacy, behavioural biases, fintech adoption, employer-provided benefits, and post-pandemic shifts to offer deeper and more occupation-specific insights.

Keywords: *Investment, Investment behavior, rural investor, investment pattern and financial market*

INTRODUCTION

Investment is sacrificing present needs for future profit. It is a commitment of funds for a period in order to obtain an increase in value or an income stream. The main features of investment are safeguard of principal amount, regular return, and liquidity. There are various avenues of investment available such as shares, bonds, debentures, gold, mutual funds, FDs etc.

People earn money to acquire the goods and services they need and want. Purposes of earning money is

- To cover essential needs such as food, water, shelter, and clothing,
- To save for future needs, emergencies, and retirement, providing a sense of financial stability,
- To purchase non-essential goods and services, such as entertainment, travel, and luxury items.
- To gain Social Status and Power
- To support philanthropic causes and contribute to society.

Golden rule for investment are:

A. Invest early

B. Invest regularly

C. Invest for long term

Early forms of investment were tied to agriculture and trade. The 17th century marked a pivotal moment with the creation of the first modern joint-stock companies, such as the Dutch East India Company and the British East India Company. This era also saw the birth of the world's first stock exchanges in Amsterdam and London, creating organized markets for buying and selling these shares.

20th century saw the dawn of the digital age, with the internet transforming financial markets. Online trading platforms and instant access to information have democratized investment, allowing millions of people to manage their own portfolios from their computers and smartphones.

Some of the most common investment avenues for individuals include stocks, bonds, mutual funds, real estate, and commodities. These options vary in terms of risk, potential return, and liquidity, allowing investors to build a portfolio that aligns with their financial goals and risk tolerance.

Investment patterns refer to the strategies and behaviors individuals and institutions follow when allocating their capital. These patterns are influenced by various factors, including an investor's age, income, risk tolerance, and the broader economic environment. Understanding these trends helps in making informed decisions and developing a balanced financial strategy.

Common Investment Patterns

1. **Lifecycle Investing:** - This pattern is based on an investor's age and life stage. Example: Younger Investors, Middle-aged Investors, Older Investors/Retirees
2. **Risk-Based Investing:** - Investment patterns are often dictated by an individual's comfort level with risk. Example: Aggressive Investors, Moderate Investors, Conservative Investors
3. **Market-Based Trends:** - Broader economic conditions also shape investment patterns. Example: Bull Markets, Bear Markets
4. **Behavioral Investing:** - This pattern explores the psychological factors behind investment decisions. Example: Herd Behavior, Loss Aversion

The rapid growth of the Indian IT sector has created a large pool of young, highly educated, and relatively high-income professionals. Unlike traditional salaried groups, IT professionals possess strong technological exposure, stable employment, and easy access to digital investment platforms. This makes them potential drivers of retail participation in financial markets. However, despite their favorable profile, studies reveal that many IT employees still prefer conventional avenues such as fixed deposits, insurance, and gold, while only a segment actively explores equities, mutual funds, and other market-linked products.

OBJECTIVES OF THE STUDY

- To study the investment pattern of IT Professionals
- To analyze the investment behavior and patterns of individual IT professionals,
- To study the various studies on “IT Professionals Investment Patterns”.
- To study the gap in current literature.

RESEARCH METHODOLOGY

The research methodology used is descriptive in nature. Secondary data is used in the study. The data and other relevant information for the study has been collected through books, research articles, research journals and other online resources.

LITERATURE REVIEW

Theoretical Foundations of Investment Behavior

Modern Portfolio Theory (Markowitz, 1952) established diversification as the rational basis for portfolio construction. However, empirical studies on salaried professionals show deviations due to psychological biases, liquidity needs, and employer-driven financial benefits.

Prospect Theory (Kahneman & Tversky, 1979) explains why even highly educated professionals often exhibit loss aversion and short-term bias in portfolio decisions.

Several studies in India highlight that income level, job security, and age significantly influence risk appetite. IT professionals, being relatively young, salaried, and higher-income earners, are more inclined towards equity, mutual funds, and SIPs than traditional instruments. Rajarajan (2003) and subsequent Indian studies confirm a positive link between income stability and willingness to take risks.

Empirical surveys in India suggest IT professionals prefer mutual funds (SIPs), equities, and insurance for wealth creation, while still allocating a portion to PF, NPS, and fixed deposits for stability. Gold and real estate remain secondary but attractive for long-term security. The rise of SIP inflows in India (AMFI, 2024–25) also correlates with higher participation from salaried professionals, including IT employees.

1. **Mahabub Basha Shaik, M. Kethan, T. Jaggaiah, Mohammed Khizerulla** (International Institute of Business Studies, Bengaluru)

Title: Financial Literacy and Investment Behaviour of IT Professionals in India. This study explores IT professionals' saving and investment behaviors, how they plan strategically, and the determinants behind their investment preferences—from security and liquidity to risk appetite. It's a core resource for understanding their mindset and motivators.

2. **Teresa Stephen and Christa Mary Jose (St. Paul's College, Kerala)**

Title: Investment Saving Pattern and Behaviour of IT Sector Employees Towards Investment Avenues. This work addresses how IT professionals save and invest, revealing gaps in understanding their long-term financial security strategies despite high earning potential.

3. **Dr. S. Suriya Murithi, B. Narayanan, M. Arivazhagan** 2012 “Investors behavior in various investment avenues a study” This study deals with the behavior of the investor to identify the better investment avenues available in India.

4. **Gupta (2023)** Financial Literacy, Savings and Investment Behaviour of IT Professionals
Title: Financial literacy, Savings and Investment behaviour of IT professionals: An empirical investigation. Analyses how financial literacy correlates with savings and investment decisions among IT professionals in Delhi NCR (sample size: 90). Findings show a significant link between perceived financial literacy and investment choices
5. **Shaik et al. (2022)** Investment Behaviour of IT Professionals in Bengaluru
Title: Financial Literacy and Investment Behaviour of IT Professional in India. Explores savings habits, investment planning, and behavioral factors among IT professionals, identifying determinants of investment choice using structured surveys
6. **Heggade & Maheswari** Investment Preferences of IT Professionals in Bengaluru
Title: A Study On Investment Avenues Preferred By Informational Technology Professionals In Bengaluru City. Details preferred investment avenues, influencing factors, fintech implications, and offers policy recommendations to enhance financial literacy and investor protection.
7. **Verma & Reddi (2024)** Factors Influencing IT Employees' Investment Behavior
Title: A Study on Factors Influencing IT Employees Behaviour towards Investments. A mixed-methods investigation (Hyderabad-based IT pros), highlighting age, income, education, and experience as key determinants—showing younger workers lean toward higher-risk investments, while older ones prefer safety
8. **Janardhanan & Anuradha (2016)** Financial Behavior in Bengaluru
Title: Financial Behavior of IT professionals: A Case Study of Bengaluru City. Examines the link between financial management behavior and personal financial wellness/distress among Bengaluru's IT professionals, supporting the case for targeted financial education.
9. **Y. Imthiyas Yakuban (2016)** A Study on Investment Strategy & Behavior of Individual Investors Belonging to Software/IT/ITES Profession in Chennai City” This investigates the investment strategies and behavior of IT/ITES professionals in Chennai. It looks at demographic determinants—such as age, gender, education, financial knowledge—and how they evaluate various investment products across dimensions like safety, liquidity, prestige, and operational convenience. It employs Behavioral Finance constructs, socio-economic profiling, and perceptual models to explain decision-making.

10. **Ajai Abraham Thomas & N. Sneha (2024)** “Money Matters: An Investigation into Savings Patterns Among IT Professionals in Bengaluru” Focuses on savings behavior among IT professionals in Bengaluru, exploring motivations (like retirement planning), and the influence of economic growth on investment choices
11. **J. Kavya & M. Kotteeswaran**, “Exploring the Role of Behavioral Finance in Investment Choices of IT and ITES Employees in Chennai Region” (2025) Investigates how behavioral biases such as loss aversion, herding, availability heuristic, alongside financial literacy, income, and experience, influence investment decisions among IT and ITES professionals.
12. **Ameya Patil, Dr. Vishwanath Karad-MITWPU, R. B. Hiremath, R. Yadav, N. Mane.** “Decoding Millennial Investment Behavior: A Comprehensive Study of Indian Stock Market Participation” (2024). This study finds Risk Tolerance, Financial Literacy, Technological Proficiency, among others, as key drivers of investment behavior—highlighting millennials’ comfort with digital platforms.
13. **Shallu Saini, Tejinder Sharma, Satyanarayana Parayitam.** “The Relationship Between Financial Knowledge, Investment Strategy and Satisfaction from Pension Schemes” (2023). Explores how financial knowledge shapes investment strategies and satisfaction with pension schemes in India—valuable for understanding long-term-oriented investment decisions.
14. **Kunal Gaurav, Aishwarya Suraj Ray, Aditya Pradhan.** “Investment Behavior of Corporate Professionals Towards Mutual Funds in India” (2023). Analyzes factors influencing corporate professionals (including, implicitly, IT professionals) in choosing mutual funds via Exploratory Factor Analysis.

RESEARCH GAP

Across existing theses and research articles, there is strong evidence that IT professionals are financially literate, technologically adept, and increasingly active investors. However, occupation-specific studies remain limited in scope, geography, methodology, and behavioural analysis. Particularly missing are:

- Multi-city comparative studies,
- Generational and demographic segmentation,
- Deep analysis of fintech adoption,
- Impact of employer-driven financial instruments,

- Post-pandemic behavioural shifts.

These gaps justify the need for a comprehensive study on IT professionals' investment patterns that integrates financial literacy, behavioural finance, fintech adoption, and occupational benefits into a unified framework.

CONCLUSION

The review of existing literature reveals that investment behavior has been widely studied in the context of individual investors and salaried employees, but only a limited number of studies have focused specifically on IT professionals. While prior research confirms that IT professionals generally possess higher financial literacy, better access to technology, and relatively higher disposable income compared to other groups, their actual investment behavior often remains conservative. A strong preference for traditional instruments such as fixed deposits, insurance, and gold is observed, with comparatively lower participation in high-risk, high-return avenues like equities, mutual funds, and alternative investments.

Several studies highlight behavioural factors such as risk aversion, herding, and overconfidence, but these are seldom analysed with occupation-specific models. Moreover, despite IT professionals being early adopters of fintech platforms, limited evidence exists on how these digital tools influence their decision-making, discipline, and long-term wealth creation. The role of employer-driven benefits like ESOPs, provident funds, and corporate insurance in shaping voluntary investments is also underexplored.

Another critical gap lies in the geographical and temporal scope of past studies. Most research is confined to single cities or regions, which restricts generalizability across India's major IT hubs. Furthermore, only a handful of studies reflect the post-pandemic period, despite COVID-19 accelerating retail investor participation and digital adoption. Generational differences, particularly between Millennials and Gen Z professionals who dominate the IT sector, are also inadequately addressed.

In conclusion, while the literature provides valuable insights into the broad trends of investment behavior, there remains a significant gap in understanding the unique financial behavior of IT professionals in India. This creates scope for a comprehensive study that incorporates financial literacy, behavioral biases, fintech adoption, employer-provided benefits, and post-pandemic shifts to offer deeper and more occupation-specific insights.

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