

Investor Experience and Demographic Differences in Investment Preferences

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Abstract

This paper investigates how investment experience and demographic characteristics differentiate retail-investor behavior in Chhattisgarh, India. It draws on the result tables of a doctoral study of behavioral finance. The analytical tables report 275 respondents: 44% novice investors with less than three years of experience and 56% experienced investors. Independent-sample comparisons, one-way analysis of variance, cross-tabulation and correlation were used in the source study. Novice investors displayed significantly stronger herding (p approximately .03) and greater susceptibility to peer and social-media cues, whereas experienced investors showed greater self-reliance and overconfidence. Age, gender and income also differentiated risk orientation. Investors aged 25–34 formed 44% of the sample and were reported to have higher overconfidence; higher-income participants preferred riskier assets and showed lower loss aversion; women displayed more cautious investment patterns. Social exposure correlated positively with herding and novice status (r approximately .27, $p < .05$). The evidence suggests that experience does not remove bias but changes its form: novices externalize judgment to the crowd, while experienced investors may place excessive confidence in their own skill. Financial education, advisory systems and investor-protection measures should therefore be segmented by experience and demographic context rather than delivered as uniform product information.

Keywords: investor experience, demographic factors, herding, overconfidence, investment preferences, social influence, India

Introduction

Retail investors differ not only in financial resources but also in how they interpret uncertainty. Experience, age, gender, income and occupation affect exposure to information, capacity to bear loss and confidence in independent analysis. Traditional models frequently treat preferences as stable inputs. Behavioral finance instead asks how experience and social context shape the process through which those preferences are formed.

Investment experience can improve knowledge, emotional control and recognition of market cycles. It can also create an illusion of skill. New investors may follow peers because they lack a tested decision framework, while experienced investors may overweight past success and discount warning signals. Demographics interact with these patterns. Younger investors may be more comfortable with digital products and volatility, higher income can cushion losses, and life-stage obligations can increase demand for safety. These differences matter for the design of advice, financial education and digital safeguards.

The objective of this paper is to compare novice and experienced investors and to examine the reported demographic variation in behavioral tendencies and asset preferences among investors in Chhattisgarh. It further evaluates social influence as a mechanism connecting limited experience with herd behavior. The paper tests the practical proposition that bias does not disappear with experience; it changes from dependence on external cues to potentially excessive trust in personal judgment.

Review of Literature

Research comparing novice and experienced investors suggests that learning changes the information used in security selection. Freund, Prasad and Andrews (2013) found that educational exposure brought novice investors closer to experienced investors in the importance assigned to technical and fundamental factors. Experience can therefore improve structure and discipline. However, it does not guarantee rationality. Reviews of individual-investor behavior consistently find overconfidence, anchoring and loss aversion among market participants with different levels of knowledge (Zahera & Bansal, 2018; Kanapickienė et al., 2022).

Demographic research in India shows that age, gender, income and occupation are associated with both investment participation and product selection. Shinde and Zanvar (2015) demonstrate that investment patterns vary with demographic traits, while Mehta and Sondhi (2016) document the importance of behavioral and socio-economic variables in Indian retail stock investment. Evidence from Hyderabad likewise emphasizes local demographic and contextual influences on preference (Reddy et al., 2022). Such variation cautions against treating the Indian retail-investor population as a homogeneous market.

Social learning offers a mechanism for experience differences. When information is complex, observing peers can reduce search costs and create confidence. Yet peer effects may combine informational transmission with a desire to conform. Bursztyn et al. (2014) experimentally separate these mechanisms and show that both matter in financial choice. Digital networks intensify exposure

and repetition, making popularity appear to be evidence. Studies of peer effects and social finance further show that network structure can shape participation, risk taking and investment diffusion (Qin et al., 2021; Das & Banerjee, 2022).

Methodology

The source study used a descriptive cross-sectional survey of individual investors in Chhattisgarh. A structured questionnaire captured age, gender, occupation, monthly income, experience, preferred investment options, objectives and agreement with bias-related statements. Semi-structured interviews supplied qualitative context. Investors with less than three years of experience were classified as novices, and those with more than three years as experienced. The study reports independent-sample t-tests for experience comparisons, one-way ANOVA for demographic groups, cross-tabulation and correlation for social influence, and descriptive percentages for profiles and product preferences.

As in the first paper, the analytical denominator follows the source result tables, which consistently total 275, although other thesis passages mention 217. The discrepancy should be resolved against original questionnaires before journal submission. The current analysis does not invent missing test statistics. Where exact F values, group means or confidence intervals are absent, results are described using the significance statements and effect indicators reported in the thesis.

Respondent Profile

Table 1 Respondent Profile

Characteristic	Category	Share
Age	18–24	11%
Age	25–34	44%
Age	35–44	27%
Age	45–54	15%
Age	55 and above	3%
Gender	Male	60%

Characteristic	Category	Share
Gender	Female	40%
Experience	Novice under 3 years	44%
Experience	Experienced over 3 years	56%
Monthly income	Below ₹50,000	36%
Monthly income	₹50,000–₹1,00,000	44%
Monthly income	Above ₹1,00,000	20%

Experience Based Behavioral Differences

The study reported a significant difference in herding between novice and experienced investors (p approximately .03). Novices were more likely to follow peer trends and social-media cues without detailed independent analysis. More than half of the overall sample acknowledged peer-linked behavior, and the novice subgroup was the principal source of that pattern. Social exposure was positively associated with herding and novice status (r approximately .27, $p < .05$). These results led to rejection of the null hypothesis that novice and experienced investors do not differ in behavioral tendencies.

Experienced investors were less dependent on social confirmation, but they showed higher overconfidence. The statement “I believe I can outperform the market” recorded a mean of 3.76, and the discussion chapter attributes this tendency particularly to experienced respondents. Market exposure appears to build analytical routines and emotional resilience while also strengthening self-attribution. Successful outcomes may be credited to skill more readily than to market conditions, increasing the possibility of excessive trading or underestimation of new risks.

The comparison therefore does not support a simple rationality ladder in which experience progressively eliminates bias. Rather, experience changes the dominant source of judgment. The novice investor may substitute collective opinion for analysis; the experienced investor may substitute personal conviction for continuing verification. Effective education must address both patterns.

Demographic Variation in Risk and Preference

The 25–34 age group was the largest segment, accounting for 44% of respondents. The reported ANOVA indicated that younger investors displayed greater overconfidence and a higher appetite for equities, mutual funds and cryptocurrencies. Digital familiarity and longer investment horizons may make volatility more acceptable, but rapid access to market narratives can also heighten fear of missing out and trend-following behavior.

Gender differences were also reported. Men constituted 60% of the sample and were more inclined toward high-risk products, while women demonstrated greater risk and loss aversion. This result should not be interpreted as an inherent trait. Differences in income, financial responsibility, market access and prior experience may contribute to the observed pattern. Gender-aware financial inclusion should expand access and confidence without using stereotypes to restrict suitable opportunities.

Income influenced both capacity and willingness to accept uncertainty. Respondents earning more than ₹1,00,000 per month showed lower loss aversion and greater willingness to explore risky and diversified assets. Lower-income participants were more likely to emphasize capital protection. This is partly rational because financial buffers differ. Behavioral interpretation becomes relevant when an investor either avoids all growth assets despite a long horizon or takes risk merely because current income creates a false sense of immunity.

Occupation contributed additional context. Private-sector employees formed 35% of respondents, students and other categories 27%, government employees 20%, and self-employed participants 18%. The thesis reports greater openness to risk among private-sector and self-employed groups than among government-sector employees. Income variability, entrepreneurial exposure and workplace networks may explain some of this variation, but the available tables do not permit a multivariate separation of these factors.

Investment Preferences and Objectives

Product preferences reveal how demographic capacity and behavioral tendency converge. Fixed deposits were selected by 60% of respondents, mutual funds by 45%, equities by 38%, real estate by 33%, gold by 28% and cryptocurrencies by 18%. Wealth accumulation was the most frequent goal at 48%, followed by retirement planning at 35%, emergency funding at 30%, children's education at 28%, short-term gains at 25% and tax saving at 22%. Multiple selections were permitted, so these percentages represent overlapping goals and holdings.

The coexistence of long-term wealth goals with strong fixed-deposit preference suggests that investors balance growth aspirations against fear of loss. Younger and higher-income respondents were more willing to consider volatile assets, whereas older and lower-income groups favoured security. Experience altered the route to product choice: novices often used social validation, and experienced participants relied more heavily on personal assessment. Suitability evaluation should therefore examine both the selected product and the decision process behind it.

Discussion

The central contribution of this analysis is the distinction between reduced bias and transformed bias. Experience appears to weaken herding but strengthen confidence in personal skill. This finding accords with the view that market learning is selective. Investors acquire vocabulary, pattern recognition and emotional tolerance, yet feedback in financial markets is noisy. A profitable decision does not always indicate superior analysis, and a loss does not always indicate poor judgment. Without structured feedback, experience can reinforce inaccurate beliefs.

Demographic associations deepen this conclusion. Risk taking is shaped by the resources available to absorb loss, the time remaining to recover, familiarity with technology and exposure to social information. Behavioral finance should not detach these psychological mechanisms from material circumstances. Greater caution among an older or lower-income investor can be appropriate. Similarly, a young investor's equity allocation can be reasonable. Bias is indicated when the process ignores goals, evidence, diversification or capacity.

The finding that social exposure is linked to novice herding is especially relevant in a digital environment. Online communities can spread useful knowledge, but repetition and popularity can be mistaken for reliability. Peer-led learning should therefore be paired with verification routines: source

checks, risk disclosure, comparison with personal goals and a waiting period before acting on highly salient recommendations.

Implications for Education Advice and Policy

New-investor programmes should prioritize basic diversification, risk-return relationships, verification of online claims and emotional control during volatility. Scenario-based exercises can show how following a crowd at market peaks creates asymmetric downside. Guided investment journeys can gradually expand product complexity as knowledge improves.

Experienced investors need a different intervention. Decision journals, forecast audits and portfolio concentration alerts can reveal whether confidence is calibrated to results. Advisors should invite counterarguments and review instances in which outcomes were driven by broad market movements rather than investor skill. This approach respects experience while reducing self-attribution bias.

Demographic segmentation should be used to improve relevance, not to deny access. Education for older or lower-income investors can connect safety with inflation and goal duration; programmes for younger investors can address leverage, crypto volatility and social-media hype. Communication for women investors should remove structural barriers, provide accessible advice and avoid assumptions that caution implies low financial capability. Regulators and platforms should require clear high-risk disclosures and monitor interface features that exploit urgency, popularity or social proof.

Limitations and Future Research

The cross-sectional design cannot establish that experience or demographic characteristics cause the reported behavioral differences. Self-reported attitudes may not match transaction behavior. The source provides significance statements but omits several exact group means, F statistics, confidence intervals and control-variable models. Regional coding was not available, so claims about urban, semi-urban and rural differences should be treated as contextual interpretation rather than direct subgroup estimates. Future studies should use verified sample counts, multivariate models, longitudinal panels and brokerage records to distinguish experience effects from age, income and market-cycle exposure

Conclusion

Investor experience and demographic context meaningfully differentiate financial behavior in Chhattisgarh. Novices were more susceptible to peer-led herding, while experienced investors displayed greater overconfidence. Younger and higher-income respondents showed stronger risk appetite, and women and older investors were more cautious. These patterns demonstrate that uniform financial education is unlikely to be effective. Bias-aware segmentation can direct verification tools to novices, calibration tools to experienced investors and goal-based support to groups with different loss-bearing capacities. Experience improves some dimensions of judgment, but it does not end behavioral vulnerability; it changes where that vulnerability is located.

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