

Impact of Digitalization on Investor's Savings and Investment Pattern after Demonetization

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Abstract: With the world moving digitally forward in every scenario there is a rational approach required by the investors in this smart era. Digitalization in today's scenario means, moving smartly and governing the sectors through e-governance. By reducing internal complexities of the system and laying down a proper clean free system online, this can smartly work towards the progress of the economy. For an economy to be digitally smart and cashless, it becomes very important for the investors working in that economy to be rational in their approach. So this paper focuses various ways by which an investor can think and adopt various rational approaches for doing savings and investments in the era digitalization and also studies his behavioral pattern how his thinking has developed and changed after demonetization and his shift towards digital economy.

Key words: Rationality, Behavioral analysis, Digital India, e-banking.

Introduction

Digitalization is by meaning transforming everyday need to digitally transformed economy. It means shuffling of dependent economy and moving towards developed and improved economy. It is the transformation of business activities, processes, models to changed developed technology so that society can be benefited and can grow gradually. As India move forward economy with growing technology is also going cashless. The government is promoting the using digital payment instrument for personal expenditures. The government move to promote and make economy cashless, this would weed out corruption and bring in more revenue in system.

Saving may be termed as a surplus income or income not spent, or deferred consumption. Saving includes swing cash aside in, for example, a deposit account, a pension account, an investment fund, or as cash. Saving additionally involves reducing expenditures, such as recurring costs.

In terms of non-public finance, saving generally specifies low-risk preservation of money, as in a deposit account, versus investment, wherein risk is a lot higher; in economics more broadly, it refers to any financial gain not used for immediate consumption.

In a Keynesian sense, savings is no matter is left over once financial gain is spent on consumption of products and services.

In a Monetarist sense, savings exceed the range from the total rate at which units of account exceed expenditures, and are accumulated as unit of account balances with financial intermediaries.

In a Keynesian sense, investment is what is spent on goods and services that are not 'consumed', but are durable. Since financial gain = Output, Savings = Investment for the entire world's economy.

In a Monetarist sense Investment may be defined as the rate at which financial intermediaries and others expand on items intended to end up as capital that directly creates value, i.e., physical capital, durable goods, human capital, Investment is made into capital (i.e., plant and machinery, also 'human capital'—training and education), with intent to increase productivity, efficiency and output of goods and services.

Investment may also be outlined because the employment of funds with the aim of achieving further financial gain or growth in worth.

It is allocation of monetary resources to assets that are expected to yield some gain or positive return over a period of time. These investments range in category of fixed assets which are long term in nature to liquid assets which are short term in nature. From the view point of investment it is a person's fund to derive a future income in form of interest, dividends, rent, premiums, pensions benefits, or the appreciation value of capital.

Demonetization on the other hand is the act of stripping a currency unit of its status as legal tender. Demonetization is critical whenever there's a modification of national currency. The previous unit of currency should be retired and replaced with a replacement currency unit.

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Demonetization is a situation where lack of currency affects consumption, investment, production, employment, etc.

With demonetization drive taken by Prime Minister Mr. Narendra Modi on 8 November 2016, to cancel the legal tender character of ₹ 500 and ₹ 1,000 banknotes with effect from 9 November 2016, These demonetization measures have had vital and immediate impact on the state of the Indian economy. These measures have resulted in a significant decrease in liquidity in the short term, which is expected to ease gradually with the introduction and circulation of money.

As a results of these measures and inflated deposits with banks, the bank deposit base has increased significantly, and financial savings are expected to increase as a result of the shift from unproductive physical quality based mostly savings to fixed cost monetary assets. This, in turn, is anticipated to boost the liquidity position of banks, which may be leveraged for disposal functions.

Lot of investors seems perplexed about their money management, especially their cash management for regular needs. A lot of investors who were used to keeping cash at home for running their households are wondering if holding cash is a good idea anymore or are there other options available. With the digital cash push that the Government of India is suggesting to all citizens, it may be a prudent idea for investors to look ways of saving digitally just as they are looking at ways of spending digitally. Currently there are a whole host of innovative and new age ways of investing, whether for immediate or for long term needs. A lot of investors who may have found old high denomination notes as cash lying at home have deposited the same in their savings bank accounts. As a savings bank offer 4% p.a. return on your money, it may be prudent to look at moving all these additional funds into a liquid fund. Liquid funds now offer same day access to funds. As liquid funds currently are generating returns in the range of 6-8% range, investing in them would make sense rather than leaving funds idle in a savings account. Nevertheless, the demonetization process will result in overall better tax collections, due to shifting of the unorganized businesses into the formal banking system as well as the expected unearthing of black money.

One of the active participants in demonetization are banks who collectively contribute in making the economy cashless and demonetized. It encourages its users, trains and educates them in using the digital modes in doing various deposits, investments and using various banking facilities.

A banking cashless economy has prime feature that it runs on debit cards, electronic fund or online shopping instead of cash. The idea of economy to move cashless is adopted with aim of curbing the flow of black money and increasing transparency of cash or flow of cash. In this all transactions would be made through online gateway by using methods or ways, i.e., by debit cards, credit cards or by net banking. Government on daily basis introducing new app for easing the cash payment on day to day basis. Various online UPI applications have been launched in this regard like phonepe, paytm, etc.

Digitalized transactions are leaving digital footprints behind which has encourage and cashless instruments resulting in higher financial transparency. With this system in line public delivery system have become much more efficient and fluent. But the question here is that more than 93% of people in India still don't know how to use and do digital transactions. The government has to educate that segment about the same and provide a rational path of going cashless.

The government has introduced various gateways and various modes of doing transactions namely:

- Lucky grahak yojana
- Vittyta sakshsarta abhiyan
- Rupay
- Aadhar payment app
- BHIM Interface.

These digital payments mode are way to strengthen the backbone of the country and provide new avenues to investors for savings and investments using digital mode.

In today's scenario there has been a major change in economic prosperity all over. Rationality which can also be stated as a state of mind of being reasonable plays an important role in financial decision making. It denotes the style of behaviour that is correct and appropriate for achievement of goals within the limits imposed by given conditions and constraints.

According to Montier "The rationality assumes regarding people World Health Organization are each investors and managers are capable of understanding immensely complicated puzzles and conduct endless fast improvement."

Challenges of Demonetized and Digitally Sound Economy

With India growing fastly towards demonetized and digitally sound economy, still there are certain hurdles which stop the economy from growing and create a challenge in present scenario to follow the correct system. Though bank

Impact of Digitalization on Investor's Savings and Investment Pattern after Demonetization

accounts have been opened through Jan Dhan Yojana, most of them are lying on operational. Unless folks begin in operation bank accounts cashless economy isn't doable. There is conjointly unconditional interest in not moving towards cashless economy. India is dominated by small retailers. They don't have enough resources to speculate in electronic payment infrastructure. The perception of customers conjointly generally acts a barrier. The benefits of cashless transactions are not evident to even those who have credit cards. Cash, on the opposite hand, is perceived to be the fastest way of transacting for 82% of credit card users. It is universally believed that having money helps you talk over higher. Most card and money users worry that they'll be charged a lot of if they use cards. Further, nonusers of credit cards aren't attentive to the advantages of credit cards. Indian banks are creating it tough for digital wallets issued by non-public sector firms to be used on the various bank websites.

It might be restrictions on exploitation bank accounts to refill digital wallets or an absence of access to payment gateways. Abolishment of government fees on credit card transactions; Reduction of interchange fee on card transactions; Increase in taxes on ATM withdrawals. Making Electronic payment infrastructure fully safe and secure in order that incidents of Cyber crimes might be decreased and other people develop religion in electronic payment system. Create a culture of saving and religion in economic system among the agricultural poor.

The banking company of India too can need to return to terms with a number of problems, from figuring out what digital payments across borders means for its capital controls to however the new Modes of payment have an effect on key financial variables like the rate of cash. RBI will also have to shed some of its conservatism, part of which is because it's usually seen itself because the shoulder of banking interests instead of overall money development. The regulators conjointly have to be compelled to keep a pointy eye on any potential restrictive practices that Banks could like to keep up their current dominance over the profitable payments Business.

Objectives of the Study

- To analyze and understand the savings and investment pattern of investors before and after the existence of digital economy in India.

Research Methodology Adopted

For getting accurate and clear picture of the investors rational approach towards savings and investment using banking channel in digital economy, a survey was conducted among the 50 respondents and their analysis was done based on the feedback from them.

Financial data consisting of primary data and secondary data both was prepared.

- The primary data was prepared through a structured questionnaire by way of interview from investors and investing agency both.
- The secondary data consisted a combination of statistical books, bulletin, financial magazine and annual reports.

Analysis and Interpretation

To give a more clear presentation of the above facts a survey was conducted from 60 respondents and based on their feedback following data was analyzed and interpreted. This data analysis is divided into 3 parts.

Part I of Analysis

First part is a generalized data consisting of age of individuals, annual income, education qualification, marital status of respondents.

Table: 1 Analysis Based on Age Group of Respondents

	Age			
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 20-30	11	22.0	22.0	22.0
31-40	7	14.0	14.0	36.0
41-50	9	18.0	18.0	54.0
50 and Above	23	46.0	46.0	100.0
Total	50	100.0	100.0	

Interpretation

Out of total respondents surveyed it was analyzed that 22% belong to age group of 20-30, 14% belonged to the category of 31-40, 18% belong to the age group of 41-50, whereas rest 46% belonged to the age group of 50 and above. So we may interpret from analyzed data that most of the respondents interviewed belonged to 50 and above age group.

Table: 2 Analysis Based on Gender

GENDER				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	31	62.0	62.0	62.0
Female	19	38.0	38.0	100.0
Total	50	100.0	100.0	

Interpretation

The data shows that out of respondents interviewed, 62% who gave response were male candidates and rest 38% were female candidates. So we may interpret from data that maximum candidates interviewed were male. A more elaborate bifurcation can be seen by graphical presentation:

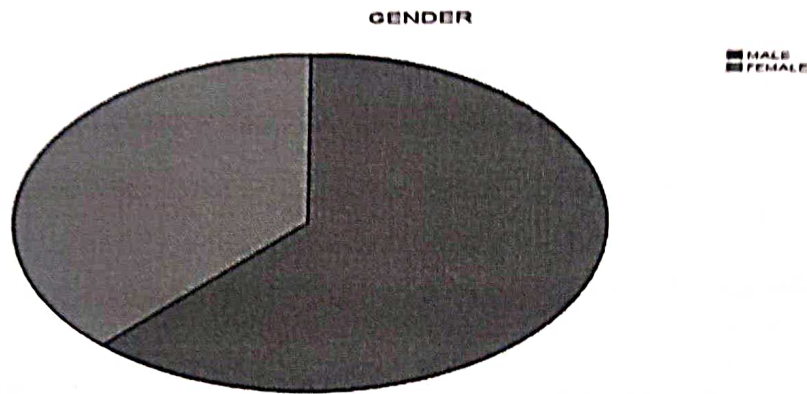


Table: 3 Analysis Was Based on Occupation of Respondents

Occupation				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid self employed	15	30.0	30.0	30.0
self employed professional	11	22.0	22.0	52.0
Service	4	8.0	8.0	60.0
Retired	20	40.0	40.0	100.0
Total	50	100.0	100.0	

Interpretation

The data shows that out of total respondents interviewed, 30% were self employed, 22% were self employed professional, 8% were service class and rest 40% were retired. A more elaborate bifurcation can be seen by graphical presentation:

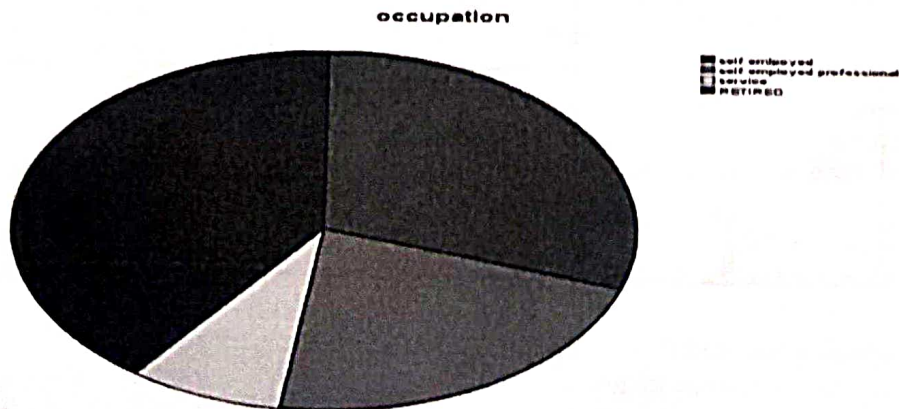


Table: 4 Analysis Based on Education

	Education			
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No Schooling	13	26.0	26.0	26.0
Up to 10 th	4	8.0	8.0	34.0
Up to - 12 th	5	10.0	10.0	44.0
Graduate	12	24.0	24.0	68.0
PG and above	16	32.0	32.0	100.0
Total	50	100.0	100.0	

Interpretation

It was analyzed that out of total respondents surveyed 26% respondents had never had schooling, 8% were educated till 10th, 10% were educated till 12th, 24% were graduate and only 32% were PG and above. So interpretation shows a mix and learned group or category who have education to minimum level and also a chunk where schooling has never attended. A more elaborate bifurcation can be seen by graphical presentation:

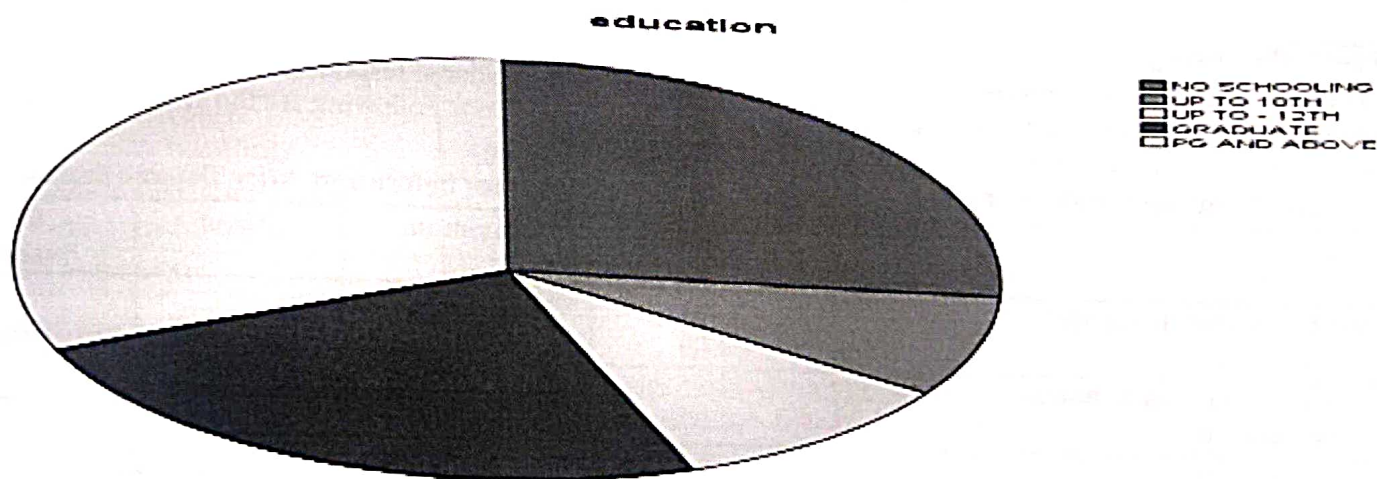


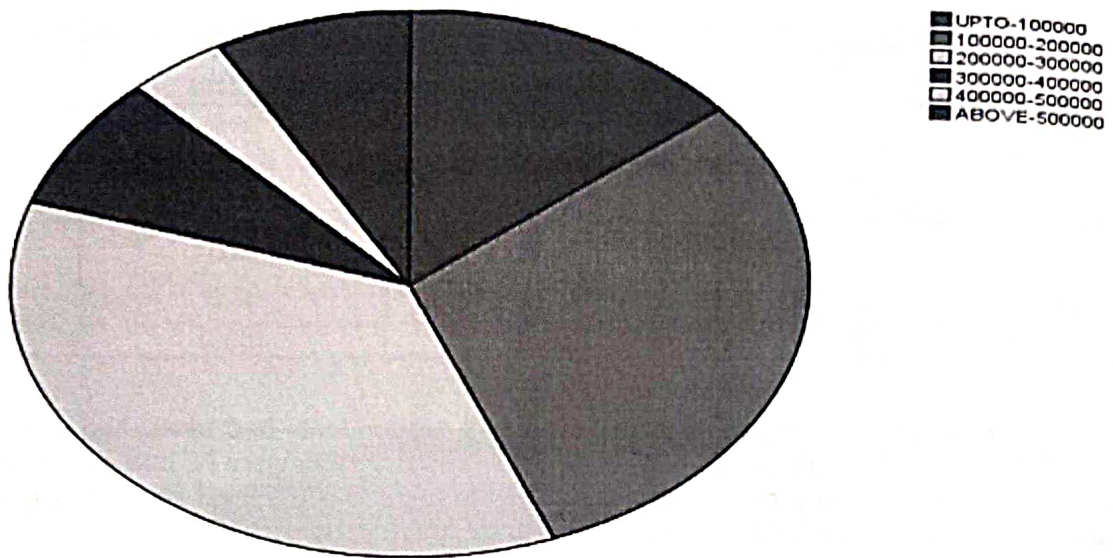
Table: 6 Analysis on the basis of Annual Income

	Annual income			
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Uo to-100000	7	14.0	14.0	14.0
100000-200000	15	30.0	30.0	44.0
200000-300000	18	36.0	36.0	80.0
300000-400000	4	8.0	8.0	88.0
400000-500000	2	4.0	4.0	92.0
Above-500000	4	8.0	8.0	100.0
Total	50	100.0	100.0	

Interpretation

Out of respondents interviewed, it was observed that 14% had earning up to 100000, 30% had earning between 100000-200000, 36% had earning between 200000-300000, only 8% fell under the category of 300000-400000, 4% fell under the category of 400000-500000, and rest 8% fell above income of 500000. So we on whole say maximum people have their earning capacity between the range of 100000-300000, and very of the total interviewed respondents fall in higher earning slab.

annualIncome



Part II of the analysis:

The second part of analysis contains descriptive statistics of various rational responses of respondents on various parameters of their savings and investments patterns in this digitalization era. Following are the detailed analysis and interpretation of their analysis:

Table: 1 Awareness about Various Investment and Saving Schemes before and After Demonetization

	N	Minimum	Maximum	Mean	Std. Deviation
• Your tax paying habit after demonetization	50	1.00	3.00	1.8600	.92604
• Your tax paying habit before demonetization	50	1.00	3.00	2.3200	.76772
Valid N (list wise)	50				

Interpretation

Analysis done for total respondents, showed variation in mean between before demonetization and after demonetization period mean. it shows that people were not in tax paying habit before demonetization and were very casual in their approach whereas after demonetization drive people have started paying their taxes regularly and have improved on their tax paying habits.

Table: 2 Preferences for Regular Savings throughout the Year Before and After Demonetization

	N	Minimum	Maximum	Mean	Std. Deviation
• After demonetization I believed in regular savings though year	50	1.00	7.00	5.1600	1.74215
• Before demonetization I believed in regular savings though year	50	1.00	7.00	5.8400	1.54339
Valid N (list wise)	50				

Interpretation

Analysis done for total respondents showed no variation in mean at two different intervals. Mean in both cases is 5.16 and 5.84 at and standard deviation 1.74215 and 1.54339 which reflects that most of the respondents in survey have same preferences for savings throughout the year and demonetization has not much affected their way of doing investment.

Table: 3 Preferences for Long Term Savings Before and After Demonetization

	N	Minimum	Maximum	Mean	Std. Deviation
• After demonetization I usually prefer long term savings	50	1.00	7.00	5.5000	1.80984
• Before demonetization I usually prefer long term savings	50	1.00	7.00	5.7800	1.71773
Valid N (list wise)	50				

Interpretation

Analysis done for total respondents showed no variation in mean at two different intervals. Mean in both cases is 5.5 and 5.78 at and standard deviation 1.80 and 1.54339 which reflects that most of the respondents in survey have same preferences for doing long term savings throughout the year and demonetization has not much affected their way of doing investment.

Table: 4 Preferences Showing Cash Hoarding Before Options Before doing Savings

	N	Minimum	Maximum	Mean	Std. Deviation
• After demonetization I still do cash hoardings	50	1.00	7.00	5.8600	1.53875
• Before demonetization I have been doing cash hoardings	50	1.00	7.00	5.8800	1.49339
Valid N (listwise)	50				

Interpretation

Analysis done for total respondents showed no variation in mean at two different intervals. Mean in both cases is 5.86 and 5.88 at and standard deviation 1.538 and 1.493 which reflects that most of the respondents in survey have same preferences for doing cash hoardings throughout the year and demonetization has not much affected their way of doing investment.

Table: 5 Always Look for Option for Doing Savings Before and After Demonetization Phase

	N	Minimum	Maximum	Mean	Std. Deviation
• After demonetization I always look for option before doing savings digital mode	50	1.00	7.00	4.4400	1.97081
• Before demonetization I always look for option before doing savings digitally	50	1.00	7.00	5.8600	1.53875
Valid N (listwise)	50				

Interpretation

Analysis done for total respondents showed variation in mean at two different intervals. Mean after demonetization phase shows 4.44 which reflects that people regularly look for various option for doing their savings whereas before demonization phase mean reflection is 5.86 which shows that earlier people use to sometimes and sometimes not look for options before doing investment. So demonetization in this case has changed people behaviour and they are now exploring more and more digital options which is best for their investing.

Table: 6 Do Savings to Increase My Source of Income Before and After Demonization Phase

	N	Minimum	Maximum	Mean	Std. Deviation
• After demonetization I do savings to increase my source of earning or income	50	1.00	7.00	5.2400	2.26382
• Before demonetization I do savings to Increase my source of earning or income	50	1.00	7.00	4.4200	1.81928
Valid N (listwise)	50				

Interpretation

Analysis done for total respondents showed variation in mean at two different intervals. Mean after demonetization phase shows 5.24 which reflects that after demonetization drive people have become more aware and regularly look for various option for increasing their source of earning whereas before demonization phase mean reflection shows is 4.42 which shows that people were more relaxed so sometimes look for options before doing investment. So demonetization in this case has changed people behaviour and they are now exploring more and more digital options for increasing their earning through savings and investment.

Table: 7 Usually do Investment along with Savings

	N	Minimum	Maximum	Mean	Std. Deviation
• After demonetization I have my own savings account in bank	50	3.00	7.00	6.6200	.83029
• Before demonetization I have my own savings account in bank	50	1.00	7.00	4.7000	2.14047
Valid N (listwise)	50				

Interpretation

Analysis done for total respondents showed variation in mean at two different intervals. Mean after demonetization phase shows 6.62 which reflects that after demonetization drive people have become aware and educated for having their own savings account in bank whereas before demonization phase mean reflection shows is 4.7 which shows that people were more relaxed so only some of them ha their saving account in bank. We can say from this analysis that people have become aware and have grown their trust now in banks and so are now more active to have their savings account in banks.

Table: 8 Regular Investor Before and After Demonetization Phase

	N	Minimum	Maximum	Mean	Std. Deviation
• After demonetization I am still a regular investor	50	1.00	7.00	5.5200	1.75243
• Before demonetization I am regular investor	50	1.00	7.00	5.6000	1.85164
Valid N (listwise)	50				

Interpretation

Analysis done for total respondents showed no variation in mean at two different intervals. Mean in both cases is 5.52 and 5.60 at and standard deviation 1.75 and 1.85 which reflects that most of the respondents in survey have same preferences for doing savings regularly and demonetization has not much affected their way of doing investment

Table: 9 Investors Preference of being Digitally Sound Before and After Demonetization

	N	Minimum	Maximum	Mean	Std. Deviation
• After demonetization I am digitally sound in financial matters	50	1.00	7.00	5.5400	1.96095
• Before demonetization I was digitallysound in financial matters	50	1.00	7.00	4.8800	2.37882
Valid N (list wise)	50				

Interpretation

Analysis done for total respondents showed variation in mean at two different intervals. Mean after demonetization phase shows 5.54 which reflects that people after demonetization drive people have become more digitally sound in financial matters and before investing regularly consult and look for various option which may give them best results whereas before demonization phase mean reflection shows is 4.88 which shows that people were somewhat relaxed and were not digitally active in financial matters they use casult but use to look less for online investment or financial matters, demonetization phase has changed people behaviour and they are now exploring more and more digital options and taking rational decisions related to their financial matters.

Table: 10 Use of Banking Mode Convenient Option Before and After Demonetization

	N	Minimum	Maximum	Mean	Std. Deviation
• After demonetization using banking mode is convenient option	50	1.00	7.00	4.5800	2.05128
• Before demonetization using banking mode was convenient option	50	1.00	7.00	3.5600	1.70426
Valid N (list wise)	50				

Interpretation

Analysis done for total respondents showed variation in mean at two different intervals. Mean after demonetization phase shows 4.58 which reflects that after demonetization people find it more convenient to do use bank channel whereas before demonization phase mean reflection shows is 3.56 which shows that people earlier not much aware about using banking channel and facilities provided so didn't much use banking channel.

Table: 11 Willing to Accept some Fluctuations for Achieving Higher Return
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
• After demonetization use electronic mode for doing Savings and investments	50	3.00	7.00	6.1200	1.30368
• Before demonetization use electronic mode for doing savings and investments	50	1.00	7.00	5.8400	1.75383
Valid N (listwise)	50				

Interpretation

Analysis done for total respondents showed variation in mean at two different intervals. Mean after demonetization phase shows 6.12 which reflects that after demonetization drive people have become aware and educated so more frequently use electronic mode for doing savings and investments through bank whereas before demonization phase

mean reflection shows is 5.84 which shows that some people were aware while others were more relaxed so only some of them were using electronic mode for investment. We can say from this analysis that people have become aware and have grown their trust now in banks and so are now more active to have their savings and investments electronically.

Surveyed analysis done for total respondents showed mean lying at 4.8667 and standard deviation of the same varied between 2.25093, so on the whole it reflects that most of the respondents have a neutral response regarding their willingness to accept some fluctuations in their capital for achieving higher return while some respondents here would opt for risk and variety in order for the growth of their capital and go for higher returns while others might stick to the old traditional thought of investing and producing income.

Findings

Based on the data analyzed and its subsequent interpretation done following findings take place:

- The total respondents interviewed for findings consisted a mixed bag group of people consisting of self employed, self employed professional, people engaged in service, and retired persons who were all active contributors and are cautious about their future security needs.
- Data interviewed also had impact with the earning capacity of the respondents in their respective areas.
- The data also showed the fact that respondents of today are quite aware about the facilities and investment schemes provided to them so they actively and use and operate digitally for various avenues.
- From second phase of analysis it was found that after demonetization and world going digitally active respondents think rationally before investing their money.
- The investors of today like to opt and examine various avenues of investments available in market and then put his money finally for investments.
- For every investor has different risk taking appetite so data shows a mixed bag combination of respondents, some of them a good risk taker and experiment for high returns on their savings whereas still there are still some respondents who like to play safe and would opt traditional investment and play safe with their investments.
- The data focuses that from the group of respondents interviewed not much of them with changed scenario have become digitally educated and prefer electronic platform for comparing, viewing different saving and investment options available and then investing wisely through these mode.
- The data also focuses on fact that after demonetization people have become more cautious about cash handlings and would like to prefer e-gateways for their savings and investment rather than using and investing in cash transactions.
- The data also tells that most of the respondents now would like to use bank channel for any financial matter so most of the people now have accounts with banks.

Though the study conducted to the best of its efforts from the respondents but still there are certain shortfall in this study which if completed would have made the study more effective. These limitations are:

- Due to scarcity of time the study was focused to only few respondents, if had a collection of more respondents the accuracy of the data would have been more effective.
- The study as such has not touched the lowest income group much, so that avenue is confined.
- Since demonetization impact is ever changing so the study need to be reviewed every six months failing to which it might give accurate results.

Conclusion

With the world moving digitally forward in every scenario there is a rational approach required by the investor in this smart era. Digitalization has brought various avenues to investors through which he can rationally think compare his investments and take risk if he has a good risk taking appetite and also invest in long term savings and investment which will increase his capital. The investor today is now e-smart and uses and all latest e-banking tools and ports for various financial transactions, his behavioral pattern has changed with changing shape of economy. Banking has given to investor today removing and easing all the complexities of the system and laying down a proper clean free system online. A digitally smart and cashless economy has made the investor more rational, of course

Impact of Digitalization on Investor's Savings and Investment Pattern after Demonetization

becomes very important for the investors working in that economy to be rational in their approach. So this paper at the very outset is an attempt to give investor various possible options available online and studies the various benefits provided to him so that he can compare, view and think rationally and take best decision for his investment.

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