

Exploring Gendered Investment Mindsets: Psychological Factors Among Bank Employees in Tripura

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Abstract: This study investigates the psychological factors influencing investment decisions among male and female bank employees in Tripura, with a focus on identifying gender-based differences in investment behavior. Using a rotated component matrix derived from factor analysis, key psychological traits such as risk tolerance, confidence, exploratory behavior, and investment time horizon were examined. The results reveal that female respondents exhibit a strong preference for low-risk, low-return investments, coupled with a shorter investment horizon and lower levels of confidence and willingness to explore unfamiliar options. In contrast, male respondents demonstrate higher risk tolerance, greater self-confidence, a positive attitude toward learning from others, and a greater inclination to explore diverse investment opportunities. These findings highlight that gender significantly influences psychological investment preferences, even among financially literate individuals like bank employees. The study underscores the need for gender-sensitive financial strategies, including tailored advisory services and financial literacy programs that empower female investors. It also suggests that policy interventions should consider behavioral differences when promoting investment participation. By deepening the understanding of how gender shapes investment behavior, this research contributes to the broader field of behavioral finance and offers practical implications for financial institutions and policymakers aiming to foster inclusive and effective investment ecosystems.

Keywords: Gender Differences, Investment Behavior, Psychological Factors

Introduction

Investment decisions are often influenced not only by rational analysis but also by psychological factors such as risk perception, confidence levels, and cognitive biases. These psychological elements play a crucial role in shaping how individuals approach financial investments (Pompian, 2006). Notably, gender differences in psychological traits—such as risk aversion, overconfidence, and information processing—can lead to varied investment behaviors between men and women (Barber & Odean, 2001).

In India, the influence of gender on investment behavior is gaining attention, yet it remains underexplored in many regions, particularly in the northeastern states. Tripura, a relatively small and developing state, provides a unique context for studying such dynamics, especially among bank employees who are presumed to possess above-average financial literacy and exposure to investment products. These individuals not only manage personal finances but also guide clients, making their own psychological biases potentially influential at multiple levels.

This study is conducted to examine whether psychological factors influencing investment decisions differ significantly between male and female bank employees in Tripura. The intent is to understand how gender-based psychological profiles shape preferences related to risk, returns, and decision-making strategies. Prior studies have shown that women generally exhibit greater risk aversion, prefer more stable investment options, and rely more on social influences, while men tend to demonstrate higher levels of confidence and are more likely to explore riskier assets (Croson & Gneezy, 2009; Charness & Gneezy, 2012).

Findings from this research can assist financial advisors, policymakers, and banking institutions in developing more personalized financial products and training programs. Moreover, it contributes to the broader literature on gender and behavioral finance by contextualizing it within a specific occupational and regional setting.

Literature Review

Numerous studies have documented that women tend to be more risk-averse than men in financial decision-making. Barber and Odean (2001) found that female investors trade less frequently than males, reflecting a cautious approach likely driven by greater sensitivity to potential losses. This risk-averse behavior often leads women to prefer investments with lower returns but greater security, such as fixed deposits and government bonds (Jianakoplos & Bernasek, 1998). In contrast, men are generally more comfortable taking financial risks, which sometimes results in overtrading and suboptimal returns.

Overconfidence is a well-documented cognitive bias in behavioral finance. Research suggests that male investors tend to exhibit higher levels of overconfidence than female investors, particularly in stock market investments. According to Barber and Odean (2001), this overconfidence often leads men to trade more actively, even when it does not result in better performance. Women, on the other hand, are typically more measured in their investment decisions, indicating a greater awareness of their knowledge limitations (Lundeberg, Fox, & Punócohař, 1994).

Financial literacy is another crucial psychological factor that shapes investment behavior. Lusardi and Mitchell (2008) found that men generally score higher in financial literacy assessments, which may explain their greater confidence in making investment decisions. However, women often compensate for lower financial knowledge by seeking advice and conducting more research before investing (Hung, Yoong, & Brown, 2012). This cautious behavior may reduce impulsive decisions and mitigate risks in volatile markets.

Social influences and peer behavior play a larger role in shaping women's investment choices compared to men. According to Sunden and Surette (1998), women are more likely to rely on guidance from friends, family, or professional advisors, reflecting a more communal and risk-averse investment culture. Men, conversely, tend to rely more on their own judgment, which can amplify both gains and losses due to limited external validation.

Studies also show gender differences in investment time horizon preferences. Women are more likely to invest for long-term security (e.g., retirement), favoring consistent and stable returns over short-term gains (Bajtelsmit & Bernasek, 1996). Men, however, often focus on short- to medium-term performance and are more open to speculative investments. These tendencies are aligned with broader psychological research indicating greater impulsivity among male investors.

Emotions also play a significant role in shaping investment behavior. Research suggests that women are more emotionally responsive to market fluctuations, which can influence their investment confidence and decisions

(Loewenstein, Weber, Hsee, & Welch, 2001). However, this emotional engagement may also result in a more nuanced and ethical approach to investing. Men tend to compartmentalize emotions, which may allow them to act quickly but sometimes irrationally during market turbulence.

Methodology

The study is predominantly based on primary data. A questionnaire with 16 questions was administered to 326 bank employees of Tripura. The questions are on a five-point Likert scale and uses a standard questionnaire developed by (Kavita & Rosario, 2019). This survey was carried out in order to explore the gender differences which arise in investment decisions of individuals due to psychological factors. Principal Component Analysis is carried out in order to find the differences in their investment behavior.

Results and Findings

The sample respondents are mixed of male and female bank employees from Tripura. Most of the sample respondents fall in the age group of 35-50 years. The maximum number of respondents filling the questionnaire is graduate while most of the respondents have an income between Rs. 60000 – Rs. 90000 per month.

Rotated Component Matrix				
Factor Loadings of Male Respondents - Psychological Factors	Component			
	1	2	3	4
I have got the ability to develop from others' ideas	.782	-.154	.029	.320
I always focus on bright side of the situation	.754	.170	.193	-.002
I have got the ability to develop from others' ideas	.708	.059	.161	.058
I like to explore different investment opportunities	.699	.174	.300	-.260
I prefer to invest for a long period than short period	.534	.167	-.081	.261
I prefer low risk low return investments with a stable and steady performance	.080	.163	-.099	.089
I prefer less risky investments than more risky investments	.126	.443	.113	-.044
I would opt for small gains to larger ones	.068	.025	.042	.426
My intuition does influence me while choosing an in	.189	-.018	.141	-.054
I prefer investment with best possible return if there was risk involved	.119	.048	.465	.289
Others decisions regarding the choice of stock influences my investment decision	.158	.134	.178	.354

Rotated Component Matrix			
Factor Loadings of Female Respondents - Psychological Factors	Component		
	1	2	3
I prefer low risk low return investments with a stable and steady performance	.864	.155	.086
I would opt for small gains to larger ones	.824	-.066	.258
I prefer less risky investments than more risky investments	.747	.021	.138
I like to explore different investment opportunities	-.702	.369	.052
I prefer to invest for a long period than short period	-.453	.402	.069
I have got the ability to develop from others' ideas	.046	.168	.062
I always focus on bright side of the situation	.057	.065	.186
I am confident enough to solve any investment obstacles	-.332	.415	.290
Others decisions regarding the choice of stock influences me investment decision	.206	.034	.421
My intuition does influence me while choosing an investment	-.066	.256	.242
I prefer investment with best possible return if there was risk involved	.127	.109	.094

Comparative Analysis of Psychological Investment Factors

1. Risk Tolerance

Female Respondents: Show a strong preference for low-risk, low-return investments. This is evident from high factor loadings on statements such as:

"I prefer low risk low return investments with a stable and steady performance" (.864)

"I would opt for small gains to larger ones" (.824)

Male Respondents: Show a much lower loading on these items, indicating a higher tolerance for risk or a greater openness to uncertainty in pursuit of higher returns.

2. Confidence and Learning Orientation

Males demonstrate high self-confidence and a learning mindset, shown by strong loadings on:

"I have got the ability to develop from others' ideas" (.782)

"I always feel confident and learn from my experience" (.754)

Females show weaker associations with such traits, suggesting a more cautious and experience-based approach.

3. Exploratory Investment Behavior

Males show a positive inclination toward exploring different investment opportunities (.699), while females exhibit a negative loading on the same item (-0.702), indicating reluctance to explore unfamiliar investment options.

4. Time Horizon

Males show moderate preference for long-term investment (.534), while females display a negative association with this factor (-0.453), implying a shorter investment horizon or greater hesitation to commit for the long term.

Comparison Table

Psychological Trait	Females (High/Low)	Males (High/Low)	Key Observation
Risk Aversion	High (.864, .824)	Low (.080,.068)	Females prefer safety; males are open to risk
Confidence & Learning	Low (.057)	High (.754,.782)	Males show more confidence and adaptability
Exploratory Behavior	Low (-.702)	High (.699)	Males are more exploratory
Long-Term Investment Preference	Low (-.453)	Moderate (.534)	Males lean more toward long-term investment

Conclusion

The findings of this study reveal significant gender-based differences in psychological investment factors among bank employees in Tripura. Female respondents exhibit a strong tendency toward risk aversion, preferring stable, low-return investment options and showing reluctance toward exploratory behavior. Their investment approach is cautious and possibly influenced by a need for financial security and predictability. Additionally, females show a shorter investment horizon and weaker association with confidence-based traits such as learning from experience or developing ideas from others.

In contrast, male respondents demonstrate a higher tolerance for risk, greater confidence, and a stronger learning orientation, alongside a positive inclination toward exploring diverse investment opportunities. They also show a moderate preference for long-term investments, suggesting a more proactive and strategic outlook on financial planning.

These findings confirm that psychological traits such as risk perception, confidence, exploratory behavior, and investment horizon vary significantly between genders and influence investment decisions in distinct ways.

Social Implications

The stark differences in risk tolerance and investment behavior suggest the need for gender-sensitive financial advisory services. Banks and financial institutions should consider tailoring investment products and communication strategies to match the psychological profiles of male and female investors.

The lower levels of confidence and exploratory behavior among female respondents indicate a gap that could be addressed through targeted financial literacy and empowerment programs. Workshops that enhance confidence, risk awareness, and portfolio diversification skills among women could improve participation and outcomes. As bank employees themselves are investors and advisors, enhancing their understanding of behavioral finance can improve both personal decision-making and the quality of guidance they offer to clients.

Policymakers aiming to increase financial inclusion in regions like Tripura should consider psychological and cultural factors affecting women's investment choices. Encouraging long-term investment planning among women through incentives or education may help bridge the gender wealth gap.

Understanding and respecting psychological differences in investment behavior can foster more inclusive and diversified financial markets, where both conservative and growth-oriented strategies are equally valued and supported.

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