A deep dive into the investment strategies and financial habits of the online Indian consumer has revealed some interesting facts. The study by Nielsen, a leading global provider of information and insights into what consumers watch and buy, is part of the Global Survey of Investment Attitudes, which surveyed more than 28,000 internet respondents across 56 countries throughout Asia Pacific, Europe, Latin America, the Middle East, Africa and North America.

The study revealed that the online Indian consumer is a smarter and more independent investor in comparison to the average Indian consumer. The higher level of financial awareness in this category of Indian consumer makes their investment choices more mature and intelligent.

The study also pointed out the affinity of the online Indian consumer towards precious metals, which not only serve as an excellent investment option but also have cultural significance attached to it.

**Investment decisions**
The online Indian consumer is significantly self-dependent when it comes to taking investment-related decisions with over two out of five (41%) respondents saying they decide on their own. Around 16 percent said that they depend on their friends and relatives for advice on investment. Influence of external media on this investor category is not much, with only 12 percent admitting to rely on the opinion of experts or spokespersons on TV and other media.
Banking habits

The survey found that almost four out of five (77%) consumers preferred conducting their transactions at the bank branches. Online banking was also a preferred mode of banking, with 68 percent respondents availing the facility. Mobile banking is also picking up pace, with 42 percent using their mobile devices for banking needs.

The study indicated that the comfort of physical transactions outweighs a perceived insecure transaction mode of the online space. Going beyond online banking, marketers need to look at optimizing the user experience on the mobile phone as a means for consumers to conduct business while on the go.
Investment approach
Among the investment products owned, mutual funds/unit trusts were found to be the most preferred form of investment with 64 percent of the respondents owning them. Coming a close second were precious metals like gold and silver, with every three out of five (63%) online consumers banking on them to make their money grow. Investment in stocks among online Indian consumers stood at 56 percent, while 40 percent invested in bonds and only 17 percent in derivatives.

The Nielsen findings suggest that the growing popularity of mutual funds as an important investment tool is fuelled by the aware online consumer, who sees benefit in systematic investment plans. The Indian consumer continues to be enamoured by precious metals for traditional purposes, as well as investments, as they are seen to be profitable in the long-term.

However in most of the other countries surveyed, stocks emerged as the preferred investment option among consumers.
Attitude towards risk
The survey also revealed that the online Indian consumer is still a conservative investor. Around 29 percent of the respondents admitted that they were conservative but can accept minor fluctuations in their portfolio’s value. Around 28 percent of the consumers said that they would be very concerned about any kind of volatility in their portfolio. While 13 percent of the respondents said their primary objective of investment is long-term capital appreciation, 11 percent said they are looking to earn the highest possible return from their investments.

Which of the following investment products do you currently own? - INDIA

- Mutual fund/unit trust: 64%
- Gold, silver or other precious metals: 63%
- Stock: 56%
- Bond: 40%
- Derivatives (includes futures, futures index, and other derivatives): 17%
- Structured investment products (includes stock, index, foreign currency, trust, interest rate linked certificate/deposit): 17%
- Foreign currency (for investment purpose): 16%
- Others: 12%

Source: Nielsen

Which one of the following statements best describes your perception on investment risk? - ASIA PACIFIC

- I want my investments to grow and earn the highest possible return: 19%
- My main goal is long-term capital appreciation: 14%
- I have a moderate investment attitude and accept the potential for higher returns: 11%
- I am conservative, but can accept some minor fluctuations in my portfolio’s value: 7%
- I would be very concerned about any volatility: 6%

Source: Nielsen
Payment preferences

The dependency on cash was found to be quite strong in India with 78 percent of the respondents in the survey indicating that they use cash for their regular expenses such as shopping, dining, travelling and entertainment. Debit card usage stood at 56 percent among the online Indian consumer, while use of credit card was confirmed by 37 percent of the respondents. Only one out of five consumers (22%) chose the chequebook as their preferred mode of payment. The practice of using electronic wallet still seems to be at a nascent stage in the country, with only nine percent of the respondents admitting to use it.

The study therefore shows that cash is still seen as a mode of immediate payment by Indian consumers, as most retail outlets across the country are not equipped with the necessary infrastructure to accept debit or credit cards.

Which of the following payment tools do you use for your general shopping, dining, travelling, or entertainment activities? - INDIA

- Cash: 78%
- Debit card: 56%
- Credit card: 37%
- Cheque: 22%
- Electronic wallet (a bank account linked to an e-wallet eg., Pay Pal, Visa Wave, etc.): 9%

Source: Nielsen

Repayment behaviour

Among the respondents who used credit cards in the last three months, 70 percent said that they repaid all their credit card dues in full each month. Around 16 percent of the consumers said that they repaid some of the dues in full each month, while nine percent admitted to repaying only the minimum amount due each month.

Among other countries surveyed, consumers in Taiwan (89%) and Japan (87%) topped the list when it came to repaying credit card dues in full each month in the last three months.

The findings indicate that credit cards have a comparatively low incidence in India, as it brings with it the suggestion of being in debt, or living on borrowings. Therefore, it is a challenge for marketers to step up utilization of credit to offset cash. The higher usage of debit cards suggests that banks will need to continue to focus on this category in order to build customer loyalty.
The investment habits of the online Indian consumer provide a window into the future of retail in the country’s financial sector. It also highlights the growing popularity of the online medium for financial transaction and at the same time points out certain unique traits of Indian investors, which can help marketers – both global and domestic, understand the Indian market better.

About the Nielsen Global Survey

The Nielsen Global Survey of Investment Attitudes was conducted in February 10-27, 2012 and polled more than 28,000 online consumers in 56 countries throughout Asia Pacific, Europe, Latin America, the Middle East, Africa and North America. For India, a total sample size of 500 was covered. The sample has quotas based on age and sex for each country based on their Internet users, and is weighted to be representative of Internet consumers and has a maximum margin of error of ±0.6%. This Nielsen survey is based on the behaviour of respondents with online access only. Internet penetration rates vary by country. Nielsen uses a minimum reporting standard of 60 percent Internet penetration or 10M online population for survey inclusion. The Nielsen Global Survey was established in 2005.

The investment strategies reported in this study are based on online consumers who have indicated they currently use investment services, which include stocks, mutual funds, bonds, certificate deposits, local and overseas stocks, derivative tools and foreign currency for investment purposes.
About Nielsen

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands. For more information, visit www.nielsen.com.
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