

# A Study on Investors Perception Towards Financial Planners in Sivakasi Town, Tamil Nadu, India

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**Abstract** - Personal Financial Planning has emerged as a vital consideration for all individuals nowadays. Therefore, it becomes relevant to learn and understand how to manage personal finance effectively and efficiently. Everybody makes financial decisions that affect them personally and the ones close to them. Individuals seek the advice of financial planners to achieve their financial goals. But some do not seek the advice of financial planners and show little interest in consulting financial planners while framing their financial goals. This study investigates the investors' awareness, a perceived image about financial planners and the characteristics that investors expect from a financial planner. Also, the study determines the factors that influenced the investors' interests and willingness to use the service of financial planners. The study results revealed that the individuals look for competent, knowledgeable, and well-trained financial planners. Also, the results suggested that individuals who use or seek the advice of financial planners are more likely to achieve their financial goals than those individuals who do not seek or need the advice of a financial planner.

**Keywords:** Personal Financial Planning, Financial Planner, Personal Finance, Investment, Retirement, Insurance, Financial Analyst, Tax

## I. INTRODUCTION

Making financial decisions is an intricate and difficult process for an average consumer due to lack or low levels of financial knowledge, inappropriate savings habits, and high levels of debt. As individuals are exposed to more complex financial products, they make inappropriate financial decisions and intend to purchase financial products which do not meet their financial needs. It would be much easier if someone could do and take care of the financial activities and investments for us efficiently. In this stage, seeking professional advice from a financial planner becomes necessary.

Prior to the advent of personal financial planning, financial advice was concentrated on investment guidance. Usually, the traditional financial advisors namely insurance agents, solicitors, and real estate agents act as dealers for their financial products. They try to introduce and match their financial products with the customer's needs. Contrary to this, financial planners give financial advice based on the

customer's needs and then look for products that meet their requirements.

A financial planner assists the clients in meeting their current and long-term financial goals. They use a structured pre-planned process to help clients towards discreet and cautious financial decisions to maximize their potential for meeting financial and life goals. Financial planners are licensed professionals who assist investors in managing investments. Financial planners have the resources and expertise needed to guide the investor in choosing the best investment option according to his or her financial situation.

## II. OBJECTIVES OF THE STUDY

1. To study the investors' awareness level and perceived image about financial planners.
2. To investigate the factors influencing the investors' intentions to utilize the service of financial planners.
3. To identify the characteristics that investors expect from financial planners.

## III. REVIEW OF LITERATURE

According to a study by Bae and Sandager (1997), individuals prefer financial planners to seek financial advice on investment planning, retirement funding, and tax reduction. A study by Marsden *et al.*, (2011) identified that individuals who make use of financial planners are likely to raise their savings rate more during any financial crisis and increase their contributions towards retirement funds by investing in more risky financial instruments. Further, Marsden elaborated that individuals who seek the advice of financial planners are more likely to increase their savings rate during a financial crisis than during a normal period. Also, they invest more in risky financial instruments with the assistance of financial planners.

Varma (2012) points out that the awareness level about personal financial planning and its concepts, financial products is low among individuals. According to Botha *et al.*, (2012), the major benefit of hiring a financial planner is their capability to educate clients with proper financial

information and make them understand financial issues to make efficient financial decisions.

**IV. RESEARCH METHODOLOGY**

The current study is descriptive in nature. A survey was conducted among 384 investors in Sivakasi, containing both

male and female investors. Primary data was collected through an effective, structured questionnaire. The respondents were chosen based on the convenient sampling technique. The collected data were analyzed statistically. The Chi-square test was used for testing formulated hypothesis. Secondary data was obtained through various journals, articles, books, and websites.

**V. DATA ANALYSIS**

TABLE I DEMOGRAPHIC PROFILE OF THE INVESTORS

Variable	Particulars	No. of Respondents	%
Gender	Male	306	80
	Female	78	20
Age	36 to 45 years	104	27
	46 to 55 years	195	51
	56 to 65 years	85	22
Education	Under Graduate	111	29
	Post Graduate	186	48
	Other professional degree	87	23
Occupation	Private employee	163	42
	Government employee	104	27
	Business	117	31
Marital Status	Married	244	64
	Single	140	36
Income	Rs.15,000 to Rs.25,000	193	50
	Rs.25,000 to Rs.35,000	134	35
	Rs.35,000 and above	57	15

Source: Primary data, 2022

From Table I, it is clear that the majority (80%) of the investors are male, falling under the age category of 46 to 55 years (51%) and holds majorly post-graduation (48%). 64% of the investors are married and 42% of the investors

are private employees working in different sectors, while 50% of the investors earn a monthly income ranging between Rs.15,000 to Rs.25,000.

TABLE II AWARENESS LEVEL OF RESPONDENTS ABOUT FINANCIAL PLANNERS

Sl. No.	Particulars	No. of Respondents	%
1	Much aware about financial planners	135	35
2	Aware about financial planners to some extent	178	46
3	Not aware about financial planners	71	19
Total		384	100

Source: Primary data, 2022

It is inferred from Table II that, among 384 investors, only 35% of them are aware about financial planners, followed by 46% are aware about financial planners to a certain extent and 19% of the investors are not aware about financial planners. Also, none of the investors have made

use of or are making use of the service of a financial planner at present. And a short explanation was given to non-aware investors about financial planners, their role, services offered, and the benefits of seeking their advice.

TABLE III INVESTORS' INTENTION TO UTILIZE THE SERVICE OF FINANCIAL PLANNERS

Sl. No.	Particulars	No. of Respondents	%
1	I am willing to seek the advice of a financial planner at present	45	12
2	I am not willing to seek the advice of a financial planner for any service	242	63
3	I am willing to seek the advice of a financial planner in future	97	25
Total		384	100

Source: Primary data, 2022

It is evident from Table III that only 12% of the investors are willing to seek the advice of a financial planner immediately, while 25% of the investors are willing to make use of a financial planner in the near future. But a majority of 63% of the investors is not at all willing to seek the

advice of a financial planner for any services. From the above table, it is also identified that the combined total of investors who are seeking the advice of financial planner at present and willing to seek their advice in the near future are 142.

TABLE III (A) REASONS TO SEEK THE ADVICE OF FINANCIAL PLANNERS

Sl. No.	Particulars	No. of Respondents	%
1	Financial planners are knowledgeable and respond quickly to errors	15	11
2	I don't have much financial knowledge	74	52
3	Busy work schedule	43	30
4	They act in investors' best interest	10	7
Total		142	100

Source: Primary data, 2022

Among 384 investors, only 142 respondents are willing to seek the advice of a financial planner at present and in the near future for different financial services. From Table III, it is known that, out of 142 respondents, 52% of them are using financial planner's service because they do not possess much financial knowledge, 30% of them are using financial planner's service because they are engaged with

busy work schedule and do not have enough time to take care of their financial activities, 11% of the respondents prefer financial planner's service because they believe that financial planners are knowledgeable and they respond quickly to any errors and only 7% of the respondents said they prefer the advice of financial planners as they act in their best interest.

TABLE III (B) REASONS FOR NOT SEEKING THE ADVICE OF FINANCIAL PLANNERS

Sl. No.	Particulars	No. of Respondents	%
1	I am confident and can make my own financial decisions	14	6
2	Lack of trust on financial planners	79	33
3	Financial planners are too expensive	107	44
4	Financial planners are not much knowledgeable and experienced to our expectation	42	17
Total		242	100

Source: Primary data, 2022

Among 384 investors, 242 respondents are not willing to seek the advice of financial planners for different financial services. It is apparent from the above table that out of 242 respondents, 44% of the respondents do not use financial planners as they believe that financial planners are too expensive, 33% of the respondents do not trust financial planners, 17% of them feel that financial planners do not possess sufficient knowledge and experience to handle financial problems and hence not meeting out their expectation and 6% of the respondents are not seeking the advice of financial planners because they are more confident that they can make their own financial decisions.

TABLE IV FINANCIAL PLANNING ASSISTANCE EXPECTED FROM FINANCIAL PLANNERS

Sl. No.	Particulars	No. of Respondents	%
1	Retirement planning	51	36
2	Investment management	62	44
3	Debt management	3	2
4	Tax planning	17	12
5	Insurance planning	9	6
6	Estate planning	-	-
Total		142	100

Source: Primary data, 2022

Among the 142 investors who prefer to use the service of financial planners, 44% of the investors do not know the various investment avenues which are beneficial to them and so they need the advice of the financial planners in this service, 36% of the investors need the assistance of financial planners in planning their retirement, 12% of them need the assistance of financial planners in tax planning,

another 6% of the investors too need financial planner's assistance in their insurance planning service and only 6% of the investors seek the assistance of financial planners in managing their debts. From the above table, it is understood that none of the investors are intended to seek the financial planner's assistance in their estate planning service.

TABLE V INFLUENTIAL FACTORS TO UTILIZE THE SERVICE OF FINANCIAL PLANNERS

Sl. No.	Particulars	No. of Respondents	%
1	Friends, Relatives and Colleagues	77	54
2	Social media (Whatsapp, Facebook, etc.)	44	31
3	Media advertisement (TV, Newspaper)	2	1
4	Family members (Parents, Spouse, Children)	14	10
5	Self-decision	5	4
Total		142	100

Source: Primary data, 2022

From the above Table V, it is clear that the investors who prefer to seek the financial planner's assistance in their personal financial planning process, 54% of them took the decision of seeking the financial planner's advice through their friends, relatives and colleagues, 31% of them are influenced by Social media networks like Whatsapp, Facebook about financial planners services, 10% of them

are influenced to make use of financial planners through their family members, 4% of them are influenced on their own to seek a financial planner in assisting their financial services, while 1% of the investors are influenced by media advertisements like TV, Newspaper about the benefits associated in seeking the assistance of financial planners.

TABLE VI CHARACTERISTICS INVESTORS EXPECT FROM FINANCIAL PLANNERS

Sl. No.	Particulars	No. of Respondents	%
1	Honest, Reliable, Confidential and Competent	175	46
2	Good communication and technical skills	53	14
3	Experienced in solving financial problems	137	36
4	Time management	19	4
Total		384	100

Source: Primary data, 2022

Personal characteristics and qualification are considered a very important aspect for the financial planner from investors' point of view. According to 46% of the respondents, the main characteristic that a financial planner must possess is that he should be honest, reliable, competent and confidential in handling their financial issues, another 36% of the investors expect the financial planners to be much experienced in solving financial problems, 14% of the investors said the main characteristic they look for in a financial planner is that they should have good

communication and technical skills to communicate the financial terms in simple language to the investors. And 4% of the investors are cautious about time management and they expect the same from the financial planners too.

The above Table VII depicts that only 23% of the investors prefer a financial planner to have a Certified Financial Planner designation with a proper license, while 77% of the investors prefer a financial planner with an MBA or Master's degree.

TABLE VII QUALIFICATION OF FINANCIAL PLANNERS EXPECTED BY INVESTORS

Sl. No.	Particulars	No. of Respondents	%
1	Certified Financial Planner having a proper license	89	23
2	Holds an MBA or Master's degree	295	77
Total		384	100

Source: Primary data, 2022

### A. Hypotheses

*H1:* There is a significant relationship between age and investors' intention to seek the advice of financial planners.

*H2:* There is a significant relationship between education and investors' intention to seek the advice of financial planners.

*H3:* There is a significant relationship between occupation and investors' intention to seek the advice of financial planners.

*H4:* There is a significant relationship between income and investors' intention to seek the advice of financial planners.

TABLE VIII SUMMARY OF HYPOTHESES TESTING USING CHI-SQUARE TEST

Hypothesis	Significance Value	Status of Hypothesis	Comment
H1: There is a significant relationship between age and investors' intention to seek the advice of financial planners	0.093	Rejected	There is no significant relationship between age and investors' intention to seek the advice of financial planners
H2: There is a significant relationship between education and investors' intention to seek the advice of financial planners	0.365	Rejected	There is no significant relationship between education and investors' intention to seek the advice of financial planners
H3: There is a significant relationship between occupation and investors' intention to seek the advice of financial planners	0.12	Rejected	There is no significant relationship between occupation and investors' intention to seek the advice of financial planners
H4: There is a significant relationship between income and investors' intention to seek the advice of financial planners	0.000	Accepted	There is a significant relationship between income and investors' intention to seek the advice of financial planners

Source: Survey results,  $P < 0.05$

## VI. FINDINGS AND DISCUSSION

The present study mainly intended to investigate the role of financial planners in the personal financial planning of investors in Sivakasi. The findings of the study revealed that the majority of the respondents do not have much intention to use financial planners as they believe that hiring a financial planner is too expensive. The findings also showed the major characteristic that investors look for in a financial planner is honesty, reliability, competency, and confidentiality. As most of the respondents do not have much knowledge about financial matters and therefore they would like to go for financial planners' service, especially in the area of investment planning. The major qualification the investors in Sivakasi expect from a financial planner is a MBA or Master's Degree holder and the respondents who are much aware of the financial planners expect them to have a CFP designation. In choosing a financial planner, friends, relatives, and colleagues play an important influential role. Also, the social media platform occupies a dominant position in educating the investors about the use, importance, and benefits of hiring a financial planner.

## VII. CONCLUSION

The need for and importance of personal financial planning has increased due to economic and demographic trends in the financial planning industry. Despite these changes, investors still lack the needed personal financial planning skills and knowledge to manage their personal finances and so the need for a financial planner arises. A financial

planner acts like an architect who gives the blueprint of various financial components in personal financial planning. This study clearly shows that the level of awareness and knowledge about financial planners in Sivakasi is low. And this ignorance leads them to the resistance to receiving proper financial advice. However, a financial planner shall assist and help investors by educating and making them understand financial issues and decisions. Improved awareness of personal financial planning will influence the intention of investors to make use of the financial planners' service cost-effectively.

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