

Factors Influencing Investment Decision-Making in the Digital Age: A Study of Retail Investors

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ABSTRACT: The rapid growth of digital technology has significantly transformed the investment landscape, particularly influencing the behaviour of retail investors. With the increasing use of mobile applications, online trading platforms, and digital financial content, investors now have easy access to financial markets and real-time information. However, this accessibility has also introduced challenges such as information overload, reliability concerns, and behavioural biases.

This study examines the factors influencing investment decision-making among retail investors, focusing on digital factors, behavioural factors, and information evaluation. Primary data was collected using a structured questionnaire, and statistical analysis was conducted using Microsoft Excel. Techniques such as correlation and multiple regression were applied to analyse the relationships between variables.

The findings reveal that information evaluation has the strongest influence on investment decisions, followed by digital factors, while behavioural factors show a relatively lower impact. The regression model demonstrates a strong explanatory power ($R^2 \approx 0.61$), indicating that the selected variables significantly influence decision-making.

The study concludes that while digital platforms enhance accessibility, the ability to evaluate and interpret information plays a more critical role in improving investment outcomes. These findings provide valuable insights for investors, financial institutions, and policymakers in promoting informed and rational investment behaviour.

KEYWORDS: Retail Investors, Investment Decision-Making, Digital Platforms, Behavioural Finance, Information Evaluation

I. INTRODUCTION

The investment environment has undergone significant transformation with the advancement of digital technology. Traditionally, investors relied on brokers, financial advisors, and printed media for investment-related information. However, the emergence of digital platforms has made investing more accessible, efficient, and convenient.

Today, retail investors can access real-time market data, analyse trends, and execute transactions through mobile applications and online platforms. This has increased participation in financial markets, especially among younger investors who are more familiar with digital tools.

Despite these advantages, digital platforms have also introduced new challenges. Investors are exposed to a vast amount of information from multiple sources, including social media, financial websites, and online communities. Not all of this information is reliable, making it difficult for investors to make well-informed decisions.

In addition, behavioural factors such as herd behaviour, overconfidence, and emotional reactions continue to influence investment decisions. Even with access to data, investors may rely on trends or external opinions rather than proper analysis.

Another critical aspect is information evaluation. The ability to analyse, verify, and interpret financial information plays a key role in decision-making. Investors who evaluate information carefully are more likely to make rational and effective investment decisions.

This study aims to examine how digital factors, behavioural factors, and information evaluation influence investment decision-making among retail investors.

II. LITERATURE REVIEW

Investment decision-making has been widely studied from both behavioural and technological perspectives. Behavioural finance theory highlights that investors are not always rational and are influenced by psychological biases (Kahneman & Tversky, 1979). Studies by Barber and Odean (2001) show that overconfidence leads to excessive trading and lower returns.

Herd behaviour is another important factor influencing investors, especially in uncertain market conditions (Bikhchandani & Sharma, 2000). Investors often follow trends or the actions of others rather than making independent decisions.

With the growth of financial technology, digital platforms have transformed investment behaviour. Gomber et al. (2018) highlight that digital finance improves accessibility but requires better understanding and awareness among users.

Financial literacy also plays a significant role. Lusardi and Mitchell (2014) found that individuals with higher financial knowledge make better investment decisions. Similarly, Huang (2018) emphasised that access to digital platforms alone is not sufficient; investors must be able to evaluate information effectively.

Recent studies also highlight the role of social media in influencing investment decisions (Lee, 2020). While digital platforms provide useful insights, they can also spread misleading information.

However, most studies examine these factors separately. There is limited research that analyses digital factors, behavioural aspects, and information evaluation together. This study attempts to fill this gap.

III. METHODOLOGY

The study adopts a quantitative and descriptive research design. Primary data was collected through a structured questionnaire from retail investors.

The variables used in the study include:

- **Dependent Variable:** Investment Decision-Making
- **Independent Variables:**
 - Digital Factors
 - Behavioural Factors
 - Information Evaluation

The responses were measured using a five-point Likert scale. Data was analysed using Microsoft Excel.

The statistical techniques used include:

- Descriptive Analysis
- Correlation Analysis
- Multiple Regression Analysis
- Reliability Analysis (Cronbach's Alpha)

The reliability results show strong internal consistency:

- Digital Factors: 0.816
- Behavioural Factors: 0.807
- Information Evaluation: 0.838

Volume 15, Issue 4, April 2026**|DOI: 10.15680/IJRSET.2026.1504131|****IV. DATA ANALYSIS AND RESULTS****Correlation Analysis**

The correlation results indicate that all variables have a positive relationship with investment decision-making.

- Information Evaluation: $r \approx 0.71$
- Digital Factors: $r \approx 0.69$
- Behavioural Factors: $r \approx 0.55$

This suggests that information evaluation has the strongest relationship with investment decisions.

Regression Analysis

The regression model shows strong explanatory power:

- $R^2 \approx 0.61$

This indicates that 61% of the variation in investment decisions is explained by the selected variables.

The regression coefficients show:

- Information Evaluation ($\beta \approx 0.67$) - Highest impact
- Digital Factors ($\beta \approx 0.51$) - Moderate impact
- Behavioural Factors ($\beta \approx 0.16$) - Lowest impact

Interpretation of Results

The results clearly indicate that information evaluation plays the most important role in investment decision-making. Investors who carefully analyse and verify information tend to make better decisions.

Digital platforms provide access and convenience but do not guarantee effective decision-making. Behavioural factors influence decisions but are less dominant compared to information evaluation.

V. DISCUSSION

The findings are consistent with existing literature in behavioural finance and digital finance. While behavioural biases continue to influence investors, their impact is moderated by access to information.

The study highlights that in a digital environment, the ability to evaluate information becomes more important than access itself. This reflects a shift from traditional behaviour-driven investing to more information-driven decision-making.

VI. CONCLUSION AND FUTURE SCOPE

The study concludes that investment decision-making in the digital age is influenced by a combination of digital access, behavioural factors, and information evaluation.

Among these, information evaluation is the most important factor. Digital platforms act as enabling tools, while behavioural factors have a supporting role.

Future research can explore:

- Larger and more diverse samples
- Impact of AI and robot advisors
- Advanced analytical techniques

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