

Evaluation of Investor's Financial Attitude towards Trading Activity during Pandemic

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Abstract

Investors' trading activities are influenced by their financial attitudes. Even though existing research has recognized and investigated their relationship, behavioral assessments and financial attitude still poses questions. Furthermore, there is a lack of evidence about the trading activity of retail investors in the instance of a health crisis, like COVID-19 pandemic. The aim of study is to fill in the gaps in the existing literature by studying the relative impact of five dimensions of financial attitude on trading activity of retail investors' during the pandemic.

We have used five dimensions to measure financial attitude such as financial anxiety, optimism of investors, financial security, self-control, and the need for precautionary savings. We collected 512 responses from retail investors with the help of a structured questionnaire. We analyzed financial attitude and trading activity using SEM to establish the structural relationship. The observed findings disclosed that self-control is the dominant variable followed by financial security, need for precautionary savings, financial anxiety, and optimism.

Keywords: Financial Attitude, Optimism, Financial Security, financial Anxiety, Trading Activity, Covid-19

Introduction

The COVID-19 pandemic is supposed to have originated in Wuhan, Hubei Province, China, around the end of 2019. By early March 2020, the COVID-19 virus has eventually spread from China to the whole world. Covid-19 has been declared a pandemic by world health organization, in response to the threat posed by the global situation. The new coronavirus has had far-reaching effects on everyday personal and economic life. Goodell (2020) studied that pandemic alarms investors, policymakers, and others about the reality of such natural disasters and their impacts on economic damage. Although the impact of the Covid-19 on the financial market and household expenditure has been studied by Baker et al. (2020), but not much is known about retail investor behavior during such a volatile time. This pandemic has had devastating economic and financial consequences all across the world. According to the report of International Monetary Fund (IMF), the world economy will be

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in its deepest shock since the Great Depression. It has shifted people's willingness to participate in risky actions with the potential for financial gain or loss and it has made stock markets very volatile and left investors are left with huge losses in short period. Pastor & Vorsatz (2020) discussed that due to pandemic there has been significant changes in terms of decrease in economic activities, contraction of outputs, and other implications like loss of jobs for various people. Al-Awadhi et al., (2020) stated that such a pandemic has a severe effect on market returns and volatility and resulted in chaos in the financial markets worldwide. This pandemic-related news circulation caused economic uncertainty across the digitally

connected world. When social media becomes negative, as it did during the pandemic, it can have an impact on how investors set market expectations, which can lead to market volatility. Financial strain, according to Vogenberg & Cutts (2009), affects household financial stability and well-being. When there is a major crisis, consumers' behavior can alter substantially. According to Garber and Koyama (2016), despite this type of volatility and uncertainty, investors want to make most of their investments and are generally not able to stay away from the financial markets. During the lockdown phase, investors were having sufficient time to explore the market and invest in various financial instruments. To invest in such turbulent markets during the pandemic of COVID-19, considered to be risky and it can expose investors to huge loss. Various financial instruments can intensify the negative effects associated with investing in such volatile markets (Corbet et al., 2020). Barrafreem et al. (2020) stated that due to turbulence in the market, holding to invest can be a safer and suitable alternative than putting money in risky investments. Retail investors may require protection from their risky decision-making while trading in such periods of uncertainty. Such kind of pandemics presents an opportunity to explore aspects of investors' behavior to external pressures. Barber et al. (2009), Burch et al. (2016), and Han B et al. (2013) found out that activity of retail traders can change the directions of retail stock prices and also short term returns can be predicted on the basis of retail short selling activities. Thus it is important to assess their financial behavior.

Attitude is referred to as the judgment about events, ideas, things, or people. According to Sethi et al. (2002), the attitudes of investors aid in the comprehension and forecasting of the behavior of investors in various financial situations. Chen & Volpe (1998) and Tsui-Yii & Sheng-Chen (2014) have contributed to the concept of attitude in financial context. They have considered retention,

power, anxiety, achievement, and respect as dimensions of financial attitude. Fünfgeld & Wang; (2009) identified underlying aspects of financial attitudes and investors' behavior. Financial anxiety, financial interests, decision making styles, the need for precautionary saving and tendency of spending money were other dimensions to measure financial behaviour. Fünfgeld & Wang (2009) further investigated that investors have a specific strategy of handling the financial matters. One category of investors saves more money than other category or they involve in thorough analysis before making financial choices, whereas other investors may act more instinctively in making investment choices. In many studies, it has been observed that psychological factors have an influence in molding the financial behavior of individuals. Strömbäck et al. (2017) emphasized the importance of conducting thorough research on these issues. Financial attitude, in this context, is a representation of an individual's fundamental understanding of money and their ability to make financial decisions. Retail investors' attitudes are important to analyze as their financial attitudes as well as their financial knowledge and behavior can affect their financial wealth and satisfaction (Grable & Joo, 2004; Falahati et al. 2012). This assessment of the financial mindset is more critical when pandemics like Covid-19 occur, which has caused widespread fear and worry around the world. Assessing the investment pattern of retail investors' in the phase of COVID-19 is extremely important because no other known pandemic has yet resulted in this amount of financial market impact (Baker et al., 2020). The COVID-19 outbreak's rapid spread has increased the volatility of financial markets and left investors with large sum of losses in a short span (Zhang et al.; 2020).

In the present economic scenario psychology of retail investors has an important role to play in the formation of financial attitudes towards investment opportunities available now a day. The objective of this paper is to study the dimensions of financial

attitude of investors and to evaluate investors' attitude towards trading activity during Covid-19 pandemic. This paper is organized into four sections. Apart from introduction next section is based on extensive literature review and theory based on trading activity and attitude of investors, followed by research methodology and discussion of results. The last section presents conclusions and implications of the study.

Literature Review

Although extensive literature is not available to study the reflections of Covid-19 pandemic on investment behavior. Few studies have been conducted to study the changes in the financial attitude of retail investors. Ashraf B N (2020) analyzed the reaction of financial markets to Covid-19 pandemic and observed that markets reacted unfavorably to increase in number of Covid positive cases and deaths from Covid-19 pandemic. Furthermore, using wavelet analysis, Goodell & Goutte; (2021) discovered co-movement between Covid-19 cases and bitcoin and found it negative. Ali (2020) discovered that the Covid-19 enhanced market volatility in western countries like UK, US. Similarly, due to a rise in confirmed Covid-19 patients during this phase, Baig et al., 2020 identified indications of increased illiquidity and volatility in the US financial markets. According to Arias & Mendez; (2020) a significant level of herd biased behavior in the European financial markets like Germany, Spain, and the UK. Covid-19 pandemic increased the volatility of European and Chinese markets during their study period. In the era of Covid-19 few studies were based on the association of US S&P 500 stock returns and its implied volatility and liquidity of returns. They used Markov switching model and observed that implied volatility and implied correlation were closely related to S&P 500 returns. Furthermore, during this turbulent period, Saeed et al. (2021) found that securities in Islamic financial markets outperform in

comparison to other markets. In the phase of Covid-19, Umar et al. (2021) found out Islamic securities offer comparatively better hedging opportunities which is good for investors. As per the findings of previous research during the Covid-19 pandemic, Islamic stocks were the secured financial assets for the investors of G7 stock markets. Hasan et al., (2021) stated government bonds are the strongest haven in GCC markets throughout the recent crisis. The influence of pandemic on stock markets has been widely explored in previous studies. However, a small amount of research has been done to see how the Covid-19 affects faith-based investing. Payzan et al., 2021 discovered that after continuous exposure to high risk, people underestimate risk because they have been accustomed to high volatility. Albulescu, 2020 analyzed the impact of official financial notifications about new instances of infected cases and death rates on the volatility index of stock market and discovered that the death ratio and volatility index has a positive relation. To put it another way, the greater the number of countries affected, the greater the financial volatility. Corbet et al. (2020) studied how global COVID-2019 pandemic affected the stock market volatility and discovered that there was a substantial relationship between Chinese markets and Bitcoin during this period of extreme financial distress.

Trading Activity and Financial Attitude of Investors

In 1998, Parrotta and Johnson studied that financial attitude is a psychological inclination that shows up when people evaluate well-established strategies to manage their finances with different degrees of approval or acceptance. This attitude related to financial decisions can also be categorized as a point of view, a mindset, or a financial judgment. Past studies on financial attitude stated many characteristics of financial attitudes. These dimensions could result in irrational decisions. Strömbäck et. al. (2017) highlighted the role of psychological factors like self-control power of

investors and optimistic approach in impacting the financial behavior of investors. Barberis & Thaler (2003) stated that retail investors express irrational behavior under the paradigm of homo economicus. Camerer et al. (2004) studied behavioral finance recognizes such irrationality in financial decisions by combining psychological learnings to present a more accurate understanding of financial behavior. The recent literature of behavioral finance has mostly focused on specific abnormalities and cognitive irrationalities that influence people's investment decisions, such as herding. Gambetti & Giusberti (2012) conducted a study to see how much people make financial choices based on their emotions such as anger and financial anxiety. Past studies explored that anger pushes people to invest more, but anxiety motivates them to avoid investing. Kuhnen & Knutson (2011) further studied that people with anxiety are more likely to take risks and have faith in their abilities to evaluate financial possibilities. Anxiety is linked to making conservative financial decisions, such as not investing in savings and instead of holding interest-bearing accounts, as well as low stock trend prediction. Van Rooij et al. (2012) examined financial attitudes that are influenced by investors' knowledge and level of understanding of financial concepts. The study of decision-making distinguishes between cognitive and intuitive aspects. Individual investors' intuitive decisions are a reflection of non-sequential information processing or financial decisions made on the spur of the moment. Individuals who make intuitive judgments are more likely to trust their intuition and are confident about their investment choices (Pompian & Longo, 2005).

Past research has mentioned various attributes of financial attitude like interest in investment and financial matters, intuitive investment decisions, requirement for prudent savings, free spending, etc. Interest in Financial Matters is about the individual's financial interests and experience to financial data like enjoying discussions about

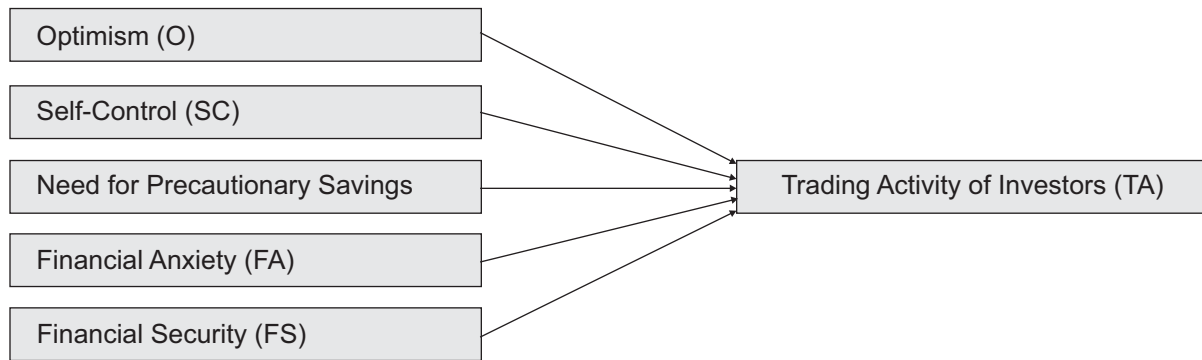
financial issues, reading financial and business related news etc. A high score in this category suggests that the person is concerned about money and is expected to possess some financial and investments related knowledge. Intuitive Decisions determine whether a person prefers to make judgments intuitively rather than intellectually and whether they prefer to make decisions spontaneously rather than meticulously. The decision-makers having good analytical decision making are likely to score lower on the "Intuitive decisions" scale. They generally gather more reliable data, analyze the extent of risks, solve problems through proper analysis, and place a strong value on logical aspects. They place a premium on realism and common sense, and they put their faith in what is certain and stable. They appear to be reliant on the process's structure and the need to know it (Sjoberg, 2003). People who score high on "Instinctive decisions," on the other hand, make spontaneous and intuitive financial decisions and they don't have much interest in the specifics. Requirement for Prudent Saving refers to the perceived importance of having financial provisions for future. People who score high on this criterion find it impossible to avoid having enough cash on hand to pay any unexpected consequences. They believe that planning for the future is essential. Participants that received a poor score, on the other hand, are those who do not understand the relevance of future strategic planning. Free-Spending represents people's opinions and spending patterns. For example, some people spend money because they are dissatisfied, and they are readily attracted by attractive offers. Money has additional self-contained worth for a high-scoring individual: there is a motivation to spend money as this act of spending has value in and of itself, not just the objects bought. A person who loves to preserve money is compared to a person who prefers to "live now". A "living now" person is more easily persuaded to buy, and their tastes are more likely to be conflicting.

There have been various studies on evaluation of

financial attitude of investors during Covid-19 pandemic in foreign countries. But very few studies are specifically conducted to find out the impact of financial attitude on Indian investors. Past studies are based on evaluating the financial using various dimensions but there is no study in which financial attitude was measured based on five given dimensions i.e. optimism, self-control, need for precautionary savings, financial anxiety and financial security. This study will fill this gap and contribute to evaluate the financial attitude of Indian investors towards trading activity during pandemic.

Research Model and Hypotheses Development

This research proposes five dimensions of investors' financial attitude. These five dimensions' work as antecedents of investors' behavior, behaviour is then measured through their retail trading activities in the phase of the pandemic of Covid-19 time. On the basis of extensive literature review we have identified optimism, self-control, the need for precautionary savings, financial anxiety, and financial security as independent factors to affect the retail trading activity of investors' during pandemic. This proposed model is consistent with the financial management framework model given by Parrota & Johnsons (1998).



(Research Model-Authors' Compilation)

Optimism:

Previous studies have shown that optimism is an important element that influences financial behavior of investors. For example, according to Stromback et al.; (2017), those who are more optimistic are less likely to do hard work in long run and save huge amount of money. In comparison, other category of investors may be less cautious with their money (Puri & Robinson, 2007). Optimism has also been linked to financial well-being by researchers. Previous research has found that people who are depressed have a stronger pessimism bias than others (Strunk et al., 2006). As a result, we believe that optimistic retail investors saw the stock market meltdown during pandemic (Baker et. al., 2020) as a good time to earn more and

expand trading activities as they were having sufficient time to explore the investment opportunities.

H1: Optimism has a significant effect on trading activity of Investors

Self-Control:

Ability of investors to avoid harmful habits, to avoid temptations and overriding to early instincts are all examples of having self-control (Baumeister; 2002, Fujita et al. 2006). Self-control is the ability of investors to regulate their current activities keeping in mind the future perspectives. When people lose self-control, they act in non-optimal ways, such as procrastinating work even

when they know they should. Few researchers have studied the association between self-control and financial attitude. According to research findings of another study there is a broader range of financial activities to explain overall financial behaviour of retail investors. They analyzed how human traits like controlling to self and desire for the future plans, affect the financial activities of middle income households. In this analysis they have used both methodologies i.e. quantitative and qualitative. Retail investors with better self-control can manage their financial activities in an efficient manner.

H2: Self-Control has a significant effect on the trading activity of investors

Need for precautionary saving:

Savings is defined as withholding from consumption at one period in favor of consumption at a later one. The influence of uncertainty on wealth growth is consistent with the precautionary saving theory, but it only explains a tiny portion of saving (Guiso et al. 1992). Savings reduces concern about the future and gives people a sense of control over their destiny (Zaleskiewicz et al.; 2013). This metric relates to how important future financial provision is thought to be. People who score well on this factor find it impossible to avoid having adequate cash reserves to cover any unanticipated repercussions. They feel that investing in the future is critical. Participants with a low score, on the other hand, can be defined as persons who do not recognize the importance of future strategic planning.

H3: The need for precautionary saving has a significant effect on investors' trading activity

Financial Anxiety:

A person with a high "Anxiety" score feels insecure

about himself and worried about money due to uncertainty. The uncertainty here refers to a subjective feeling of doubt and insecurity (Warneryd, 1999). It is also directly linked to the notion that people put off making financial decisions, which amounts to procrastination, which is a primary factor of poor retirement savings performance. Anxiety can also be linked to regretful feelings after doing or not doing anything. People with a high "Anxiety" score are more prone to withdraw, which might lead to financial problems.

H4: Financial Anxiety has a significant effect on investors' trading activity

Financial Security:

Furthermore, our literature assessment found that financial security has yet to be investigated as a predictor of financial behavior. Few studies like Stromback et al. (2017) & Falahati et al. (2012) have stated financial security in association with financial well-being and it is further linked to financial behaviour. As a result, we argue that investors' financial security can alter their attitude toward financial decisions, especially at the time of investing in stock market. According to research findings of Knutson & Kuhnen; (2011), an individual's emotional state influences their risk-bearing abilities. For example, Fear of investors', encourages risk-averse conduct, but fury encourages the reverse, the same is found by Lerner & Keltner in 2001. As a result, we generally expect that individual investors will be less scared and hence more involved in trading activities as a result of financial security. This is consistent with the classic market practice "buy on fear, sell on greed," emphasizing an importance of financial security in financial decisions.

H5: Financial Security has a significant effect on investors' trading activity

Data and Research Methodology

Data Collection

A primary survey was conducted to collect responses from retail investors. Cross-sectional data was collected through structured questionnaire. Retail investors from Delhi-NCR, who were actively participating in the stock markets during and after the pandemic outbreak were chosen for the survey. According to Dubey et al. (2020) retail investors, especially the young investors started investing activities during the pandemic time. Low bank deposit rates were another important reason behind increase in trading actives by retail investors. The researchers have adapted pre-validated scales to design survey questionnaire. Funfgeld & Wang (2009) provided

the financial anxiety and need for precautionary savings measurement items, whereas Stromback et al. (2017) provided the financial security and optimism items. Four items were used to assess optimism, five items for self-control, four items for the need for precautionary savings, four items to measure financial anxiety, three items for financial security, and three items for trading activity. A five-point Likert scale was used for all questionnaire statements.

The online survey was conducted and data was collected from 512 respondents. To avoid self-response bias, the respondents were guaranteed anonymity throughout the process, and they were not aware that their financial attitude and behaviour were being assessed.

Table 1: Profile of Respondents

Respondents' Profile

Particulars	Percentage
Gender	
Male.	46.50
Female.	53.50
Age group	
21-30 Years	52.10
31-40 Years	25.40
41-50 Years	16.60
Above 50 Years	5.90
Education	
Up to School level	.20
Graduate (Pursuing / Completed)	4.70
Postgraduate (Pursuing / Completed)	49.40
Doctorate (Pursuing / Completed)	45.70
Employment	
Business / Self-Employed	5.70
Salaried	66.80
Currently not employed	27.50
Income Level	
Less than Rs 5 Lakhs	55.30
Rs 5 Lakhs to Rs 10 lakhs	31.30
More than Rs10 Lakhs	13.50

Table 1 represents the summary of the demography profile of 512 respondents. Out of the total 512 respondents, 46.50% were male respondents and 53.50% were female respondents. There were four categories of age groups of respondents. 52.1% of respondents belong to the age group of 21-30 yrs., 25.4% of respondents belong to the age group of 31-40 yrs., 16.6% of respondents belong to the age group of 41-50 yrs. and 5.90% of respondents were above the age of 50 yrs.

Research Methodology

For data analysis, SPSS and AMOS softwares were used. Exploratory factor analysis (EFA) was run on a sample of 512 respondents'. Varimax rotation was used to extract the different factors. Six unique factors were extracted from the exploratory analysis. These six variables explained 70.717% of the total variation. To validate the factors extracted from factor analysis, AMOS was used to perform confirmatory factor analysis. Finally, the hypothesized correlations were tested using structural equation modeling (SEM). The structural equation modeling (SEM) technique for data analysis has been used in the majority of recent studies because it allows for the investigation of various links between identified variables and outcomes.

Results

Measurement Model

The proposed measurement model values have been extracted from AMOS output and validity and reliability has been checked. The results were statistically significant at the '0.05 level' on the basis of standardized factor loading values. The results further explain the indices of model fit such as 'CMIN/df'=2.03, 'Goodness of Fit Index (GFI)'=0.919, 'Goodness of Fit Index (AGFI)'=0.907, 'CFI >0.90', 'RMR<0.05', and 'RMSEA =0.02' which is satisfactory.

The value of the squared correlations between the latent variables and all other variables must be more than the Average Variance Explained (AVE), per the acceptable index. The square root of AVE has a higher value than the inter-construct correlations coefficient, which validates the discriminant validity (Hair et al., 2006). (Table 2). Additionally, discriminant validity was present when there was a poor correlation between each variable measurement indication and every other variable except for the one to which it had to be theoretically related (Aggarwal et al., 2018a.). The measuring model has a high level of discriminating validity, as shown in Table 2.

Table 2: Validity and Reliability

	C.R.	AVE.	MSV.	MaxR (H).	TA.	O	SC	NPS	FA	FS
TA	0.983	0.951	0.063	0.984	0.975					
O	0.967	0.908	0.104	0.998	0.052	0.953				
SC	0.845	0.522	0.316	0.846	0.251	0.247	0.722			
NPS	0.826	0.545	0.084	0.843	0.015	0.038	-0.256	0.738		
FA	0.810	0.519	0.316	0.833	0.166	0.322	0.562	-0.147	0.721	
FS	0.746	0.512	0.084	0.860	0.091	-0.005	-0.155	0.290	-0.191	0.716

**C.R.= 'Composite Reliability', AVE= 'Average Variance Extracted', MSV= 'Maximum Shared Variance', MaxR (H)= 'Maximum Reliability', TA= 'Trading Activity', O=Optimism, SC=Self Control, NPS=Need for Precautionary Savings, FA=Financial Anxiety, FS=Financial Security

Structural Model

To check the hypothesis, structural equation modeling technique was applied. SEM combines

factor analysis and multiple regression and it is used for multivariate statistical analysis. SEM is used to figure out how measurable variables and latent constructs are related structurally.

Table 3: Model Fit Statistics

Criteria	Values Recommended	Model Fit Values
CMIN/DF	Less than 3	2.033
GFI.	Greater than 0.90	0.919
AGFI.	Greater than 0.91	0.907
RMSEA	Less than 0.05	0.02

Table 3 shows the model fitness indices for the structural model when all variables are added together and CMIN/DF is 2.033, and all values of model fit are within the specified range. This indicates that the model is fit. Other indices, such as “GFI” = 0.919 and “AGFI” = 0.907, have also been

found to be helpful (Schumacker & Lomax, 1996). As a result, the model was able to properly fit the data. All 'co-variances' and 'regression weights' between variables were statistically significant ($p < 0.001$).

Table 4: Structural Analysis

Hypothesis	Relation	S.E..	C.R..	P-value.	Decision
H1	Trading Activity → Optimism 0.043	1.937	0.043	Supported	
H2	Trading Activity → Self-Confidence	0.454	7.166	***	Supported
H3	Trading Activity → Need for Precautionary Savings	0.091	3.022	0.003	Supported
H4	Trading Activity → Financial Anxiety	0.081	2.887	0.004	Supported
H5	Trading Activity → Financial Security	0.059	3.324	***	Supported

Table 4 states the structural relationship between independent and dependent variables i.e. the dimensions of financial attitude and trading activity of investors. All the dimensions of evaluating financial attitude exist in retail investors and have a positive relationship with the trading of retail investors. Results represent that optimism affects the retail trading activity of investors (SE = 0.043, C.R = 1.937, and $p < 0.05$) which means H1 is supported. The second dimension of financial attitude i.e. self-confidence also affects the trading activity of retail investors (SE = 0.454, C.R = 7.166, and $p < 0.05$) which means H2 is supported. The third dimension of financial attitude i.e. Needs for Precautionary Savings also plays a positive role in the trading of investors (SE = 0.091, C.R = 3.022, and $p < 0.05$) which means H3 is supported.

The fourth dimension of financial attitude i.e. Financial Anxiety also affects the trading activity of retail investors (SE = 0.081, C.R = 2.887, and $p < 0.05$) which means H4 is supported. Similarly, the

fifth dimension of financial attitude i.e. Financial security also affects the retail trading activity of retail investors (SE = 0.059, C.R = 3.324, and $p < 0.05$) which means H5 is also supported.

Common Method Bias (CMB)

In this study same self-reporting instrument was used to collect data for all the variables. In such cases there is a possibility that data can be skewed by common method bias. Self-reporting questionnaire is used to collect responses for all the variables. This may result into common method bias in the skewness of data. To prevent this problem, we used questionnaire keeping in mind the anonymity of responses. For further clarity Harman's single factor test is used to entirely avoid the potential of common method bias as suggested by Talwar et al., (2020). According to the test findings, single component explained 21.27 percent of the total variation, which is less than the 50% of i.e. required cut-off. There is no issue of common

method bias in this study.

Table 5: Common Method Bias

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.478	22.824	22.824	5.105	21.271	21.271
2	3.408	14.198	37.022			
3	3.050	12.710	49.732			
4	1.880	7.832	57.565			
5	1.764	7.350	64.914			
6	1.393	5.802	70.717			
7	.936	3.898	74.615			
8	.834	3.474	78.089			
9	.720	2.999	81.088			
10	.690	2.873	83.961			
11	.542	2.257	86.218			
12	.525	2.187	88.405			
13	.484	2.018	90.423			
14	.465	1.936	92.359			
15	.453	1.886	94.244			
16	.371	1.546	95.791			
17	.336	1.400	97.191			
18	.285	1.189	98.380			
19	.150	.624	99.004			
20	.099	.412	99.416			
21	.056	.232	99.648			
22	.043	.179	99.827			
23	.038	.158	99.985			
24	.004	.015	100.000			

Extraction Method: Principal Axis Factoring.

Discussion

In this study, all five dimensions of the financial attitude have found their existence in the financial attitude of investors. Results show that Self-Confidence is most important dimension and it has the maximum relative effect on trading activities while optimism has the least effect. That means investors having self-confidence involve in higher trading activity in terms of selling and buying securities during an incident like a pandemic. As

per the findings of this study second most important dimension of financial attitude is financial security. That means investors with sense of security in their existing financial situations, are confident with regard to their future investments. Based on their financial confidence they are likely to sell and buy securities during uncertain situations like a pandemic. Further results state that the need for precautionary savings is the third important dimension of evaluating financial attitude of retail investors. This means that ordinary investors who

have a strong desire to save money for their future needs and are particularly concerned for financial future may engage in major trading activities during the phases of crisis. Their reaction to markets can result in increased volatility of financial markets. This is a perplexing conclusion because, generally investors who are worried about their future investments they want to minimize future uncertainties and prefer to have a better control on their savings (Zaleskiewicz et al. 2013). Individuals with a desire to eliminate uncertainty are unlikely to trade in unpredictable markets, especially when extraordinary occurrences such as the COVID-19 pandemic are present. However, retail investors can prefer to invest in equities if it is being offered at a cheaper valuation during pandemic time. It can be considered as a good opportunity to create long term wealth. Retail investors' can trade to maximize returns by purchasing securities at comparatively lesser price and selling the same at more price in future.

Optimism and financial anxiety were the factors that had the least impact on individual investors' trading behavior. The correlation values revealed that the associations were linear and positive. Previous research has established the impact of these factors on people's financial behavior in general (Stromback et al., 2017). The optimistic investors expect good results in difficult times and generally have a tendency to trade in the events of distress like the COVID-19 pandemic. While such a mindset is likely to assist investors in making money in the market, there is still an existence of overconfidence bias, which could result in an overreaction or under-reaction to market fluctuations (Daniel et al. 1998). In the instance of event like this pandemic, the spill-over effect might happen faster, making it riskier to be overconfident related to short term earnings (Beck, 2020).

Investors with lack of financial knowledge and market movements generally tend to invest during such crisis as they look into short term gains only.

They do not have sufficient knowledge about the financial market to make long run investment choices.

Conclusion, Implications and Limitations of Study

As per the research findings of previous studies, financial markets fluctuate by 10-20% in a single day due to panic of pandemic situations like Covid-19. However, after a small phase of panic, retail investors saw the stock market meltdown as an investment opportunity, and actively participate in buying and selling of various securities (Dubey et al. 2020). From the standpoint of companies aiming to encourage small investors to join the stock market, this development is exciting. Retail investors, on the other hand, contribute to the volatility of markets through their prejudices and psychologically biased behaviors.

This study explains the primary influences on retail investors' trading behavior with reference to COVID-19 pandemic. For that purpose, we looked at how retail investors' financial attitudes, as evaluated by dimensions like optimism, financial anxiety, financial security, self-confidence, and their need for precautionary savings have affected trading activities in a worldwide pandemic scenario. The study is based on the responses of 512 retail investors actively trading in Delhi NCR and the researchers evaluated their financial attitude towards trading activities during this scenario. Data has been analysed with the help of SPSS and AMOS structural relationship between the variables has been evaluated using structural equation modelling. The findings suggested that Self-Confidence is most important factor and it has the strongest effect on the trading activities of retail investors. In addition of that financial security and their need for precautionary savings also have a significant impact and it is almost an identical influence. It is further followed by investors' financial anxiety and their optimism. The structural relationship depicts

that all these factors have a positive influence on the trading activities of investors. We can infer that financial attitude of investors has a bearing on trading activities in such turbulent phases. These findings offer theoretical and practical insights with regard to evaluation of financial attitude of investors.

In this research, we developed one multidimensional scale to evaluate financial attitude of retail investors. We identified variables that characterize the same construct in previous research (Zottel et al. 2013). In previous studies a limited number of statements were used to evaluate financial attitudes (Koyama & Garber, 2016). In few studies psychological variables were used like non-impulsiveness and orientation of retail investors. Here, we identified some of the major elements to evaluate investors' financial attitude. All these dimensions are important in the evaluation of financial behavior to have an ultimate effect of retail activity of investors (Fünfgeld & Wang, 2009). In Future studies this scale can be used to assess financial attitudes and can be expanded by adding more measures. For example, psychological factors such as risk tolerance can be used to explain retail investors' financial behavior in terms of saving, payment of bills, investment in bonds etc. This study further states the understanding of financial behavior and attitude in various scenarios i.e. trading during a pandemic, retail investment activities in emerging market like India, and overall retail investors attitude towards investment. All these scenarios are in line with the research findings of Kadoya et al. (2017) and Stromback (2017). These findings can be used by researchers to delve deeper into the motivations of these investors to provide practical recommendations.

In addition, findings have practical implications as well. This study shows how five different characteristics of evaluation of financial attitude have an association with investors' trading.

According to the findings, right financial attitude results in capabilities of designing and maintaining a lucrative portfolio. Simultaneously, this study will also enable them to take well informed financial decisions. It will further help them to trade wisely and be a part of stable market. These research findings are in line with research conducted by (Hayhoe et al. 2005) which says that changes in one's financial mindset can change one's financial behavior. These findings can help alter financial attitude in a more focused and effective way by utilizing the existing information and knowledge (Lind et al., 2020).

Although we followed all procedure standards when conducting the study, several limitations must be acknowledged to put our findings into context. Though widely employed by academics (Talwar et al., 2020), our research approach has certain limitations, including social biases and broad based findings. This is because we only collected data in one geography using a self-report questionnaire. However, we tried to avoid the biased responses by not stating that the investors attitude was being analyzed. Future studies can use the model to integrate various socio-demographic parameters to see how they affect the links we looked at.

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