

## ABSTRACT

The derivative market is an essential component of the global financial system and provides opportunities for risk management, speculation, and portfolio diversification to investors. Retail investors play a crucial role in this market by enhancing liquidity and influencing market dynamics. The behaviour of the retail investor is influenced by a variety of factors: individual characteristics, market psychology, and the general economy. All these factors reveal the underlying motivations, tactics, and decisions of these investors in this dynamic financial world. Many studies have examined single-dimensional aspects of investor behaviour; however, these approaches often fail to capture the complexity of the decision-making process. Investor behaviour is inherently multifaceted, shaped by a diverse range of factors. Therefore, adopting a multidimensional approach is essential to gain a more accurate and comprehensive understanding of the influences driving investment decisions. This study aims to explore retail investors' preferences across various sectors and financial products, as well as their awareness of the derivative market and overall satisfaction. It incorporates a multidimensional analysis, examining factors such as attitude, personality traits, behavioural biases, financial literacy, and self-efficacy to understand their influence on the trading behaviour of retail investors in the derivative market. This descriptive study adopted census sampling techniques to collect data from 384 retail derivative investors in Coimbatore city. The analysis involved descriptive statistics, including percentages, means, and standard deviations, and inferential statistics, such as ANOVA, MANOVA, factor analysis, multiple regression analysis, and PLS-SEM, to analyse the collected data. The study reveals that retail investors perceive the derivative market as an attractive investment option due to its potential for hedging strategies and diverse financial products because of its features, such as flexibility and control, which attract a growing number of investors. Additionally, financial dimensions such as financial literacy and self-efficacy, act as moderating influences on investors' intentions to engage in derivative market trading. Investors with higher financial literacy and self-confidence are better positioned to understand the complexities of the derivative market, allowing them to make more informed and effective decisions. In the psychological dimension, factors such as personality traits, behavioural biases, and attitudes are associated with investor satisfaction, which, in turn, has a significant impact on trading behaviour (social dimension) in the derivative market. Together, these multidimensional factors play a crucial role in shaping the trading behaviour of retail investors. Understanding the factors that influence trading behaviour among retail investors in the derivative market is essential for market participants, regulators, and policymakers.