Digitally-Driven Mutual Fund Investments: A Behavioral and Perceptual Study of Investors

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ABSTRACT

One of the parts of every individual is savings. Now-a-days there are lot of investment options available for an investor in financial market to invest in. To have a successful investment experience an investor should have the knowledge of financial intermediary and an effective professional expertise. The purpose of investment is to maximize return and to get benefit from the capital market. The choice of investment depends upon the risk-taking capacity of the investor. Though there is multiple options available to invest in, the economic activity in share market and mutual fund has shown an increasing trend in recent years. This shows that people started investing in mutual fund similar to other traditional methods.

Keywords: Mutual funds, digital transformation, digital investments, SIP, investor behaviour.

INTRODUCTION – MUTUAL FUND

A mutual fund is simply a bridge or financial intermediary that allows a group of investors to pool their money towards predetermined investment goals. It is an instrument for pooling the savings of people. Mutual funds are trusts that accept savings from investors and invest them in marketable securities with a view to maximize the income. The first mutual fund to be established was the unit trust of India mutual fund. On exploring investment in mutual funds which in turn will offer them exposure to various asset classes according to their selection on the basis of their investment? On the basis of operation mutual fund schemes are divided into open ended and closed ended schemes. The main objective of open-ended schemes is to generate income.

It will have fund managers in charge of investing the funds collected in specific securities (shares and bond). Mutual fund can be classified by structure (open-end, closed-end, range), nature (equity, debt, balanced), investment objectives (growth, income, money market). This is the market for long term finance, both stocks and liabilities dealing with financial asset, without coins or currency. The exchange is good leverage in the mutual fund market and their relationship is direct proportional to mutual fund market performance. Political change and politics in the country government influences the behavior of the mutual fund market.

SYSTEMATIC INVESTMENT PLAN – SIP

A Systematic Investment Plan is also known as SIP is a smart method of investing a fixed sum in a mutual fund scheme. In order to implement a saving plan it may allow purchasing unit on every month. One can make investments a selected prearranged quantity at everyday durations which can be selected beforehand (quarterly, monthly, weekly, etc.). One of the most important benefits of this plan is that it includes the addiction of saving, which allows beginning to construct a decent fund for the future systematically.

An important aspect of a systematic investment plan is to maintain the hassle-free. Their money will be auto-debited from their account each month and also be invested into a mutual fund scheme. SIP has been gaining reputation amongst Indian Mutual Fund investors, because it facilitates in Rupee Cost Averaging and additionally in making an investment in a disciplined way without stressful approximately marketplace volatility and timing the marketplace. Systematic Investment Plans provided with the aid of using mutual fund are without difficulty the best manner to go into the world of investments over the lengthy term.

BENEFITS OF INVESTING IN MUTUAL FUNDS

Diversification is one of the most distinctive benefits of investing in mutual funds. It is the system of spreading a given funding over a couple of property classes. Diversification allows us create a diverse portfolio that segregates the headwinds skilled in numerous sectors. Money is invested in a aggregate of property consistent with one's chance appetite. Investors won't have the time or the specified understanding and assets to behavior their research and buy person shares or bonds. A mutual fund is controlled through full-time, expert cash managers who've the expertise, and assets to actively buy, sell, and screen investments. A fund supervisor constantly video display units' investments and rebalances the portfolio for that reason to fulfill the scheme's objectives. Portfolio control through expert fund managers is one of the maximum crucial blessings of a mutual fund.

Purchasing all of a mutual fund's individual securities can be expensive for many investors. On the other hand, maximum mutual funds have more affordable initial investments. Mutual fund investment can be made at any time, rather than being tied to specific market cycles.

This can provide investors with the ability to strategically time their investment decisions for greater return.

LITERATURE REVIEW

Ayush Yadav & Dr. Varsha Gupta (2025) emphasizes on the role of investor behavior and technology in shaping future trends. Mutual fund AUM in India has grown six-fold in the past decade. Digital interventions, financial literacy, and regulatory reforms are key drivers. Despite growth, mutual funds still form a small portion of household financial assets. **Suraj Kumar Swain, Jatin Mishra, Sudhansu Kumar (2024)** highlights digital platforms have made mutual fund investing more accessible and user-friendly. Survey data shows increased investor participation due to mobile apps and robo-advisors. Challenges include platform navigation and customer support. Educational content enhances investor confidence and decision-making.

S. Cecily (2022) This study expects to see the financial backers' inclination toward shared reserve in Chennai locale. The necessary primary data for the study were gathered through the use of a schedule for interviews. According to the data, the majority of investors are wary of investing in new investments like mutual funds. **Neelam Dhall et. al (2021)** this study attempts to find investor's awareness and perception towards mutual fund as an investment option. Data collected from respondents in Delhi –

NCR through questionnaire shows that there is a significant relationship between gender and perception with respect to returns in mutual fund. Also, there is a significant relationship between age and high tax shield provided by mutual funds. **Anita Raman & Sakthi Selvarohini (2020)** conducted a study on investors' preference for and satisfaction with mutual funds in public and private sectors. Most of the respondents are fulfilled by the speculation made in confidential area shared asset because of sufficient foundation, client assistance and execution of the common asset. **Anandan and Savaraj (2020),** paper show that the investors are uncertain about investing in mutual funds because they believe that these investments are riskier than other types of assets. Instead, they prefer bank deposits since they offer a safe and guaranteed return. **Amsaveni and Ranjini (2018)** The financial backers are found to have a decent and uplifting perspective towards their interest in shared assets. Despite their belief that mutual fund investments carry a high risk, some investors favour high return mutual funds. Despite not being aware of the risks associated with the investment, investors have a positive attitude towards mutual funds. The investors also believe that the company's annual reports and other publications assist them in evaluating the outcomes of their investments. **Saini and Mittal (2018),** In this study the most of the people are aware of mutual funds and consider return to be the most crucial factor when making investments, followed by credit score and inflation. Additionally, some investors who have money in mutual funds are happy with their performance. Others have an average experience with the funds, while the rest investors are unhappy with the performance of the funds. **Pohane Jyoti (2017)** this study aims to find investment awareness of people in mutual funds. Primary data were analysed using the chi-square test, Mann Whitney test, Kruskal-Walli's test. It was observed that awareness and experience of investing in mutual funds do not have much effect on their preferences for different investment options. **Reepu (2017)** He studied funding sample of mutual fund buyers its advantage like expert management, liquidity, smooth to invest, trustworthy, protection of funding, etc. and disadvantages like chance and its structure, how the mutual fund enterprise is operating. He also defined that means of key factors like trustee, trust, sponsor, Asset Management Companies, agents, etc. to create recognition amongst capacity buyers and the way it's beneficial to avail tax benefit to earn batter return. **Karthikeyan, V., & Santhoshkumar (2016)** studied buyers delight towards mutual fund and additionally identified elements important for securing investor's penetration in mutual funds. He centered on three elements which incorporates scheme of mutual fund for protection, financial gain furnished via way of means of fund and their associated attribute. He advised that mutual fund companies are making sure complete disclosure of portfolio and everyday updates of all of the associated statistics cease to cease with the guarantee of protection and financial benefits. **Kalaiselvi, D. M. and Tmt. K. Hemalatha (2016)** In this study they analysed the Mutual Fund investments in relation to investor's degree of consciousness and delight has been studied referring to diverse problems like influencing elements that appeal to traders to spend money on mutual funds, fee of return, liquidity, safety and security, tax benefit, capital gain etc. **Begum, N. N., & Rahman, S. (2016)** they've observed that demographic elements like gender, age, income, training impacts investors' mind-set closer to mutual fund. Most of the investors feels that mutual fund funding is secure with appropriate go back, 55% respondents have proven negative mind-set closer to mutual fund funding. Policy maker can adopt motion to make certain sufficient go back on funding. They counseled to create attention SEBI has to set up education programmes. **Vanipriya.R (2015)** "Investors perception and preference towards mutual fund investments with reference to Chennai city", was the title of this study from 2015 by SPSS was used to analyse the primary data. The study revealed that mutual funds account for the majority of investor's investments. Those under the age of thirty make up the majority of the population. Investors' preference and perception of mutual funds are largely influenced by age, gender, education, income and occupation. **Iqbal, S., Iqbal, N., & Haider (2015)** this study aimed to investigate the impact of investor perception towards mutual funds on the basis of demographic and socio-economic factors. They have proved with the chi- square test that there is a significant relationship between age, gender, income level and savings directly and positively with investors' perception towards mutual fund investment. **R. Mani Murugan (2015)** conducted this study to find out how Nammakal district investors view and choose mutual fund investments. The essential information got examined with SPSS. Chi-square test, annova, various relapse model, chief element part investigation was utilized. It was discovered that mutual funds are more preferred by men who respondent. **Vijayakumar (2015)** Conducted research on investors' preference for equity market investment in India, focussing on Chennai specifically. This study primary objective is to determine the investor's preference and satisfaction. This study inferred that the nine factors specifically security, risk resistance, worthwhile returns, venture length, vocational return, share execution, long haul speculation, modern return and speculation element impact the investor's discriminate at different level. It can be concluded that investor's satisfaction is greatly impacted by the equity investment safety. **Kumar Rajesh & Goel Nitin (2014)** the investigation reveals that, the benefits offered by the mutual funds, the investors' perceived liquidity regarding return on savings, modification and protection provided through brochure/Newsletters as a source of information along with the role of brokers and sub-brokers are the major factor affecting the perception of investors towards mutual fund in India. **Nikhil Ranjan Agarwal (2014)** undertook a have a look at to recognize the Investor's desire of Mutual Fund as an investment opportunity in the direction of Stock Market. In this he discovered that customers ought to be clean on elements which have an effect on funding choice earlier than arriving at a choice whether or not to put money into Mutual Funds or shares. **Kumar and Kumar (2014)** concluded that the maximum of the investors have poor notion closer to mutual fund as low threat funding Because majority of the respondents in all of the classes i.e. age, qualification, income, career and gender are dissatisfied regarding mutual price range as low threat funding and that they pick conventional mode of funding and maximum optimum mode is public provident fund as its completely threat free. **Singh (2012)** directed a review to examine the effect of different segment factors on financial backer's mentality towards common assets and to figure out the elements which leads for determination of shared assets by utilizing Chi-square test. However, there is a relationship between sex, pay, instructive capabilities and disposition towards shared reserves. **Ajay Khorana, Henri Servaes, Peter Tufano, (2012)** Investigated the mutual fund business in 56 nations to see where this financial innovation has been implemented. Moreover, the industry is greater in nations with wealthier and more educated populations, in which trade costs are lower, the industry is older, and where defined contribution pension plans are more common. In nations with higher entrance barriers, the industry is smaller. These findings suggest that the size of the fund sector is influenced by supply-side, demand-side, and law and regulation issues all at once. **Deepak Agrawal (2011**) in this paper gives an outline of mutual fund hobby in India. He additionally analyzes information at each the fund-supervisor and fund-investor levels. They revealed to found out that the overall performance of the Mutual Fund Industry in India is stricken by saving and funding conduct of the humans on one hand and on the second one aspect the self-belief and loyalty of the fund supervisor. **Dnyandeo V. Ingle (2010)** fifty-seven pointed the method for the choice of mutual fund is, even as put money into mutual price range the investor ought to study the research reviews provided for every mutual fund scheme and have a look at the graphs and compare every portfolio's posted outcome with the outcomes that have been finished through the investor's portfolio manager. **Huhmann (2005)** This study shows that the mutual fund has been improved range of mutual finances all around the world, specifically in evolved countries, is a sign of investors' desire for this oblique mode of low-volatile investment.

NEED & OBJECTIVE

This study has been conducted to analyze investors' awareness about various investment options available and mainly their behavioral aspects towards mutual funds as an investment option and they influencing various factors that influences their preference towards various mutual fund schemes. Expectation of investor is also more important and they influenced by their perception. Mutual funds need a steady inflow of investment capital to generate returns for their investors. It needs to provide transparent information about their performance, fees and expenses to attract investors and maintain their trust and it has excellent customer service to retain existing investors and attract new ones. Mutual funds need to communicate regularly with their investors to keep them informed about their investments, market developments and other relevant information. They manage risks effectively by monitoring the markets, identifying potential threats and implementing effective risk management `strategies.

HYPOTHESES

H_0: There is no significant relationship between marital status and preference towards investment of the investors.

H_0: There is no association among age and purpose of mutual fund towards investment of the investors.

H_0: There is no significant relationship between marital status and proposition of income willing to spent by the investor towards investment.

H_0: There is no affiliation among occupation and preference towards investment of the investors.

H_0: There is no significant relationship between marital status and problems faced by the investors in mutual fund investment.

METHODOLOGY

For the purpose of the study, a sample size of 120 investors was taken. Both primary data and secondary data were collected to study the objectives. Primary data has been collected through structured questionnaire from the respondents. Secondary data has been collected from referring journals, periodicals, articles, books, newspaper etc. Convenient sampling method is used to collect the data from the respondents. Percentage methods, Chi-square test, One-way ANOVA, Correlation were the statistical tools used to analyze the data to measure the behavioral aspects of investors towards mutual fund investment.

RESEARCH ANALYSIS WITH FINDINGS

Demographic Characteristics of Respondents

Factors	Particulars	No. of respondents	Percentage
Gender	Male	56	46.7
	Female	64	53.3
	Total	**120**	**100**
	Below 25	24	20.0

Age	25-35	21	17.5
	35-45	39	32.5
	45-60	20	16.7
	Above 60	16	13.3
	Total	**120**	**100**
Marital status	Married	71	59.2
	Unmarried	46	38.3
	Others	3	2.5
	Total	**120**	**100**
Educational qualification	School level	14	11.7
	Under graduate	53	44.2
	Post graduate	41	34.2
	Others	12	10.01
	Total	**120**	**100**
Occupation	Business	12	10.0
	Agriculture	11	9.2
	Employed	38	31.7
	Student	32	26.7
	Pensioner	10	8.3
	Home maker	17	14.2
	Total	**120**	**100**
Monthly income	Up to 20,000	28	23.3
	20,001-30,000	24	20.0
	30,001-40,000	13	10.8
	40,001-50,000	15	12.5
	50,001-60,000	12	10.0
	Above 60,000	13	10.8
	No income	15	12.5
	Total	**120**	**100**
Investment habit	Invested	68	56.7
	Not invested	52	43.3
	Total	**120**	**100**
ource of Information about mutual fund	Brokers and Agent	15	12.5
	Friends and Relatives	34	28.3
	TV advertisement	20	16.7
	LIC agent	16	13.3
	Newspaper/journals	24	20.0
	Bank representative	11	9.2
	Total	**120**	**100**
level of Market risk	Aware	98	81.7
	Not- Aware	22	18.3
	Total	**120**	**100**

ɾed Investment option	Open-ended scheme	17	14.2
	Balanced fund	32	26.7
	Growth fund	44	36,7
	Overnight fund	2	1.7
	Equity growth fund	25	20.8
	Total	**120**	**100**
ɔposition of income willing to spent	Up to 5,000	38	31.7
	5,001-10,000	49	40.8
	Above 10,000	33	27.5
	Total	**120**	**100**
Purpose of Investment	More return	33	27.5
	Safety	34	28.3
	Liquidity	20	16.7
	Profitability	33	27.5
	Total	**120**	**100**
Withdrawal time duration	Less than 1 year	17	14.2
	1-3 years	45	37.5
	4-6 years	35	29.2
	7-9 years	11	9.2
	More than 10 years	12	10.0
	Total	**120**	**100**

Source: Primary data

Relationship between Monthly income with Purpose and Parameter of an investment

ANOVA	**Purpose for investment**						**Parameter of investment**				
Monthly Income	**Sum of squares**	**Df**	**Mean square**	**F**	**Sig**	**Monthly Income**	**Sum of squares**	**Df**	**Mean square**	**F**	**Sig**
Between Groups	132.78 9	6	22.131	1.808	.104	Between Groups	227.145	6	37.857	2.280	.041
Within Groups	1383.21 1	113	12.241			Within Groups	1876.322	113	16.605		
Total	**1516.0**	**119**				**Total**	**2103.467**	**119**			

	0										

ANOVA showed that the significant value .104 is greater than the 0.05 at 95% of significant level. Therefore, the formulated hypothesis is accepted. Hence it is proved that there is no relationship exists between monthly income and purpose for investment in mutual fund. ANOVA showed that the significant value .041 is less than the 0.05 at 95% of significant level. Therefore, the formulated hypothesis is rejected. Hence it is proved that there is a relationship exists between monthly income and parameter for investment to invest in mutual fund.

Relationship between Problems faced with Educational Qualification and Age

ANOVA	**Educational Qualification**						**Age**				
roblems Faced	**Sum of squares**	**Df**	**Mean square**	**F**	**Sig**	**roblems Faced**	**Sum of squares**	**Df**	**Mean square**	**F**	**Sig**
3etween Groups	52.600	3	17.533	1.189	.317	3etween Groups	129.579	4	32.395	2.280	.065
Within Groups	1711.267	116	14.752			Within Groups	1634.288	115	14.211		
Total	**1763.867**	**119**				**Total**	**1763.867**	**119**			

ANOVA showed that the significant value .317 is greater than the 0.05 at 95% of significant level. Therefore, the formulated hypothesis is accepted. Hence it is proved that there is no relationship exists between Educational Qualification and problems faced by the respondents. ANOVA showed that the significant value .065 is greater than the 0.05 at 95% of significant level. Therefore, the formulated hypothesis is accepted. Hence it is proved that there is no relationship exists between age and problems faced by the respondents.

Correlation between monthly income and proposition of income willing to spend by the respondents in mutual fund investment

Correlations		**Monthly income**	**Proposition of income willing to spent**
Monthly income	Pearson correlation	1	.059
	Sig.(2-tailed)		.522
	N	120	120
›position of income willing to spent	Pearson correlation	.059	1
	Sig.(2-tailed)	.522	
	N	120	120

Here the Pearson correlation is (.059), hence there is no significant relationship between monthly income and proposition of income willing to spent by the respondents towards investment.

DISUCSSIONS

The findings reveal a strong shift toward digitalization in mutual fund investing, especially among

younger, educated, and salaried individuals. The convenience and accessibility of digital platforms have significantly influenced investor behavior.
Digital Transformation in Investing – The high adoption rate of digital platforms suggests a paradigm shift in how investors interact with financial products. Mobile apps and web portals have democratized access, enabling even first-time investors to participate with ease.
Investor Confidence and Trust – This indicates a need for platforms to enhance transparency and reinforce trust through certifications and user education.
Behavioral Insights – Behavioral biases continue to influence investment decisions. Herd mentality and loss aversion highlight the emotional aspect of investing, which can lead to suboptimal outcomes. Financial literacy and behavioral nudges could help mitigate these effects.
Demographic Influence – Younger investors are more likely to embrace digital tools and take calculated risks. Older investors, while more cautious, are gradually warming up to digital platforms, especially when guided by financial advisors or family members.

CONCLUSION

The study reveals that digital transformation has significantly reshaped the mutual fund investment landscape, particularly in terms of investor engagement, accessibility, and decision-making. Investors increasingly favor digital platforms for their convenience, real- time data access, and personalized features. Younger, digitally literate individuals are leading this shift, while older and less tech-savvy investors remain cautious, often citing concerns about security and usability. Behavioral patterns such as overconfidence and herd mentality persist even in digital environments, suggesting that technology alone does not eliminate cognitive biases.
Despite these advancements, the study highlights several challenges, including limited awareness of regulatory protections, uneven access to technology, and the need for human support in certain stages of the investment journey. These findings underscore the importance of designing inclusive, secure, and user-friendly digital ecosystems that cater to diverse investor profiles. In conclusion, while digitally-driven mutual fund platforms offer immense potential to democratize investing and improve financial outcomes, their success depends on balancing innovation with education, trust-building, and behavioral insight. Mutual fund providers must continue to evolve their digital strategies to meet the changing expectations and needs of modern investors.

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