



Factors Influencing Behaviour Intention in Digital Investment Services of Mutual Fund Distributors-Adoption in India

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ABSTRACT :

India's financial landscape is witnessing a surge in digital mutual fund platforms, empowering individuals to bypass traditional distributors and manage their investments directly. This study delves into the motivations behind this shift, investigating the key factors driving Indian investors towards these convenient and tech-driven solutions. By analysing their preferences and behaviour, the research aims to shed light on the evolving investment landscape in India, marked by increasing digital adoption and a growing appetite for self-directed investing. Understanding these key drivers will not only benefit platform providers but also offer valuable insights for financial institutions and policymakers seeking to promote financial inclusion and empower investors in the digital age.

Keywords: Digital mutual fund platforms, Motivations, Preferences, Behaviour, Digital adoption, Self-directed investing, Platform providers, Financial-inclusion.

INTRODUCTION

In recent years, the landscape of investment in India has witnessed a notable transformation, largely propelled by the increasing popularity of mutual funds and the advent of digital platforms facilitating investment processes. This transition marks a significant departure from traditional investment avenues, as investors increasingly embrace the convenience and accessibility offered by digital platforms. Amidst this evolution, understanding the underlying motivations driving Indian investors towards digital mutual fund platforms has become imperative.

This research endeavours to delve into the intricacies of this phenomenon, aiming to shed light on the factors influencing the adoption of digital mutual fund platforms among Indian investors. By unravelling these motivations, the study seeks to provide valuable insights not only to investors themselves but also to the platform providers, enabling them to tailor their offerings to better serve the diverse needs of users. Ultimately, this understanding is pivotal for fostering financial inclusion in India, ensuring that a wider spectrum of individuals can participate effectively in the investment landscape.

The essence of this study lies in comprehensively exploring the driving forces behind the increasing reliance on digital mutual fund platforms. As technology continues to permeate various aspects of daily life, its integration into the realm of investment presents both opportunities and challenges. Recognizing this, the research sets out to identify the key determinants that influence investors' decisions to opt for digital platforms over traditional modes of investment.

Moreover, the study endeavours to unravel the nuances of investor behaviour, discerning how preferences and priorities vary across different segments of investors. By dissecting these variations, the research aims to offer nuanced insights into the factors that resonate most strongly with distinct investor cohorts, thereby facilitating targeted strategies for platform providers.

STATEMENT OF PROBLEM :

The research problem at hand pertains to understanding the intricate web of factors that sway Indian investors towards adopting digital mutual fund platforms. In this investigation, the focus extends beyond mere adoption rates to unravel the underlying motivations that propel investors towards these platforms. A central aim is to dissect the appealing attributes of digital mutual fund platforms that captivate investors' attention. These platforms offer a myriad of features, ranging from user-friendly interfaces to robust analytical tools, and the study seeks to delineate which of these features hold the greatest allure for investors.

Moreover, the research endeavours to delve into the decision-making process of investors, particularly honing in on factors such as convenience and trust. Convenience plays a pivotal role in modern-day decision-making, as investors gravitate towards platforms that streamline the investment process and offer seamless user experiences. Simultaneously, trust emerges as a cornerstone factor, as investors seek assurance in the reliability and security of the platform and its associated financial instruments.

REVIEW OF LITERATURE :

Discussing various financial paradigms and technologies forming the expanding field of financial technology (fintech), this article addresses fintech's role in disintermediation driven by innovative technologies. It presents a taxonomy classifying fintech research and discusses ten main topics within the discipline, along with proposing an educational framework. Additionally, fintech pitfalls are examined. The explosion of fintech is attributed to significant advancements in various fields such as computer technology, mathematics, psychology, econometrics, cryptography, big data, and computer interface (Das, 2019).

The mutual fund industry in India has witnessed remarkable growth since the establishment of the Unit Trust of India in 1964, sparking increased academic interest in various aspects of mutual funds. A recent survey conducted in Orissa, India, involving 200 mutual fund investors across urban and semi-urban areas focused on investor perceptions and preferences. Employing Principal Component Analysis, the study identified four major components consisting of nine factors, with safety, past returns, and liquidity emerging as the most influential factors guiding investors' mutual fund choices. The research, utilizing both parametric and non-parametric statistical methods, contributes valuable insights to understanding investor behaviour in mutual funds, enhancing knowledge in personal investment. The findings are expected to inform future developments in the field (Chakraborty & Digal, 2013).

Examining the acceptance of Information Technology (IT), this paper reviews eight prominent models in user acceptance literature, compares them empirically, creates a unified model amalgamating elements from these models, and validates it through empirical analysis. The Unified Theory of Acceptance and Use of Technology (UTAUT) is developed, featuring four core determinants of intention and usage, along with up to four moderators influencing key relationships. UTAUT outperforms individual models, establishing its value in assessing the success likelihood of new technology introductions and providing insights for future research and managerial interventions (Venkatesh et al., 2003).

Investigating factors influencing consumers' attitude and intention to use mobile wallets among Indian users, this research employs a multidisciplinary model drawing on the Technology Acceptance Model (TAM), Unified Theory of Acceptance and Use of Technology (UTAUT), and relevant studies on technology adoption factors. The research design includes synthesizing a literature review on technology adoption factors, conducting two focus group discussions (FGD) to create a pilot instrument, and then conducting a nationwide primary survey using the questionnaire. Hypotheses are formulated and tested using Partial Least Squares Structural Equation Modelling (PLSSEM) to estimate the hypothesized model (Chawla & Joshi, 2019).

RESEARCH GAP

While existing literature provides valuable insights into various aspects of digital investment services and factors influencing investor behaviour, there are still several gaps that warrant further investigation. These include a need for deeper exploration of the specific features and functionalities of digital mutual fund platforms that attract investors, as well as an understanding of how demographic and socioeconomic factors shape investor preferences. Additionally, there is a lack of research focusing specifically on the Indian market and the unique challenges and opportunities it presents.

OBJECTIVE OF THE STUDY

- To explore and identify the key motivations guiding individuals' choices in engaging with mutual fund distributors' digital investment services.
- To gain valuable insights into the investment behaviour and intentions of Students.

RESEARCH METHODOLOGY

The methodology employed encompasses a survey consisting of basic questions aimed at capturing the diverse facets of participants' financial experiences and beliefs.

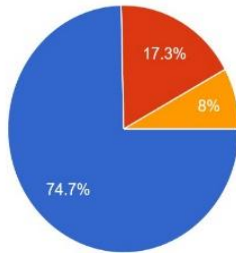
Data collection involves recruiting participants based on predefined inclusion criteria, ensuring diversity in the sample. The questionnaire is administered electronically or in person with clear instructions. Data analysis techniques include descriptive analysis and Hypotheses Testing (T-Test). Ethical considerations are ensured through informed consent, confidentiality maintenance, and consistent data collection procedures. By integrating advanced statistical analyses, this research aims to provide valuable insights into the motivations driving individuals' engagement with digital investment services, contributing to the broader discourse on financial literacy and investment behaviour among young adults in India.

ANALYSIS AND INTERPRETATION

The below are the outcome of the responses collected from the respondents and it has been represented through pie chart, Bar Graphs with a detailed interpretation.

Age

75 responses

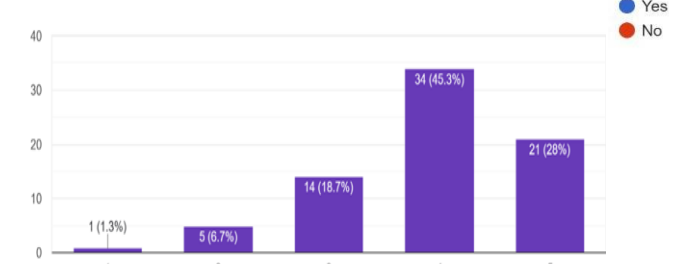


Investment/Trading Experience?

75 responses
It is easy to use digital investment service of mutual fund distributors.

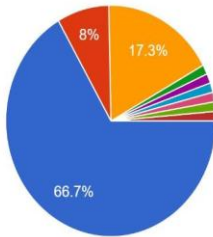
- 21-24
- 24-27
- 27-30

75 responses



Background Degree (UG Qualification)

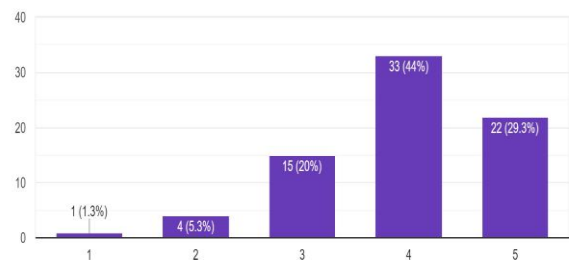
75 responses



- Commerce/ Arts
- Computer Science/ IT
- Science/ Medicine
- B.com
- mechatronics
- BE
- B.TECH
- Engineering
- B.tech Bioinformatics

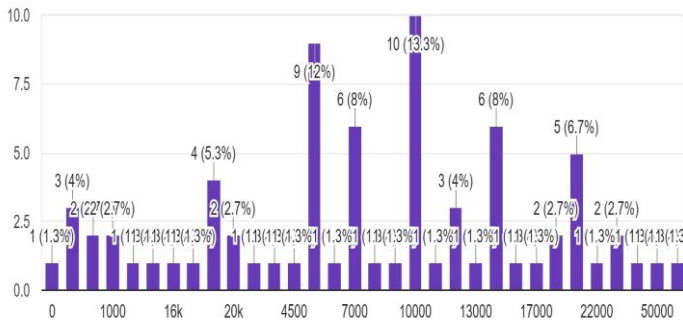
Digital investment service of mutual fund distributors is easy to have the equipment to use, such as mobile application, and website.

75 responses



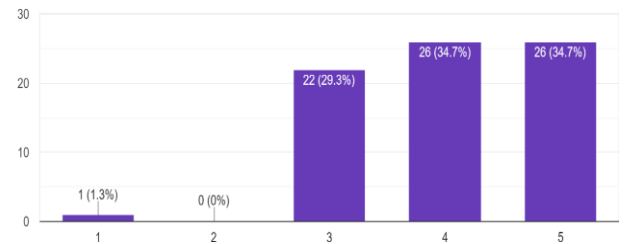
Personal Income/ Pocket Money(Approx. Per Month)

75 responses



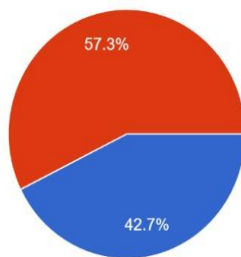
Using digital investment service of mutual fund distributors can meet my investment needs.

75 responses



Have you ever previously invested in Mutual funds?

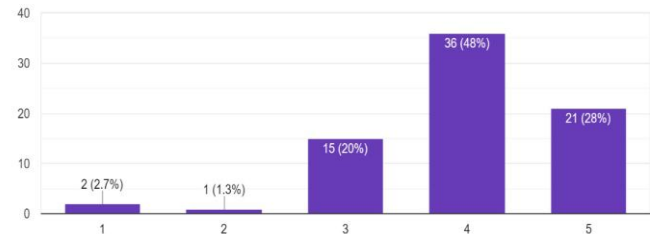
75 responses



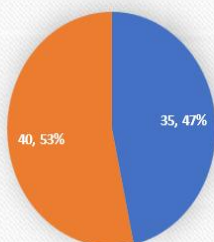
- Yes
- No

I would feel comfortable if I use digital investment services of mutual fund distributors.

75 responses



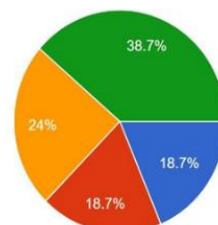
Gender



- Male
- Female

Family Income (Approx. Per Annum)

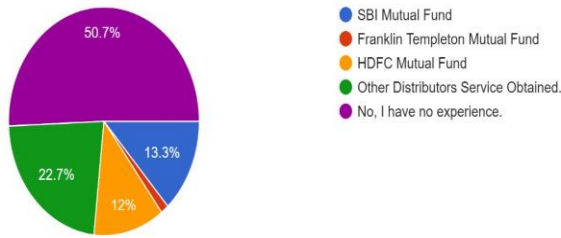
75 responses



- Up to 3,00,000
- 3,00,001 - 5,00,000
- 5,00,001 - 10,00,000
- Above 10,00,000

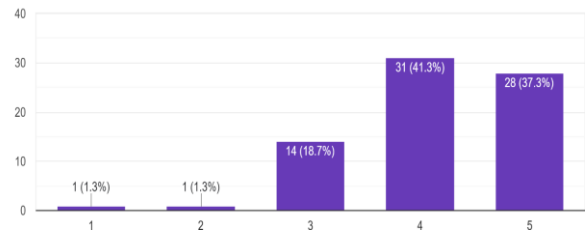
Which Mutual fund distributor's service do you use?

75 responses



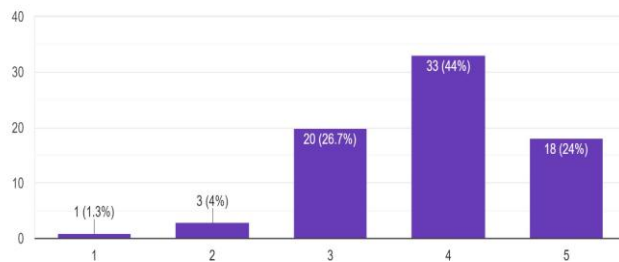
I believe the transaction system of mutual fund distributors is secure.

75 responses



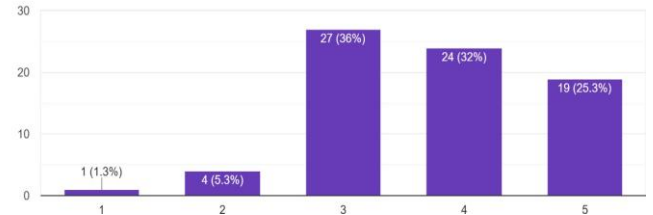
I could count on digital investment services of mutual fund distributors to help me investment in mutual fund.

75 responses



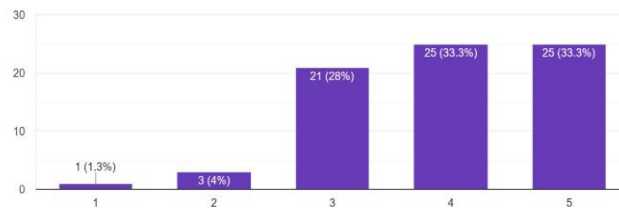
People who are important to me (example: family, friends, celebrities, and experts) should use digital investment service of mutual fund distributors.

75 responses



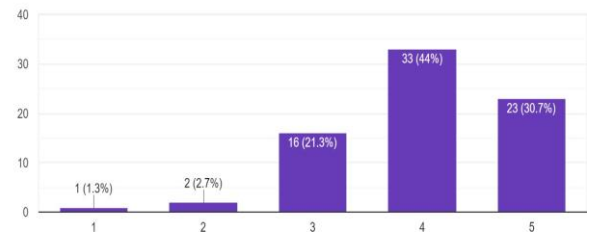
Using digital investment service of mutual fund distributors would be advantageous rather than traditional service methods (at branches).

75 responses



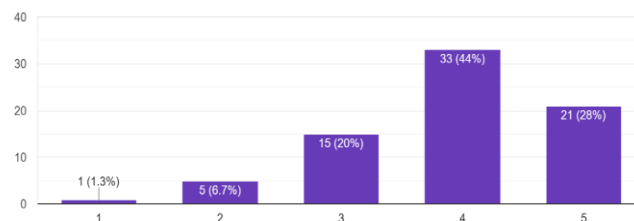
I would find digital investment service of mutual fund distributors to be flexible to interact with.

75 responses



My interaction with digital investment service of mutual fund distributors was a clear and understandable procedure.

75 responses



The survey reveals significant insights into the attitudes and perceptions of Indian investors towards digital investment services, particularly focusing on digital mutual fund platforms. The findings highlight a positive inclination towards these platforms, with the majority of respondents expressing favourable attitudes regarding convenience, security, and accessibility. However, there are notable segments expressing neutral stances, indicating areas for improvement and potential barriers to adoption.

The study underscores the importance of educational initiatives, especially for individuals new to mutual fund investments, to enhance overall adoption rates. Additionally, the diverse preferences for mutual fund distributors suggest the need for flexible strategies catering to users of different platforms. Addressing concerns related to interaction clarity, equipment accessibility, and trust in the transaction system is crucial for improving user experience and fostering greater confidence in digital investment services.

Furthermore, the influence of significant individuals and the perceived advantages of digital services over traditional methods should be considered in the design and implementation of strategies to encourage adoption. Overall, the study emphasizes the importance of user-centric approaches, continuous improvement, and targeted interventions to promote broader acceptance and utilization of digital investment services among Indian investors.

T-Test

The analysis of respondents' perceptions on digital investment services provided by mutual fund distributors indicates no significant differences between males and females. Both genders show positive inclinations towards these services, sharing similar views on aspects such as comfort, security, clarity, convenience, and regulatory measures. While slight variations exist in mean perceptions, overall consensus suggests a shared appreciation for the benefits and functionalities of digital investment platforms. Therefore, strategies for enhancing adoption and user experience should target common needs and preferences across genders.

CONCLUSION :

This study unveils Indian investors' positive perceptions of digital investment services, particularly digital mutual fund platforms, citing convenience, accessibility, security, and regulatory compliance as key factors. While gender-based disparities are evident, especially in interaction clarity, tailored approaches are crucial for service enhancement. Despite limitations like sampling bias, the findings offer actionable insights for platform providers and policymakers to foster financial inclusion. Continued research and innovation are imperative to address identified challenges and ensure the development of user-centric digital financial solutions. Future studies could explore underlying factors driving gender-based differences and track the evolving dynamics of digital investment adoption. By leveraging these insights, stakeholders can navigate the evolving digital investment landscape, promoting greater financial empowerment among Indian investors. Overall, this study contributes to the growing literature on digital finance, providing nuanced insights into investor preferences and behaviours, and guiding the development of inclusive digital financial ecosystems in India and beyond.

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