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# A Study on Investors Perception Towards Mutual Fund with Special Reference to Dhanlaxmi Bank

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### ABSTRACT

This study explores investor perception and behaviour towards mutual fund investments, focusing on Dhanlaxmi Bank. Mutual funds are gaining popularity among Indian investors due to their professional management, diversification benefits, and accessibility. The study seeks to evaluate the knowledge, preferences, satisfaction levels, and challenges faced by investors while investing in mutual funds. A structured questionnaire was administered to 105 respondents in the Malappuram district. The study reveals that most investors prefer systematic investment plans (SIPs), are aware of investment risks, and prioritize factors like safety, liquidity, and tax savings. Challenges such as delays in redemption, poor service by intermediaries, and lack of financial literacy were also identified. The research concludes with strategic recommendations to enhance investor education, improve service delivery, and promote mutual fund investments through Dhanlaxmi Bank.

**Keywords:** Mutual Funds, Investor Perception, SIP, Investment Risk, Financial Planning, Dhanlaxmi Bank, Retail Investment, Fund Management, Financial Literacy

### INTRODUCTION

The landscape of investment in India has undergone a substantial transformation over the past two decades. With the rise of financial literacy, digital banking platforms, and an increased awareness about wealth management, investors are exploring varied instruments to optimize their savings and returns. Mutual funds have emerged as one of the most preferred investment avenues due to their capacity to provide diversification, liquidity, tax benefits, and professional management. A mutual fund is a collective investment scheme that pools money from various investors to invest in diversified portfolios such as equities, debt instruments, or a combination of both. It is an effective tool for small and medium investors who lack the time or expertise to manage their own portfolios, offering them an opportunity to earn returns in line with market performance in India, the mutual fund industry has grown rapidly, supported by regulatory bodies like SEBI and AMFI, and further driven by increased participation from retail investors. Yet, despite this growth, investor perceptions and preferences remain varied across regions, age groups, income levels, and awareness levels. The success of mutual funds as an investment instrument depends significantly on how investors perceive them—whether they see them as safe, trustworthy, profitable, or convenient. Perception influences behavior, and behavior ultimately drives market participation. This study focuses on understanding investors' perception towards mutual funds with special reference to Dhanlaxmi Bank. As one of the older private sector banks in India, Dhanlaxmi Bank offers mutual fund services in collaboration with top-tier asset management companies. The bank's distribution network, particularly in semi-urban and rural areas, makes it a vital touchpoint for financial inclusion and investment awareness. Hence, this research aims to provide insights into the investor mindset, satisfaction level, influencing factors, and challenges they face while investing in mutual funds through Dhanlaxmi Bank.

### II. STATEMENT OF THE PROBLEM

Despite mutual funds being a promising investment tool, many investors are reluctant to participate due to fluctuating returns, lack of knowledge, and poor service delivery. The study addresses these issues by analysing investor perceptions, awareness, and behavioural trends in Malappuram. Mutual Funds are financial intermediaries concern with mobilizing savings of surplus income & channelization of these savings in those avenues where there is demand of funds. The main purpose behind this study of investment behaviours in Mutual Funds is to see that how the investors are employing their resources in a manner to afford, combine benefits to low risks, steady or consistent returns, high liquidity & capital appreciation through diversification & Expert Management. Therefore the activities of mutual funds have both short and long term impact on the savings and capital market and the national economy. Mutual Funds, thus, assist the process of financial dependents & intermediation. Mutual fund investment is so interesting for people because they feel that they will get high rate of return by diversifying their risk and investment. But, actually this range of high rate of returns is only one side of

the coin. On the contrary, there is the brutal fact of highly Fluctuating Rate of Returns. Although there are other drawbacks too, this issue of fluctuating returns is most likely the biggest problem for the mutual fund.

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### III. OBJECTIVES OF THE STUDY

The objective of this study is to comprehensively examine the perception of investors towards mutual fund investments, particularly with reference to Dhanlaxmi Bank. It aims to assess the awareness levels among investors and understand their attitudes and preferences related to mutual fund schemes. The study also intends to identify the key factors influencing investor decisions, such as safety, liquidity, tax-saving benefits, and expected returns. Furthermore, it evaluates the level of satisfaction among investors, investigates the challenges and problems they encounter, and ultimately provides strategic recommendations for enhancing mutual fund services, improving investor education, and increasing reinvestment potential through Dhanlaxmi Bank.

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### IV. RESEARCH METHODOLOGY

1. Research Design: A descriptive research design was employed to obtain information on investor perceptions and experiences.
2. Sampling Design:
  - Sampling Method: Convenience sampling
  - Sample Size: 105 respondents from Malappuram district, bank customers and employees of danalaxmi bank
  - Respondent Profile: Investors and potential investors across various age groups, income levels, and occupations
3. Data Collection:
  - Primary Data: Collected using structured questionnaires comprising both closed-ended and open-ended questions
  - Secondary Data: Sourced from academic journals, SEBI and AMFI reports, company websites, and financial publications
4. Analytical Tools:
  - Percentage analysis
  - Chi-square test
  - ANOVA using SPSS software

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### V. SCOPE OF THE STUDY

This study is limited to mutual fund investors in Malappuram district. It focuses on demographic profiles, investment habits, influencing factors, and satisfaction levels using survey data and statistical tools such as ANOVA and Chi-Square. This study is undertaken to better comprehend how investors perceive mutual funds, particularly in the Malappuram district. It aims to define and examine the key shaping and motivating factors that influence investor behaviour, including aspects such as safety, returns, liquidity, and tax benefits. The study also involves an analysis of the investor's experience, focusing on their duration of investment, satisfaction levels, and reinvestment behaviour. By exploring these dimensions, the research provides a clearer picture of what drives mutual fund investments and how demographic and psychological factors shape these decisions. These insights can serve as a foundation for developing more effective mutual fund marketing strategies and investor education programs.

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### VI. LIMITATIONS OF THE STUDY

The study is confined to a specific geographical area, namely Malappuram district, which may limit the generalizability of the findings to broader populations. The sample size of 105 respondents may not be fully representative of the diverse investor base across different regions or socio-economic segments. Additionally, the study relies on self-reported data collected through questionnaires, which may be subject to bias, exaggeration, or inaccuracies based on individual perceptions and understanding. These limitations suggest that while the findings offer valuable insights, they should be interpreted within the context of the study's scope and methodological constraints.

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### VII. REVIEW OF LITERATURE

#### Awareness of Mutual Funds among Investors

Kumar and Singh (2018) conducted a study focusing on the level of awareness and perception of mutual funds among urban Indian investors. Their research indicated that increased promotional activities and financial literacy programs have significantly improved investor awareness. However, despite

greater awareness, many investors still perceive mutual funds as risky due to market fluctuations and lack of understanding of fund types. The study emphasized the need for continuous investor education to bridge this perception gap.

### Factors Affecting Investment Decisions

Sharma and Gupta (2019) explored the various factors influencing investors' choices to invest in mutual funds. They identified that past performance of funds, the reputation and credibility of the fund management company, and recommendations from financial advisors play critical roles in decision-making. Despite these factors, investors' trust is often shaken by market volatility and incidents of fund underperformance, which lead to hesitation and cautious behaviour.

### Influence of Demographic Variables on Perception

Patel (2020) examined how age, education, and income levels influence investors' perceptions toward mutual funds. The study found that younger investors, particularly millennials, hold a more favourable view of mutual funds compared to older investors. This is attributed to better financial literacy, easier access to digital tools, and willingness to accept moderate risks. Conversely, older investors were found to be more conservative, preferring safer investment options due to limited familiarity with mutual fund mechanisms.

### Impact of Digital Platforms on Investor Confidence

5. Rao and Kumar (2021) highlighted the transformative role of digital platforms in mutual fund investments. Their research showed that the ease of access to online platforms, real-time information, and transparency has positively influenced investor confidence and perception. Digitalization has reduced traditional barriers such as paperwork and time constraints, encouraging more investors to participate in mutual fund markets, especially younger and tech-savvy demographics.

### Risk Tolerance and Financial Goals

6. Thomas and Reddy (2022) studied the relationship between investor risk tolerance and their perception of different types of mutual funds. They found that investors with a high-risk appetite tend to prefer equity mutual funds, attracted by their potential for higher returns despite volatility. In contrast, risk-averse investors favor debt and hybrid funds for stable and predictable returns. The study concluded that aligning mutual fund offerings with investors' risk profiles and financial goals is essential to improving their perception and satisfaction.

## VIII. DATA ANALYSIS AND INTERPRETATION

The study used SPSS to analyse investors' demographic profiles, awareness levels, and investment patterns related to mutual funds. Descriptive statistics summarized the sample characteristics, while frequency distributions assessed awareness and investment behaviour. Chi-square tests examined associations between demographic variables and awareness or preferences. ANOVA tested differences in investment amounts across demographic groups. Reliability of the survey was confirmed using Cronbach's Alpha. The analysis provided insights into how demographics influence investor perceptions and behaviours towards mutual funds, aiding targeted investor education and fund management strategies.

### Chi-Square Test

Test: Association between problems faced by investors and their opinion about mutual fund investment.

	Value	df	Asymp. Sig.(2-sided)
Pearson Chi-Square	16.308 <sup>a</sup>	18	.571
Likelihood Ratio	19.275	18	.375
N of Valid Cases	105		

Interpretation: Since  $p > 0.05$ , there is no significant association. Investors' problems do not impact their general opinion about mutual fund investment.

### ANOVA Test

Test: Association between Age Group and Monthly Income.

	Sum of squares	df	Mean square	F	Sig.
Between groups	.793	3	.397	.499	.609
Within groups	81.168	102	.769		
Total	81.962	105			

Interpretation: Since  $p > 0.05$ , there is no significant Association between age group and monthly income regarding mutual fund investments.

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## IX. FINDINGS

The study revealed that 63% of respondents belong to the 30–40 age group, indicating a predominantly young investor base. More than half (56%) preferred investing through Systematic Investment Plans (SIPs), reflecting disciplined investment behaviour. Awareness of risk in mutual funds was high, with 88% acknowledging potential market fluctuations. Safety and liquidity emerged as the primary motivators influencing investment decisions. The internet was identified as the chief source of mutual fund awareness. Furthermore, 72% of respondents expressed a clear intention to reinvest in mutual funds, highlighting positive investor confidence and growth potential in this sector.

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## X. SUGGESTIONS

To enhance mutual fund penetration, it is recommended to conduct targeted awareness programs in semi-urban areas, where investor knowledge remains limited. Simplifying documentation and promoting app-based onboarding can improve accessibility and convenience for new investors. Additionally, ensuring faster redemption processes and minimizing hidden charges will build investor trust. Offering personalized advisory and comprehensive financial planning services can further support investors in making informed decisions and sustaining long-term investments.

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## XI. CONCLUSION

The minds of the investing public look for investments are safe and that it will earn good returns. This study conducted was regarding the factors influencing the investor's perception towards mutual fund investment. It is highlighted that investors of middle-income level agrees that regular income and liquidity of the investment plays a vital role. It can be perceived that high risk leads to high returns in the investment. The flexibility in the investment would lead to good performance of the funds. There's a scope where investors belonging to different age groups seek for many other factors that can attract them to invest in the mutual fund industry than just the ones considered for the study. Measures should be taken to increase the confidence and morale of the investors. This can be done through proper communication and by educating investors to invest in mutual funds. Sensible and right information should be given to them by various communication modes so that they get to know about the latest trends in the market. Mutual funds are still and would carry on to be the unique financial instrument in the country. The study on mutual fund investment patterns reveals that a significant majority of investors are aware of the risks involved and show a growing preference for systematic investment plans (SIPs) and open-ended schemes. Most investors are relatively new to mutual funds, with less than two years of experience, and prefer short to medium investment durations. The study also highlights that delays in selling units and high fees are among the most common issues faced by investors.

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