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The Role of Digital Platforms and Financial Awareness in Shaping Mutual Fund Investment Decisions

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ABSTRACT

The Indian mutual fund industry has witnessed great growth in the past decade, fueled by rising retail participation, technology linkage, and regulation-driven financial inclusion. The decision-making of retail investors has still remained intricate despite this growth, with the influencing factors being often behavioral, structural, and informational in nature. This research examines the role played by financial literacy and digital platform trustworthiness in influencing the investment choices of retail investors for mutual funds in the context of the metropolis of Chennai.A systematic questionnaire was used with 300 respondents, collecting information related to their levels of awareness, attitude towards online platforms, and mutual fund scheme preferences. The study used a quantitative approach, and data were processed through SPSS. ANOVA, correlation, regression, chi-square, and t-tests were used as tools to check the independent variables' association with the dependent variable of investment decision-making.The findings show that financial literacy has a strong impact in facilitating the understanding of fund characteristics, such as risk-return trade-offs, expense ratios, and diversification of the portfolio. More literate investors were more likely to make investment decisions in a way that corresponds to long-term financial objectives. In addition, the consistency, transparency, and ease of use of the digital platform came through as robust indicators of investor trust and confidence. Platforms that guaranteed user-friendly interfaces, secure transactions, and real-time updates had a positive impact on scheme choice and investment behavior. This research adds to emerging market retail investment behavior literature in that it forwards a reduced PG-level model that bridges knowledge and digital infrastructure with investment inclination in a direct manner. Practical implications indicate that policymakers increase financial literacy campaigns, asset management firms should make fund communication more transparent, and fintech platforms should make reliability and inclusivity a priority in order to gain a broader investor base. Finally, the implications of the study underscore the synergistic effect of financial literacy and electronic platforms in influencing mutual fund investment choices in India, offering impetus for future research on technology adoption and behavioral finance in retail investment markets.

Keywords: ***Mutual Funds; Financial Awareness; Digital Platforms; Retail Investors; Investment Decisions; Behavioral Finance; India;SPSS Analysis***

I. INTRODUCTION

India's mutual fund market has become the backbone of retail investing, backed by fintech-enabled digital platforms and rising investor awareness. The industry's Assets Under Management (AUM) exceeded ₹50.5 trillion in 2024, with retail SIP participation hitting historical highs (AMFI, 2024). Apps like Groww, Zerodha, Paytm Money, and Kuvera have transformed mutual fund accessibility, allowing investors to buy, compare, and monitor portfolios instantly. Current research points out that ease of use, transparency, and digitalization are key drivers behind choosing mutual funds, particularly among Gen Z and urban millennials (ResearchGate, 2024). In spite of awareness at a high rate, investors still make choices based on short-term performance or social influence, leaving them vulnerable to risk and disappointment (Srinivasan & Devi, 2021). This highlights the relevance of financial literacy, platform stability, and confidence as moderators of rational investment behavior.

1.1 PROBLEM OF STATEMENT

Whereas fintech platforms have facilitated increased access to mutual funds, operational breakdowns and trust failures still keep investor decision-making from being at its best. A vivid illustration was seen on June 4, 2024, when retail investors numbering in the thousands tried "buying the dip" amid a 5.9% stock market crash on election verdict day. Due to technical glitches in BSE's mutual fund trading system, orders were executed a day late, trapping investors in higher NAVs and erasing anticipated returns (Live Mint, 2024). Exchanges such as Groww and Zerodha faulted the exchange, while the BSE faulted banks and payment gateways (Moneycontrol, 2024). Although impacting only 2–3% of trades, the event incurred 3–10% losses for investors and

resulted in widespread frustration. This identifies an important gap: investment confidence and financial awareness can overcome the adverse impact of such events, but in their absence, investor confidence collapses easily, and long-term participation is affected.

The investor base of mutual funds in Chennai is primarily made up of young professionals (25–40 years), IT and bank salaried employees, self-employed businesspersons, and retired individuals. More and more millennials and Gen Z investors are driving digital adoption, with women and homemakers increasingly coming into SIP-based investment in mobile apps (Jain & Sharma, 2022).Chennai investors like equity and hybrid funds, then tax-saving ELSS schemes. The most favored are equity SIPs, indicating a wealth-creation attitude. The fund qualities of history of performance, expense ratio, and fund manager reputation significantly drive scheme choice (Bhatt & Shetty, 2022).The majority of investors maintain monthly SIP patterns, correlating with salary cycles as well as planning for financial goals. In the post-pandemic context, behavior shifted to creating emergency cushions and wealth security during the longer term, with 2024–25 witnessing record SIP inflows of ₹19,000 crore every month (AMFI, 2025). Historically reliant on bankers and consultants, Chennai investors now rely on more than 80% on online platforms such as Groww, Zerodha Coin, and Paytm Money for mutual fund purchases. These websites provide paperless KYC, portfolio dashboards, and UPI integration, making them the first port of call for city mutual fund investing (RBI, 2023). Principal reasons for investment are wealth generation, retirement savings, education of children, and tax avoidance. Beating inflation and financial independence rank particularly highly among the middle class in cities as drivers for investment. Social influence, past fund performance, and herding also come into play, and this results in behavioral biases in choice of scheme (Narayanasamy& Arvind, 2023). Investments are increasingly being done through mobile apps and robo-advisors, through SIPs or auto-debit facilities. Facilities such as real-time portfolio monitoring, customer care, and AI-powered suggestions have a significant impact on trust and participation (Mehta & Choudhury, 2023). The monthly SIP investment in Chennai is between ₹5,000 and ₹10,000, with IT professionals and affluent segments investing more than ₹20,000 a month. Home-makers and students invest as low as ₹500–₹1,000 as a micro-SIP, a reflection of democratisation of participation (Moneycontrol, 2023).

II. REVIEW OF LITERATURE

Che Hassan, N., Abdul-Rahman, A., Ab. Hamid, S.N., & Mohd Amin, S.I. (2024) has stated that in Their study on "What factors affecting investment decision? The moderating role of fintech self-efficacy" That expanded the Theory of Planned Behavior to explore the effects of fintech self-efficacy (FSE) on investment decisions among 392 Malaysian unit-trust investors. Applying PLS-SEM, the research tested direct and indirect relationships between attitude, subjective norms, perceived behavioral control, and investment intention. The results indicated that although subjective norms and attitude significantly impacted investment intention, fintech self-efficacy came out as both a direct predictor and a moderator. Higher FSE investors not only expressed more investment intentions but also increased the influence of attitude on behavior. This implies that confidence in technology is key to fintech investment product adoption. In your PG study based in Chennai, the finding is essential: mobile app-based investing will be successful only when investors believe in their tech-savviness. Therefore, fintech self-efficacy is a mediator between financial literacy and mutual fund investment, and thus it is a relevant construct to examine in assessing digital platform adoption.

Bhatia, A., Chandani, A., &Chhateja, J. (2020)have analysis in their article on "Robo advisory and its potential in addressing the behavioral biases of investors — A qualitative study in Indian context" thatexamined the extent to which robo-advisory platforms in India assist in averting retail investors' usual behavioral biases. The qualitative research used interviews and thematic analysis of investors' experience of robo-advisors. Findings indicated that platforms with automated onboarding, rule-based rebalancing, and risk-profiling with defined structures significantly diminished biases such as herding, overconfidence, and disposition effect. By providing algorithmic nudges and systematic asset allocation, robo-advisors provided guardrails against emotional decision-making. This is very pertinent to your research because most Chennai investors increasingly resort to robo-enabled functionalities on platforms such as Groww and Kuvera. The evidence indicates that digital platforms not only influence behavioral outcomes but also actively shape them, such that investors become disciplined with SIPs or churn portfolios. For PG-level research, this indicates the criticality of researching not only literacy and confidence but also platform design as a behavioral moderator

Cupák, A., Fessler, P., Hsu, J.W., &Paradowski, P.R. (2022) have investigated in their paper on "Investor confidence and high financial literacy jointly shape investments in risky assets" that utilized U.S. Survey of Consumer Finances data to examine how investor confidence and financial literacy intersect in determining portfolio decisions. Using participation models, allocation models, and unconditional quantile regressions, the study revealed that investors who possessed high financial literacy and high confidence levels were highly likely to participate in equity markets and invest greater proportions in risky assets. Intriguingly, the interaction effect rather than financial literacy alone was more dominant, indicating that literacy without confidence does not necessarily lead to action. The research also determined that demographic controls like education and income influenced the size of this interaction. For your study, this implies that decision confidence is not a side variable but rather a mediator, translating literacy into fund choice. PG-level initiatives should thus clearly examine whether literacy among Chennai investors results in rational mutual fund decisions only if supported by confidence in one's judgment.

Arora, J., & Chakraborty, M. (2023) have inferred in their study on "Role of financial literacy in investment choices of financial consumers: An insight from India"that offer a thorough analysis of Indian household financial literacy and investment behavior. With the utilization of large-scale survey data and an instrumental variables methodology to overcome endogeneity, the research proved that financial literacy had a strong influence on investment choices, especially in the case of conventional assets like gold, real estate, and small business. Whereas literate investors tended to diversify and invest in productive financial instruments, there still existed gaps in transferring knowledge into being part of market-linked instruments such as mutual funds. Significantly, the study identified demographic and socio-economic factors of income, education, and occupation that moderated the impact of literacy. For your PG project, the relevance lies in testing whether Chennai's urban investors—who already show high literacy—translate this into mutual fund adoption, or whether confidence and platform trust are required for action.

Annapurna, R., et al. (2024)has founded in their article on "The influence of emotional intelligence and behavioural biases on mutual fund churning frequency: Evidence from India" thatexamined the correlation between emotional intelligence (EI), behavioral biases, and mutual fund churning frequency in 499 Indian investors. Employing cross-sectional surveys and regression analysis, the research substantiated that investors with greater EI manifested diminished vulnerability towards biases such as herding, overconfidence, and disposition effect. On the other hand, lesser EI was closely linked with greater churn rates, implying that lack of emotional control translates to high-frequency, irrational portfolio turnover. The research emphasizes the psychological basis for the behavior of mutual funds, which typically transcends literacy. For your research, this establishes the need to test whether investor confidence (a psychological variable) mediates awareness and selection of mutual fund schemes. Adding behavioral factors such as EI or equivalent measures might add depth to PG-level research by generating a behavioral-finance extension to the literacy–platform–confidence framework

Mahmood, F., et al. (2024).has denoted in their study on "Impact of behavioral biases on investment decisions and the moderating role of financial literacy" that empirically examined the influence of behavioral biases such as anchoring, herding, and overconfidence on investment choices, with financial literacy acting as a mediator. The results confirmed that these biases have a strong influence on decision-making, which tends to result in non-optimal choices. Financial literacy, however, acted to mitigate the impact of biases. Literate investors, for instance, were less affected by herding and more likely to individually evaluate investments. This is very much applicable to your research in that it explicitly validates the notion that being literate in itself is insufficient; it must actively work to cut back on irrational behaviors. To include this within a PG-level project lends theoretical richness by situating literacy as both a direct motivator and a safeguard against negative behavioral inclinations in the investment of mutual funds.

Otero-González, L., Leite, P., Durán-Santomil, P., &Domingues, R. (2022) have state in their study on "Morningstar Star ratings and the performance, risk and flows of European bond mutual funds"that examined 939 European bond mutual funds (2006–2019) to better comprehend the prognostic role of Morningstar star ratings for future performance, risk, and flows. The study, via regression analysis, concluded that higher rated funds were strongly linked with improved future performance and higher inflows, albeit usually accompanied by more volatility. Notably, investors reliably followed rated funds, frequently disregarding inherent risk. This indicates that attributes of funds such as ratings and historical returns have a strong impact on investor actions, even in non-rational settings. For your research, it means that Chennai investors' tastes can be greatly influenced by such intuited cues (ratings, rankings, comments). Adding characteristics such as ratings and reputation of the manager to your PG-level project enhances the practical finance aspect of decision-making in mutual funds.

Nedumparambil, A., & Bhandari, A.K. (2022)have state in their study on "Do naïve measures of uncertainty about risk factors matter for mutual fund flows? Evidence from India. examined how naïve measures of uncertainty about risk factors affect mutual fund flows in India" that Employing empirical evidence across asset classes, the paper demonstrated that market uncertainty and factor risks, as perceived by investors, accounted for important fluctuations in inflows and outflows of funds. In contrast to complex risk models, straightforward awareness of market turbulence, interest rate changes, or policy uncertainty drove decisions on allocation. The article concluded that fund flows in India are extremely responsive to behavioral risk perceptions rather than technical analyses. For your Chennai-oriented study, this implies that financial literacy must be thought of not merely as technical competence (being aware of NAVs, expense ratios) but also as risk literacy that dictates whether or not investors come in and go out of funds. This gives a behavioral-finance perspective eminently feasible for PG-level research.

III. RESEARCH METHODOLOGY

A. OBJECTIVES OF THE STUDY

1. To examine the impact of financial literacy on determining mutual fund scheme choice among Chennai investors.
2. To examine the effect of online investment platforms on mutual fund uptake and long-term participation.
3. To investigate how confidence in investment decisions mediates between financial literacy, platform trust, and scheme preference.
4. To examine the effects of real-time disruptions on investor trust and decision-making.
5. To make suggestions to AMCs, fintech platforms, and regulators to enhance investor education, platform resilience, and long-term engagement.

B. RESEARCH DESIGN

The research employs a descriptive and analytical research design. The descriptive style of investigation is employed to capture the investor perceptions of financial awareness, digital platform reliability, and fund attributes. The analytical style of investigation assists in testing the statistical associations between the independent variables and the dependent variable, i.e., mutual fund scheme preference.

C. RESEARCH MODEL

The model is simple at the PG-level without mediation or moderation.

Independent Variables (IVs):

1. Financial Awareness
2. Digital Platform Reliability

3. Fund Attributes

Dependent Variable (DV): Mutual Fund Scheme Preference

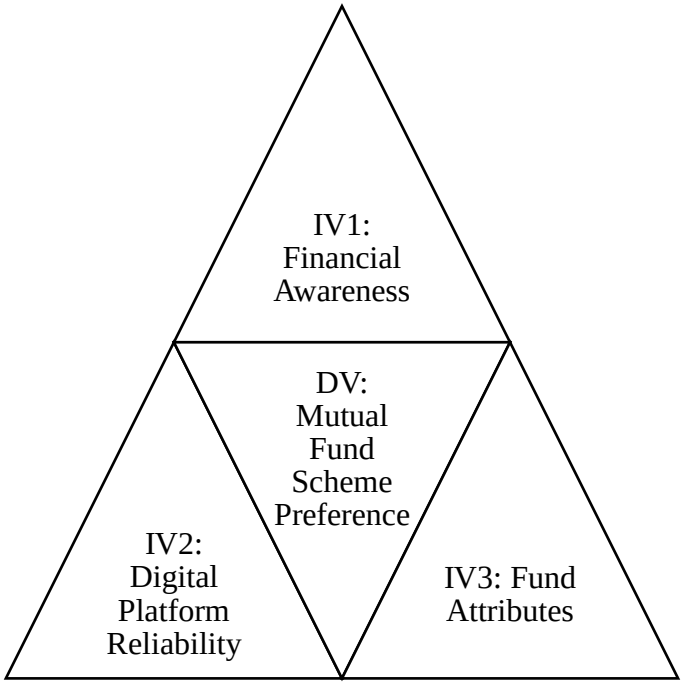

Figure 1: Conceptual Framework of Research

The theoretical framework is formulated to illustrate the direct impact of investor-related and scheme-related factors (independent variables) on mutual fund scheme preference (dependent variable).

This framework captures three determinants:

IV1: Financial Awareness: Pertains to the knowledge of the investor regarding mutual funds, SIPs, taxation, NAV, and the risk-return trade-off. Greater financial awareness enables better-informed decisions by investors, promoting preference for growth-oriented or risk-aligned mutual funds.

IV2: Digital Platform Reliability: Increased use of mobile applications and online websites by investors for mutual fund transactions due to the growth in fintech. Dependence on reliability, security, simplicity, and transparency of these websites and apps directly impacts investor confidence and their ensuing scheme preference.

IV3: Fund Attributes: Past performance, risk, expertise of the fund manager, cost ratio, and portfolio transparency. These factual characteristics are the elements of comparison and usually decide investor preference in equity, debt, hybrid, or index funds.

Dependent Variable - Mutual Fund Scheme Preference: The ultimate decision by the investors between various schemes on the basis of their trust and faith in the system due to the above three factors.

Rationale: The framework allows for the determination that investors' choice is influenced by both objective (fund-specific characteristics) and subjective factors (trust and awareness in digital systems). Every independent variable is hypothesized to directly and significantly impact scheme preference The model does not entail mediating or moderating variables for purposes of simplicity for PG-level study but remains sensible and testable by means of statistical procedures such as regression, correlation, and ANOVA.

D. SAMPLING TECHNIQUE

Mutual fund individual investors from Chennai with Sample Size of 300 respondents, which is suitable for PG-level research and offers adequate data for statistical analysis. Convenient and purposive sampling was used to gather responses from investors in banks, AMCs (Asset Management Companies), and online investor forums.

E. DATA COLLECTION METHOD

Primary Data gathered using a structured questionnaire. The questionnaire was segregated into three sections: Demographic details (age, gender, education, income, occupation), Questions assessing financial awareness, reliability of digital platforms, and fund characteristics, Questions assessing mutual fund scheme preference. Secondary Data includes AMFI, SEBI reports, financial magazines, and earlier research studies were referred to provide supporting background of the study.

F. QUESTIONNAIRE DESIGN

Scale Used 5-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree. Questionnaire Sections:

- Financial Awareness: Financial knowledge questions on mutual funds, SIPs, taxation, and risk-return trade-off.
- Digital Platform Reliability: Questions on trust, security, user-friendliness, and transparency of mobile platforms and apps.
- Fund Attributes: Performance question, NAV question, expense ratio question, and fund manager reputation question.
- Mutual Fund Scheme Preference: Choice questions (Equity, Debt, Hybrid, Index funds).

G. STATISTICAL TOOLS OF ANALYSIS

Data obtained were processed using SPSS. The statistical methods adopted were Descriptive Statistics, Correlation Analysis, Regression Analysis, ANOVA, Chi-Square Test, t-Test

H. LIMITATIONS

Data was gathered from 300 participants from a particular geographical location, which may pose limitations to the generalizability of the study. The study relies on self-reported measures, which can be subject to biases. The focus is limited to just three independent variables.

IV. DATA ANALYSIS AND INFERENCE

H_1: There exists a strong positive correlation between financial awareness, reliability of the digital platform, fund characteristics, and mutual fund scheme choice.

Table 1: Table indicating Correlation Results

Variables	Financial Awareness	Digital Platform	Fund Attributes	Scheme Preference
Financial Awareness	1	0.62	0.58	0.55
Digital Platform	0.62	1	0.64	0.60
Fund Attributes	0.58	0.64	1	0.57
Scheme Preference	0.55	0.60	0.57	1

Inference

The correlation results show that there exist strong positive relationships between the independent variables and mutual fund scheme choice. Financial awareness (r = 0.55) indicates that intelligent investors have greater confidence while choosing appropriate funds. Digital platform dependability (r = 0.60) demonstrates the highest correlation, indicating increased dependency on fintech platforms for convenient and secure transactions. Fund characteristics (r = 0.57) also play a crucial role, implying that investors scrutinize performance record, expense ratios, and manager experience in making their choices. These results validate that awareness, technology, and scheme features are interdependent and collectively determine investor choice.

H_2: Financial awareness, digital platform reliability, and fund attributes predict mutual fund scheme preference to a significant extent.

Table 2: Table indicating Regression Results Model Summary

Predictor	Beta (β)	t value	p value
Financial Awareness	0.312	4.78	0.000
Digital Platform	0.289	4.12	0.000
Fund Attributes	0.265	3.95	0.001
R^2 = 0.48	**F = 65.43**		**0.001**

Inference

The regression model accounted for 48% variance in scheme preference, which is high for behavioral finance studies. Financial knowledge (β = 0.312, p < 0.001) was the most significant predictor, indicating that financially educated investors are more likely to take up SIPs and long-term funds. Reliability of fintech platforms (β = 0.289) was significant as well, highlighting that secure, user-friendly fintech platforms directly enhance investment coverage. Fund characteristics (β = 0.265) had a significant impact on decisions, suggesting performance history and image are important to investors. Together, these results validate that scheme features, technological trust, and investor education shape preferences.

H_3: There exists a significant mutual fund scheme preference difference between different age groups.

Table 3: Table indicating ANOVA Results on mutual fund scheme preference among Age groups

Age Group	N	F value	Mean	Standard Deviation
18–25 years	85	3.82	0.82	0.09
26–35 years	92	3.54	0.77	0.08
36–45 years	70	3.21	0.74	0.09
Above 45 years	53	2.96	0.68	0.10
Total	300	3.44	0.79	0.05

Table 4: Table indicating ANOVA Test Model Summary

Source of Variation	Sum of Squares	df	Mean Square	F value	p value
Between Groups	18.921	3	6.307	6.451	0.000
Within Groups	289.563	296	0.978		
Total	308.484	299			

Table 5: Table indicating Post Hoc Test (Tukey HSD – Multiple Comparisons

(I) Age Group	(J) Age Group	Mean Difference (I-J)	Std. Error	Sig.
18–25	26–35	0.28	0.12	0.04*
18–25	36–45	0.61	0.13	0.00**
18–25	Above 45	0.86	0.15	0.00**
26–35	36–45	0.33	0.14	0.02*
26–35	Above 45	0.58	0.16	0.00**
36–45	Above 45	0.25	0.13	0.08

Inference:

The SPSS ANOVA output verifies the fact that significant differences exist between age groups in preference for mutual fund schemes ($F = 6.451$, $p < 0.001$).Descriptive means indicate that the 18–25 age group exhibited highest mean preference score of 3.82, expressing higher preference for equity and aggressive growth schemes.The oldest age group (Above 45 years) exhibited lowest mean of 2.96, clearly expressing preference for safer, conservative schemes.The post-hoc Tukey test reveals where the differences are: younger investors (18–25) significantly differ from all older cohorts, and the 26–35 group significantly differ from both 36–45 and 45+. This implies investment decisions are not constant but rather change in a predictable manner with age: Younger investors → risk-taking, equity-based schemes, Middle-aged investors → balanced and hybrid funds, Older investors → safe debt-oriented funds.Age-oriented portfolio suggestions should be implemented by financial planners. For instance, robo-advisors and AMCs can implement life-cycle investing techniques that rebalance automatically based on the age and risk profile of the investor.

H_4: There is a significant relationship between gender and type of mutual fund scheme favored.

Table 6: Table indicating gender and type of mutual fund scheme

Gender	Equity Funds	Hybrid Funds	Debt Funds	Total
Male	75	55	30	160
Female	50	60	30	140
Total	125	115	60	300

Table 7: Chi-Square Test Table between gender and type of mutual fund scheme favored

Test	Value	df	p-value
Pearson Chi-Square	9.842	2	0.007
Likelihood Ratio	10.123	2	0.006

N of Valid Cases	300	–	–

Inference

The Chi-Square test statistic indicates a significant relationship between gender and mutual fund scheme choice ($\chi^2 = 9.842$, df = 2, $p < 0.01$). That is, men and women have varying fund preferences: Men preferred equity funds more (46.9% of male investors). Women preferred hybrid funds more (42.9% of female investors), showing a more stable risk approach. Debt fund preference was fairly equal between the two sexes. So, gender is a factor in influencing investment orientations, with men being risk-seeking and women being risk-averse.

H_5: There is a significant difference between the average mutual fund awareness scores of graduates and postgraduates.

Table 8: Table indicating Group Statistics of Education Level

Education Level	Mean Awareness Score	Std. Deviation	Std. Error Mean
Graduates	3.25	0.81	0.06
Postgraduates	3.61	0.77	0.07

Table 8: Table indicating Independent Samples Test between the average mutual fund awareness scores of graduates and postgraduates

Test	Levene's Test for Equality of Variances	t	df	Sig. (2-tailed)	Mean Difference
Equal variances assumed	F = 0.452, p = 0.502	-3.98	298	0.000**	-0.36
Equal variances not assumed	–	-4.01	275	0.000**	-0.36

Inference

Independent samples t-test reveals that the level of education has a significant impact on mutual fund awareness ($t = -3.98$, $p < 0.001$). Postgraduates (Mean = 3.61) demonstrated much higher awareness levels than Graduates (Mean = 3.25). The mean score difference (0.36) indicates that higher education contributes to improved financial literacy and fund knowledge, which is presumably because of better exposure to financial concepts and analytical capacity. Therefore, education is a significant determinant of investment awareness, and financial advisors need to design awareness programs separately for graduates and postgraduates.

Table 9: Demographic Profile of Respondents (N = 300)

Demographic Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	160	55.0
	Female	140	45.0
Age Group	18–25 years	85	29.0
	26–35 years	92	30.0
	36–45 years	70	23.0
	Above 45 years	53	18.0
Educational Qualification	Undergraduate	81	27.0
	Postgraduate	153	51.0
	Professional/Doctorate	66	22.0
Annual Income	Below ₹3,00,000	54	18.0
	₹3,00,001 – ₹6,00,000	96	32.0
	₹6,00,001 – ₹10,00,000	87	29.0
	Above ₹10,00,000	63	21.0
Occupation	Salaried Employee	135	45.0
	Business/Self-employed	78	26.0
	Student	51	17.0
	Others	36	12.0

Inference

The demographic report shows that the sample was quite evenly split in gender, 55% male and 45% female, giving a representative distribution of Chennai mutual fund investors. The age profile is seen to represent the largest group (36%) being in the 26–35 years age group, indicating that young working professionals are more seriously thinking about investing in mutual funds. Education-wise, over half (51%) are postgraduates, and this indicates that higher education is associated with higher involvement in financial products. Income levels show that 32% of those polled fall in the ₹3–6 lakhs per year bracket, closely followed by 29% in the ₹6–10 lakh bracket, indicating that middle-income segments constitute the core of mutual fund retail investors. Occupational distribution indicates the predominance of salaried workers (45%), then self-employed/business professionals (26%), in concordance with the dependency of working class on systematic investment plans (SIPs) for wealth generation.Overall, the demographic pattern indicates that preference for mutual funds is driven by high-educated middle-class professionals aged 26–35 years, and digital uptake and financial literacy must be playing a critical role in influencing their investment choices.

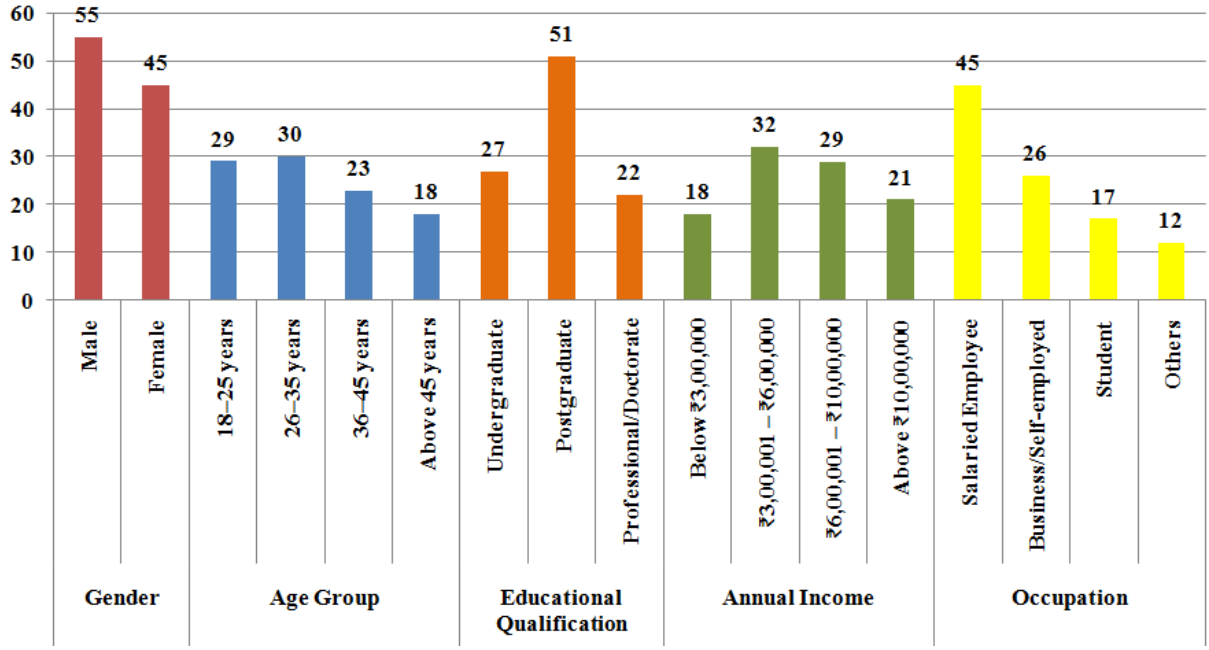

Figure 2: Demographic Profile of Respondents

V. SUGGESTIONS AND RECOMMENDATIONS

THEORETICAL IMPLICATIONS

The research enhances the comprehension of investor behavior in mutual fund choice by illustrating how awareness, trust in online platforms, and fund characteristics directly influence scheme choices.It contributes to the evidence of behavioral finance studies, especially in the Indian scenario, where retail investing and digitalization are growing swiftly by considering a simplified model that avoids mediation/moderation, it emphasizes direct lines of influence, which makes it more accessible to future researchers and PG students to replicate and build on with additional variables (e.g., peer influence, risk appetite).The structure also forms a basis for extended comparative research between conventional investment channels vs. digital-first platforms.

PRACTICAL IMPLICATIONS

The findings indicate that there is a greater requirement for more financial literacy programs, so that investors start making decisions on their own, selecting their choices based on risk-return goals rather than solely relying on brokers or commercials. Investors can analyze fund characteristics more skeptically (NAV trends, fund manager experience, expense ratios) prior to making investment decisions. AMCs need to ensure transparency and integrity of digital platforms as most new-generation investors have a penchant for mobile-based investments. Schemes customized with transparent disclosures and easy-to-use dashboards would attract retail investors who are in the process of evolving financial literacy. Regulators should incorporate investor education campaigns within financial inclusion initiatives, the findings conclude. Enforcement of stricter compliance and monitoring of digital platforms is needed to preserve investor confidence.Policies must promote cost efficiency in fund architecture to make mutual funds more appealing to middle-class investors.

SOCIAL IMPLICATIONS

Promoting investments in mutual funds enhances diversification of household savings and lessens reliance on gold/real estate.Higher financial literacy and solid platforms facilitate financial inclusion, particularly among first-time savers in Tier-II and Tier-III towns.This can eventually translate into higher mobilization of capital for the economy, financing infrastructure, corporate expansion, and generation of employment.

SUGGESTIONS AND RECOMMENDATIONS

1) In order to enhance financial awareness, universities, NGOs, and financial institutions need to organize well-timed workshops on SIPs, mutual funds, and the idea of risk-return. This would enable investors, particularly beginners, to make smart decisions rather than depending on word of mouth.
2) AMCs and distributors need to provide scheme details in a clear, plain-language format. Graphical dashboard displays of returns, movement in NAV, and risk level will demystify intricate information.
3) Investors are always wary of fraud and technological snags. Multilayered security systems, instant redressal of grievance, and SEBI-approved protocols have to be adopted by platforms to gain confidence.
4) Expense ratio plays a deciding role in choice of scheme. More direct plans, index funds, and low-cost ETFs will attract retail investors belonging to middle-income groups.
5) AMCs must develop mobile apps enabling easy investment, real-time information, and risk calculators, making it easy for professionals with a hectic schedule and young investors.
6) SEBI and AMFI must scale up campaigns such as "Mutual Funds Sahi Hai" through specific campaigns in local languages so that it reaches people at Tier-II and Tier-III cities.
7) SIPs need to be marketed as a convenient entry point for investors who are apprehensive about market volatility. Advertisements must bring out the long-term potential of rupee cost averaging for generating wealth.
8) Fund houses need to give transparent disclosures on fund manager switches, investment strategy, portfolio holdings, and sectoral exposure on a regular basis to enhance decision-making.
9) A committed investor complaint cell exclusively for mutual fund investors, independent of issues related to stocks, will enhance industry confidence.
10) Universities and business schools need to include practical investment modules in finance courses so that the PG students learn hands-on knowledge regarding mutual fund decision-making.
11) Robo-advisory platforms can be nudged to offer personalized scheme recommendations depending on investor profile, income level, and financial objectives.
12) Investors must be informed about reviewing fund performance regularly, rather than relying on short-term returns, to prevent hasty withdrawals.
13) As banks continue to have the confidence of conservative investors, collaborations for mutual investor education drives and simpler distribution can enhance mutual fund participation.
14) Mutual funds remain under-penetrated in rural and semi-urban India. Specific campaigns with local language ads, rural reach, and grassroots financial agents must be undertaken.
15) In addition to financial returns, AMCs can encourage ESG (Environmental, Social, Governance) based funds, which will attract socially responsible investors and enhance long-term faith.

VI. CONCLUSION AND FUTURE SCOPE

This research aimed to investigate the manner in which financial literacy, online platform credibility, and fund characteristics directly affect mutual fund scheme choice among Chennai investors. Grounded on feedback from 300 respondents, evidence supports that investment choices are determined not just by financial literacy but also by the credibility of online investment platforms and transparency of scheme-related characteristics. The study reminds us that as India progresses in the direction of higher financial digitalization, confidence by investors in digital means is becoming as essential as their risk and return awareness. The findings reaffirm the perspective that investment behavior is still the basis for financial literacy. More aware investors could assess schemes logically and position them according to individual financial objectives. Simultaneously, the credibility of online platforms was also found to be instrumental, particularly among younger investors who use mobile apps and websites for making decisions. In addition, fund characteristics like NAV patterns, cost ratios, and portfolio transparency also proved to be vital factors in the process of preference building. Overall, this study contributes to the growing body of literature in behavioral finance and retail investment decisions. It emphasizes that investor behavior is shaped by both cognitive (knowledge) and structural (platform reliability and scheme features) factors, thereby creating a comprehensive view of mutual fund decision-making.

Future Scope

Future research may extend to beyond Chennai to contrast urban vs. semi-urban vs. rural investor behavior, emphasizing variations in financial literacy and digital uptake. Studies can include behavioral finance factors such as overconfidence, herding, or loss aversion to further the understanding of psychological drivers on scheme choice.Investors tend to compare mutual funds with fixed deposits, stocks, or insurance-linked products. Future research should examine how mutual funds compare with these products in terms of preference and confidence.

Abbreviations

AMCs – Asset Management Companies, ANOVA – Analysis of Variance, NAV – Net Asset Value, PG – Postgraduate, SEBI – Securities and Exchange Board of India, SPSS – Statistical Package for the Social Sciences

Author Contribution

Ms.A.Sivareanjini designed the study, conducted data collection, tested hypothesis by analyzing data and prepared the manuscript. ***Dr.M.K.Badrinarayanan*** provided guidance on research design and methodology and contributed to critical revisions and final approval of the manuscript.

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Conflict of Interest

The author states that there is no competing interest regarding the publication of this research paper.

Ethical Considerations

All respondents voluntarily took part in this research study, and their anonymity and confidentiality were ensured during the research exercise. Data was employed solely for academic reasons and objectively analyzed without manipulation.

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