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A STUDY ON BEHAVIOURAL AND ECONOMIC FACTORS INFLUENCING INVESTORS' DECISIONS TO INVEST IN MUTUAL FUNDS IN BANGALORE DISTRICT

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ABSTRACT:

Mutual funds have emerged as an important investment avenue in India by enabling individual investors to participate in diversified portfolios managed by professional fund managers. Investors' decisions to invest in mutual funds are influenced not only by expected returns and prevailing economic conditions but also by behavioural characteristics, perceptions, experiences and financial attitudes. The present study, titled "A Study on Behavioural and Economic Factors Influencing Investors to Invest in Mutual Funds in Bangalore District," examines the influence of behavioural and economic factors on investors' decisions to invest in mutual funds. The study adopts a descriptive and analytical research design and is based primarily on primary data collected from 400 respondents through a structured questionnaire using a five-point Likert scale. The study considers twelve behavioural factors and twelve economic factors and applies descriptive statistics, correlation analysis and multiple regression analysis. The behavioural regression model demonstrates a very strong relationship between behavioural factors and investment decisions, with $R = 0.984$ and $R^2 = 0.968$, while the overall model is statistically significant ($F = 981.892$, $p < 0.001$). The economic-factor model also shows a strong relationship, with $R = 0.854$ and $R^2 = 0.730$, and is statistically significant ($F = 87.123$, $p < 0.001$). The findings indicate that risk perception, previous investment experience, financial-planning attitude, social influence and mutual fund awareness are significant behavioural considerations. Among economic factors, interest rates, liquidity, regular income and earning capacity, tax advantages, purchasing power and broader economic conditions demonstrate significant relationships with investment decisions. The study concludes that mutual fund investment decisions are multidimensional and are shaped by the interaction of behavioural and economic considerations. The findings may be useful to mutual fund companies, financial advisors, investors, policymakers and researchers in understanding investor decision-making and developing appropriate investor-awareness and financial-education initiatives.

Keywords: *Mutual Funds; Investor Behaviour; Risk Perception; Financial Literacy; Economic Factors; Investment Decisions*

INTRODUCTION

Mutual funds have emerged as an important investment avenue in the Indian financial system by providing investors with opportunities to participate in equity, debt, hybrid and other securities through professionally managed portfolios. Unlike direct investment in individual securities, mutual funds enable investors to diversify their investments with relatively small amounts of capital. The expansion of financial awareness, digital investment platforms, systematic investment plans (SIPs), changing income patterns and increasing access to financial information have contributed to the growing relevance of mutual funds among individual investors. However, the decision to invest in mutual funds is not determined solely by expected financial returns. Investors' behavioural characteristics and prevailing economic conditions also play an important role in shaping investment decisions. Behavioural factors reflect the psychological, cognitive and experiential characteristics that influence how investors perceive and respond to investment opportunities. Risk perception determines how investors interpret the possibility of loss, while risk tolerance reflects their willingness to accept uncertainty in pursuit of returns. Financial literacy enables investors to understand investment products, risks, returns and financial concepts, whereas investment awareness helps them evaluate different mutual fund schemes and their associated features. Similarly, overconfidence may influence investors to rely heavily on their own knowledge and judgments. Herding behaviour can cause investors to follow the decisions of friends, family members, colleagues or other market participants. Loss aversion reflects the tendency to give greater importance to potential losses than comparable gains. Previous investment experience, financial attitude, trust in mutual funds and fund managers, investment motivation, and investment decision-making behaviour may further influence the selection and continuation of mutual fund investments. Economic factors provide another important dimension to mutual fund investment decisions. An investor's income level determines the financial resources available for investment, while expected return influences the attractiveness of mutual funds compared with alternative investment avenues. Changes in interest rates can affect investors' preferences between market-linked investments and interest-bearing instruments. Inflation influences real purchasing power and may encourage investors to seek investment avenues capable of generating returns above inflation. Tax benefits, savings level, employment stability, and investment affordability can determine the investor's capacity to invest. Liquidity, market conditions, investment costs, and broader economic growth can also

affect investment preferences. Bengaluru is an important financial, commercial, technological and employment centre, with a diverse population comprising salaried employees, professionals, entrepreneurs, self-employed persons and young investors. Such diversity provides an appropriate setting for examining differences in behavioural and economic factors affecting mutual fund investment. Therefore, the present study, titled “A Study on Behavioural and Economic Factors Influencing Investors to Invest in Mutual Funds in Bangalore District,” seeks to examine the relative role of these behavioural and economic dimensions in shaping investors' decisions. The study may provide useful insights for investors, mutual fund companies, financial advisors and researchers seeking to understand the determinants of mutual fund investment behaviour.

LITERATURE REVIEW

The investment decision-making process has traditionally been examined from the perspective of expected return, risk and rational economic behaviour. However, behavioural finance has expanded this perspective by recognising that investors may not always make decisions exclusively on the basis of objective financial information. Psychological characteristics, previous experiences, perceptions, emotions and social influences can affect investment choices (Kureshi et al., 2023; Pednekar et al., 2025). In the context of mutual funds, these behavioural dimensions are particularly relevant because investors must evaluate risk, expected returns, fund performance, costs, liquidity and the credibility of fund managers before committing their savings (Aggarwal et al., 2025). Risk perception is an important determinant of investment behaviour. Investors differ considerably in their interpretation of financial risk (Lenta & Kumar, 2026). Some investors may perceive mutual funds as relatively diversified and professionally managed investments, whereas others may associate market-linked mutual funds with considerable uncertainty. Risk perception can therefore influence both the willingness to enter mutual fund investments and the selection of specific schemes (Sharma & Goel, 2025). Closely related to risk perception is risk tolerance, which represents the degree of financial uncertainty an investor is prepared to accept. Investors with higher risk tolerance may be more willing to consider equity-oriented mutual funds, while investors with lower risk tolerance may prefer relatively conservative schemes (Thanki et al., 2025). Financial literacy has received substantial attention in investment research. Financially literate investors are generally better positioned to understand concepts such as diversification, compounding, risk-return relationships, expense ratios and investment horizons (Saravanan, 2025). Higher financial literacy can facilitate more informed investment decisions. In contrast, limited financial knowledge may create uncertainty and dependence on external advice (Vaish & Badruddin, 2025). Investment awareness is another related factor. Awareness of mutual fund products, SIPs, taxation, redemption procedures, risks and regulatory features can influence investors' willingness to participate in mutual funds (Gowsya et al., 2025; Stephen & Kumar, 2025). Behavioural biases also provide an important explanation for investment decisions. Overconfidence occurs when investors place excessive confidence in their own knowledge, predictions or decision-making ability. Such behaviour may affect how investors interpret market information and evaluate mutual fund performance (Kureshi et al., 2023). Herding behaviour represents the tendency of investors to follow the investment choices of others rather than relying entirely on their own analysis (Gothe & Mishra, 2023). Recommendations from friends, family, colleagues, financial influencers and other investors can therefore influence mutual fund decisions (Pednekar et al., 2025). Loss aversion is another behavioural dimension relevant to investment decisions. Investors may perceive potential losses more strongly than equivalent gains, which can affect their willingness to invest in market-linked products. This tendency may lead some investors to prefer products perceived as safer, even when the expected return is comparatively lower (Kureshi et al., 2023). Consequently, understanding loss aversion is useful when examining why investors differ in their mutual fund preferences. Investment experience can influence investors' confidence, risk assessment and future decisions (Mazumdar, 2025). Investors who have previously participated in financial markets may develop greater familiarity with market fluctuations and mutual fund operations. At the same time, previous negative experiences may increase risk concerns. Thus, experience does not necessarily produce identical investment behaviour among all investors (Nandhini & Saranraj, 2025). Financial attitude reflects an individual's orientation towards saving, spending, financial planning and investment. Investors who demonstrate a stronger orientation towards systematic saving and long-term financial planning may be more inclined towards disciplined investment products such as SIPs (Gowtham & Padmanabhan, 2025). Trust is also significant because mutual fund investments involve delegating investment management to professional fund managers. Investors' confidence in fund houses, fund managers, regulatory mechanisms and the transparency of information can influence their willingness to invest (Lenta & Kumar, 2026). Investment motivation represents the underlying reasons for choosing mutual funds, such as wealth creation, children's education, retirement planning, tax planning, regular savings or achievement of specific financial goals. Different investors may have different investment objectives, and these objectives can influence their choice of mutual fund products (Kar et al., 2023). Investment decision-making behaviour represents the broader process through which investors collect information, evaluate alternatives, assess risk and make final investment decisions (Thanki et al., 2025). Economic conditions provide a complementary explanation for mutual fund investment. Income level determines the financial capacity of individuals to allocate money towards investments. Investors with higher disposable income may have greater capacity to diversify across financial products, while individuals with lower disposable income may prioritise essential expenditure and precautionary savings (Roy, 2025). Expected return is another central consideration because investors generally compare the potential returns from mutual funds with those available from bank deposits, bonds, equities, gold and other investment avenues (Arunachalam & Amudha, 2025). Interest rates can influence asset allocation decisions. Changes in interest rates may alter the relative attractiveness of fixed-income instruments and market-linked investments. Similarly, inflation reduces the purchasing power of money over time. Investors may therefore consider whether their investments can generate returns that preserve or increase their real wealth (Nedumparambil & Bhandari, 2023). Tax benefits can affect investment decisions, particularly where specific mutual fund products provide tax-related advantages under applicable regulations (Sehgal et al., 2025). Investors may consider taxation alongside return and risk when evaluating investment alternatives. Savings level is equally important because investment generally depends on the amount of income remaining after meeting consumption and other financial obligations. Employment stability affects the predictability of future income and consequently the investor's willingness to commit money to long-term or market-linked investments (Patil, 2026). Similarly, investment affordability determines whether an investor can make regular SIP contributions or lump-sum investments. These factors may be particularly relevant among salaried employees, professionals and self-employed individuals with different income patterns (Suhas & Divya, 2026).

RESEARCH GAP

Existing literature on mutual fund investment has extensively examined individual behavioural and economic determinants such as risk perception, financial literacy, risk tolerance, overconfidence, herding behaviour, expected return, income, inflation, taxation and market conditions. However, many previous studies have concentrated on either behavioural or economic factors separately, providing limited understanding of how these two dimensions jointly influence investors' mutual fund investment decisions. Further, studies often focus on selected demographic groups, particular investment products, or specific geographical regions, limiting the generalisability of their findings. There is also a need to examine emerging investors' awareness, trust, investment motivation, affordability, liquidity preferences and investment experience alongside conventional economic determinants. In the context of Bangalore District, where investors represent diverse occupational, income and educational backgrounds, comprehensive empirical evidence integrating 12 behavioural and 12 economic variables remains limited. Therefore, the present study attempts to address this gap by examining the combined influence of behavioural and economic factors on investors' decisions to invest in mutual funds in Bangalore District.

NEED FOR THE STUDY

The growing importance of mutual funds as an investment avenue has increased the need to understand the factors that influence investors' decisions. Investment decisions are not determined only by expected returns and economic conditions but are also shaped by behavioural characteristics such as risk perception, financial literacy, investment awareness, risk tolerance, overconfidence, herding behaviour, loss aversion, investment experience, financial attitude, trust and investment motivation. At the same time, economic factors such as income, interest rates, inflation, taxation, savings, employment stability, affordability, liquidity, market conditions, investment costs and economic growth can influence investors' ability and willingness to invest. Bangalore District, with its diverse population of salaried employees, professionals, entrepreneurs and self-employed individuals, provides an appropriate setting for examining these factors. Therefore, the study is needed to analyse the combined influence of behavioural and economic factors on mutual fund investment decisions and provide useful insights for investors, financial advisors and mutual fund institutions.

RESEARCH OBJECTIVES

1. To examine the influence of behavioural factors on investors' decisions to invest in mutual funds in Bangalore District.
2. To analyse the influence of economic factors on investors' decisions to invest in mutual funds in Bangalore District.

HYPOTHESIS

- H₀: There is no significant influence of behavioural factors on investors' decisions to invest in mutual funds in Bangalore District.
- H₁: There is a significant influence of behavioural factors on investors' decisions to invest in mutual funds in Bangalore District.
- H₀: There is no significant influence of economic factors on investors' decisions to invest in mutual funds in Bangalore District.
- H₂: There is a significant influence of economic factors on investors' decisions to invest in mutual funds in Bangalore District.

RESEARCH METHODOLOGY

The present study adopts a descriptive and analytical research design to examine the influence of behavioural and economic factors on investors' decisions to invest in mutual funds in Bangalore District. The study covers mutual fund investors residing in Bangalore District. The respondents include individuals who currently invest in mutual funds or possess adequate knowledge and experience regarding mutual fund investments. The study primarily relies on primary data, collected directly from respondents through a structured questionnaire. The questionnaire covers 12 behavioural factors and 12 economic factors influencing mutual fund investment decisions. A five-point Likert scale, ranging from Strongly Agree to Strongly Disagree, is used to measure respondents' perceptions and attitudes. Secondary data are collected from books, journals, research articles, reports, government publications, financial-market publications and reliable online sources. The collected data will be systematically coded, tabulated and analysed using descriptive statistics, correlation analysis and multiple regression analysis. The analysis aims to examine the influence of behavioural factors and economic factors on investors' decisions to invest in mutual funds in Bangalore District.

SAMPLE DESIGN

The study adopts the Yamane (1967) sampling method to determine the appropriate sample size for examining the behavioural and economic factors influencing investors' decisions to invest in mutual funds in Bangalore District. The study population comprises individuals who currently invest in mutual funds or have adequate knowledge and experience of mutual fund investments. Based on the Yamane sampling approach, a sample size of 400 respondents is selected for the study. The respondents are selected from different areas of Bangalore District to obtain diverse and representative information regarding their mutual fund investment decisions. The sample includes investors belonging to different demographic, occupational, income and investment backgrounds. Primary data are collected from the selected 400 respondents through a structured questionnaire. The questionnaire contains statements relating to 12 behavioural factors and 12 economic factors, measured using a five-point Likert scale ranging from Strongly Agree to Strongly Disagree. The collected data are systematically coded and analysed using descriptive statistics, correlation analysis and multiple regression analysis to examine the influence of behavioural and economic factors on investors' decisions to invest in mutual funds.

SCOPE OF THE STUDY

The present study focuses on examining the *behavioural and economic factors influencing investors' decisions to invest in mutual funds in Bangalore District*. The study covers mutual fund investors with different demographic, occupational, income and investment backgrounds. The behavioural dimension includes factors such as risk perception, financial literacy, investment awareness, risk tolerance, overconfidence, herding behaviour, loss aversion, investment experience, financial attitude, trust, investment motivation and investment decision-making behaviour. The economic dimension covers income level, expected return, interest rate, inflation, tax benefits, savings level, employment stability, investment affordability, liquidity, market conditions, investment cost and economic growth. The study is based on primary data collected from 400 respondents through a structured questionnaire, supported by secondary information. The findings are intended to provide insights into the factors influencing mutual fund investment decisions and may be useful to investors, financial advisors, mutual fund institutions and researchers.

DATA ANALYSIS

Influence of behavioural factors on investors' decisions to invest in mutual funds

- H_0 : There is no significant influence of behavioural factors on investors' decisions to invest in mutual funds in Bangalore District.
- H_1 : There is a significant influence of behavioural factors on investors' decisions to invest in mutual funds in Bangalore District.

Model Summary						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	
1		.984 ^a	.968	.967	.24364	
ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	699.418	12	58.285	981.892	.000 ^a
	Residual	22.972	387	.059		
	Total	722.390	399			
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.139	.062		-2.237	.026
	Investor's perception of the risk associated with mutual funds	.547	.027	.554	20.357	.000
	Knowledge and understanding of financial and investment concepts	-.046	.033	-.045	-1.414	.158
	Awareness of mutual fund schemes, benefits, risks and procedures	.171	.032	.167	5.271	.000
	Willingness to accept investment risk	-.217	.037	-.222	-5.891	.000
	Excessive confidence in one's investment knowledge or decisions	-.007	.036	-.006	-.184	.854
	Tendency to follow the investment decisions of others	.212	.037	.207	5.729	.000
	Preference for avoiding losses over achieving equivalent gains	-.274	.050	-.266	-5.520	.000
	Influence of previous investment experience on current decisions	.294	.038	.292	7.832	.000
	Investor's attitude toward saving, investment and financial planning	.325	.043	.317	7.590	.000
	Confidence in mutual funds, fund managers and institutions	.003	.014	.003	.245	.807
	Personal motives encouraging investment in mutual funds	-.014	.015	-.011	-.892	.373
	Individual approach to evaluating and selecting mutual fund investments	.027	.013	.021	2.076	.039
a. Dependent Variable: Investors' decisions to invest in mutual funds						

a. Dependent Variable: Investors' decisions to invest in mutual funds

The multiple regression analysis was conducted to examine the influence of behavioural factors on investors' decisions to invest in mutual funds in Bangalore District. The Model Summary indicates a very strong relationship between the behavioural factors and investors' investment decisions, with an R value of 0.984. The R^2 value of 0.968 indicates that 96.8% of the variation in investors' decisions to invest in mutual funds is explained collectively by the twelve behavioural factors included in the model. The adjusted R^2 of 0.967 further confirms the high explanatory power of the model after accounting for the number of predictors. The standard error of the estimate is 0.24364, indicating a relatively small prediction error. The ANOVA results demonstrate that the overall regression model is statistically significant. The calculated F-value is 981.892 with a significance value of 0.000 ($p < 0.001$). Therefore, the null hypothesis (H_0) stating that there is no significant influence of behavioural factors on investors' decisions to invest in mutual funds in Bangalore District is rejected, and the alternative hypothesis (H_1) is supported. This indicates that the behavioural factors, when considered collectively, have a statistically significant influence on investors' decisions to invest in mutual funds. The coefficient results provide information about the individual contribution of each behavioural factor. Investor's perception of the risk associated with mutual funds has a positive and statistically significant influence ($\beta = 0.554$, $p < 0.001$), indicating that it is the strongest positive predictor among the variables considered. Influence of previous investment experience on

current decisions also has a positive and significant influence ($\beta = 0.292$, $p < 0.001$), followed by investor's attitude toward saving, investment and financial planning ($\beta = 0.317$, $p < 0.001$), tendency to follow the investment decisions of others ($\beta = 0.207$, $p < 0.001$), and awareness of mutual fund schemes, benefits, risks and procedures ($\beta = 0.167$, $p < 0.001$). Individual approach to evaluating and selecting mutual fund investments also shows a statistically significant positive influence ($\beta = 0.021$, $p = 0.039$), although its standardized coefficient is comparatively small. Conversely, willingness to accept investment risk has a statistically significant negative influence ($\beta = -0.222$, $p < 0.001$), while preference for avoiding losses over achieving equivalent gains also has a significant negative influence ($\beta = -0.266$, $p < 0.001$). These negative coefficients indicate that, holding the other variables constant, higher scores on these factors are associated with lower predicted values of investors' decisions to invest in mutual funds, based on the coding of the variables. However, knowledge and understanding of financial and investment concepts ($\beta = -0.045$, $p = 0.158$), excessive confidence in one's investment knowledge or decisions ($\beta = -0.006$, $p = 0.854$), confidence in mutual funds, fund managers and institutions ($\beta = 0.003$, $p = 0.807$), and personal motives encouraging investment in mutual funds ($\beta = -0.011$, $p = 0.373$) do not have statistically significant individual effects at the 5% level.

Influence of economic factors on investors' decisions to invest in mutual funds

- H_0 : There is no significant influence of economic factors on investors' decisions to invest in mutual funds in Bangalore District.
- H_2 : There is a significant influence of economic factors on investors' decisions to invest in mutual funds in Bangalore District.

Model Summary							
Model		R	R Square	Adjusted R Square		Std. Error of the Estimate	
1		.854 ^a	.730	.721		.62101	
ANOVA ^b							
Model		Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	403.192	12	33.599	87.123	.000 ^a	
	Residual	149.248	387	.386			
	Total	552.440	399				
Coefficients ^a							
Model			Unstandardized Coefficients		Standardized Coefficients	t	Sig.
			B	Std. Error	Beta		
1	(Constant)		1.104	.134		8.222	.000
	Investor's regular income and earning capacity		.228	.052	.226	4.377	.000
	Return expected from mutual fund investment		.035	.052	.037	.678	.498
	Prevailing interest rates influencing investment choices		1.063	.071	1.022	15.022	.000
	Effect of changes in prices and purchasing power		-.514	.127	-.527	-4.052	.000
	Tax advantages associated with eligible mutual fund investments		.236	.113	.213	2.080	.038
	Amount of income available for investment after expenditure		-.701	.084	-.719	-8.300	.000
	Stability and security of the investor's employment/income		-.011	.100	-.010	-.112	.911
	Investor's ability to invest regularly or make lump-sum investments		-.049	.062	-.050	-.791	.429
	Ease and speed of converting mutual fund investment into cash		.458	.083	.471	5.505	.000
	Influence of prevailing stock and financial market conditions		.114	.059	.117	1.919	.056
	Impact of expense ratios, entry/exit-related costs and other charges		-.046	.049	-.053	-.938	.349
	Influence of broader economic growth and economic conditions on investment decisions		-.147	.051	-.157	-2.915	.004
a. Dependent Variable: Investors' decisions to invest in mutual funds							

The multiple regression analysis was conducted to examine the influence of economic factors on investors' decisions to invest in mutual funds in Bangalore District. The Model Summary shows an R value of 0.854, indicating a strong positive relationship between the economic factors and investors' investment decisions. The R Square value of 0.730 indicates that 73.0% of the variation in investors' decisions to invest in mutual funds is explained by the twelve economic factors included in the regression model. The Adjusted R Square of 0.721 confirms that the model retains substantial explanatory power even after adjusting for the number of independent variables. The standard error of the estimate is 0.62101, indicating the average prediction error of the model. The ANOVA results indicate that the overall regression model is statistically significant. The calculated F-value is 87.123, with a significance value of 0.000 ($p < 0.001$). Since the significance value is less than the 0.05 level, the null hypothesis (H_0) stating that there is no significant influence of economic factors on investors' decisions to invest in mutual funds is rejected. Therefore, the alternative hypothesis (H_2) is supported, indicating that economic factors collectively have a statistically significant influence on investors' decisions to invest in mutual funds in Bangalore District. The coefficient results show that several individual economic factors have statistically significant influences. Prevailing interest

rates influencing investment choices has the strongest positive influence ($\beta = 1.022$, $p < 0.001$), indicating a substantial relationship with investors' decisions. Ease and speed of converting mutual fund investment into cash also has a significant positive influence ($\beta = 0.471$, $p < 0.001$). Similarly, investor's regular income and earning capacity ($\beta = 0.226$, $p < 0.001$) and tax advantages associated with eligible mutual fund investments ($\beta = 0.213$, $p = 0.038$) have significant positive influences. These findings suggest that income capacity, interest-rate conditions, tax-related benefits and liquidity considerations are associated with investors' mutual fund investment decisions. On the other hand, some economic factors show statistically significant negative relationships. Amount of income available for investment after expenditure has a significant negative coefficient ($\beta = -0.719$, $p < 0.001$), while effect of changes in prices and purchasing power also has a significant negative influence ($\beta = -0.527$, $p < 0.001$). Further, influence of broader economic growth and economic conditions on investment decisions has a statistically significant negative relationship ($\beta = -0.157$, $p = 0.004$). The negative coefficients indicate that, based on the coding of the respective variables and after controlling for the other factors, higher scores on these variables are associated with lower predicted values of investors' decisions. However, return expected from mutual fund investment ($\beta = 0.037$, $p = 0.498$), stability and security of employment/income ($\beta = -0.010$, $p = 0.911$), ability to invest regularly or make lump-sum investments ($\beta = -0.050$, $p = 0.429$), and impact of expense ratios, entry/exit-related costs and other charges ($\beta = -0.053$, $p = 0.349$) do not have statistically significant individual effects at the 5% significance level. The influence of prevailing stock and financial market conditions is also not statistically significant at the 5% level ($\beta = 0.117$, $p = 0.056$), although its significance value is relatively close to the conventional 0.05 threshold.

RESEARCH FINDINGS:

1. Behavioural factors significantly influence mutual fund investment decisions. The behavioural-factor regression model is statistically significant ($F = 981.892$, $p < 0.001$) and explains 96.8% of the variation in investors' decisions, indicating a substantial relationship between behavioural characteristics and investment decisions.
2. Economic factors also significantly influence investors' mutual fund investment decisions. The economic-factor regression model is statistically significant ($F = 87.123$, $p < 0.001$) and explains 73.0% of the variation in investment decisions. Thus, economic considerations constitute an important component of mutual fund investment behaviour.
3. Risk perception is an important behavioural consideration. Investors' perception of the risk associated with mutual funds has a statistically significant positive relationship with their investment decisions ($\beta = 0.554$, $p < 0.001$).
4. Previous investment experience plays a significant role in investment decisions. Investors' past investment experiences are significantly associated with their current mutual fund investment decisions ($\beta = 0.292$, $p < 0.001$).
5. Financial planning attitude influences investment decisions. Investors' attitudes towards saving, investment and financial planning show a significant positive relationship with their mutual fund investment decisions ($\beta = 0.317$, $p < 0.001$).
6. Social influence is relevant to mutual fund investment behaviour. The tendency of investors to follow the investment decisions of others has a statistically significant positive relationship with investment decisions ($\beta = 0.207$, $p < 0.001$).
7. Awareness of mutual fund products is significant. Awareness of mutual fund schemes, benefits, risks and procedures significantly influences investment decisions ($\beta = 0.167$, $p < 0.001$).
8. Loss-avoidance and risk acceptance are significant behavioural factors. Willingness to accept investment risk and preference for avoiding losses both show statistically significant negative relationships with investment decisions ($\beta = -0.222$ and -0.266 , respectively; $p < 0.001$). The interpretation of these negative relationships depends on how the respective variables were coded.
9. Certain behavioural variables do not have significant individual effects. Knowledge and understanding of financial concepts, excessive confidence, confidence in mutual funds and institutions, and personal motives do not show statistically significant individual relationships at the 5% level.
10. Interest rates are an important economic consideration. Prevailing interest rates have a statistically significant relationship with mutual fund investment decisions ($\beta = 1.022$, $p < 0.001$).
11. Liquidity is an important economic factor. The ease and speed of converting mutual fund investments into cash has a significant positive relationship with investment decisions ($\beta = 0.471$, $p < 0.001$).
12. Income and tax considerations influence investment decisions. Regular income and earning capacity ($\beta = 0.226$, $p < 0.001$) and tax advantages associated with eligible mutual fund investments ($\beta = 0.213$, $p = 0.038$) have statistically significant positive relationships with investment decisions.
13. Purchasing power and disposable income are significant economic considerations. Changes in prices and purchasing power and the amount of income available after expenditure show statistically significant negative relationships with investment decisions.
14. Broader economic conditions have a significant relationship with investment decisions. The influence of broader economic growth and economic conditions is statistically significant ($\beta = -0.157$, $p = 0.004$), although the direction should be interpreted according to the coding of the variable.
15. Not all economic variables have significant individual effects. Expected return, employment/income stability, ability to make regular or lump-sum investments, and expense-related charges are not statistically significant at the 5% level. Prevailing stock and financial market conditions are also marginally above the 5% significance threshold ($p = 0.056$).

SUGGESTIONS

1. Strengthen investor awareness programmes: Mutual fund institutions, financial advisors and investor-education organisations should conduct regular awareness programmes covering mutual fund schemes, benefits, risks, procedures, SIPs and redemption processes, as awareness has a significant relationship with investment decisions.

2. Improve risk-awareness and risk assessment: Investors should be provided with clear and simple information about different types of mutual fund risks so that they can evaluate investment alternatives according to their individual risk tolerance and financial circumstances. Risk perception shows a significant relationship with investment decisions.
3. Promote financial planning: Investors should be encouraged to develop systematic saving and investment plans based on their income, expenditure, financial objectives and investment horizon. The significant relationship between financial-planning attitude and investment decisions supports greater emphasis on planned investing.
4. Provide investor education on behavioural biases: Financial education programmes should explain behavioural tendencies such as loss aversion, excessive confidence and herding. This may help investors recognise how psychological considerations can affect their investment decisions.
5. Encourage informed decision-making rather than excessive social influence: Since following the investment decisions of others has a significant relationship with investment decisions, investors should be encouraged to evaluate schemes based on their own financial objectives, risk tolerance, investment horizon and available information rather than relying solely on friends, relatives or other investors.
6. Consider investors' previous investment experience: Mutual fund institutions and advisors should provide appropriate guidance to new and less-experienced investors. Previous investment experience has a significant relationship with current investment decisions, indicating the relevance of experience in investor behaviour.
7. Provide greater clarity about interest-rate conditions: Investors should be regularly informed about how changing interest-rate conditions may affect different investment avenues. The study identifies prevailing interest rates as a significant economic factor associated with mutual fund investment decisions.
8. Emphasise liquidity and redemption information: Mutual fund providers should clearly communicate applicable redemption procedures, timelines and conditions so that investors understand the liquidity characteristics of their investments. Ease and speed of converting investments into cash has a significant relationship with investment decisions.
9. Increase transparency regarding tax benefits and costs: Investors should be provided with clear information regarding applicable tax benefits, expense ratios, entry or exit-related charges and other investment costs so that they can make informed comparisons between available investment alternatives.
10. Adopt a comprehensive investor-support approach: Mutual fund institutions and financial advisors should consider both behavioural and economic characteristics when designing investor-education and advisory initiatives. The overall regression models show that behavioural factors explain 96.8% and economic factors explain 73.0% of the variation in investors' decisions, demonstrating the importance of considering both dimensions together.

LIMITATIONS OF THE STUDY

1. Geographical limitation: The study is confined to investors in Bangalore District, and therefore the findings may not be directly generalisable to investors in other districts, states or regions of India.
2. Sample limitation: The study is based on 400 respondents selected for the research. Although the sample provides useful empirical evidence, a larger sample could provide broader representation of the investor population.
3. Primary-data limitation: The study relies mainly on responses obtained through a structured questionnaire. Therefore, the findings may be influenced by respondents' understanding, perceptions, honesty and willingness to provide accurate information.
4. Variable limitation: The study concentrates on 12 behavioural and 12 economic factors. Other factors such as technological adoption, financial advice, digital-platform experience, demographic characteristics, fund-performance evaluation and regulatory awareness may also influence mutual fund investment decisions but are not comprehensively examined.
5. Cross-sectional limitation: The study represents investor perceptions and decisions during the period of data collection. Changes in market conditions, interest rates, inflation, economic circumstances and investor sentiment may influence investment behaviour over time.
6. Statistical-model limitation: Multiple regression identifies statistical relationships between the selected independent variables and investment decisions, but the results should not automatically be interpreted as establishing causal relationships. In addition, some individual variables were statistically insignificant even though the overall behavioural and economic models were significant.

DIRECTIONS FOR FUTURE RESEARCH

Future research may extend the present study by covering investors from different districts and states of India to facilitate broader geographical comparisons. Comparative studies between metropolitan, semi-urban and rural investors could provide deeper understanding of differences in mutual fund investment behaviour. Future researchers may incorporate additional variables such as digital financial literacy, fintech adoption, social-media influence, financial advice, trust, fund performance, regulatory awareness and investor satisfaction. Longitudinal studies may examine how behavioural and economic factors change across different market cycles, interest-rate environments and economic conditions. Researchers may also compare first-time investors with experienced investors and analyse differences across age, gender, occupation and income groups. Advanced techniques such as structural equation modelling, mediation and moderation analysis, machine learning and panel-data methods could provide further insights into the complex determinants of mutual fund investment decisions.

CONCLUSION

The present study examined the influence of behavioural and economic factors on investors' decisions to invest in mutual funds in Bangalore District. The study was based on 400 respondents and considered twelve behavioural and twelve economic factors. The regression results demonstrate that both dimensions have statistically significant overall relationships with mutual fund investment decisions. The behavioural-factor model explains 96.8% of the variation in investors' decisions and is statistically significant, while the economic-factor model explains 73.0% of the variation and is also statistically significant. The findings indicate that investors' decisions are influenced by several behavioural considerations, particularly risk perception, previous investment experience, financial-planning attitude, social influence and awareness of mutual fund schemes. At the same time, economic considerations such as prevailing interest rates, liquidity, regular income and earning capacity, tax advantages, purchasing power and broader economic conditions are associated with investment decisions. Overall, the study demonstrates that mutual fund investment decisions cannot be understood exclusively through financial-return considerations. Investors' psychological characteristics, experiences, financial attitudes and perceptions interact with economic circumstances to shape investment behaviour. The study therefore provides useful empirical evidence for understanding mutual fund investment behaviour and offers a foundation for further research on investor education, financial literacy and investment decision-making in India.

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