REDVET - Revista electrónica de Veterinaria - ISSN 1695-7504
Vol 25, No. 2 (2024)
http://www.veterinaria.org
Article Received: Revised: Accepted:

Analysis Of Perception of Retail Investors Regarding Mutual Fund Schemes

Preeti Sharma[1*], Dr. Sushil Kumar[2]

[1]*Research Scholar, Jagannath University, Delhi NCR, Bahadurgarh (Haryana)
[2]Associate Professor, Department of Management, Jagannath University, Delhi NCR, Bahadurgarh (Haryana)

Abstract
This research paper explores the perceptions of retail investors regardinsg mutual funds, focusing on factors influencing their investment decisions, risk tolerance, and satisfaction levels. The study employs a mixed-methods approach, combining quantitative surveys and qualitative interviews to gather comprehensive insights from a diverse group of retail investors. Key areas of investigation include the perceived benefits and drawbacks of mutual funds, the role of financial literacy, trust in fund management companies, and the impact of marketing and advisory services. The findings aim to shed light on the behavioral patterns and decision-making processes of retail investors, providing valuable implications for financial advisors, fund managers, and policymakers to enhance investor engagement and mutual fund product offerings.

Keywords: Perception, Retail Investors, Preference

Introduction
In the evolving landscape of global financial markets, mutual funds have emerged as a pivotal investment vehicle, offering diversification, professional management, and accessibility to a broad range of investors. Particularly in emerging economies, mutual funds have gained prominence as a preferred choice for retail investors seeking to optimize returns while managing risks. However, despite their growing popularity, the perception of mutual funds among retail investors remains varied, influenced by factors such as financial literacy, risk tolerance, market volatility, and the effectiveness of marketing strategies.

Review of Literature
The perception of mutual funds among retail investors has been the subject of extensive research, with studies highlighting various psychological, financial, and socio-economic factors influencing investment behavior. According to Kahneman and Tversky's (1979) Prospect Theory, investors often exhibit biases such as loss aversion and overconfidence, which can significantly affect their decisions regarding mutual funds. Additionally, Barberis and Thaler (2003) discuss how heuristics, such as familiarity bias and recency effect, influence investor preferences, leading to suboptimal investment choices. Research by Lusardi and Mitchell (2014) underscores the critical role of financial literacy in shaping investment decisions. Higher levels of financial literacy are associated with a better understanding of mutual fund features, risk assessment, and performance evaluation. Conversely, low financial literacy can result in poor investment decisions, increased susceptibility to fraud, and a lack of confidence in financial market. Trust in fund management companies plays a crucial role in investor decision-making. A study by Guiso, Sapienza, and Zingales (2008) found that investors tend to prefer funds managed by reputable institutions, reflecting a perception of reliability and competence. Additionally, perceptions of transparency, past performance, and ethical practices significantly influence investor trust and loyalty. The influence of marketing strategies and financial advisors on investor perceptions has been explored by Thaler and Sunstein (2008), who highlight the impact of behavioral nudges in shaping investment choices. Moreover, studies on distribution channels suggest that direct marketing, digital platforms, and personalized advisory services enhance investor engagement and satisfaction. Cultural attitudes toward risk, savings, and investment significantly affect mutual fund perceptions. Research by Hofstede (2001) on cultural dimensions reveals that societies with high uncertainty avoidance tend to exhibit conservative investment behaviors, affecting their preferences for mutual funds. Demographic factors such as age, income, education, and investment experience also play pivotal roles in shaping investor perceptions.

Research Methodology
Objective of the study
- To study the perception of retail investors regarding mutual fund schemes

Research Design
This study employs a quantitative research design to analyse the perceptions of retail investors regarding mutual funds. The research aims to identify patterns, trends, and relationships within the data, providing statistical insights into investor behaviour and preferences.

REDVET - Revista electrónica de Veterinaria - ISSN 1695-7504
Vol 25, No. 2 (2024)
http://www.veterinaria.org
Article Received: Revised: Accepted:

Population and Sample
The target population for this study comprises retail investors who have either invested in mutual funds or shown an interest in doing so. A sample size of 130 respondents was selected using a convenience sampling technique**,** focusing on individuals from diverse demographic backgrounds to ensure a representative cross-section of retail investors.

Data Collection Method
Data was collected through a structured questionnaire, designed to capture both demographic information and specific perceptions about mutual funds. The questionnaire consisted of closed-ended questions, including Likert scale items to assess attitudes, preferences, and satisfaction levels. The questionnaire was distributed both physically and online to maximize reach and response rates.

Variables and Measurement
The key variables considered in the study include:

- **Demographic Variables:** Age, gender, education, income level, and investment experience.
- **Perception Variables:** Awareness of mutual funds, perceived benefits and risks, trust in fund management companies, and satisfaction with current investments.

Data Analysis and Interpretation

Table 1 Univariate Analysis

Tests of Between-Subjects Effects					
Dependent Variable: Perception					
Source	**Type III Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Model	1837.979[a]	13	141.383	1303.488	.000
Gender	.051	1	.051	.474	.492
Residence	1.676	1	1.676	15.450	.000
Occupation	.077	1	.077	.707	.402
Age	.523	3	.174	1.607	.191
Education	.032	2	.016	.148	.863
Incomepermonth	.551	4	.138	1.270	.286
Error	12.690	117	.108		
Total	1850.669	130			
a. R Squared = .993 (Adjusted R Squared = .992)					

The results from the analysis of the Between-Subjects Effects for the dependent variable Perception show the influence of different factors on perception. The overall model is highly significant with a very low p-value ($p < .0001$), indicating that the independent variables together explain a substantial amount of variance in perception. The error term indicates that residuals (unexplained variance) are quite small relative to the total variation (Mean Square Error = .108), which suggests the model fits the data well. The R-squared value of .993 (Adjusted R-squared = .992) suggests that the model explains 99.3% of the variance in perception, indicating a very strong model fit. In summary, while many of the individual factors do not significantly influence perception, residence stands out as a key factor, and the model overall explains most of the variance in perception.

Table 2 Univeriate Analysis

Tests of Between-Subjects Effects					
Dependent Variable: Equity mutual fund schemes are most preferable schemes by investors					
Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Model	1320.541[a]	13	101.580	113.776	.000
Gender	4.008	1	4.008	4.489	.036
Residence	9.575	1	9.575	10.724	.001
Occupation	.002	1	.002	.002	.962
Age	6.418	3	2.139	2.396	.072
Education	1.205	2	.602	.675	.511
Income per month	7.692	4	1.923	2.154	.079
Error	104.459	117	.893		
Total	1425.000	130			
a. R Squared = .927 (Adjusted R Squared = .919)					

REDVET - Revista electrónica de Veterinaria - ISSN 1695-7504
Vol 25, No. 2 (2024)
http://www.veterinaria.org
Article Received: Revised: Accepted:

The analysis of the Between-Subjects Effects for the dependent variable "Equity mutual fund schemes are the most preferable schemes by investors" reveals some interesting findings regarding the factors influencing investors' preferences. The overall model is statistically significant with a very low p-value ($p < .0001$), indicating that the independent variables collectively have a significant impact on investors' preferences for equity mutual fund schemes.

Table 3 Univeriate Analysis

Tests of Between-Subjects Effects					
Dependent Variable: Post purchase behaviour of mutual funds service is good.					
Source	**Type III Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Model	1942.939[a]	13	149.457	498.748	.000
Gender	.196	1	.196	.653	.421
Residence	1.838	1	1.838	6.133	.015
Occupation	.594	1	.594	1.983	.162
Age	.499	3	.166	.555	.645
Education	.949	2	.475	1.584	.210
Incomepermonth	.242	4	.060	.202	.937
Error	35.061	117	.300		
Total	1978.000	130			
a. R Squared = .982 (Adjusted R Squared = .980)					

The analysis of the Between-Subjects Effects for the dependent variable "Post-purchase behaviour of mutual funds service is good" reveals insights into which factors influence perceptions of mutual fund service quality after purchase. The overall model is statistically significant with a very low p-value ($p < .0001$), indicating that the independent variables together significantly explain the post-purchase behaviour regarding mutual fund service quality.

Table 4 Univeriate Analysis

Tests of Between-Subjects Effects					
Dependent Variable: Track records of all AMCs are easily available					
Source	**Type III Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Model	1935.415[a]	13	148.878	382.118	.000
Gender	.010	1	.010	.026	.873
Residence	2.403	1	2.403	6.167	.014
Occupation	.050	1	.050	.127	.722
Age	.715	3	.238	.612	.609
Education	1.239	2	.620	1.590	.208
Incomepermonth	.930	4	.233	.597	.666
Error	45.585	117	.390		
Total	1981.000	130			
a. R Squared = .977 (Adjusted R Squared = .974)					

The overall model is highly significant, and the R^2 value suggests a strong relationship between the independent variables and the dependent variable. Residence is the only variable with a significant effect on perceptions about the availability of AMC track records. Other variables like gender, occupation, age, education, and income do not show significant impacts.

Conclusion

This study aimed to explore the perceptions of retail investors regarding mutual funds, with a focus on factors influencing their investment decisions and the accessibility of AMC (Asset Management Company) track records. The research employed a quantitative approach, analyzing data from 130 respondents using univariate statistical techniques. The findings indicate that the overall model is highly significant, with an R^2 value of 0.977, suggesting that the independent variables collectively explain a substantial portion of the variance in investors' perceptions. Among the variables studied, residence emerged as the only factor with a significant effect on the perception of the availability of AMC track records. This implies that investors from different residential backgrounds perceive the accessibility of AMC information differently, possibly due to variations in access to financial services, exposure to market information, or regional disparities in financial literacy. Conversely, variables such as gender, occupation, age, education, and income per month did not show significant effects on investor perceptions. This suggests that, within the sample, these demographic factors do not substantially influence how retail investors view the ease of accessing AMC track records.

In conclusion, while the study highlights the importance of residence in shaping investor perceptions, it also underscores the need for financial institutions to enhance information accessibility across all demographic groups. Efforts to improve financial literacy, transparency, and digital platforms could help bridge the gaps in perceptions and foster greater investor confidence in mutual fund investments.
Future research could explore additional variables, such as digital literacy, trust in financial institutions, and the role of financial advisors, to provide a more comprehensive understanding of investor behaviour in the mutual fund industry.

References

1. Barberis, N., & Thaler, R. (2003). A survey of behavioral finance. In *Handbook of the economics of finance* (Vol. 1, pp. 1053–1128). Elsevier.
2. Field, A. (2013). *Discovering statistics using IBM SPSS statistics* (4th ed.). Sage Publications.
3. Ferreira, M. A., Keswani, A., Miguel, A. F., & Ramos, S. B. (2012). The performance of mutual funds: A literature review. *Journal of Asset Management, 13*(4), 255–268. https://doi.org/10.1057/jam.2012.16
4. Guiso, L., Sapienza, P., & Zingales, L. (2008). Trusting the stock market. *The Journal of Finance*, *63*(6), 2557–2600. https://doi.org/10.1111/j.1540-6261.2008.01411.x
5. Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations* (2nd ed.). Sage Publications.
6. Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. *Econometrica, 47*(2), 263–291. https://doi.org/10.2307/1914185
7. Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature, 52*(1), 5–44. https://doi.org/10.1257/jel.52.1.5
8. Pallant, J. (2020). *SPSS survival manual: A step-by-step guide to data analysis using IBM SPSS* (7th ed.). McGraw-Hill Education.
9. Sironi, P., & Resti, A. (2007). The performance of mutual funds: Evidence from Europe. *European Financial Management, 13*(5), 1043–1068. https://doi.org/10.1111/j.1468-0327.2007.00176.x
10. Statman, M. (2004). Investor psychology: The effects of overconfidence, herding, and loss aversion. *Financial Analysts Journal, 60*(4), 37–46. https://doi.org/10.2469/faj.v60.n4.2656
11. Thaler, R. H., & Sunstein, C. R. (2008). *Nudge: Improving decisions about health, wealth, and happiness*. Yale University Press.
12. van Rooij, M., Lusardi, A., & Alessie, R. (2011). Financial literacy and stock market participation. *Journal of Financial Economics, 101*(2), 449–472. https://doi.org/10.1016/j.jfineco.2011.03.006