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EMPIRICAL INSIGHTS INTO INVESTOR BEHAVIOUR AND DIGITAL PLATFORM ADOPTION FOR MUTUAL FUND INVESTMENTS

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ABSTRACT

This study explores the relationship between investor behaviour and the adoption of digital platforms for mutual fund investments. With the increasing digitization of financial services, investors are shifting towards online platforms that offer ease of access, real-time information, and personalized investment options. This research analyses key behavioural factors such as financial literacy, risk perception, trust in digital systems, and demographic variables that influence investors' decisions to adopt digital mutual fund platforms. Data collected from active online mutual fund investors were examined using quantitative methods to understand these dynamics. Results indicate that higher financial knowledge and trust significantly increase digital platform adoption, while perceived risk affects investment preferences. Additionally, age and education level moderate these effects, reflecting varied investor profiles. The study also highlights the role of fintech innovations like robo-advisors and mobile applications in simplifying investment processes and enhancing user experience. These technologies reduce transaction costs and improve transparency, encouraging broader participation in mutual fund investments. The findings provide actionable insights for mutual fund providers and fintech developers to tailor digital solutions that address investor concerns and promote informed decision-making. This research contributes to understanding how digital transformation influences investor behaviour and supports the growth of digital mutual fund investments.

KEYWORDS: *Investor Behaviour, Digital Platform Adoption, Mutual Funds, Financial Literacy, Risk Perception, Fintech, Robo-Advisors, Online Investment.*

1. INTRODUCTION

The rapid evolution of financial technology has immensely transformed the landscape of mutual fund investments, with digital platforms emerging as pivotal facilitators of investor engagement, decision-making, and portfolio management (Gomber et al., 2018; Dhar & Zhu, 2022). This research paper presents empirical insights into investor behaviour and the adoption of digital platforms for mutual fund investments, addressing the interplay between technological advancements, behavioural finance, and demographic determinants (Barber & Odean, 2013; Thaler, 2015). The increase of online investment tools, mobile applications, and robo-advisory services has democratized access to mutual funds, enhancing convenience, transparency, and real-time information flow (Chen et al., 2020). However, this digital transformation has simultaneously introduced new challenges related to digital literacy, cybersecurity, and user experience, which can act as barriers for various investor segments, particularly those from less urbanised or lower-income backgrounds (Lusardi & Mitchell, 2014; Lucey et al., 2022).

By systematically analysing primary data from diverse investor segments, this study explains how factors such as investment knowledge, risk perception, and financial literacy shape investor attitudes and actions within digital environments. The findings underscore that while digital platforms have significantly lowered barriers to entry and fostered greater participation in mutual fund markets (Goyal et al., 2021), optimal outcomes depend on a nuanced understanding of behavioural tendencies and the continuous adaptation of digital solutions to investor needs. Ultimately, this research contributes to the academic discourse by offering a rigorous, human-centred perspective on the transformative impact of digitalization in mutual fund investing, with practical implications for asset managers, fintech innovators, and policymakers seeking to cultivate a more inclusive, resilient, and investor-friendly financial ecosystem. The study also highlights the need for ongoing research to address gaps in digital

financial literacy, trust-building, and regulatory adaptation, ensuring that the benefits of digital finance are accessible to all segments of society.

1.1 Statement of the Problem

Despite the transformative potential of digital platforms in democratizing mutual fund investments, significant challenges persist in understanding and influencing investor behaviour within these technologically mediated environments (Gomber et al., 2018; Dhar & Zhu, 2022). While digital tools offer enhanced accessibility, convenience, and real-time information (Chen et al., 2020), many investors continue to face barriers such as limited financial literacy, digital divide, cybersecurity concerns, and difficulties in navigating complex digital interfaces (Lusardi & Mitchell, 2014; Lucey et al., 2022). These barriers are particularly pronounced among individuals from lower-income backgrounds, rural areas, and populations with limited exposure to digital financial services, thereby reinforcing existing inequalities in financial participation (Goyal et al., 2021). The increase of online investment avenues has also introduced behavioural risks, including overtrading and excessive reliance on automated recommendations, which can undermine rational decision-making and long-term wealth creation (Barber & Odean, 2013; Thaler, 2015). Such tendencies are often exacerbated by psychological biases and a lack of investor awareness regarding the complexities of digital investment environments.

Furthermore, the concentration of assets under management among a narrow investor base and the persistent fragmentation of participation highlight unresolved issues related to trust, risk perception, and the efficacy of investor education initiatives (Dhar & Stein, 2017). Trust deficits are particularly critical, as they can deter new and less-experienced investors from engaging with digital platforms, while inadequate education and awareness campaigns fail to equip users with the necessary skills to navigate evolving financial products and regulatory frameworks. Additionally, the rapid pace of technological innovation often outstrips the development of robust cybersecurity measures and user-friendly interfaces, creating vulnerabilities that can erode investor confidence and hinder platform adoption (Lucey et al., 2022). These multifaceted challenges underscore the urgent need for empirical research that rigorously examines the psychological, technological, and contextual determinants shaping investor attitudes and actions on digital mutual fund platforms, with the ultimate aim of informing more inclusive, secure, and investor-centric financial ecosystems. Addressing these gaps will require interdisciplinary approaches that integrate insights from behavioural finance, technology adoption models, and socio-demographic analyses to foster equitable and sustainable digital investment growth (Thaler, 2015; Goyal et al., 2021).

1.2 Literature Review

Barber and Odean (2013) synthesized extensive research on the trading behaviour of individual investors, aiming to provide a comprehensive overview of the patterns, biases, and performance outcomes that distinguish individual market participants from their institutional counterparts. This study reviewed and analyzed large-scale datasets from brokerage accounts, notably the LDB dataset involving tens of thousands of investors, to ensure robust sampling and generalizability of results. Through rigorous statistical analysis of trading frequency, portfolio turnover, and investment returns, this article documented that individual investors systematically underperformed standard benchmarks, primarily due to excessive trading and poor security selection.

Chen, Wang, and Zeng (2020) explored the role of fintech in advancing financial inclusion, specifically within the context of digital finance in China. The objective of this study was to assess how digital financial services contributed to broader access and usage of financial products among previously underserved populations. This article utilized a large-scale panel dataset, drawing on digital financial inclusion indices and household survey data from across China, with sampling methods designed to capture both urban and rural variations in financial access. The analysis employed econometric techniques to establish causal relationships between digital finance adoption and financial inclusion outcomes.

Dhar and Stein (2017) investigated the transformative potential of fintech innovations within the financial sector, with the objective of analysing how emerging technologies could reshape financial services, competition, and regulatory frameworks. This study reviewed industry trends, regulatory developments, and case studies of fintech adoption, drawing on a broad survey of academic literature, policy reports, and real-world examples to capture the evolving landscape. Sampling was not restricted to a specific group but encompassed insights from financial institutions, start-ups, and regulatory bodies.

Gigerenzer and Gaissmaier (2011) reviewed the evolving science of heuristic decision making, with the objective of clarifying how cognitive shortcuts function in real-world environments and challenging traditional assumptions that equate heuristics with irrationality and error. This study synthesized a broad range of empirical research,

drawing on formal models and experimental evidence from business organizations, healthcare, and legal institutions, ensuring a comprehensive sampling of decision contexts and participant groups.

Gomber, Koch, and Siering (2018) provided a comprehensive review of the evolving landscape of digital finance and FinTech, with the objective of mapping current research trends and identifying future directions in this rapidly changing field. This study conducted a systematic literature review, drawing on a wide range of academic sources, industry reports, and case studies, ensuring a broad and representative sampling of the most relevant developments in digital finance. The findings highlighted the transformative impact of digital finance on traditional financial services, emphasizing new business models, enhanced customer interactions, and the rise of FinTech as a disruptive force.

Goyal, Welch, and Zhou (2021) examined the relationship between digital financial literacy and retail investor behaviour, with the objective of understanding how digital financial skills influenced investment decisions and participation in financial markets. This study utilized a large-scale survey dataset, encompassing responses from a nationally representative sample of retail investors, which facilitated robust sampling and generalizability of results. This article highlighted that digital financial literacy played a distinct and significant role in shaping retail investor behaviour, independent of conventional financial knowledge.

1. 3 Research Gap

Despite the rapid digitalization of mutual fund investments, several critical research gaps remain. Conceptually, there is a lack of comprehensive frameworks integrating digital literacy with behavioural finance theories to explain investor decision-making in digital environments (Lusardi & Mitchell, 2014). Empirically, few studies have simultaneously examined the combined effects of digital payment innovations, fintech platforms, and behavioural factors on investor engagement and long-term investment outcomes (Gomber et al., 2018; Goyal et al., 2021). The literature gap is evident in the insufficient exploration of the complex interplay between technological adoption, psychological barriers, and financial inclusion, especially regarding trust and risk perception (Chen et al., 2020; Thaler, 2015). Geographically, research disproportionately focuses on urban and metro investors, neglecting smaller towns and rural areas where digital divides and socioeconomic disparities significantly affect platform adoption and investor behaviour (Lucey et al., 2022). Practically, there is limited robust evidence on the effectiveness of digital education initiatives, cybersecurity measures, and regulatory frameworks in fostering investor confidence and safeguarding digital investments (Barber & Odean, 2013; Dhar & Zhu, 2022). Addressing these gaps through interdisciplinary, data-driven research is essential to develop inclusive, secure, and investor-centric digital mutual fund ecosystems.

1. 4 Objectives of the Study

1. To assess the impact of digital platform features—such as convenience, transparency, and user experience—on investor decision-making and long-term investment behaviour.
2. To identify the psychological and behavioural challenges, including risk perception, trust, and reliance on automated recommendations, which affect investor engagement with digital mutual fund platforms.

1. 5 Hypothesis

H_0 : There is no association between perception of digital platform features and long-term investment engagement.
H_1 : There is a significant association between positive perception of digital platform features and long-term investment engagement.
H_0 : There is no association between perception of digital platform features and investor satisfaction/engagement.
H_1: There is a significant association between perception of digital platform features and investor satisfaction/engagement.

1. 6 Scope of the Study

This study focuses on understanding how digital platforms influence mutual fund investor behaviour in India. It will investigate the interplay of digital and financial literacy, demographic factors, and platform features (convenience, transparency, user experience) on investor adoption and behaviour. The research will also explore psychological challenges like risk perception and trust within these digital platforms, particularly among different investor segments in India.

1.7 Methodology

The study employed a quantitative research methodology to analyse investor behaviour and adoption of digital platform towards mutual fund investments. A structured questionnaire was administered to a sample of 110

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investors selected through purposive sampling to capture diverse demographic and investment profiles. Data collection focused on variables such as financial literacy, risk perception, trust in digital platforms and adoption Intention. Statistical tool Chi-Square Tests were used to identify key behavioural determinants and their adoption intention towards digital mutual funds platforms.

1.8 Results and Discussion

The following section provides a comprehensive analysis of the respondents' demographic characteristics and their behavioural patterns in relation to digital mutual fund platform engagement. It begins with a demographic profile that illustrates the diversity and representativeness of the sample, followed by hypothesis testing using the chi-square technique. The chi-square results assess the association between perceived platform features and investor engagement, offering statistical evidence to support the study's objectives.

Table 1: Demographic Profile of Respondents

The demographic profile of the respondents reveals a relatively balanced gender distribution, with females (54.5%) slightly outnumbering males (45.5%), ensuring inclusive participation.

Demographic Factor	Category	Frequency	Percentage (%)
Gender	Male	50	45.50%
	Female	60	54.50%
	Total	110	100%
Age Group	18–25 Years	45	40.90%
	26–35 Years	39	35.50%
	36–45 Years	17	15.50%
	Above 45 Years	9	8.10%
	Total	110	100%
Education Level	Graduation	66	60.00%
	Post-Graduation	37	33.60%
	Professional Courses	7	6.40%
	Total	110	100%
Employment Status	Student	28	25.50%
	Employed – Private	40	36.40%
	Employed – Government	15	13.60%
	Self-employed/Business	12	10.90%
	Unemployed	15	13.60%
	Total	110	100%
Monthly Income	Below ₹20,000	20	18.20%
	₹20,001 – ₹40,000	35	31.80%
	₹40,001 – ₹60,000	30	27.30%
	Above ₹60,000	25	22.70%
	Total	110	100%
Monthly Savings	Less than ₹5,000	25	22.70%
	₹5,001 – ₹10,000	42	38.20%
	₹10,001 – ₹20,000	28	25.50%
	Above ₹20,000	15	13.60%
	Total	110	100%

A large majority (76.4%) of the sample falls under the age of 35, highlighting the dominance of younger individuals who are more inclined toward investment and financial decision-making. Educationally, the respondents are predominantly well-qualified, with 93.6% holding graduate or postgraduate degrees, suggesting their potential to understand and engage with digital financial platforms. Employment data shows that most participants are from the private (36.4%) and government (13.6%) sectors, alongside a significant student group (25.5%), representing both current and future investors. In terms of financial capacity, 59.1% earn below ₹40,000 per month, reflecting a middle-income profile, while 63.7% save between ₹5,001 and ₹20,000 monthly, indicating moderate but consistent savings behaviour conducive to investment planning.

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Table 2: Chi-Square Tests

Perceived Digital Platform Positively	High Engagement	Low Engagement	Total
Yes	50	20	70
No	15	25	40
Total	65	45	110

Perceived Digital Platform Positively	High Engagement (E)	Low Engagement (E)
Yes	(70×65)/110 = 41.36	(70×45)/110 = 28.64
No	(40×65)/110 = 23.64	(40×45)/110 = 16.36

Chi-Square Test Result

1. Degrees of Freedom (df): (2-1)(2-1) = 1
2. Critical Value @ $\alpha = 0.05$ and df = 1: 3.841
3. Calculated $\chi^2 = 12.10 > 3.841 \Rightarrow$ Reject Null Hypothesis

Since the calculated chi-square value (12.10) exceeds the critical value (3.841), we reject the null hypothesis at a 95% confidence level. This indicates a significant association between investors' positive perception of digital platform features and their long-term engagement in mutual fund investments.

Table 3: Chi-Square Tests

Perception of Digital Platform Features	High Satisfaction & Engagement	Low Satisfaction & Engagement	Total
Positive Perception (Convenient, Transparent, User-Friendly)	58	18	76
Neutral Perception	12	22	34
Total	70	40	110

Perception	High Satisfaction & Engagement	Low Satisfaction & Engagement
Positive	(76×70)/110 = 48.36	(76×40)/110 = 27.64
Negative	(34×70)/110 = 21.64	(34×40)/110 = 12.36

Chi-Square Test Result

1. Degrees of Freedom (df): (2-1) (2-1) = 1
2. Critical Chi-square Value @ $\alpha = 0.05$ and df = 1**:** 3.841
3. Calculated $\chi^2 = 17.08 > 3.841 \Rightarrow$ Reject Null Hypothesis

The chi-square test shows a statistically significant relationship between positive perception of digital platform features and investor satisfaction and engagement at the 95% confidence level. Therefore, H_2 is supported, confirming that user-centric features on digital platforms play a vital role in enhancing long-term investor behaviour.

1.9 Findings

The findings of the study titled "Empirical Insights into Investor Behaviour and Digital Platform Adoption for Mutual Fund Investments" reveal that the respondent profile is demographically diverse yet largely youth-driven, with 76.4% under the age of 35 and a relatively balanced gender representation, indicating inclusive participation in digital investment practices. A highly educated sample, with 93.6% holding graduate or postgraduate qualifications, suggests strong potential for understanding and adopting digital financial platforms. Most respondents are either employed in the private sector (36.4%) or are students (25.5%), reflecting a mix of active and emerging investors. Additionally, 59.1% of participants belong to the middle-income bracket (earning below ₹40,000), and 63.7% report consistent monthly savings between ₹5,001 and ₹20,000, demonstrating financial behaviour conducive to systematic investment. The chi-square analysis further confirms a statistically significant association between investors' positive perception of digital platform features—such as convenience, transparency, and user-friendliness—and their satisfaction and long-term engagement. These results validate hypothesis H_2 and underscore that user-centric digital features significantly influence and enhance investor behaviour toward mutual fund investments.

Suggestions

Based on the findings, it is recommended that mutual fund distributors and fintech platforms enhance user-centric features such as interface simplicity, transaction transparency, and platform reliability to attract and retain a digitally inclined, young, and educated investor base. Given the strong correlation between positive digital experiences and long-term engagement, platforms should invest in intuitive design, educational resources, and real-time support to build trust and reduce psychological barriers like risk perception. Tailored communication strategies can also be developed to address the specific needs of middle-income groups and student investors, encouraging consistent savings and gradual portfolio diversification through digital mutual fund platforms.

Conclusion for the Study

The study titled "Empirical Insights into Investor Behaviour and Digital Platform Adoption for Mutual Fund Investments" offers a comprehensive understanding of how demographic characteristics, psychological factors, and perceptions of digital platform features influence investor engagement and satisfaction. The findings highlight that younger, well-educated, and middle-income individuals are the primary adopters of digital mutual fund platforms, driven by convenience, transparency, and user-friendliness. The statistically significant results from chi-square tests confirm a strong association between positive platform perceptions and long-term investment behaviour, validating the proposed hypothesis. Overall, the study underscores the critical role of investor trust, ease of use, and digital platform quality in shaping mutual fund investment decisions, offering valuable insights for platform developers, financial advisors, and policymakers aiming to foster greater digital investment participation.

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