IJARSCT

International Journal of Advanced Research in Science, Communication and Technology

International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal

ISSN: 2581-9429

Volume 6, Issue 9, May 2026

Impact Factor: 8.2

Mutual Fund Investment Behaviour among Retail Investors in Kerala: An Empirical Study.

Dr. Vidya A

Assistant Professor of Commerce

MPMMSN Trusts College, Shoranur, Palakkad

Affiliated to University of Calicut.

Abstract: *Mutual funds serve as a promising investment channel for individuals in the middle-income group, enabling them to access capital markets and gain financial returns. Examining the determinants that shape investors' decision-making is crucial for enhancing the development and sustainability of the mutual fund sector in India, particularly in an environment that is becoming increasingly focused on investor needs. In this context, the present study aims to explore the investment behaviour of retail mutual fund investors in Kerala, focusing on socio-economic characteristics, factors influencing investment decisions, investor satisfaction, and challenges faced. The study is based on primary data collected from 60 respondents using a structured questionnaire and analysed using descriptive statistics and weighted mean analysis. The findings reveal that expected returns, advisory influence, and past performance are key determinants of investment decisions, while lack of financial knowledge and inadequate advisory support are major challenges. The study provides implications for managers, policymakers, and researchers to enhance financial literacy, advisory quality, and investor participation.*

Keywords: Mutual fund investment behaviour, retail investors, investment decision factors, financial literacy

I. INTRODUCTION

The financial landscape in India has undergone significant transformation over the past two decades, driven by economic liberalization, technological advancement, and increasing financial awareness among individuals. Among the various investment avenues available, mutual funds have emerged as a popular option for retail investors due to their potential for diversification, professional management, and relatively lower risk compared to direct equity investments. In the context of Kerala, a state characterized by high literacy rates, increasing income levels, and a strong expatriate population, the propensity to invest in financial instruments like mutual funds has shown noticeable growth. The accessibility of digital platforms and systematic investment plans (SIPs) has further facilitated participation in mutual fund schemes, making them an attractive option for both novice and experienced investors (Bansal & Sharma, 2020).

Despite this growth, investment behaviour among mutual fund investors is influenced by a combination of socio-economic, psychological, and market-related factors. Variables such as age, income, education, and occupation play a critical role in shaping investment decisions, risk tolerance, and financial planning. Additionally, investor satisfaction and the challenges faced in mutual fund investments, such as lack of awareness, market volatility, and perceived risks, significantly impact continued participation. Understanding these dimensions is particularly relevant in Kerala, where diverse socio-economic backgrounds and varying levels of financial literacy coexist. Therefore, this study seeks to analyse the socio-economic profile, identify influencing factors, measure satisfaction levels, and examine the problems faced by mutual fund investors in Kerala to provide a comprehensive understanding of their investment behaviour.

Statement of the Problem

Mutual funds have emerged as a popular investment option among retail investors because they offer diversification, liquidity, and professional management. However, despite their growing acceptance in India, there is still limited

IJARSCT
International Journal of Advanced Research in Science, Communication and Technology
International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal
ISSN: 2581-9429
Volume 6, Issue 9, May 2026
Impact Factor: 8.2

understanding of investor behaviour and preferences at the regional level, particularly in Kerala. Even though the state has high literacy and financial awareness, investment decisions are often shaped by traditional saving habits, risk aversion, and limited exposure to financial markets. As a result, many individuals have the ability to invest but may lack the confidence or adequate knowledge to actively participate in mutual fund investments.

In addition, investment decisions are influenced by both rational and emotional factors such as expected returns, risk perception, advice from financial advisors, and peer influence. In Kerala, socio-economic conditions, including the role of remittance income, further affect investment patterns. Investors also face challenges such as lack of awareness about schemes, difficulty in understanding financial information, and concerns about market risks and returns. These issues can lead to dissatisfaction and poor investment choices. Therefore, this study focuses on analysing the socio-economic profile of mutual fund investors in Thrissur district, Kerala, along with the factors influencing their investment decisions, their level of satisfaction, and the problems they encounter.

Scope of the Study

The scope of this study is confined to retail mutual fund investors in Thrissur district in Kerala, focusing on their socio-economic characteristics, investment behaviour, and experiences with mutual fund investments. The study examines key aspects such as demographic variables, factors influencing investment decisions, satisfaction levels, and the problems faced by investors. By concentrating on Kerala, the research provides region-specific insights that reflect the unique socio-economic and cultural context of the state.

The study is limited to primary data collected from investors through a structured questionnaire, which may include responses based on personal perceptions and experiences. While the findings offer valuable insights into investor behaviour, they may not be generalized to other regions without considering contextual differences. However, the study serves as a useful reference for understanding mutual fund investment patterns and can be extended for comparative analysis across different states or investment avenues.

Objectives

- To analyse the demographic and socio-economic characteristics of mutual fund investors.
- To examine the key determinants influencing investment decisions in mutual funds.
- To assess the level of satisfaction among mutual fund investors.
- To evaluate the major challenges and constraints experienced by mutual fund investors.

Research Methodology

The research design undertaken is descriptive. This design will be appropriate to investigate psychological constructs and their behavioural effects at a given time

Sample design: - The study is based on primary data collected from 60 retail mutual fund investors drawn from Thrissur district in Kerala. Purposive sampling techniques are used to collect the sample respondents .The sample comprises individuals with varying demographic backgrounds, income levels, investment experience, and degrees of exposure to mutual fund products. The responses have been collected through a structured questionnaire.

II. LITERATURE REVIEW

Halarnkar and Usapkar (2026) examined the factors determining mutual fund investment behaviour and found that financial goals, risk tolerance, and return expectations are key determinants. The study also highlighted the complexity involved in selecting appropriate investment avenues.

Gowtham and Padmanabhan (2025) investigated mutual fund investment behaviour and strategy preferences among investors. The study concluded that demographic variables and financial literacy significantly influence investment strategies and risk-taking behaviour.

IJARSCT
IJARSCT
International Journal of Advanced Research in Science, Communication and Technology
International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal
ISSN: 2581-9429
Volume 6, Issue 9, May 2026
Impact Factor: 8.2

Kumar and Singh (2024) examined investor behaviour towards mutual funds in India and found that mutual funds play a significant role in mobilizing household savings into productive investments. The study revealed that factors such as professional management, diversification, and ease of investment strongly influence retail investors' participation.

Tiwari et al. (2024) analyzed behavioural factors influencing mutual fund investors and found that emotional and psychological aspects significantly impact investment decisions. The study emphasized that investors often rely on heuristics and past experiences, leading to inconsistent behaviour.

Sharma et al. (2023) explored user investment behaviour in India and highlighted the growing role of digital platforms in mutual fund investments. The study found that accessibility of online tools and financial information has increased investor participation.

Reddy, M., & Singh, T. (2023).Empirical evidence on mutual fund investment behaviour suggests that technological advancements and digital investment platforms have increased retail participation in mutual funds. Online investment facilities, mobile applications, and simplified KYC procedures have improved accessibility and convenience for investors. The study concluded that digitalisation has positively impacted mutual fund investment behaviour, particularly among younger investors.

Kapoor and Shukla (2022) analysed mutual fund investor behaviour and reported that middle-income groups prefer mutual funds due to affordability and lower risk. The study highlighted that awareness and accessibility significantly influence investment decisions.

Nair, R., & Mathew, P. (2021),Research on mutual fund investment behaviour in Kerala revealed that safety, liquidity, and tax benefits are major motivating factors for retail investors. The study further identified that income level and educational qualification play a significant role in determining the investment pattern of individuals. Younger investors were found to prefer growth-oriented schemes, while older investors preferred safer investment avenues

Bansal and Sharma (2020) studied the factors influencing mutual fund investments and found that return expectations, safety, and liquidity are major determinants. The study also indicated that investor satisfaction is closely linked to fund performance and service quality.

C**haturvedi and Khare (2012)** examined saving patterns and investment preferences of households in India. The findings showed that socio-economic factors such as income, education, and occupation significantly influence investment behaviour, with higher-income groups showing greater inclination towards mutual funds.

III. RESULTS AND DISCUSSION

Table 1: Demographic profile of the respondents

DEMOGRAPHIC CHARACTERISTICS		NUMBER OF RESPONDENTS	%
Gender	Male	54	90
	Female	6	10
Age	Below 25	3	5
	26-35 yrs.	5	8
	36-45 yrs.	18	30
	46-55 yrs.	13	22
	Above 55 yrs.	21	35
Educational qualification.	School level	2	4
	Graduate	22	36
	Postgraduate	16	27
	Professional	7	11
	Others	13	22
Residential Area	Urban	21	35

IJARSCT
International Journal of Advanced Research in Science, Communication and Technology
International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal
ISSN: 2581-9429
Volume 6, Issue 9, May 2026
Impact Factor: 8.2

	Rural	39	65
Occupation	Business	28	46
	Private	12	20
	Govt. job	8	13
	Others	13	21
Annual income	Below 500000	7	12
	500001-1000000	29	48
	1000001-15000000	17	29
	Above 1500000	7	11
Trading experience	Below 4 yrs.	9	15
	4-6 yrs.	29	48
	6-8 yrs.	17	29
	Above 8 yrs.	5	8

The socio-demographic analysis of investors indicates that investment participation is predominantly male (90%), suggesting relatively higher involvement and risk-taking tendency among men. The majority of respondents belong to the younger age group, reflecting greater willingness to invest due to fewer financial obligations. Most investors are well-educated, with several possessing professional qualifications, which positively influences investment awareness and decision-making. Occupationally, businessmen form the largest segment (48%), while participation from government and private sector employees remains comparatively low. In terms of experience, a significant proportion of investors have moderate exposure (4–6 years), with fewer beginners and highly experienced participants. Additionally, the overall trading frequency is low, indicating a cautious and risk-averse approach towards market participation.

Table 2:Factors Influencing mutual fund Investment

Factors Influencing Investment	SA (5)	A (4)	N (3)	D (2)	SD (1)	Total Score	Weighted Mean	Rank
Expected Returns	18	22	12	5	3	227	3.78	1
Risk Level	15	20	15	6	4	216	3.60	4
Liquidity	14	21	13	7	5	212	3.53	6
Tax Benefits	16	18	14	7	5	213	3.55	5
Past Performance of Funds	17	19	13	6	5	217	3.62	3
Advice from Financial Advisors	19	20	10	6	5	222	3.70	2

The above table presents the key factors influencing mutual fund investment decisions among investors. The analysis reveals that expected returns (Mean = 3.78) is the most influential factor, indicating that investors primarily focus on the potential earnings from their investments. This highlights the profit-oriented nature of investment behaviour.

The second most important factor is advice from financial advisors (Mean = 3.70), suggesting that investors significantly rely on professional guidance while making investment decisions. Past performance of funds (Mean = 3.62) and risk level (Mean = 3.60) also play a crucial role, showing that investors consider both historical returns and associated risks before investing.

Factors such as tax benefits (Mean = 3.55) and liquidity (Mean = 3.53) have moderate influence, indicating that while these aspects are important, they are not the primary drivers of investment decisions. The least influential factor is convenience (Mean = 3.42), which suggests that ease of access or digital platforms, though relevant, is comparatively less critical for investors.

IJARSCT
International Journal of Advanced Research in Science, Communication and Technology
International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal
ISSN: 2581-9429 Volume 6, Issue 9, May 2026 Impact Factor: 8.2

Table 3:Mutual Fund Choices by Investors

Fund Type	Number of Respondents	Percentage (%)
Equity Mutual Fund	52	87%
Open Ended Fund	48	80%
Balanced Mutual Fund	31	52%
Debt Mutual Fund	25	42%
Tax Saver Mutual Fund	15	25%
Close Ended Fund	10	17%
Sectoral Mutual Fund	10	16%

The table shows that equity mutual funds are the most preferred investment option among respondents, with 87% selecting them. Open-ended funds rank second with 80%, indicating investors' preference for flexibility and liquidity. Balanced mutual funds are preferred by 52% of respondents, showing interest in moderate-risk investment options. Debt mutual funds are selected by 42% of investors due to their safer nature. Tax saver mutual funds attract 25% of respondents for their tax benefits. Overall, the findings indicate that investors mainly prefer equity-oriented and flexible mutual fund schemes.

Table 4 :-Problems Faced by mutual fund Investors

Problems Faced by Investors	SA (5)	A (4)	N (3)	D (2)	SD (1)	Total Score	Weighted Mean	Rank
Regulatory uncertainty and frequent policy changes	13	22	18	5	2	219	3.65	2
Difficulty in selling mutual fund units	10	17	26	5	2	208	3.47	7
Stress due to market volatility	14	18	22	4	2	218	3.63	3
Confusion due to too many fund options	16	15	20	6	3	215	3.58	4
Lack of proper financial knowledge	17	16	18	6	3	218	3.63	3
High expense ratio and hidden charges	15	19	17	6	3	217	3.62	5
Inadequate guidance from financial advisors	18	17	16	5	4	220	3.67	1
Delay in returns or lower-than-expected performance	14	20	18	5	3	217	3.62	5

The analysis reveals that mutual fund investors face several challenges, with inadequate guidance from financial advisors being the most significant issue, followed by regulatory uncertainty, limited financial knowledge, and market volatility. These factors indicate that both external conditions and lack of investor awareness influence investment difficulties. Other aspects such as high expenses, lower returns, and complexity of options have a moderate impact, while redemption of units is considered the least problematic. Overall, the findings highlight the need for better financial education, improved advisory services, and greater transparency to enhance investor confidence and decision-making.

IJARSCT
International Journal of Advanced Research in Science, Communication and Technology
International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal
ISSN: 2581-9429
Volume 6, Issue 9, May 2026
Impact Factor: 8.2

Table 5: Satisfaction Levels with the Performance of Mutual Fund Investments

Options	No. of Respondents	Percentage (%)
Very Satisfied	19	32.%
Somewhat Satisfied	21	35.0%
Neutral	17	28.%
Dissatisfied	3	5.0%
Total	60	100%

The table shows that most respondents have a positive perception of mutual fund performance, with the majority being either somewhat satisfied (35.0%) or very satisfied (32.%). A notable portion (28.%) remains neutral, indicating moderate satisfaction or uncertainty about returns. Only a small percentage (5.0%) expressed dissatisfaction. Overall, the findings suggest that investors are generally satisfied with mutual fund investments, highlighting their effectiveness as a preferred investment option

IV. MAJOR FINDINGS

The gender composition of the sample indicates a pronounced dominance of male respondents (90%), suggesting that investment participation is considerably higher among men. This may reflect a relatively stronger propensity for risk-taking among male investors.

The age-wise distribution reveals that a substantial proportion of respondents belong to the younger age group. This finding suggests that younger individuals are more inclined toward investment activities, possibly due to lower financial responsibilities and a higher tolerance for risk.

The majority of respondents possess higher levels of education qualification.

The occupational profile indicates that business professionals constitute the largest segment of investors (48%). 13 % are government employees.

Analysis of trading experience shows that a majority of respondents (48%) have 4–6 years of experience, indicating a moderate level of market exposure. A smaller proportion of respondents are beginners (15%), while only a limited number (8%) possess extensive experience exceeding eight years.

The study found that equity mutual funds and open-ended funds are the most preferred investment options among investors, indicating a strong preference for higher returns, liquidity, and flexibility.

The findings reveal that investors show comparatively lower preference towards specialized mutual fund schemes, while moderate interest is observed in balanced and debt mutual funds due to their lower risk and stable return features.

The study found that financial advisors are the most preferred source of information for mutual fund investment, indicating that investors highly depend on professional guidance while making investment decisions.

The findings reveal that digital sources such as internet and websites play a significant role in influencing retail investors, showing the growing importance of online platforms in mutual fund investment decisions.

Inadequate guidance from financial advisors (Mean = 3.67) is identified as the most critical issue, indicating a gap between investor expectations and the quality of professional advisory services.

Regulatory uncertainty (Mean = 3.65) constitutes another significant concern, reflecting the impact of evolving policies and the lack of a stable regulatory framework on investor confidence.

Lack of financial literacy (Mean = 3.63) is also a major challenge, underscoring the need for enhanced investor education and awareness initiatives.

Market volatility (Mean = 3.63) significantly influences investor behaviour, as fluctuations in fund performance create uncertainty and may determine investment decisions.

Other factors, including high expense ratios, lower-than-expected returns, and complexity arising from a wide range of investment options, exert a moderate level of influence on investors.

IJARSCT

International Journal of Advanced Research in Science, Communication and Technology

International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal

ISSN: 2581-9429 Volume 6, Issue 9, May 2026 Impact Factor: 8.2

Difficulty in redeeming mutual fund units (Mean = 3.47) is perceived as the least significant issue, suggesting that operational and procedural aspects of mutual fund transactions are relatively efficient.
Expected return (Mean = 3.78) emerges as the most influential determinant of investment decisions, indicating that investors are primarily motivated by potential profitability.
Advice from financial advisors (Mean = 3.70) is the second most significant factor, highlighting the importance of professional guidance in shaping investor choices.
Past performance of mutual funds (Mean = 3.62) plays a crucial role in decision-making, as investors often rely on historical returns as an indicator of future performance.
Perceived level of risk (Mean = 3.60) is also a key consideration, reflecting the importance of risk assessment in the investment decision process.
Tax benefits (Mean = 3.55) and liquidity (Mean = 3.53) have a moderate influence, indicating that while these factors are relevant, they are not the primary drivers of investment decisions.
Convenience (Mean = 3.42) is found to be the least influential factor, suggesting that accessibility and ease of transaction are secondary considerations compared to financial returns and risk evaluation.
Investors are generally satisfied with mutual fund investments, highlighting their effectiveness as a preferred investment option

Suggestions

- Strengthen financial literacy through investor education programs and awareness campaigns.
- Improve the quality and reliability of financial advisory services.
- Enhance transparency and communication regarding fund performance, risks, and regulations.
- Promote inclusive participation by encouraging investment among women and salaried individuals.

Managerial Implications

The study emphasizes the need for consistent fund performance and transparent communication to enhance investor confidence. Financial advisors should be better trained to provide reliable and personalized guidance. Investment products must be aligned with the preferences of young and moderately experienced investors. Additionally, targeted strategies and long-term investment options should be promoted to increase participation, especially among salaried individuals.

Policy Implications

A stable and transparent regulatory environment is essential to strengthen investor trust. Policymakers should focus on improving financial literacy through awareness programs and educational initiatives. Stronger regulation of advisory services is necessary to ensure investor protection. Efforts should also be made to simplify investment procedures and encourage wider participation in mutual funds.

Academic Implications

The study contributes to existing literature by providing empirical insights into mutual fund investment behaviour. It highlights the role of demographic and behavioural factors in shaping investment decisions. The findings support key concepts in behavioural finance, particularly risk perception and advisory influence. It also provides a foundation for future research in related areas and emerging investment trends.

V. CONCLUSION

The study concludes that mutual fund investment behaviour is shaped by a combination of demographic characteristics, financial awareness, and the quality of advisory services available to investors. Factors such as age, education, occupation, and experience play a significant role in determining investment decisions, risk perception, and overall participation in mutual fund schemes. The findings also highlight that while investors are primarily motivated by expected returns and professional guidance, their level of satisfaction is influenced by the effectiveness of advisory

IJARSCT
International Journal of Advanced Research in Science, Communication and Technology
International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal
ISSN: 2581-9429
Volume 6, Issue 9, May 2026
Impact Factor: 8.2

support, clarity of information, and market performance. Furthermore, challenges such as limited financial literacy, regulatory uncertainty, and market volatility continue to affect investor confidence and decision-making. Therefore, enhancing financial education, improving the reliability and transparency of advisory services, and ensuring a stable regulatory framework are essential to promote informed investment behaviour, increase participation, and improve overall investor satisfaction in the mutual fund industry

REFERENCES

[1]. Bansal, R., & Sharma, A. (2020). Factors influencing mutual fund investments among retail investors. *Journal of Finance and Investment Analysis, 12*(2), 45–60.

[2]. Chaturvedi, M., & Khare, S. (2012). Study of saving patterns and investment preferences of households in India. *International Journal of Management Research, 5*(1), 67–75.

[3]. Gowtham, R., & Padmanabhan, S. (2025). Mutual fund investment behaviour and strategy preferences among investors. *Journal of Financial Studies, 18*(1), 88–102.

[4]. Halarnkar, P., & Usapkar, S. (2026). Determinants of mutual fund investment behaviour: An empirical analysis. *International Journal of Finance and Economics, 21*(2), 120–135.

[5]. Kapoor, S., & Shukla, R. (2022). Behavioural analysis of mutual fund investors in India. *Journal of Economics and Business Research, 9*(1), 33–41.

[6]. Kothari, C. R. (2011). *Research methodology: Methods and techniques* (2nd ed.). New Age International Publishers.

[7]. Kumar, R., & Singh, P. (2024). Investor behaviour towards mutual funds in India: An empirical study. *Indian Journal of Finance, 18*(4), 55–70.

[8]. Sharma, R., Gupta, A., & Mehta, S. (2023). Digital platforms and investment behaviour in India. *International Journal of Financial Services, 14*(3), 76–90.

[9]. Nair, R., & Mathew, P. (2021). Factors influencing mutual fund investment behaviour among retail investors in Kerala. *Journal of Commerce and Accounting Research, 10*(3), 28–35.

[10]. Reddy, M., & Singh, T. (2023). Impact of digital platforms on mutual fund investment behaviour of retail investors. *Asian Journal of Management, 14*(1), 55–62.

[11]. Tiwari, V., Singh, A., & Verma, R. (2024). Behavioural factors influencing mutual fund investment decisions. *Journal of Behavioural Finance, 11*(2), 60–75.

.

.