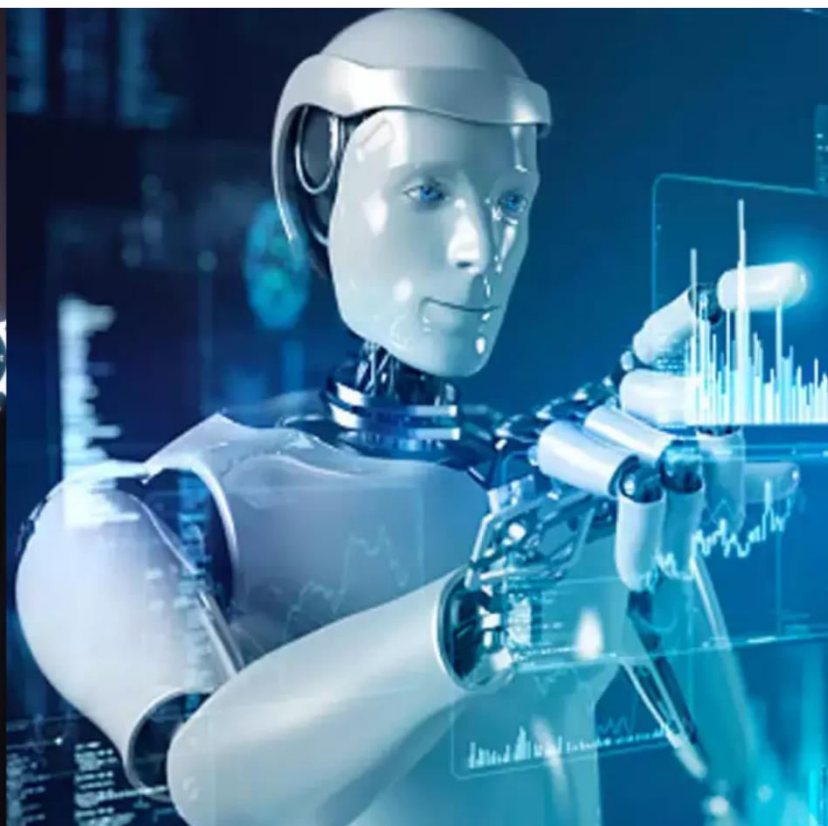




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# The Study on Customer Perceptions Towards Mutual Funds

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**ABSTRACT:** Mutual funds have become a popular investment choice for individuals due to benefits like diversification, expert management, and liquidity. However, customer perception plays a crucial role in their adoption. This research examines how factors such as awareness, risk tolerance, financial knowledge, and past investment experience affect perception. Based on primary data from 98 respondents, it identifies key influences including digital platforms, advisor support, and income levels. The study also explores how demographic factors impact perceptions. Results reveal moderate financial awareness and a preference for simpler investment processes. The findings highlight the importance of focused investor education and stronger trust-building measures. Statistical methods like the Kruskal-Wallis H Test were used to analyze differences in perception across groups. The study ends with practical recommendations to increase investor confidence and participation.

**KEYWORDS:** Mutual Funds, Customer Perception, Risk, Financial Literacy, Digital Investment.

## I. INTRODUCTION

Mutual funds are now central to modern financial planning because of their accessibility and professional portfolio management. They appeal to investors across various income and experience levels. Yet, adoption remains low in areas with limited financial literacy. Customer perception, influenced by trust, awareness, and risk tolerance, is key. Misunderstandings about fees and market fluctuations complicate investment choices. The growth of digital platforms is changing mutual fund investing, with mobile apps and online services improving access but potentially confusing beginners. Advisors, advertising, and peer opinions strongly shape perception. Hence, understanding how customers view mutual funds is important for fund managers and policymakers. This study seeks to fill that knowledge gap.

## II. REVIEW OF LITERATURE

**Rouwenhorst (2004)** highlighted the structural variety of mutual funds enhancing their appeal.

**Lusardi & Mitchell (2014)** found a positive link between financial literacy and mutual fund participation.

**Joseph & Menon (2025)** examined how digital platforms improve mutual fund accessibility.

**Ansari (2012)** discussed psychological biases affecting mutual fund decisions.

**Singh & Verma (2020)** showed the impact of digital marketing and social media on perception.

## NEED FOR THE STUDY

Although mutual fund investments are growing in India, they remain below potential levels. Many investors hesitate due to unclear knowledge, risk concerns, and lack of trust. It is important to understand what shapes customer perception. The rise of digital tools, advertisements, and financial influencers adds complexity to investor behavior. Insight into these perceptions is essential to develop effective communication, trust-building, and education strategies. Considering demographics such as age, income, and occupation will help customize awareness programs. Customer-focused data can assist fund managers in improving outreach. Additionally, this study supports policymakers in crafting inclusive financial policies and helps investors make better decisions.

**OBJECTIVES OF THE STUDY****Primary Objective:**

To analyze and assess customer perception of mutual funds.

**Secondary Objectives:**

1. To explore preferences related to different mutual fund types.
2. To identify barriers to mutual fund investment.
3. To evaluate the influence of digital platforms, advertisements, and advisors on perception.

**SCOPE OF THE STUDY**

This research focuses on mutual fund investor perceptions in Chennai. It examines how factors such as financial literacy, age, income, risk tolerance, and previous experience affect investment behavior. The study compares mutual funds with other options like fixed deposits, gold, and real estate. It also looks at the role of regulatory bodies like SEBI and how digital platforms support investing. The scope covers marketing effectiveness, service quality, and investor satisfaction. The findings aim to guide asset management companies in product design and communication. It is relevant for policymakers, marketers, and advisors working to expand mutual fund reach. The study highlights gaps in investor awareness and suggests ways to improve mutual fund adoption and investor protection.

**III. RESEARCH METHODOLOGY****DATA COLLECTION & INSTRUMENT**

Primary data was gathered using a structured questionnaire addressing demographics, mutual fund knowledge, and perception. It included Likert scale and multiple-choice questions. A pilot test was conducted to ensure clarity and reliability.

**SAMPLING TECHNIQUE**

A combination of convenience and snowball sampling was used. The sample consisted of 98 respondents from Chennai, including current and potential investors.

**POPULATION AND SAMPLE**

The study targeted working professionals, retirees, homemakers, and students aged 18 and older. The sample of 98 was diverse, representing various income and education levels.

**DESCRIPTIVE STATISTICS**

Used to analyze demographic data and response patterns through percentages and frequencies, aiding interpretation of Likert scale results.

**KRUSKAL-WALLIS H TEST**

Applied to detect significant perception differences among three or more independent demographic groups, preferred over ANOVA for ordinal, non-normal data.

**CORRELATION ANALYSIS**

Spearman's Rank Correlation assessed the relationship between awareness and perception, indicating how knowledge affects trust and preference.

**CHI-SQUARE TEST**

Evaluated associations between variables like income and mutual fund awareness, validating research assumptions about categorical data.

**LIMITATIONS**

1. The study is limited to respondents from Chennai, which may not represent the entire country.
2. Convenience sampling may introduce bias in data collection.
3. Some respondents with low financial literacy might have misunderstood technical terms.



#### IV. DATA ANALYSIS AND INTERPRETATION

##### 4.1 PERCENTAGE ANALYSIS

QUALIFICATION LEVEL	NO OF RESPONDENTS	PERCENTAGE
HIGH SCHOOL	12	12.24489796
UG	21	21.42857143
PG	23	23.46938776
PROFESSIPONAL	12	12.24489796
DOCTORATE	30	30.6122449
TOTAL	98	100

**INTERPRETATION:** The table presents a report that examines the "QUALIFICATION LEVEL" of 98 respondents. The largest group consists of "Doctorate" holders, accounting for 30.61%, followed closely by those with "PG" (Postgraduate) qualifications at 23.47%. Both high school and professional qualifications each make up 12.25% of the respondents. Regarding employment status, the majority falls under the "Employed" category, whereas "Retired" and "Homemaker" categories are nearly equally represented.

ANY INVESTMENT EXPERIENCE	NO OF RESPONDENTS	PERCENTAGE
No Experience	31	31.63265306
Less than 1 year	23	23.46938776
1-3 years	8	8.163265306
4-6 years	34	34.69387755
Above 6 years	2	2.040816327
TOTAL	98	100

**INTERPRETATION:** The table illustrates that the most significant group (34.69%) possesses 4-6 years of investment experience, closely followed by individuals with no experience (31.63%). The bar chart seems to depict a sentiment analysis, where "Neutral" is the prevailing response, succeeded by "Strongly agree" and "Agree." The responses "Disagree" and "Strongly disagree" reflect considerably lower percentages.

##### 4.2 STATISTICAL ANALYSIS

###### 4.2.1 KRUSKAL-WALLIS H TEST RESULTS

The Kruskal-Wallis H test was performed to investigate if there are statistically significant differences in the responses to the statement "Service and Support [Statement easily understood]" among various qualification levels. This non-parametric test is appropriate for comparing more than two independent groups when the data does not necessarily conform to a normal distribution.

**H<sub>0</sub> (Null Hypothesis):** There is no significant difference in the understanding of the service and support statement across different qualification levels.

**H<sub>1</sub> (Alternative Hypothesis):** There is a significant difference in the understanding of the service and support statement across different qualification levels.

TABLE SHOWING 4.2.1 SHOWING KRUSKAL-WALLISH TEST BETWEEN QUALIFICATION AND STATEMENT EASILY UNDERSTOOD

Test Statistics	Qualification level
Kruskal-Wallis H	14.157
Df	4
Asymp. Sig.	0.007

**INTERPERTATION:** Given that the p-value (0.007) is below the significance threshold of 0.05, we reject the null hypothesis. This suggests that there exists a statistically significant difference in the interpretation of the statement among various qualification levels.

## V. SUMMARY OF FINDINGS, SUGGESTIONS

### 5.1 FINDINGS

- 36.7% of respondents demonstrated strong financial literacy.
- 55% believed mutual funds have good growth potential.
- Only 28% clearly understood investment strategies.
- 64.2% reported experiencing capital appreciation.
- 39.8% were neutral regarding brand image.
- 31% expressed concerns about transparency and cost clarity.

### 5.2 SUGGESTIONS

- Organize regular investor awareness programs tailored to different age groups.
- Simplify fund documents and mobile app interfaces for easier understanding.
- Improve advisor training to minimize misinformation and mis-selling.
- Increase transparency concerning costs, terms, and fund performance.

## VI. CONCLUSION

The perception of customers significantly impacts decisions regarding mutual fund investments. Despite a rise in awareness, numerous investors still do not possess a clear understanding of fund structures and associated risks. Factors such as trust, digital experience, and previous investments have a substantial influence on perception. Survey participants express a preference for transparent and user-friendly systems that are bolstered by professional guidance. Nevertheless, a considerable portion remains uncertain or neutral. Enhanced communication, advisor involvement, and regulatory clarity can facilitate the adoption of mutual funds. It is crucial to build investor confidence through education and transparency. While mutual funds present considerable potential, enhancing perception is vital for sustainable growth.

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