INVESTORS SATISFACTION LEVEL ON MUTUAL FUNDS WITH SPECIAL REFERENCE TO CALICUT DISTRICT

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ABSTRACT

In this study, the demographic profiles and features of investors in mutual funds in the Calicut District are investigated. Particular attention is paid to the elements that differentiate low investor groups from high investment groups. The data collected from 120 respondents were analysed in order to compare the group means and standard deviations across a variety of personal factors. These factors included age, gender, marital status, education, occupation, monthly income, investment experience, investor type, mutual fund scheme preference, return frequency, and investment level. The findings indicate that there are subtle distinctions between the groups, with the high investor group usually displaying greater levels of educational attainment, income, and investing experience in comparison to the low investor group. These discoveries have repercussions for the mutual fund industry's focused marketing methods and investor engagement initiatives, among other things. The ability of financial institutions to boost customer segmentation and improve overall investor happiness and engagement in the Calicut District may be achieved via the customisation of services and products based on investor profiles.

Keywords: Mutual Funds, Investor Demographics, Financial Characteristics, Investor Profiles, Calicut District

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DOI
10.29121/shodhkosh.v5.i6.2024.1585

Funding: This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

1. INTRODUCTION

Mutual funds are financial entities that receive money from several investors. A Fund Manager, who is a professional in the field, has the responsibility of strategically investing pooled cash in different financial instruments. As an investor, your ownership in a mutual fund is denoted by units that are proportionate to the amount of your investment.

Setting attainable financial objectives is essential for achieving success in investment endeavours. Whether you have long-term goals like ensuring a financially stable retirement or short-term goals like saving for a down payment on a home, it is essential to select the appropriate investments that are in line with your aims. Mutual funds are crucial in both long-term and short-term investing strategies, but choosing the right sort of fund is essential for attaining your goals.

Mutual funds allocate their investments over a range of securities, such as stocks and bonds, in order to achieve diversification. Investors who acquire shares of a mutual fund become its shareholders, participating in the fund's achievements or failures. Mutual funds produce profits through dividends, interest payments, and an increase in the value of their investments, however they can also experience financial losses. Having reasonable expectations regarding market performance and carefully choosing funds that align with your personal requirements are crucial elements of a prosperous investment plan.

1.1. RELEVANCE OF THE STUDY

Studying investor satisfaction levels in mutual funds, especially in Calicut District, serves as essential for understanding many aspects of financial services and the well-being of investors. First and foremost, comprehending investor happiness yields significant data into the efficacy of mutual fund offers and services in addressing the varied requirements of investors in this particular geographic region. Financial institutions and fund managers may enhance their goods and services by examining satisfaction levels in conjunction with demographic profiles. This allows them to match more effectively with investor expectations and preferences. As a result, this promotes a focus on the needs and preferences of clients in investment management, improving the overall experiences of investors and perhaps leading to higher rates of investor retention and involvement. Furthermore, this study is of great importance in the wider scope of financial literacy and investor education. The study aims to identify areas where educational interventions are necessary to improve investor comprehension and decision-making capacities by examining elements that affect investor happiness, such as returns, risk management, and customer service. Providing investors with information on mutual fund investments and associated financial ideas can help them make better investment decisions and achieve better financial results.

This study can provide policymakers with valuable data into the efficacy of current rules and standards that regulate mutual funds. Identifying areas of unsatisfactory investor satisfaction can lead to regulatory initiatives that attempt to enhance transparency, accountability, and investor protection in the mutual fund business.

Moreover, this study has ramifications for market competition and innovation. Financial institutions may enhance investor happiness by identifying the key elements that influence it. This knowledge can then be used to develop innovative products and services that are tailored to meet the individual requirements and preferences of investors in Calicut District. Encouraging healthy competition among financial service providers can result in enhanced offers and more favourable outcomes for investors. Studying investor satisfaction levels in mutual funds specifically in Calicut District is crucial for improving investor experiences, advancing financial literacy, shaping regulatory policies, and fostering market innovation. The findings of this study have the capacity to advantage investors, financial institutions, regulators, and the wider financial ecosystem, eventually enhancing a stronger and more comprehensive investment environment.

2. REVIEW OF LITERATURE

Over the course of sixty months, Vasantha, Maheswari, and Subashini (2013) conducted an analysis of the performance of a number of open-ended equity diversified mutual funds. Specifically, they looked at the HDFC top 200 fund, the Reliance top 200 fund, the ICICI Prudential top 200 fund, the Canara Robeco equity diversified fund, and the Birla Sun Life frontline equity mutual funds through the lens of their performance. Sharpe ratio, Treynor ratio, and Jenson ratio have all been utilised in the analysis that has been carried out. In his essay titled "A Study of Fund Selection Behaviour of Individual Investors towards Mutual Funds: With Reference to Mumbai City," which was published in the ICFAI Journal of Behavioural Finance in 2006, Ranganathan K. (2006) made the observation that the financial behaviour of investors has an effect on the financial markets. The need to investigate a fascinating subfield of "behavioural finance" was brought to her attention by the fact that consumer behaviour from the field of marketing and financial economics had brought together the two fields. An attempt was made in this study to investigate the various features of the fund selection behaviour of individual investors in relation to mutual funds in the city of Mumbai. Sudhamathi and Poornima's (2013) research Within the scope of this study article, an attempt is made to conduct an analysis regarding the performance of growth-oriented equity diversified schemes through the utilisation of the Sortino ratio. From April 2006 to March 2011, 102 growth-oriented equity diversified schemes that were performing well were chosen for the study. These schemes were selected because they were performing well. The findings of this study paper make it abundantly evident that the investor will be able to choose the most suitable funds by virtue of rigorous examination and the utilisation of acceptable performance measures.

2.1. OBJECTIVES OF THE STUDY

The main objective of this study is to evaluate the satisfaction levels of mutual fund investors in Calicut District, taking into account several demographic characteristics. The factors encompass gender, age, marital status, educational attainment, employment status, monthly income, investing experience, type of investors, kind of mutual fund scheme, frequency of returns, and degree of investment. The study seeks to discover trends and relationships by analyzing satisfaction levels across demographic characteristics. This analysis attempts to give significant insights into investor preferences, demands, and behaviours within the mutual fund sector in Calicut District. Comprehending these aspects is crucial for financial institutions and fund managers to customize their goods and services efficiently, eventually improving investor experiences and results.

3. RESEARCH METHODOLOGY

The study used a descriptive research design to examine the satisfaction levels of mutual fund investors, taking into account their demographic features. The questionnaire was administered to a diverse group of individuals residing in Calicut city, consisting mostly of professionals involved in various career and business endeavours, regardless of their gender. The collection of primary data involved the use of a well-organized questionnaire, in which respondents provided ratings of their satisfaction levels using a five-point Likert scale. The study's context was enhanced by collecting secondary data from periodicals, research papers, journals, and books. The study methodology included a blend of random and convenience sampling techniques, with a specific emphasis on professionals affiliated with financial institutions as prospective investors. For this study, the researcher used a sample size of 120 mutual fund investors located in Calicut City. The objective of this method is to offer a thorough understanding of how demographic factors impact investor satisfaction in the mutual fund industry in Calicut District.

4. ANALYSIS AND INTERPRETRATION

Table 1

Table 1 Awarness of Risk on Mutual Fund

	Sum	Mean	Rank
Market Risk	1347.00	2.694.0	5
Inflation Risk	1563.00	3.126.0	4
Interest Risk	1920.00	3.84.0	1
Investment Risk	1681.00	3.362.0	3
Change in government policy	1828.00	3.656.0	2

Source Primary data.

In the above table, the degrees of knowledge that respondents have regarding the various types of hazards that are linked with mutual funds are presented. This evaluation of each risk factor takes into account the total number of replies, the mean scores, and the rankings. The risk element that is most widely recognized is the interest risk, which has a significant total of 1920 and a mean score of 3.8400, which places it at the top of the list. Change in government policy comes in a close second, with a total score of 1828 and a mean score of 3.6560, which places it in the second position after the previous one. Inflation Risk, Investment Risk, and Market Risk are also acknowledged by respondents, but to varied degrees. The mean scores for these three types of risks are 3.1260, 3.3620, and 2.6940, respectively, and their ranks range from fourth to first. This information highlights the diverse degrees of understanding and perception about the various risks that are connected with investing in mutual funds. It also provides insights that can be used to steer investor education campaigns and risk management methods within the mutual fund sector.

5. DISCRIMINANT FUNCTION ANALYSIS ON MUTUAL FUND SATISFACTION

The respondent's perspective about the level of satisfaction with mutual fund investments. The study region consisted of 120 respondents, who were separated into two groups. That is, there is a low degree of contentment with the investment and a high level of satisfaction. Discriminant function analysis is used to examine the disparity in viewpoints between respondents in different groups. The study chose the following variables.

1) Gender
2) Age
3) Marital status
4) Educational Qualification
5) Occupational status
6) Monthly Income
7) Experience

8) Type of investors
9) Type of mutual fund scheme
10) Frequency return
11) Level of investment

The discriminant function analysis aims to create a function that effectively distinguishes respondents from two groups by using these and other factors to their utmost differentiation. The combination of variables in a linear manner is referred to as the discriminant function, and its coefficients are known as the discriminant function coefficients. When building this discriminant function, all the factors that contribute to differentiating these three groups are considered. The Mahalanobis minimal D2 technique utilises the generalised squared Euclidean distance to account for uneven variances in the variables. An important benefit of this process is that it is calculated in the original space of the predictor (independent) variables, rather than in a condensed form as done in the alternative method.

In general, none of the specified factors will contribute significantly to explaining the maximal discriminating power of the function. A selection rule is utilised to incorporate variables that effectively discriminate based on certain criteria. The stepwise selection approach was utilised to design a discriminant function. This method involves selecting one variable at a time to include in the function. Prior to entering the function, the variables are scrutinised to see if they should be included in the function.The variables with the highest D2 value are picked for inclusion in the function. After entering any variable, it is reevaluated for removal from the equation based on specific removal criteria. Similarly, at each stage, the most optimal discriminating variable is chosen and added to the function. Any variable currently present in the function is evaluated for potential removal based on the relevant criteria for selection and removal.

Table 2

Table 2 Group Means (Between Low and High Groups)

S. No.		LOW (51)		HIGH (69)		Total (120)	
	Peronal Factor	Mean	SD	Mean	SD	Mean	SD
1	Age	2.40	0.67	2.36	0.61	2.38	0.64
2	Gender	1.45	0.50	1.46	0.50	1.45	0.50
3	Maritial status	1.62	0.49	1.69	0.46	1.65	0.48
4	Education	3.13	0.93	3.25	0.94	3.18	0.93
5	Occupation	2.58	1.30	2.42	1.28	2.51	1.29
6	Monthly income	3.11	0.95	3.19	0.94	3.15	0.95
7	Experience	1.91	0.52	1.99	0.55	1.94	0.54
8	Type of investors	2.40	0.81	2.51	0.76	2.45	0.79
9	Type of mutual fund scheme	1.92	0.72	1.89	0.68	1.91	0.70
10	Frequency return	2.07	0.63	2.00	0.69	2.04	0.66
11	Level of investment	1.82	0.39	1.84	0.37	1.83	0.38

The table displays a comparison of the average values and variability measures (standard deviations) for several personal and demographic parameters between two groups of mutual fund investors: the low group and the high group. Notable insights may be observed on the differences and similarities between the two groups when considering these parameters. Regarding age, both the low and high groups have equal average scores, indicating that they have comparable age distributions. However, the low group has slightly greater variation in ages, as seen by the higher standard deviation. The gender distribution of the categories is almost equal, with an average score of around 1.45 for each. This suggests that there is a balanced representation of male and female investors in each category.

The marital status exhibits a subtle disparity, as the high group has a somewhat greater average score compared to the low group, suggesting a possible larger number of married persons in the high group. The educational attainment among investors in the high category is somewhat greater than that in the low category, suggesting a tendency towards increased education levels in the high group. Nevertheless, there is a significant amount of diversity in education levels across both groups, as seen by the standard deviations. The analysis of occupational status provides a noteworthy result, as the low group exhibits a higher average score in comparison to the high group. This indicates a larger number of persons with certain sorts of employment in the low category. The high group of investors generally has a somewhat higher average monthly income, indicating a possible income gap between the two groups. The high group has somewhat elevated experience levels, indicating a greater presence of seasoned investors in comparison to the low group.

There are small variations in the kind of investors and preferred mutual fund schemes between the groups, with somewhat higher average scores in the high group for both categories. The low group has somewhat greater return frequencies but lower investment levels compared to the high group, indicating modest changes in both the frequency of return and degree of investment. In summary, these findings reveal subtle differences in demographic and personal traits between low and high groups of mutual fund investors. This offers valuable insights into investor profiles and behaviours, which can be used to develop targeted investment strategies and client engagement approaches in the mutual fund industry.

6. IMPLICATIONS AND CONCLUSION

The findings of this study have important significance for mutual fund providers and financial institutions that operate in Calicut District. The observed disparities in demographic and personal attributes between the low and high groups of mutual fund investors indicate distinct investor profiles and behaviours that may be utilised to develop targeted marketing strategies and investor outreach initiatives. Recognising that the high group often possesses more educational achievement, income levels, and investing expertise might assist institutions in creating advanced investment products and teaching materials specifically tailored to this demographic. On the other hand, understanding the preferences and traits of the low-income group, such as their job status and degree of investment, may assist in creating financial services that are accessible and inclusive for a wider range of people. By utilising these valuable observations, financial institutions may improve client categorization, optimise product options, and raise overall investor contentment and involvement.

In its conclusion, the study highlights the significance of tailored strategies in promoting mutual funds and engaging clients in Calicut District. The disparities seen in investor profiles underscore the heterogeneity within the investment community and underscore the necessity for focused tactics that take into account different preferences, requirements, and behaviours. By customising services and products according to these observations, mutual fund providers may cultivate more robust connections with investors, enhance market reach, and eventually contribute to a more comprehensive and adaptable financial ecosystem in the area. In order to respond to changing market dynamics and ensure the relevance and effectiveness of mutual fund offers for all types of investors in Calicut District, it is crucial to conduct ongoing research and analysis of investor demographics and behaviours.

CONFLICT OF INTERESTS

None.

ACKNOWLEDGMENTS

None.

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