

## PREFERENCE OF INNOVATIVE AND TECHNOLOGICAL INTEGRATION OF MUTUAL FUND INVESTMENT TO THE INVESTOR IN THE CHENNAI CITY

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### ABSTRACT

*In today's investment landscape, the infusion of innovation and technology within mutual fund offerings has become increasingly indispensable, especially for investors in Chennai. This study aims to explore the preferences of Chennai-based investors towards innovative and technologically advanced mutual fund investment solutions. Through a comprehensive survey methodology, the research seeks to discern investor sentiments and expectations concerning the integration of technology in mutual fund platforms. Specifically, it investigates the extent to which investors prioritize user-friendly interfaces, personalized investment choices, and real-time tracking functionalities. By pinpointing these preferences, financial institutions and fund managers can tailor their offerings to meet the distinct requirements of Chennai investors, thus fostering heightened engagement and participation in the mutual fund market. This investigation underscores the imperative of embracing innovation to enrich the investor journey and propel mutual fund adoption in Chennai, addressing the evolving needs and expectations of investors in the digital era.*

**KEYWORDS:** Investment Landscape, Innovation, Technology Integration, Mutual Fund Offerings, Chennai Investors.

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### Introduction

In the rapidly evolving landscape of investment markets, the role of technology-driven solutions and innovation has become increasingly significant, particularly within the investor community in Chennai. As Chennai emerges as a hub for technological advancements and entrepreneurial endeavors, the preferences and trends among investors are dynamically shifting towards innovative and technology-integrated mutual funds. This study delves into the multifaceted aspects of this paradigm shift, aiming to comprehensively understand the evolving demands and preferences of investors in Chennai. By exploring the historical performance, regulatory implications, and sustainability of technology-driven investment strategies, this research endeavors to provide valuable insights for financial institutions, fund managers, and investors alike. Through a thorough analysis of these factors, this study seeks to shed light on the transformative impact of technology on investment strategies and market dynamics in Chennai, ultimately guiding strategic decision-making processes in the ever-evolving investment landscape.

### Statement of the Problem

The statement of the problem aims to investigate the preference of investors in Chennai towards innovative and technology-integrated mutual fund investments. Specifically, the study seeks to

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understand the extent to which investors in Chennai prioritize and favor these innovative options compared to traditional mutual funds. By examining investor attitudes and behaviors towards technology-driven investment strategies, the research intends to uncover the factors influencing their decision-making processes. Additionally, the study aims to explore the perceived benefits and risks associated with technology integration in mutual fund investments as perceived by Chennai investors. Through a comprehensive analysis of these factors, the research endeavors to provide insights into the evolving preferences and trends within Chennai's investor community, thereby informing financial institutions and fund managers about the strategic implications for meeting the evolving needs of the market.

### **Need for Study**

Understanding the burgeoning demand for technology-driven solutions and the rising significance of innovation in investment strategies within Chennai's investor community is imperative amid the city's emergence as a technological hub. Investors increasingly favor innovative and technology-integrated mutual funds, underscoring evolving market preferences and trends. Discerning how Chennai investors perceive and prioritize these innovative options compared to traditional funds is crucial for financial institutions and fund managers to align with evolving market needs. Furthermore, exploring technology's impact on risk assessment and mitigation strategies within Chennai's dynamic investment landscape offers valuable insights into the efficacy and adaptability of these solutions. Analyzing the historical performance of technology-focused mutual funds relative to conventional options is pivotal for stakeholders to assess their appeal and understand associated returns and risks. Moreover, assessing Chennai investors' awareness and understanding of the benefits and risks of technology-driven mutual fund investments informs educational efforts to foster informed decision-making. Additionally, examining regulatory implications influencing technology-driven investment strategies sheds light on compliance and adaptation needs. Finally, investigating the sustainability and long-term viability of technology-integrated mutual funds as preferred investment options among Chennai investors offers insights into their future trajectory, guiding strategic decisions for financial institutions and investors alike.

### **Objectives of the Study**

The objective of the study is to:

- Evaluate investor preference for innovative and technology-integrated mutual fund investments in Chennai.
- Analyze the impact of these preferences on the overall market and investment trends.
- Examine how innovation and technology contribute to achieving specific financial goals beyond traditional risk-return optimization.
- Assess the role of technology in improving access to mutual fund investments for a wider range of investors.
- Evaluate the impact of technology integration on investor engagement and satisfaction levels.
- Analyze the effectiveness of digital platforms and mobile applications in facilitating mutual fund investments and enhancing investor experience.

### **Review of Literature**

**Elena Kusuma Dewi, R. A. Rahadi (2020)**, Mutual Funds are alternative investments for individuals with limited capital and knowledge, time. In addition, Mutual Funds are also expected to increase the role of local investors to invest in the capital market. The first online platform was launched in Indonesia in 2016 to increase investor participation. This study analyzes technology adoption of online mutual fund investment with millennials, focusing on factors like performance expectancy, effort expectancy, social influence, hedonic motivation, price value, habits, content design quality, and perceived trust.

**Parisa Khodayari, Naser Sanoubar (2016)**, in recent decades, the financial markets have undergone significant changes, with new intermediaries like mutual funds and exchange trade funds emerging. This study investigates the impact of information and communication technology on mutual fund assets in D-8 countries from 1999-2014. The panel data method was used to examine the hypothesis of the relationship between technology and mutual fund market development. The findings suggest that the lack of growth in mutual funds in D-8 countries is not solely due to technology, but also require improvements in investment culture, financial knowledge, and active institutions.

**Kishore Kumar (2020)**, Evaluates the impact of financial technologies on the financial industry in India. Through a literature review, the study explores the implementation of these technologies in the financial services sector. The review highlights the positive effects of FinTech on the industry, such as increased Asset Under Management and improved customer experience. However, the study also highlights challenges faced by regulators in regulating these disruptive technologies.

**Engku Mohamad Engku Abdullah1, Aisyah Abdul Rahman, Ruzita Abdul Rahim (2018)**, the study explores the adoption of financial technology (FinTech) in mutual fund/unit trust investment among Malaysians. It aims to determine the level of awareness on FinTech application and examine its adoption in mutual fund/unit trust investment. The research methodology involves questionnaire surveys, highlighting the importance of developing an effective and systematic framework for FinTech service implementation in mutual fund/unit trust investment.

**Krishna Kumar Dubey, Riya Gupta and Shailendra Singh Bhadouria (2023)**, The study explores the impact of Financial Technologies on Financial Awareness and Mutual Fund investment decisions. It reveals that fintech significantly enhances financial literacy and decision-making in mutual funds, thereby promoting financial decisiveness and enhancing investment decisions. The research was conducted using primary and secondary data from Madhya Pradesh.

#### Limitations of the Study

- The study focuses solely on innovation and technology within mutual funds, potentially overlooking broader market dynamics or investment opportunities outside this scope.
- Conclusions depend on the accuracy and impartiality of market information provided by respondents, which may not always be reliable or unbiased.
- Not all necessary information was universally accessible, potentially limiting the depth of analysis or the ability to draw comprehensive conclusions.
- Interaction with company professionals was restricted due to their busy schedules, potentially limiting access to valuable insights or perspectives within the mutual fund industry.

#### Research Methodology

**Research Design:** Descriptive Research

**Sampling Techniques:** Convenience Sampling

**Sources of Data:** Primary Data

**Instrument:** Questionnaire

**Sample Size:** 50

#### Statistical Techniques

- Percentage analysis
- ANOVA
- Correlation Analysis
- Chi- Square Test

#### Analysis and Interpretation

**Table 1: Believe that technology can enhance the returns on mutual fund investments:**

#### Opinion on Technology Boost the Mutual Fund Returns

Factors	Frequency	Percentage
Yes	49	70
No	21	30
<b>Total</b>	<b>70</b>	<b>100</b>

#### Inference

From the data presented in Table, it can be inferred that a significant majority of respondents, accounting for 70%, believe that technology enhances mutual fund returns. Conversely, 30% of the respondents expressed skepticism regarding the notion that technology boosts mutual fund returns. This finding underscores the diverse perspectives among investors regarding the impact of technology on

investment outcomes. Further analysis may be warranted to understand the underlying factors driving these beliefs and their potential implications for investment decision-making.

#### Analysis of variance on current occupation of respondents and technology boost the mutual fund returns

**H<sub>0</sub>:** There is no significant difference in the current occupation respondents and technology which can boost mutual fund returns.

**H<sub>1</sub>:** There is a significant difference in the current occupation respondents and technology which can boost mutual fund returns.

Significance level  $\alpha = 0.05$

Equal variances were assumed for the analysis.

Summary				
Groups	Count	Sum	Average	Variance
Technology boosts the mutual fund returns	70	91	1.3	0.213043
Current Occupation	70	97	1.385714	0.356315

ANOVA						
Source of Variation	SS	Df	MS	F	P-value	Fcrit
Between Groups	0.257143	1	0.257143	0.903273	0.3436	3.909729
Within Groups	39.28571	138	0.284679			
<b>Total</b>	<b>39.54286</b>	<b>139</b>				

#### Inference

With a p-value of 0.3436, which exceeds the significance level  $\alpha = 0.05$ , we accept the Null Hypothesis. Therefore, it is concluded that there is no significant difference in the opinions regarding whether technology boosts mutual fund returns among respondents based on their current occupation in the investment market. This suggests that regardless of occupation, respondents hold similar views on the impact of technology on mutual fund returns. Further investigation into other demographic or behavioral factors may provide additional insights into investor perceptions of technology in the mutual fund industry.

#### Spearman's rank Correlation on the significance of transparency in fund management and the important of the availability of a mobile app for managing mutual fund investment.

**H<sub>0</sub>:** There is no significant correlation between the significance of transparency in fund management and the importance of the availability of a mobile app for managing mutual fund investments.

**H<sub>1</sub>:** There is a significant correlation between the significance of transparency in fund management and the importance availability of a mobile app for managing mutual fund investments.

Correlations			
		Significance of transparency in fund management	Availability of a mobile app for managing your mutual fund investments
Significance transparency in fund management	Spearman's rho	1.000	0.462**
	Sig.(2-tailed)	.	0.000
	N	70	70
Availability of a mobileapp for managing your mutual fund investments	Spearman's rho	0.462**	1.000
	Sig.(2-tailed)	0.000	.
	N	70	70

Spearman's rank correlation=0.462

#### Inference

The correlation coefficient of 0.462 indicates a moderate positive relationship between the significance of transparency in fund management and the importance of the availability of a mobile app for managing mutual fund investment. This suggests that as the significance of transparency in fund management increases, so does the importance of having a mobile app for managing mutual fund investments, and vice versa. Therefore, it is concluded that there is a moderate positive correlation between these two variables, highlighting the interconnectedness between transparency in fund management and the convenience provided by mobile apps for investors in managing their mutual fund investments.

**Chi-Square test between the level of education qualification of the respondents and awareness of mutual fund investment.**

**H<sub>0</sub>:** There is no significant association between the level of education qualification of the respondents and awareness of mutual fund investment.

**H<sub>1</sub>:** There is a significant positive association between the level of education qualification and awareness of mutual fund investments.

Significance level:  $\alpha = 0.05$

Equal variances were assumed for the analysis.

<b>Chi-Square Tests</b>			
	<b>Value</b>	<b>Df</b>	<b>Asymp. Sig. (2-sided)</b>
<b>Pearson Chi-Square</b>	15.098 <sup>a</sup>	6	0.020
<b>Likelihood Ratio</b>	15.414	6	0.017
<b>Linear-by-Linear Association</b>	5.355	1	0.021
<b>N of Valid Cases</b>	70		

Chi square p value is **0.020**

**Inference**

With a p-value of 0.020, which exceeds the significance level of 0.05, we accept the null hypothesis. Thus, it is concluded that there is no significant association between the level of education qualification of the respondents and awareness of mutual fund investments. This implies that regardless of their educational qualifications, respondents exhibit similar levels of awareness regarding mutual fund investments. Further exploration may be necessary to understand other factors that could influence awareness levels among respondents.

**Findings**

- Analysis of Table 1 indicates that 70% of respondents believe technology can enhance mutual fund returns, while 30% do not share this belief.
- The obtained p-value of 0.3436, surpassing the significance level  $\alpha = 0.05$ , leads to the acceptance of the null hypothesis. This suggests no significant difference in opinions regarding the impact of technology on mutual fund returns across respondents, based on their current occupation in the investment market.
- Similarly, with a p-value of 0.020, exceeding the significance level of 0.05, the null hypothesis is accepted, indicating no significant association between respondents' level of education qualification and their awareness of mutual fund investments.
- Furthermore, a moderate positive correlation (correlation coefficient = 0.462) is observed between the significance of transparency in fund management and the importance of a mobile app for managing mutual fund investments, indicating a meaningful connection between these variables.

**Suggestions**

To better engage younger demographics and individuals with lower education levels in mutual fund investments, tailored educational programs should be developed. These initiatives should emphasize the long-term growth potential and diversification benefits associated with mutual funds, making the concept more accessible and relatable. Online platforms should be highlighted as the primary channel for mutual fund investments, ensuring seamless user experiences and accessibility for a wider range of investors. Educational efforts should focus on educating investors, especially those with lower education levels, about key decision-making factors such as past performance and fund manager reputation. Simplified explanations and guidance should be provided on how to evaluate these factors to make informed investment decisions. Additionally, a strategy of continuous improvement should be implemented, involving regular statistical analyses to identify emerging trends and investor preferences. Insights gathered should be utilized to refine investment strategies and enhance platform features over time, ensuring ongoing relevance and appeal to target demographics.

## Conclusion

In conclusion, the analysis of data collected from mutual fund investors in Chennai City sheds light on a clear preference for innovative technological integration in investment approaches, particularly among younger, educated demographics. This study has provided valuable insights into demographic characteristics, investment preferences, and technology adoption trends, revealing a growing interest in mutual fund investments within the region. Furthermore, it has identified the varying influences of factors such as risk, return, safety, liquidity, and affordability on investment choices, underscoring the complexity of decision-making in the investment landscape. Moreover, the study emphasizes the significant impact of external factors such as monetary policies, economic conditions, natural occurrences, and technological awareness on investment decisions.

To enhance mutual fund experiences and address the evolving needs of investors, the study proposes strategic initiatives. These include leveraging technology for improved accessibility and user experience, offering personalized services to cater to individual preferences, and diversifying investment options to accommodate varying risk appetites. By implementing these strategies, financial institutions and fund managers can build lasting relationships with investors based on trust and satisfaction, ultimately driving mutual fund adoption and fostering a prosperous investment ecosystem in Chennai.

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