A STUDY ON INVESTORS PERCEPTION & PREFERENCE TOWARDS INVESTMENT IN BEATING THE INFLATION POST COVID-19 IN INDIA

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Abstract

The goal of the study is to quantify the influence of demographic characteristics on an investor's investment decision and to distinguish between different aims, influence sources, and investor behaviour in relation to investment patterns. The mutual fund industry is expanding rapidly in the wake of demonetization, notwithstanding the detrimental consequences of COVID-19 on the sector. Due to the adoption of digital methods for channelizing customer investments, the mutual fund business continued to operate throughout the COVID-19 epidemic as well. Mutual fund regulators and market participants made tremendous efforts after demonetization to make the investment process more user-friendly for investors by implementing digital technology and streamlining the procedures to make the entire process transparent and paperless.

The development of alternative mutual fund distribution channels made possible by digitalization has helped increase the assets under management (AUM) for asset management firms and made it simpler and more convenient for consumers to invest, track, and withdraw money as needed.

For customers who are financially literate and digitally savvy, direct channels have produced very good tools for managing their mutual fund portfolios independently.

There have been talks and recommendations on the distribution of mutual funds through e-commerce platforms in the future, doing away with the need for human advisory services. In this light, it is critical to examine how the mutual fund industry's customers perceive and respond to this digital drive. This primary research aims to comprehend how customers see human advisors in this setting and how their role is evolving.

Keywords: Mutual Funds, Digitalization, E-Commerce, COVID-19, Demonetization

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Introduction

Increased investment in the Indian Mutual Fund Industry Convenience is present in both the pre- and post-Demonetization stages. The financialization of Indian savings into the Indian Mutual Fund business through various Digital Platforms caused the market share of the Indian Mutual Fund industry, which was 5% prior to demonetization and increased to 13% after demonetization in six months, to increase. The main digital or E-platforms include mobile apps, registrar applications for smartphones like CAMS, KINFIN, SLATE, Grow APP, Zerodha, and platforms for financial intermediaries like I-Direct from ICICI Securities, Invest Now from HDFC Securities, INVEST APP from SBI Mutual

Fund, as well as other direct investor applications for smartphones that are available on the Google Play Store. Investment funds.

Source: Ainia & Lutfi, 2019

Popular platforms for direct investments in the stock market include MYCAMS, K-Fintech Investor, Zerodha, Growapp/ET Money, Policy bazaar, etc. For Mutual Funds, the aforementioned applications are free and provide direct NAV (Net Assets Value), although Zerodha charges Rs. 20 each intraday transaction, in addition to additional fees if an investor calls them or associated private direct platforms for any queries.ET Money essentially offers free database services.

Because there are so many platforms available for investing in mutual funds, clients must digest a lot of information before choosing a platform. This primary research study is being conducted in this environment to better understand investor decision-making processes and customer perceptions of the mutual fund industry's digital push.

The days of Mutual Fund investors needing to comb through mountains of paperwork in order to start their investments-or, for that matter, to execute follow-up transactions on investments that had already been made-are long gone. Whether it be transaction processing, fund management, client support, or distribution, technology has now permeated every area of mutual fund operations and the industry is quickly headed towards "total technology dependence." According to Somaiya, "Mutual Funds are the only other industry, save retail banking, that can easily handle the full transaction chain from receiving money to investing and returning to redeeming it all on technological platforms, without any physical or even a paper leg to it.

The head of Sebi, U.K. Sinha, predicted that the sale of Mutual Fund units through e-Commerce platforms would start soon in December 2015. This effectively means that you might be able to purchase your Mutual Fund units "online" on Flipkart or Amazon, just like any other products. Although Somaiya of Motilal Oswal Mutual Fund thinks that purely online Mutual Fund distribution models will struggle in India because the human advisory element is essential - if not for information dissemination, then for handholding clients and shielding them from the "emotional traps" of investing - there is debate over whether or not this attempt to completely eliminate the advisory layer from the investing process will have a positive overall effect on the ecosystem. Studying how consumers perceive and respond to this digital drive by mutual fund regulators and market players is therefore crucial.

Literature Review

The Indian Mutual Fund business has travelled a significant road in their history by using the direct applications for mutual fund investments following the federal government's digital India push and demonetisation. It is crucial to note at this point that following the turmoil and fear that marked the world markets in 2018, the whole mutual fund sector appeared to have entered an extended hiatus. Numerous NFOs (New Fund Offers) that tried to get new investors into the fold characterised the pre-2008 timeframe. In the wake of the 2008 meltdown, a number of investors—both knowledgeable and uninformed—severely burned their fingers. Due to this lack of confidence, the industry's overall Assets under Management (AUM) rose by only 18–20% (a compound annual growth of only 5% per year) between 2008 and late 2011.

Tanuj (2020), individual investors are particularly concerned about the safety and financial return on their mutual fund investments. Before making an investment, investors also take into account factors like the section 80 C tax credit and the company's past performance.

The sector appears to have effectively defied this trend over the past four years as evidenced by the fact that its AUM more than doubled from 6.68 lac crores to 13.39 lac crores between December 2011 and December 2015 (a robust growth rate of close to 19% per annum, compounded). 'Technology as an enabler' for the ecosystem as a whole may have been the single biggest driver of development, excluding the considerable efforts undertaken by Asset Management Companies to educate the public about the complexities of mutual fund investment. K.R. Mary Jasmine, 2018 concluded that while shares and other tools offer more rewards at the cost of higher risk, mutual funds are still the best choice. Bank deposits, for example, provide investors with higher security and lower yields.

The goal of mutual funds is to give investors the easiest of both worlds while maintaining a balance between risk and return.

According to Rajesh Krishnamoorthy, MD of IFAST Financial India (One of India's leading technological platforms for distributors), when it comes to employing technology, the mutual fund business has fared much better than other companies in the financial services sector. The market has done an admirable job of ensuring that the usage of the appropriate technologies has a beneficial influence on the client experience.

In their article "Impact of Inflation on Perception of Indian Mutual Fund Investor During Recession - An Empirical Study" from 2010, Kirti and Bagchi 2020, respectively, they state: A robust asset portfolio can only be built after 20 to 30 years if frequent investments are made in mutual funds, which are one of the best ways to battle inflation with an average inflation rate of around 5% each year.

According to Vaibhav (2019), for reasons of safety and liquidity, most investors always opt to invest their money in fixed deposits with banks. Gold, UTI units, fixed deposits of non-government businesses, mutual funds, equity shares, and debentures are the next most popular investments after fixed deposits with banks.

Objective of the Study

1. To determine the investors' preferences for the company's asset management
2. To understand the benefits of investing in SBI Mutual Funds
3. To ascertain the interest of investors in SBI mutual funds.
4. To evaluate the comparison study with other top mutual funds on the market now.

Scope of the study

In this swiftly growing industry, several new competitors have entered the market and are striving for market share. In Delhi, the study was ongoing to accomplish. In order to gather the data for this study, the branches of SBI Bank, HDFC Bank, YES Bank, etc. were visited. The study will assist in determining the customers' preferences for portfolio, mode of investment, option, and return-getting methods as well as their interests and convenience (due to banks acting as distributors).

Research Methodology

The purpose of the study was to determine how much people invest and their investment habits. What motivates their investments, and where do they place them? Only bank investors were used as a sample because only banks had digital platforms, making it convenient for them to invest and hassle-free because they did not need to fill out application forms. Additionally, transaction costs for both the investor and the bank were low because the entire process was digital. Used were the application software programmes from HDFC Bank, AXIS Bank, Yes Bank, and SBI. SBI Application software is Mitr, just like the name of HDFC BANK Application is Invest now.

A questionnaire was created in order to collect the aforementioned information from the investors. The majority of the survey's questions had an objective bent, which made it simpler for participants to give the most truthful responses. The research used a 100-person sample size, which included all demographic groups with adults 18 and older. On a separate page, each questionnaire question is examined, and graphs are used to explain the findings.

Data sources:

The only secondary data that can be used in this research is for reference purposes only. In the course of conducting research paper, primary data was obtained via interacting with a variety of people. The secondary data was acquired from a range of journals, websites, and special publications from SBI Mutual Fund, HDFC Mutual Fund, Axis Mutual Fund, AMFI, SEBI, and Café Mutual Fund. Com.

Sampling Method

The sample is randomly chosen by going to banks like as SBI, HDFC BANK, AXISBANK, YESBANK, BANK OF BARODA, and IDBI BANK. The group has been chosen, and analysis has been conducted using the statistical techniques at our disposal.

Data Analysis and Interpretation:

1. Age Group of Respondents who prefer online shopping.

Age Group	No of Respondents	Percentage
Below 20	25	25
21-40	35	35
41- 60	25	25
Above 60	15	15
Total	100	100

(Primary data)

Interpretation: From the above table, it was observed that 20-40 age group was most who prefer the Mutual fund investment 35%.

2. Gender

Gender category	No of customers	percentage
Female	60	60
Male	40	30
Total	100	100

Interpretation: It is observed that Female customer are highly influenced by investment in mutual fund and in selected sample as high as 65 % are involved in it.

3. Income Levels :

Income in Rs.	No of customers	percentage
Below 20,000	15	15
20,000 to 50,000	20	20
50,000 to 70,000	35	35

70,000 to 100,000	30	30
Total	100	100

Interpretation: It is clear from above table that the customers belonging to higher income group (35 %) have more inclination towards investment in mutual fund.

Testing of Hypothesis

H1: There is no discernible gender difference in the kind of investments people prefer to make to beat inflation.

The F-test is used to evaluate the aforementioned null hypothesis after obtaining an ANOVA. Here are the outcomes:

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	145.27	1	131.14	0.51	0.05
Within Groups	173.80	99	134.07		
Total	319.07	100			

Interpretation:

According to the above table, there are no gender differences in the preferred investing strategies for outpacing inflation.

The computed p-value (sig value) of the F-test is 0.51 due to no differences in the preference of investment avenues to beat inflation according to gender. It exceeds the typical 0.05 p-value (5% level of significance). F test is therefore accepted. The alternative hypothesis is therefore rejected, and the null hypothesis is accepted.

Hypothesis 2 – Results and Discussion

H2: The gender of the person making the investment has no real impact on the considerations they take into account.

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	389.17	1	247.13	2.31	0.05
Within Groups	117.69	99	142.21		
Total	506.86	100			

Interpretation:

According to the above data, there are no gender-specific differences in the considerations taken into account before investing in any asset class. The computed p-value (sig value) of the F-test is 0.05 since there is no statistically significant difference in the factors taken into account before investing in any asset class based on gender. It exceeds the typical 0.05 p-value (5% level of significance). F test is therefore accepted. The alternative hypothesis is therefore rejected, and the null hypothesis is accepted.

Conclusion

The majority of investors, according to this primary research study carried out in Delhi, are between the ages of 30 and 40. The least number of investors were under 30 years old, while the majority were over 40 years old.

Between 100,000 and 500,000 more people in the yearly income category invested in mutual funds. The income category between Rs. 5 and 10 lakh had the second-highest percentage of cases, while the group below Rs. 1 lakh had the lowest percentage. Only 60% of the respondents invested in mutual funds out of the total amount of deposits held by the bank branches.

The majority of respondents favoured High Return, with Low Risk investments coming in second, followed by Liquidity, and Trust coming in last. Only 60% of the 100 respondents had invested in mutual funds, whereas 40% had not. Due to ignorance about SBIMF, agent recommendations, and lower returns, the majority of investors choose not to invest in SBIMF. Most investors chose growth in returns, followed by dividend payout (second most desired) and dividend reinvestment (third most preferred).

According to this report, banks and asset management firms continue to have a strong presence in mutual fund investing, and the human advisory component of agents helps to build investor trust. Investors invest in mutual funds in one of three ways: through banks in 57% of cases, AMCs in 21% of cases, and advisors in 22% of cases.

In this context, it can be concluded that customers in cities like Delhi still favour conventional channels for investing despite the growth of digitalization, even though technology may be assisting them in doing so by allowing them to make better decisions and keep track of their assets.

According to the research's findings, digitalization is far from displacing conventional investment channels when it comes to the purchase of mutual funds. The mutual fund sector now uses a hybrid model that combines physical and online channels, and this model will continue to be popular in the future.

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