



A STUDY ON CUSTOMER AWARENESS AND PREFERENCE TOWARDS MUTUAL FUND INVESTMENTS WITH SPECIAL REFERENCE TO COIMBATORE CITY

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ABSTRACT

This study examines customer awareness and preference towards mutual fund investments with special reference to Coimbatore City. Using a structured questionnaire, primary data were collected from 100 respondents through convenient sampling. The study analyses the socio-economic profile of investors, their level of awareness, risk-taking ability, investment preferences, and key factors influencing their mutual fund decisions. Findings indicate that a majority of respondents are young male investors in the 21–30 age group with moderate risk tolerance, preferring Systematic Investment Plans (SIP). Social media is the dominant source of information, and wealth creation is the primary financial goal. The study concludes that improving financial literacy and investor education can significantly enhance participation and decision-making quality in mutual fund investments.

KEYWORDS

Customer Awareness - Mutual Fund Investments - Investment Preference - Investor Behaviour

INTRODUCTION

Mutual funds constitute a significant component of the modern financial system by mobilising savings from investors and channelising them into diversified portfolios of securities. They play a vital role in promoting capital market development by offering professional fund management, risk diversification, liquidity, and transparency. The period from 2015 to 2024 represents a crucial phase in the evolution of the mutual fund industry encompassing regulatory reforms, pandemic-induced volatility, and rapid digitisation of investment platforms. The adoption of Systematic Investment Plans (SIPs), mobile investment applications, and AMFI's 'Mutual Funds Sahi Hai' campaign has significantly expanded the retail investor base. Despite this growth, many investors particularly in Tier-II cities such as Coimbatore continue to face challenges related to awareness, risk perception, and informed scheme selection. This study attempts to understand the current level of investor awareness and preference towards mutual fund investments in Coimbatore City.

OBJECTIVES OF THE STUDY

- To analyse the level of customer awareness towards mutual fund investments.
- To study the perception of customers regarding mutual funds in Coimbatore City.
- To study investor preferences towards different mutual fund schemes.
- To examine the factors influencing investment decisions in mutual funds.

STATEMENT OF THE PROBLEM

In recent years, mutual funds have become an important investment option; however, many customers still lack adequate awareness about their features, benefits, and risks. This lack of knowledge leads to confusion, improper investment decisions, and underutilisation of mutual fund schemes. Many investors are unaware of different types of funds, return potential, and risk factors, which affects their confidence in investing. Misleading information and lack of proper guidance further create difficulties for customers in selecting suitable investment options. Therefore, it becomes necessary to study the level of customer awareness and its impact on mutual fund preference in order to identify gaps and improve investor understanding.

SCOPE OF THE STUDY

The scope of the study is centred on analysing investor awareness, behaviour, and preferences towards mutual fund investments in Coimbatore City. It covers aspects such as risk and return analysis, types of mutual fund schemes preferred, and the level of awareness among investors. Data are collected from 100 respondents through a structured questionnaire and analysed using percentage analysis, correlation analysis, and Garrett's Ranking Technique. The study is limited to Coimbatore City and the specific time period considered; results may not be universally applicable.

LIMITATIONS OF THE STUDY

- The study is limited to only 100 respondents, which may not represent the entire population.
- The research is confined to Coimbatore City; results may not be applicable to other areas.
- Data collected are based on respondents' opinions, which may be biased or inaccurate.
- Time constraints limited the depth of analysis and data collection.

RESEARCH METHODOLOGY

This study adopts a descriptive research design to examine customer awareness and preferences towards mutual fund investments. Primary data were collected from 100 respondents using a structured questionnaire through convenient sampling. Secondary data were sourced from books, journals, and financial websites. The study was conducted over five months from December to April in Coimbatore City.

Table 1: Demographic Profile and Study Behaviour of Respondents

Question	Options	%	Question	Options	%
Gender	Male	77%	Age Group	Below 20	28%
	Female	19%		21–30	52%
	Prefer not to say	4%		31–40	6%
Total		100%		41–50	9%
				Above 50	5%
			Total		100%
Occupation	Student	34%	Monthly Income	Below ₹10,000	43%
	Salaried	32%		₹10,000–₹25,000	36%
	Others	23%		₹25,000–₹50,000	14%
	Business	11%		Above ₹50,000	7%
Total		100%	Total		100%
Awareness of MF	Yes	62%	Risk-Taking Ability	Moderate	41%
	No	38%		Very Low	33%
Total		100%		Low	17%
				High	9%

			Total		100%
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Table 2: Classification of Study-Related Factors

S.No	Study Factor	Category	Frequency	%
1	Primary Source of Information	Social Media	45	45%
		Friends / Family	28	28%
		TV / News	14	14%
		Financial Advisor	13	13%
		Total	100	100%
2	Factor Checked Before Investing	Past Performance	42	42%
		Ratings	28	28%
		NAV (Net Asset Value)	22	22%
		Expense Ratio	8	8%
		Total	100	100%
3	Mode of Investing	SIP	36	36%
		Lump Sum	33	33%
		Both	31	31%
		Total	100	100%

Table 3: Relationship Between Personal Factors and Study Factors

S.No	Variables	r Value	p Value	S/NS	Relationship
1	Age and Primary Source of Information	0.680	0.980	S	High Positive Correlation
2	Occupation and Primary Source of Information	0.036	0.360	NS	Weak Positive Correlation
3	Monthly Income and Primary Source of Information	0.527	0.180	NS	Moderate Positive Correlation
4	Monthly Income and Evaluation	1.010	0.800	NS	Strong Positive Correlation
5	Occupation and Risk-	0.000	0.930	NS	No Correlation

	Taking Ability				
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Table 4: Relationship Between Study Factors and Study Factors

S.No	Variables	r Value	p Value	S/NS	Relationship
1	Awareness Source and Type of Mutual Fund	0.650	0.930	S	Positive Correlation
2	Awareness Source and Encouraging Factor	0.740	0.502	S	Strong Positive Correlation
3	Type of Mutual Fund and Risk–Return Balance	0.850	0.803	S	Very Strong Positive Correlation

Table 5: Main Financial Goal While Investing

S.No	Financial Goal	Mean Score	Rank
1	Wealth Creation	62.90	I
2	Regular Income	59.91	II
3	Diversification of Investment	56.76	III
4	Tax Saving	56.07	IV
5	Short-term Profit	53.24	V
6	Long-lasting Growth	51.98	VI
7	Inflation Protection	48.38	VII
8	Capital Preservation	47.61	VIII
9	Retirement Planning	46.85	IX
10	Emergency Fund Creation	44.70	X

FINDINGS

- Majority (77%) of the respondents are Male.
- Majority (52%) of the respondents belong to the 21–30 years age group.
- Majority (34%) of the respondents are Students, followed by Salaried employees (32%).
- Majority (43%) of the respondents earn a monthly income of below ₹10,000.
- Majority (62%) of the respondents have awareness about Mutual Funds.

- Majority (41%) of the respondents have Moderate risk-taking ability.
- Majority (45%) of the respondents is Social Media.
- Majority (42%) of the respondents check Past Performance.
- Majority (36%) of the respondents prefer SIP as the mode of investing in mutual funds.
- The most important financial goal for investing in mutual funds is Wealth Creation (Mean Score: 62.90, Rank I), followed by Regular Income (Mean Score: 59.91, Rank II).

SUGGESTIONS

For investors, it is essential to focus on risk-adjusted returns by using metrics such as the Sharpe Ratio, Treynor Ratio, and Jensen's Alpha, rather than relying solely on absolute returns. Investors should diversify their investments across equity, debt, and hybrid funds to reduce overall portfolio risk. One should avoid making decisions based only on past performance and must also consider factors like fund ratings, Net Asset Value (NAV), and expense ratios. Adopting Systematic Investment Plans (SIPs) can help in building wealth in a disciplined and long-term manner. Additionally, improving financial literacy through credible sources such as SEBI and AMFI is highly recommended.

For mutual fund companies, maintaining transparency in operations, fees, and risk disclosures is crucial to build and sustain investor trust. They should also strengthen their digital platforms and mobile applications to make investing more accessible, especially for young investors. Developing innovative and customised schemes that cater to different risk profiles and income levels will help attract a wider investor base. Regular performance reporting using standard measures will keep investors well-informed.

For regulatory bodies, strengthening investor protection policies and closely monitoring mutual fund operations is important. Expanding investor awareness programmes, particularly in the peri-urban areas of Coimbatore, can play a significant role in promoting financial literacy. Furthermore, encouraging financial inclusion through simplified investment procedures and reduced entry barriers will help bring more people into the formal investment ecosystem.

CONCLUSION

The study on customer awareness and preference towards mutual fund investments in Coimbatore City reveals that mutual funds are increasingly recognised as a viable investment avenue, particularly among young investors in the 21–30 age group. However, a significant proportion of respondents (38%) remain unaware of mutual fund schemes, highlighting the urgent need for targeted

financial literacy initiatives. The respondent profile predominantly young, male, student or salaried, lower-to-middle income investors reflects a digitally engaged yet financially nascent investor base highly influenced by social media. While moderate risk-taking ability and SIP preference indicate growing financial discipline, the dominance of short-term investment horizons suggests limited long-term financial planning. Correlation analysis confirms that awareness quality significantly shapes investor preferences and risk-return alignment. Wealth creation, regular income, and diversification emerge as primary investment motivators. Sustained efforts in investor education, transparent product communication, and accessible digital platforms can bridge the awareness gap and catalyse long-term participation in mutual fund investments, ultimately contributing to broader financial inclusion and capital market development.

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WEBSITES

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- ET Money – <https://www.etmoney.com/mutual-funds>
- Zerodha Varsity – <https://zerodha.com/varsity>
- Mutual Funds Sahi Hai (AMFI) – <https://www.mutualfundssahihai.com>