



INVESTMENT PATTERN IN MUTUAL FUND AND BANKING INDUSTRY IN AHMEDABAD CITY

¹ HONEY SEMWAL

¹Student

¹Name of Department of 1st Author,

¹GLS University, Ahmedabad, India

Abstract: The motivation behind this exploration is to hit mostly on the inclinations of financial investors in Ahmedabad with regards to investment avenues. This research helps in understanding the perceptions of financial investors in regards to the mutual fund industry and banking sector. Back in times there was an absence of speculation choices in the monetary market and Banks were the significant wellspring of venture in those days. However, the adjustment of time, request, and level of mindfulness in financial investors with respect to different instruments and choices has motivated this examination, so as to know what kinds of avenues financial investors like. The Study has involved different variables which have impacted the view of the investors. This research assists in knowing the investors' inclination based on risk, returns, consistency, stability, intricacy, innovation, information, and so forth. This will illuminate the satisfaction level of investors with respect to returns, liquidity, safety, and rates. Investors were given some information about the elements that might influence their money management choices. This research is extremely valuable to understand the speculation choices in mutual funds and banks, along with the interest and assumptions of financial investors, which can help the mutual fund and banking industries in formulating strategies to attract investors

Index Terms - Banking, Mutual Fund, Investment Pattern, Financial Investment.

1. INTRODUCTION

The acquisition of an asset, item, or security with the intention of earning income or appreciation in the future is known as investing. It is significant in several ways: it is a good source of passive income that provides financial security, it may help beat inflation, and it may qualify for tax breaks. Investors can choose from a variety of options.

Some of the investment avenues are:-

Fixed Deposit

Mutual Fund

Recurring Deposit

Public Provident Fund

National Pension Scheme

Employee Provident Fund

Stocks

A bank is a financial entity that handles both deposits and loans, and allows a person with extra cash (a saver) to deposit it with the bank and receive interest. Similarly, a bank lends money to a person in need (an investor or borrower) at a rate of interest. As a result, banks serve as a middleman between the saver and the borrower. Investment options in the banking sector are fixed deposits and recurring deposits. These options provide a fixed rate of return with a definite period of time as agreed by both the parties (Bank and Investor). Mutual funds are a mechanism for pooling resources by issuing units to investors and investing those funds in securities in accordance with the objectives stated in the offer document. Assets to invest in the mutual fund industry are equity funds, debt funds, hybrid funds, and liquid funds. The rate of return here is not predetermined as it depends on various factors.

This study is conducted with an aim to act as a bridge between investors and mutual fund/Banking companies by providing data based insights of consumer patterns while looking for an investment option. The outcome of the research with the help of a

hypothesis specially designed to answer the Investors point of view on Mutual Fund and Banking sector will help in making strategies that highlight the features a customer is looking for while investing.

II. REVIEW OF LITERATURE

Mutual funds are commonly thought to be a retail product aimed at individual investors who are intimidated by the stock market yet want to benefit from it. Properly creating a mutual fund product and anticipating a positive response from investors is the need of the hour [Chakraborty, S., & Dugal, S. (2013)]. Being customer-centric not only pleases investors, but also improves their commitment to the Mutual Fund Company. D'silva, B., D'silva, S., & Bhuptani, R. S. (2012) found that many characteristics have a substantial impact on their mutual fund investment pattern. Also, an investor's motivation for investing in a mutual fund has a significant impact on the mutual fund scheme chosen for investment. Different schemes should be promoted to ensure that investors' needs are met, and mutual fund information should be made available to investors as they play a significant role in motivating the investors [Vyas, R. (2012)]. Each element influences the investor in different ways while making an investment decision. Demographic characteristics (gender, age) and income level are major aspects that influence any investor's decision [Shinde, C.M., & Zanvar, P. (2015)].

Agrawal, G., & Jain, M. (2013) inferred that most favored channels of investment on the basis of safety are the bank and the life insurance company, while in terms of return, mutual funds and real estate is preferred. These decisions are impacted by factors like income level, age and Gender. The investments of individual investors are backed by both rewards and money. Individual investors continue to prefer financial products that provide risk-free returns [Zanvar, P., & Bhola, S. S. (2016)]. The study also found that even high-income, well-educated, salaried, and self-employed Indian investors are conservative investors who prefer to play it safe in the market. Praba, R. S. (2016) concluded that men and women have vastly different risk attitudes, preferences, selection, pre-evaluation, financial information source, reference group, financial motive, financial planning, income level, and investment decision-making. Premalatha, K. P., & Manjunath, S. J. (2019) concluded that due to rising stock market risk and volatility, investors have transferred their money away from riskier, direct stock market investments and toward mutual funds and other safer vehicles. Even knowledgeable investors choose secure, low-risk investments like insurance, post office, government bonds, and bank savings. Before making any sort of investment transaction, investors analyze a variety of factors and seek out diversified information, while being susceptible to cognitive illusions like overconfidence and limited framing [Dash, M. K. (2010)]. For instance, the level of risk perception and awareness of available investment possibilities vary between one class of individuals and another class of people in terms of their investment behavior [Kulal, A., Alasbahi, A., & Al-Gamal, E. (2019)]. According to Dhar, P., & Dey, B. (2013), Investors who are conscious that their knowledge and/or experience are insufficient to make wise selections on their own may try to reduce their emotions of unease by asking competent people for information about investments or by monitoring the actions of other investors in their social network. Karanam, M., & Shenbagavalli, R. (2019) affirmed that certain demographic variables such as age, income, and occupation have an impact on millennial generations' investment decisions. Gaining a profit is the main driver behind investment, future spending, tax reductions, and wealth growth [Swadia, B. U. (2017)]. The older age group preferred traditional and unorganized investment avenues [Kumawat, A., & Parkar (2020)]. Thus, understanding the investment patterns focused on demographic variables like age, gender, occupation and income level for both Mutual Funds and Banking Industry will help in designing better Schemes and creating awareness among the investors

III. RESEARCH METHODOLOGY

The study focuses on understanding and validating different assumptions commonly made in the Mutual Fund and Banking Sector. The primary data for research was collected with the help of a questionnaire supplied to various stakeholders

of study. This data collected was analyzed with the help of SPSS software by undertaking various tests like One Sample T Test, One Way Anova and Chi Square test. Different variables were selected to test various hypotheses for the purpose of study. These variables included gender, age, occupation, annual income, investment in mutual fund and banking sector, investment in different asset classes, and investment in banking, purpose of investment, time period, and level of risk, satisfaction from investment in Mutual Fund and satisfaction from investments in banking sector.

RESEARCH DESIGN:

The research design here is descriptive in nature, as all the facts are persistent to the study and the authors are just trying to uncover and extract the same.

SOURCE OF DATA

The Primary data source in our study was collected through questionnaires which contained demographic details and questions regarding the mutual fund and banking industry. The source of secondary data includes journals, articles, white papers and websites.

OBJECTIVES

- To analyze the impact of demographic details on investment.
- To analyze different perceptions of investors towards the mutual funds and banking sector.
- To analyze the satisfaction level of investors.
- To analyze the need of investor while allocating the fund for a particular scheme

THE SAMPLE

The study was focused on the Mutual Fund and Banking sector of India. So, the target population was investors investing in mutual funds and the banking industry. The research instrument used in this study is a questionnaire with a convenient sampling method. IBM SPSS V20 software was used to analyze the data

IV. VARIABLE DESCRIPTION

For the Purpose of study responses to the following variables were requested and recorded:-

Gender: - The Choices made available for this variable were male or female.

Age: - The respondents were given option to choose from Below 20 years 20-40 years 41-60 years

Occupation: - Service, Profession, Business, Student, Housewife

Annual Income: - Below 2 lacs, 2-5 lacs, 6-10 lacs, 10 lacs & above

Investment in Mutual Fund and Banking Sector:- Mutual funds, Banking sector and Both

Investment in Asset Class:- Equity, Debt, Liquid and Hybrid

Investment in Banking Sector:- Fixed deposit and Recurring deposit

Purpose of Investment: - Future planning, Child planning, Tax planning and Retirement planning

Time Period of Investment:- Up to 1 year, 2-5 years, 6-10 years and 10 years & above

Level of Risk: - Less risk, Moderate risk and High risk

Satisfaction with Mutual Fund: - Very satisfied, Satisfied, Average, Dissatisfied and Very dissatisfied

Satisfaction with Banking Sector: - Very satisfied, Satisfied, Average, Dissatisfied, and Very dissatisfied

ANALYSIS OF DATA:

Table No 1 describes classifications of the respondents, out of 109 respondents, 56% of the respondents are Male while 44% of the respondents are Female. The majority of respondents are from the age group of 20-40 years i.e., 72, 2 are from below 20

years and 35 belong to 41-60 years the annual income of the respondents. Also in terms of income, majority of respondents earn between 2-5 lacs i.e., 46 and very few respondents earn below 2 lacs i.e., 10. From the investors of Mutual Fund and Banking Sector, higher proportion of people invested in Mutual Fund i.e., 46.

Table No. 1			
Variable	Dimensions	Frequency	Percentage
Gender	Male	61	56.0
	Female	48	44.0
Age	Below 20 years	2	1.8
	20-40 years	72	66.1
	41-60 years	35	32.1
Annual Income	Below 2 lacs	10	9.2
	2-5 lacs	46	42.2
	6-10 lacs	37	33.9
	10 lacs & above	16	14.7
Investment In Mutual Fund and Banking Sector	Mutual funds	46	42.2
	Banking sector	36	33.0
	Both	27	24.8

Table No. 2 represents that respondents earning 10 Lacs or more take moderate risk and respondents earning between 2-5 Lacs take less risk.

Table No. 2 Cross tabulation between income and level of risk ready to undertake			
	Less risk	Moderate risk	High risk
Below 2 Lacs	6	4	0
2-5 Lacs	21	18	7
6-10 Lacs	12	19	6
10 Lacs & above	3	9	4
Total	42	50	17

One Sample T-Test

One Sample T-test shows the perception of investors towards the mutual fund and banking sector. One-sample t-test is a statistical hypothesis test used to determine whether an unknown population mean is different from a specific value. Following hypothesis were tested using this method, this hypothesis test the investors point of view with regards to the return generated with the help of Mutual Fund and Banking

H01: There is no certainty of income in a mutual fund.

H11: There is a certainty of income in mutual funds.

H02: Banking sector does not give you a low rate of return.

H12: Banking sector gives you a low rate of return.

H03: There is no steady income in the banking sector.

H13: There is a steady income in the banking sector.

H04: Mutual fund schemes do not give you more return than fixed deposit.

H14: Mutual fund schemes give you more return than fixed deposit

Sr. No	Hypothesis	95% confidence interval of the difference		Significance (2-tailed)	Accepted or Rejected
		Lower	Upper		
H01	There is no certainty of income in a mutual fund.	-.6395	-.2412	.000	Rejected
H02	Banking sector does not give you a low rate of return.	-1.1841	-.8159	.000	Rejected
H03	There is no steady income in the banking sector.	-.9668	-.5745	.000	Rejected
H04	Mutual fund schemes do not give you more return than fixed deposit.	-1.1509	-.7925	.000	Rejected

Interpretation- As significance value is lower than 0.05 i.e., 0.000, so H0 will be rejected and H1 will be accepted. That means there is certainty of income in mutual funds.

Interpretation- As significance value is lower than 0.05 i.e., 0.000, so H0 will be rejected and H1 will be accepted. That means the banking sector gives a low rate of return.

Interpretation- As significance value is lower than 0.05 i.e., 0.000, so H0 will be rejected and H1 will be accepted. That means there is steady income in the banking sector.

Interpretation- As significance value is lower than 0.05 i.e., 0.000, so H0 will be rejected and H1 will be accepted. That means mutual fund schemes give more return than fixed deposits.

One Way Anova

One-way anova test shows the relationship between age and perception towards the mutual fund and banking sector. One-Way ANOVA ("analysis of variance") compares the means of two or more independent groups in order to determine whether there is statistical evidence that the associated population means are significantly different. One-Way ANOVA is a parametric test. Following hypothesis were used to check the relation between the age and the investment in Mutual Fund, this hypothesis will help help in understanding the influence of age while looking at Mutual Fund as an investment option

H05: There is no association between age and certainty of income in mutual funds.

H15: There is an association between age and certainty of income in mutual funds.

H06: There is no association between age and investment in mutual funds.

H16: There is an association between age and investment in mutual funds.

Sr. No	Hypothesis	F	Significant	Accepted or Rejected
H05	There is no association between age and certainty of income in mutual funds.	2.685	.073	Accepted
H06	There is no association between age and investment in mutual funds.	.146	.864	Accepted

Interpretation- As significance value is higher than 0.05, which is 0.73. So, H0 will be accepted and H1 will be rejected. That means there is no association between age and certainty of income in mutual funds.

Interpretation- As significance value is higher than 0.05, which is 0.864. So, H0 will be accepted and H1 will be rejected. That means there is no association between age and investment in mutual funds is very complex.

Chi Square Test

The most common measure of "correlation" or "predictability" is Pearson's coefficient of correlation, although there are certainly many others. Pearson's r , as it is often symbolized, can have a value anywhere between -1 and 1. To check the relation between occupation and the purpose of investment H07 was designed, 8th Hypothesis tests the investment options linkage with time duration of investment and

H07: There is no association between occupation and purpose of investment.

H17: There is an association between occupation and purpose of investment.

H08: There is no association between investment options in the banking sector and time duration of investment.

H18: There is an association between investment option in banking sector and time duration of investment

H09: There is no association between the type of asset class in mutual funds and level to risk ready to undertake.

H19: There is an association between type of asset class in mutual funds and level to risk ready to undertake

Sr. No	Hypothesis	df	Significant (2-Sided)	Accepted or Rejected
H07	There is no association between occupation and purpose of investment.	12	.004	Rejected
H08	There is no association between investment options in the banking sector and time duration of investment.	3	.355	Accepted
H09	There is no association between the type of asset class in mutual funds and level to risk ready to undertake.	6	.237	Accepted

Interpretation- As significance value is lower than 0.05 i.e., 0.004. So, H0 will be rejected and H1 will be accepted. That means mutual fund schemes give you more return than fixed deposits.

Interpretation- As significance value is higher than 0.05 i.e., 0.355. So, H0 will be accepted and H1 will be rejected. That means there is no association between investment options in the banking sector and time duration of investment.

Interpretation- As significance value is higher than 0.05 i.e., 0.237. So, H0 will be accepted and H1 will be rejected. That means there is no association between type of asset class in mutual funds and level to risk ready to undertake.

V. RESULTS AND CONCLUSIONS

With the help of the primary and secondary data used in the study, it can be seen that the investors support the idea that mutual funds provide a better return on investment in comparison to the banking sector's investment option, though they look at the banking sector as an investment option that provides a low rate of return but steady income. Even though the general perception is that there is no certainty of income in mutual funds, the data, with the help of a 2-tailed one-sample t-test, concludes that investors feel that mutual funds are an investment avenue with a fair degree of certainty in income. Demographic factors also play a vital role in terms of investment. No association was seen between age and certainty of income from different investments, showing that with the help of available knowledge about the different investment options, investors from all age groups have a certainty of income from these sources. Also, the same goes with the investment in mutual funds, showing that all age groups prefer to invest in mutual funds with a similar passion. An association between the purpose of investment and the occupation of investors was observed in the data, which can help organizations in developing schemes or plans targeted to a pool of target audiences as per occupation. Also, there was no association seen between an investor choosing a particular asset class for investment and the level of risk that investor is ready to take. This study recommends creating schemes or investment options that give a certain rate of return targeted as per the investor's occupation, which is itself linked to the purpose of the investment. These schemes can be from any asset class, but with a different level of risk involved and a fair degree of probability in generating a return that might be shared with people from any age group.

REFERENCES

1. Chakraborty, S., & Digal, S. (2013). Analysis of Investment Pattern of Mutual Funds Investors—An Empirical Study in Orissa. *GITAM Journal of Management*, April, 192-207.
2. D'silva, B., D'silva, S., & Bhuptani, R. S. (2012). A Study on Factors Influencing Mutual Fund Investment in India. *International Journals of Commerce Research and Behavioural Sciences*, 1(5), 23-30
3. Vyas, R. (2012). Mutual fund investor's behaviour and perception in Indore city. *Researchers World*, 3(3), 67.
4. Shinde, C. M., & Zanvar, P. (2015). A study of investment pattern on the basis of demographic traits. *International Journal of Research Granthaalayah*, 3(11), 175-205.
5. Agrawal, G., & Jain, M. (2013). Investor's Preference towards Mutual Fund in comparison to other Investment Avenues. *Journal of Indian Research*, 1(4), 115-131.
6. Ramanujam, V., & Chitradevi, K. (2012). A study on impact of socio-economic profile on investment pattern of salaried and business people in Coimbatore city. *International journal of management & information technology*, 2(1), 67-77.
7. Zanvar, P., & Bhola, S. S. (2016). An empirical study on an investment pattern of individual investors in Pune city. *IICMR Research Journal I*, 4.
8. Praba, R. S. (2016). An empirical study on gender difference in the Investment pattern of retail Investors. *Acme Intellects Journal of Research in Management, Social Sciences and Technology*, 14 (14).
9. Premalatha, K. P., & Manjunath, S. J. (2019). Factors Influencing Investment Choice of Different Class of Individual Investors. *Think India Journal*, 22(25), 334-345.
10. Dash, M. K. (2010). Factors influencing investment decision of generations in India: An econometric study. *Int. J. Buss. Mgt. Eco. Res*, 1(1), 15-26.
11. Kulal, A., Alasbahi, A., & Al-Gamal, E. (2019). Analysis of Investment Pattern of Different Class of People: A Review. *Journal of Social Welfare and Management*, 11(2), 135-140.
12. Dhar, P., & Dey, B. (2013). Impact of Individual's Psychology in Their Investment Pattern: An Empirical Inquest in Indian Context. *Business Spectrum*, 1(3), 15-22.
13. Karanam, M., & Shenbagavalli, R. (2019). Investment pattern of millennials: A path ahead. *Research Journal of Social Science and Management*, 9(4), 24-29.
14. Swadia, B. U. (2017). A Study on Investor Behavior Towards Investment Pattern Portfolios. *Recent Trends International Journal of Multidisciplinary Research*, 3(4), 41-51.
15. Kumawat, A., & Parkar, A. STUDY ON INVESTMENT PATTERN AND THE FACTORS INFLUENCING INVESTMENT DECISIONS OF AN INDIVIDUAL.