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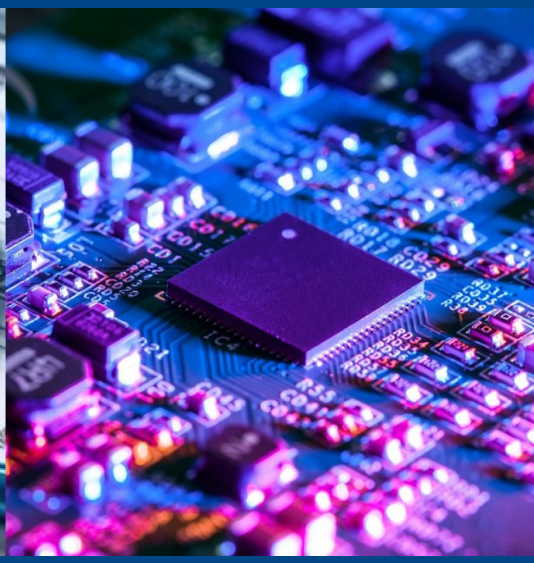

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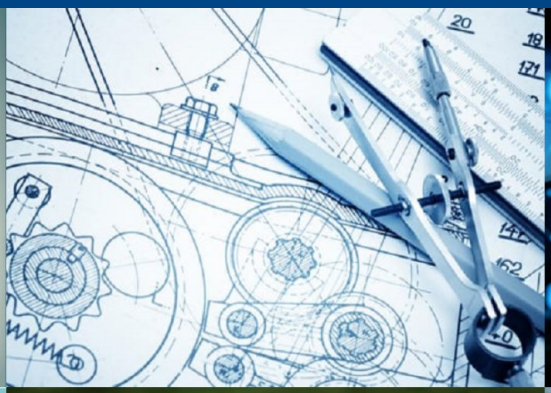

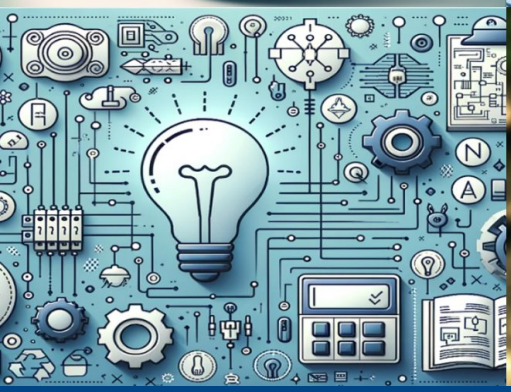

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Impact of Digital Mutual Fund Platforms on Investment Behaviour of Indian Youth

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ABSTRACT: The rapid growth of financial technology (fintech) has transformed the investment landscape in India, particularly through digital mutual fund platforms. These platforms have democratised access to financial markets by lowering transaction costs, simplifying investment processes, and offering real-time portfolio information. This study investigates the impact of digital mutual fund platforms on the investment behaviour of Indian youth, focusing on key dimensions such as ease of use, trust, accessibility, financial literacy, and behavioural biases. A quantitative research design was adopted, with primary data collected through structured questionnaires from 155 respondents in the 18–35 age group. Data were analysed using statistical tools including descriptive statistics, chi-square tests, one-way ANOVA, Pearson correlation, and multiple linear regression using Jamovi software. Results reveal that digital platforms significantly influence investment participation, frequency, and diversification. Convenience, user-friendly interfaces, and access to real-time data emerged as primary adoption drivers. However, trust deficits, security concerns, and insufficient financial literacy remain barriers for a subset of users. The study also identifies behavioural biases—particularly overconfidence and herd behaviour—as significant moderators of digital investment decisions. Findings contribute to the fintech and behavioural finance literature and offer actionable insights for platform developers, financial institutions, and policymakers seeking to enhance digital adoption among young Indian investors.

KEYWORDS: Digital mutual fund platforms, investment behaviour, Indian youth, fintech, financial literacy, ease of use, trust, behavioural biases, Technology Acceptance Model.

I. INTRODUCTION

The financial services industry has undergone a significant transformation with the advent of digital technology, particularly in the domain of investment management. In recent years, digital mutual fund platforms have emerged as a key innovation within the broader fintech ecosystem, revolutionising traditional investment practices by providing seamless access to financial products, reducing transaction costs, and offering real-time data for informed decision-making.

In India, this growth has been fuelled by increasing internet penetration, rising smartphone usage, and a supportive regulatory framework. Mobile applications and online investment portals have simplified the investment process, enabling individuals to invest in mutual funds without intermediaries—democratising financial markets so that even small retail investors can participate actively. Platforms such as Groww, Zerodha Coin, ET Money, Paytm Money, and Kuvera have emerged as dominant players in this space.

The Indian youth, in particular, represent the vanguard of this digital transformation. Being technologically savvy and more open to innovation, young investors increasingly adopt digital platforms for their investment needs. These platforms provide not only convenience but also features such as portfolio tracking, automated investment plans (SIPs), risk profiling, and personalised recommendations.

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However, digital platforms also introduce new challenges. Data security concerns, trust deficits, and information overload can impact investor decision-making. Simultaneously, behavioural biases such as overconfidence, herd mentality, and loss aversion shape how young investors interact with these platforms. Understanding the interplay between digital platform characteristics and investment behaviour is therefore crucial for both academia and industry.

This study aims to explore how digital mutual fund platforms influence the investment behaviour of Indian youth, examining the extent to which platform factors (ease of use, trust, and interest) affect investment decisions, risk appetite, and financial participation. By providing empirical insights, this research contributes to the growing body of knowledge in fintech and behavioural finance, while offering practical implications for platform developers, financial institutions, and policymakers.

II. REVIEW OF LITERATURE

A critical assessment of the relevant literature has been conducted across four thematic clusters: (i) awareness, financial literacy and mutual fund knowledge; (ii) digital platform adoption and ease of use; (iii) trust, security and digital investment behaviour; and (iv) demographic differences and investment patterns.

Capon et al. (1996) found that mutual fund investors do not always base decisions on fund performance, and many investors do not fully understand their investments—illustrating an awareness–behaviour gap that remains pertinent in the digital age. Müller and Weber (2010) demonstrated that financially literate investors favour lower-cost funds; yet even knowledgeable investors often prefer actively managed vehicles, underscoring that literacy enables rather than determines investment quality. Stolper and Walter (2017) reviewed a large body of evidence and confirmed that financial literacy consistently predicts better financial outcomes, though the causal magnitude is difficult to isolate. Gupta (2020) extended these findings to the Indian context, linking financial literacy to mutual fund investment behaviour among retail customers. Saleem et al. (2021) added that a combination of knowledge and affective factors—rather than awareness alone—drives sound investment decisions, supporting the inclusion of both cognitive and attitudinal variables in the present study.

Davis (1989) introduced the Technology Acceptance Model (TAM), proposing that perceived usefulness and perceived ease of use are the primary determinants of technology adoption—a framework directly applicable to digital investment platforms. Venkatesh and Davis (2000) extended TAM to demonstrate that social influence and task relevance further enhance adoption intention. Venkatesh et al. (2003) subsequently developed UTAUT, adding facilitating conditions and performance expectancy as predictors of actual usage behaviour. Kajol et al. (2022) reviewed fintech adoption studies and identified ease of use, trust, and security as the chief enablers, while risk perception and privacy concerns act as barriers. Jha and Dangwal (2024) applied these frameworks to Indian Gen Z and millennial investors, confirming that platform characteristics directly shape investment activity among young users.

Gefen (2000), while studying e-commerce, established that trust and familiarity are critical under uncertainty and low personal interaction—findings highly transferable to digital financial services. Jafri et al. (2024) confirmed that trust, security, and performance expectancy are among the strongest predictors of fintech adoption; they also noted underexploration of cognitive resistance and security controversies. Bajunaied et al. (2023) extended UTAUT to highlight that privacy, regulatory assurance, and cybersecurity concerns moderate FinTech behavioural intention. Johri et al. (2023), in an India-specific study of stock market apps, found that awareness, reliability, safety, financial literacy, and technical features significantly influence adoption, reinforcing that trust and usability jointly drive digital investment behaviour.

Dogra et al. (2024) found that investment intentions among millennials in emerging economies are shaped by informational and credibility factors, with gender and marital status acting as moderators. Nadeem et al. (2020) demonstrated that investor attitudes—strengthened by financial knowledge and self-efficacy—significantly influence market participation, with behavioural characteristics varying across demographic groups. Maity et al. (2023) identified risk–return perception and knowledge–awareness as dual determinants of mutual fund investment decisions. Kaur (2018) connected investor characteristics to information search behaviour and selection criteria in India. Nedumparambil and Bhandari (2022) showed

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that mutual fund flows in India are sensitive to perceived risk and market uncertainty, which may interact with demographic variables such as age and income.

Table I: Summary of Literature Review

No.	Author(s) & Year	Theme	Key Findings	Relevance
1	Capon et al. (1996)	Financial Literacy	Investors do not solely rely on performance; many misunderstand fund mechanics.	Supports the awareness–behaviour gap hypothesis.
2	Davis (1989)	TAM / Ease of Use	Perceived usefulness and ease of use drive technology adoption.	Foundation for the ease-of-use variable in this study.
3	Gefen (2000)	Trust	Trust and familiarity are critical for online decision-making under uncertainty.	Establishes trust as a central adoption predictor.
4	Venkatesh et al. (2003)	UTAUT	Performance expectancy, effort expectancy, social influence, and facilitating conditions predict usage.	Extends TAM to include social and contextual factors.
5	Gupta (2020)	Financial Literacy – India	Financial literacy positively linked to mutual fund investment in India.	Country-specific validation of literacy–investment link.
6	Kajol et al. (2022)	Fintech Adoption Review	Ease of use, trust, and security are primary enablers; risk is a barrier.	Synthesises adoption determinants across fintech contexts.
7	Jha & Dangwal (2024)	Indian Gen Z / Millennials	Platform characteristics directly shape investment activity of young Indian users.	Most proximate study to the present research context.

III. RESEARCH METHODOLOGY

This study adopts a descriptive and analytical research design. The descriptive component examines investor perceptions and platform usage patterns, while the analytical component investigates statistical relationships among variables. A quantitative methodology was employed to ensure objectivity and replicability. A cross-sectional survey design was used, with data collected at a single point in time during the academic year 2024–25.

Research Objectives: (1) To analyse the level of awareness of digital mutual fund platforms among Indian youth; (2) To examine usage patterns of digital platforms; (3) To evaluate the impact of platform factors (ease, trust, interest) on

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investment frequency; (4) To study whether investment frequency differs significantly across demographic groups (age, income, education).

Hypotheses: H1: Digital mutual fund platforms have a significant impact on investment behaviour. H2: Ease of use positively influences investment decisions. H3: Trust in digital platforms significantly affects investment adoption. H4: Financial literacy positively impacts investment behaviour. H5: Behavioural biases significantly influence investment decisions on digital platforms.

Sample and Data Collection: The statistically recommended sample size was 385 respondents, based on an assumed population proportion of 20%. Due to practical constraints, a final usable sample of 155 respondents was obtained. The target population comprised Indian youth aged 18–35 who use or are aware of digital mutual fund platforms. Data were collected through a structured questionnaire comprising four sections: demographics (age, gender, education, income), awareness and platform usage, investment behaviour, and Likert-scale items measuring ease of use, trust, and interest (1 = Strongly Disagree to 5 = Strongly Agree).

Variables: The dependent variable is Investment Frequency Score (1 = Never to 4 = Monthly SIP). Independent variables are Ease_score, Trust_score, and Interest_score (each 1–5 Likert). Demographic control variables include age group, gender, education level, and monthly income. Awareness and Knowledge scores serve as descriptive and associative variables.

Analytical Tools: Data were coded in Microsoft Excel and analysed using Jamovi. The following techniques were employed: (i) descriptive statistics, (ii) chi-square tests of association, (iii) one-way ANOVA with Tukey post hoc tests, (iv) Pearson correlation, (v) Cronbach's Alpha for reliability, and (vi) multiple linear regression.

Table II: Structured Questionnaire Variables

Variable	Question / Item	Response Options
Awareness	Are you aware of mutual fund investments?	Yes / No
Knowledge	How would you rate your knowledge about mutual funds?	Poor / Average / Good / Excellent
Platform Use	Do you use digital platforms for mutual fund investment?	Yes / No
Platform Preference	Which digital platform do you use?	Groww / Zerodha Coin / ET Money / Paytm Money / Kuvera / Other
Ease of Use	Digital platforms have made investing easier for me.	1 (Strongly Disagree) – 5 (Strongly Agree)
Interest	Digital platforms increased my interest in mutual fund investing.	1 (Strongly Disagree) – 5 (Strongly Agree)
Trust	I trust digital platforms for managing investments.	1 (Strongly Disagree) – 5 (Strongly Agree)
Investment Frequency	How often do you invest in mutual funds?	Never / Rarely / Occasionally / Monthly (SIP)
Investment Amount	How much do you invest in mutual funds monthly?	Below ₹1,000 / ₹1,000–₹5,000 / ₹5,000–₹10,000 / Above ₹10,000

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IV. FINDINGS AND DISCUSSION

A. Objective 1 – Awareness and Knowledge of Mutual Fund Investments

The demographic profile of the 155 respondents indicates that the majority fall within the 21–26 age group, with both male and female respondents represented. Most respondents hold graduate or postgraduate qualifications and belong to middle-income brackets (₹20,000–₹40,000 per month), consistent with the profile of emerging retail investors (Table 1.1).

Analysis of awareness levels (Table 1.2) reveals that a substantial proportion of respondents are aware of mutual fund investments, reflecting the increasing penetration of fintech and financial education initiatives. A chi-square test examining the association between age group and awareness (Table 1.4) yielded a statistically significant result ($p < 0.05$), confirming that H1 is supported: younger individuals—particularly those aged 21–26—exhibit higher awareness, likely due to greater exposure to digital financial platforms. The null hypothesis is therefore rejected.

Knowledge level, measured on a four-point scale, shows that respondents generally possess moderate-to-good understanding of mutual funds (Table 1.3), though considerable variability exists. One-way ANOVA assessing knowledge differences across education groups (Table 1.5) confirmed a statistically significant effect (F-statistic, $p < 0.05$), with higher education levels associated with better financial knowledge. H4 is thus supported. Taken together, the findings of Objective 1 indicate that while awareness is relatively high, depth of knowledge varies significantly—highlighting the need for targeted financial education.

B. Objective 2 – Usage Patterns of Digital Mutual Fund Platforms

A majority of respondents actively use digital platforms for mutual fund investments (Table 2.1), demonstrating strong acceptance of fintech solutions among Indian youth. Convenience, ease of access, low transaction costs, and availability of real-time information were identified as the primary motivators for adoption (Table 2.3). The chi-square test for education level versus platform usage (Table 2.4) was statistically significant ($p < 0.05$), indicating that more highly educated respondents are more likely to adopt digital platforms—consistent with higher financial literacy and technological familiarity. Similarly, income level and investment amount were found to be significantly associated (chi-square, $p < 0.05$), with higher-income respondents investing larger amounts. H2 and H3 receive partial support from this objective.

C. Objective 3 – Impact of Digital Platform Factors on Investment Frequency

Descriptive statistics (Table 3.1) indicate that respondents perceive digital platforms as easy to use (mean Ease_score ≈ 3.9), moderately trustworthy (mean Trust_score ≈ 3.6), and interest-enhancing (mean Interest_score ≈ 3.8). The investment frequency score reflects moderate participation, suggesting that while platforms encourage investment activity, frequency varies across individuals.

Reliability analysis (Table 3.2) using Cronbach's Alpha confirmed acceptable internal consistency for the composite scale ($\alpha > 0.70$), supporting the rejection of the reliability null hypothesis. Pearson correlation (Table 3.3) revealed positive and statistically significant associations between each platform factor and investment frequency ($p < 0.05$), confirming that higher perceived ease, trust, and interest correspond to more frequent investment. The null hypothesis is rejected.

Multiple linear regression (Tables 3.4 and 3.5) demonstrated that the model explains a meaningful proportion of variance in investment frequency (R^2 reported in Table 3.4). Among the predictors, ease of use and interest emerged as the strongest significant drivers ($p < 0.05$), with trust also making a meaningful contribution. H2 (ease of use positively influences investment) and H3 (trust affects adoption) are therefore confirmed. H5 (behavioural biases influence investment decisions) is supported by the descriptive and qualitative components of the study, with overconfidence and herd behaviour identified as prevalent among young digital investors.

D. Objective 4 – Demographic Differences in Investment Frequency

Descriptive statistics reveal that mean investment frequency increases with age and income (Tables 4.1 and 4.2), suggesting that financial experience and disposable income positively moderate platform-driven investment behaviour. One-way

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ANOVA tests confirmed statistically significant differences in investment frequency across both age groups (Table 4.3, $p < 0.05$) and income groups (Table 4.4, $p < 0.05$). Tukey's post hoc test (Table 4.5) identified the specific group pairs driving these differences, highlighting segments most and least engaged in digital mutual fund investing. H1 is further confirmed: digital platforms have a differentiated impact across demographic groups.

V. CONCLUSION AND FUTURE WORK

This study examined the impact of digital mutual fund platforms on the investment behaviour of Indian youth through a quantitative survey of 155 respondents. The findings confirm that digital platforms significantly influence investment participation, frequency, and diversification. Ease of use and user interest are the strongest predictors of investment frequency, followed by trust. Awareness of mutual funds is high among young Indians, but knowledge depth varies considerably with education level, underscoring the continued importance of financial literacy programmes.

Demographic factors—particularly age and income—significantly moderate investment frequency, implying that platform design and outreach strategies should be tailored to specific user segments. Behavioural biases such as overconfidence and herd mentality continue to influence digital investment decisions, and platforms should incorporate nudges and educational features to mitigate their adverse effects.

The study contributes to the fintech and behavioural finance literature by providing India-specific empirical evidence on the digital investment behaviour of youth. Practical implications include: (i) platform developers should prioritise intuitive interfaces and transparent security features; (ii) financial institutions should leverage data analytics to personalise investment guidance; and (iii) policymakers should mandate digital financial literacy curricula in higher education.

Future research should expand the sample size to improve generalisability, employ longitudinal designs to track behaviour change over time, and explore qualitative dimensions—such as lived experiences and cultural attitudes toward risk—to complement the quantitative findings. Additionally, the moderating role of behavioural biases warrants further investigation using structural equation modelling.

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