
RESPONSIBILITY OF FINANCIAL INSTITUTIONS IN INSTILLING PUBLIC TRUST FOR ATTRACTING INVESTMENTS FROM THE INVESTORS

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Abstract

The mutual fund industry in India has grown significantly in the past decade, with assets under management reaching ₹39.62 trillion as of January 31, 2023. However, the industry faces several challenges, including low levels of investor awareness, information, and financial literacy, which hinder the channelling of household savings into mutual funds. Furthermore, investors face difficulties understanding the performance of mutual funds due to a lack of standardized benchmarks and transparency in reporting, leading to low levels of investor confidence and trust in the industry. This study aims to identify the factors influencing investor decision-making in mutual fund investments and examine the role of financial institutions in instilling public trust and attracting investments from mutual fund investors in India. The study applies quantitative research methods and argues that the trustworthiness of financial institutions is a significant moderator in attracting mutual fund investments. The findings of this study can inform industry stakeholders, regulators, and policymakers in addressing challenges and opportunities in the growing industry. The mutual fund industry in India can achieve sustainable growth if financial institutions and policymakers work together to build trust and tackle any obstacles.

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Introduction

Over the course of the last decade, the financial sector has witnessed notable growth in the mutual fund industry in India, positioning it as one of the rapidly expanding industries (Bhatia, Chandani, & Chhateja, 2020). As of January 31, 2023, the assets under management of mutual funds in India have reached an all-time high of ₹39.62 trillion, reflecting the increasing interest of investors in this investment option (Association of Mutual Funds in India, 2023). Despite this growth, the industry faces several problems that must be addressed to promote its sustainable development. The mutual fund industry in India encounters a significant obstacle, which is the insufficient financial literacy among investors. This is because many investors lack the necessary knowledge and information about mutual funds, which leads to suboptimal investment decisions (Shaik et., 2022). Moreover, the effectiveness of mutual funds is difficult to understand due to the absence of standardized benchmarks and transparency in reporting. This lack of transparency and consistency in reporting also contributes to low levels of investor confidence and trust in the industry (Shaik, Kethan, & Jaggaiah, 2022).

To overcome these obstacles, financial institutions can play a significant role in building trust and encouraging investments in mutual funds by Indian investors. By addressing the challenges faced by the industry, policymakers and financial institutions can help foster long-term, sustainable growth in the Indian mutual fund sector. This research aims to explore the factors that impact investor decision-making in mutual fund investments and to investigate how financial institutions can enhance trust among investors.

Background:

The mutual fund industry is a critical component of the Indian financial sector, providing investors with an opportunity to diversify their investment portfolios and earn returns on their savings. Despite the increasing popularity of mutual funds, the industry faces several challenges that hinder its growth and development.

One of the most significant challenges is the low level of investor awareness, information, and financial literacy (Rizvanović et al., 2023). Many investors lack adequate knowledge regarding the performance and challenges of mutual funds, resulting in suboptimal investment decisions. Investors' inadequate knowledge is further exacerbated by the absence of consistent benchmarks and transparency in mutual fund reporting, resulting in a challenge for investors to accurately evaluate the performance of mutual funds. This, in turn, leads to low levels of investor confidence and trust in the industry (Jonwall, Gupta, & Pahuja, (2022).

The lack of trust in the mutual fund industry is a significant problem that requires attention. A study conducted by the CFA Institute found that trust is the most significant factor in the process of making investment decisions, with 73% of investors identifying it as a critical factor (CFA Institute, 2021). Moreover, the role of financial institutions in promoting trust and confidence among investors cannot be overstated. It is the responsibility of financial institutions to act in the best interests of their clients and offer them precise and prompt information about their investments.

Need for the study:

The mutual fund industry in India is poised for significant growth, but several challenges need to be addressed to ensure its sustainability. The lack of investor awareness, information, and financial literacy, coupled with low levels of investor trust, are significant barriers to the growth of the industry. This research tries to determine what factors affect investor decision-making in mutual fund investments and examine the role of financial institutions in instilling public trust and attracting investments from mutual fund investors in India. By promoting trust and addressing challenges, financial institutions and policymakers can drive sustainable development in the mutual fund sector in India. Additionally, the mutual fund industry is also facing challenges related to the lack of standardized benchmarks and transparency in reporting. This has resulted in low levels of investor confidence and trust in the industry, which can hinder the channelling of household savings into mutual funds. Examining the factors influencing investor decision-making in mutual fund investments is crucial, therefore to identify the role of financial institutions in instilling public trust to attract investments from mutual fund investors.

Literature Review

Singh (2021) discussed the factors that impact the investment choices of retail investors in the Indian stock market. The study focused on rational, emotional, personal, investment objectives, and opinion-based factors that affect investment decisions. Factor analysis was used to analyze the primary data collected from 271 investors. Nevertheless, the study has some limitations in terms of the sample size and geographic coverage, which could restrict the applicability of the results. The study by Chawla (2014) aimed to identify the elements influencing Indian mutual fund investors' individual investing choices. The study found that investors consider credibility and various characteristics of the fund as important factors while making investment decisions. However, the study had some limitations including the use of convenience sampling which may have led to biased results, and the focus only on individual investors which restricts the

applicability of the findings to other types of investors. Despite these limitations, the study provides useful insights for mutual fund companies and suggests directions for future research in this area.

In a study conducted by Hassan Al-Tamimi and Bin Kalli (2009), the relationship among financial literacy and decisions on investment of individual investors in the UAE was examined. The results of the study indicated that the financial literacy level of the investors was inadequate and was influenced by factors such as degree of education, income level, and employment activities. Gender and age were also significant factors that affected the financial literacy level. However, the study has limitations as it uses a convenient sample and may not be generalizable to the entire population. Furthermore, the study does not take into account the impact of cultural and social factors to decide on the investment.

Baker et al. (2019) conducted a study on individual investors in India to investigate the relationship between financial literacy, demographic variables, and behavioral biases. The study found that financial literacy was negatively associated with the disposition effect and herding bias, indicating the presence of behavioral biases among investors. However, the study did not establish causality between financial literacy and biases. The findings had implications for financial educators and advisors in promoting financial literacy and understanding their clients' decision-making processes. Zou and Deng (2019) conducted a study using data from the 2012 consumer finance survey in China to examine how financial literacy and housing value influence household financial market participation. The study found that financial literacy had a positive effect on participation in the financial market, whereas housing value had a negative effect. Additionally, the authors found that financial literacy played a more significant role in household financial market participation among those with low housing value. The findings suggested potential policy implications for promoting financial literacy and market participation in urban China. However, the study was limited by its reliance on self-reported financial literacy measures and cross-sectional data, which preclude causal inference.

According to Hsu's (2022) research, there is a link between seeking financial advice and behavioral biases in individual investors. The study discovered that investors who exhibit behavioral biases tend to seek the help of financial professionals in order to reduce the impact of their decision-making mistakes. The three most significant behavioral biases identified in the study that affect advice-seeking behavior are overconfidence, self-protection bias, and mental accounting bias. The results suggested that addressing these biases through financial literacy initiatives could help investors make better financial decisions. However, the study only drawn on data from an online survey, and the findings may not be generalizable to all investors.

Bagchi and colleagues (2022) investigated how various behavioral biases, such as anchoring, herding, overconfidence, framing, and representative biases, impact the decision-making process of individual investors when it comes to investing in mutual funds. Using correlation, regression analysis, and ANOVA tests, The study discovered that these biases significantly affect investors' investing choices. The research suggested that understanding and addressing these biases can be useful for fund managers to develop new mutual funds, and it provides valuable insights for academics studying investor behavior.

The study conducted by Sethjinda, Thossarasmphokhin, and Tungbenchasirikul (2022) conducted to analyze survey responses of 359 investors in Bangkok Metropolitan Area to understand the factors that influenced their decision to invest in Foreign Investment Fund (FIF). The study identified fund performance, Asset Management Company quality, and customer support as the key factors affecting individual investors' decision-making process when investing in FIF.

However, the study had some limitations, including a limited sample size and potential bias in self-reported survey responses. Therefore, caution was advised when applying the findings to other regions or populations.

Karmacharya et al. (2022) utilized structural model analysis to examine how perceived behavioral factors affect investment decisions in the Nepal Stock Exchange (NEPSE), finding that market, heuristic, and herding factors significantly influenced investment performance. However, the study was limited to 350 randomly selected samples from different broking firms in five metropolitan cities in 2018, so generalizing the results beyond this sample and timeframe requires caution.

Research Gaps:

Despite the plethora of research in the field of mutual fund investments, there are still several gaps that need to be addressed. Firstly, there is limited research on the role of financial institutions in instilling public trust and attracting investments from mutual fund investors in India. Secondly, while some studies have identified the factors that influence investor decision-making in mutual fund investments, there is a lack of consensus on the most important factors. Thirdly, most of the existing research focuses on retail investors, while the role of institutional investors in mutual fund investments has not been thoroughly examined.

Despite the numerous studies on investor decision-making in mutual fund investments and the role of financial institutions in instilling trust, several research gaps exist. First, while previous studies have identified factors influencing investor decision-making, little research has focused on the role of financial institutions in instilling public trust and attracting investments from mutual fund investors. This study aims to address this research gap by examining the moderating effect of financial institutions' trustworthiness on investor decision-making.

Second, while previous studies have highlighted the challenges faced by the mutual fund industry in India, there is a need for more empirical research to identify the most significant challenges and the best strategies to address them. This study aims to contribute to filling this gap by exploring the challenges and opportunities facing the industry and informing industry stakeholders, policymakers, and regulators in addressing them.

Objectives / rationale of the study

The aim of this study is to identify the factors influencing investor decision-making in mutual fund investments and examine the role of financial institutions in instilling public trust and attracting investments from mutual fund investors in India. To achieve the research aim, the study has the following objectives:

1. To determine the primary factors that affect the decision-making process of investors when investing in mutual funds in India
2. To examine the role of financial institutions in instilling public trust and attracting investments from mutual fund investors in India.
3. To analyse the overall relationship between the factors that affect the decision-making process of investors and the role of financial institutions in instilling public trust

Proposed Model:

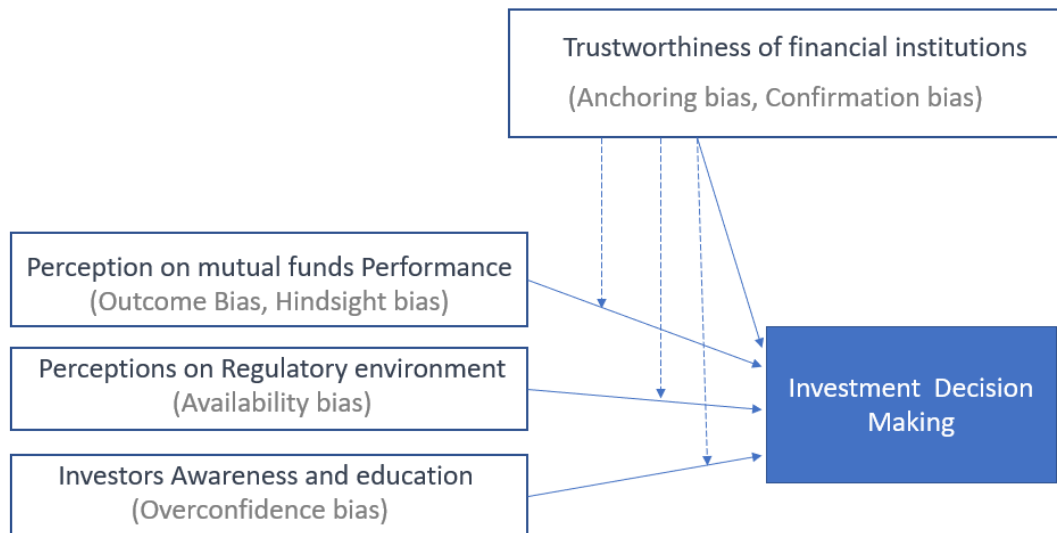


Figure 1: Proposed Research Model of the study

Methodology:

Data Source:

The primary audience for this study is retail investors in mutual funds in India. The study aims to identify the factors that influence their decision-making, examine the role of financial institutions in instilling public trust, and provide insights to inform industry stakeholders, regulators, and policymakers in addressing challenges and opportunities in the growing industry. Convenience sampling is used in this study, given the accessibility and availability of mutual fund investors in India. The sample size of 250 retail investors in mutual funds who have invested in at least one mutual fund scheme in the past six months. "The data collection process utilized a structured questionnaire consisting of statements rated on a 5-point Likert scale to gather information.

Empirical Model:

Trustworthiness of Financial Institutions (M) = f (Perception on Mutual Fund Performance (X1), Perception on Regulatory Environment (X2), Investor Awareness and Education (X3))

Investors Decision Making (Y) = f (Trustworthiness of Financial Institutions (M))

The structural equation model (SEM) for the above model can be represented as follows:

$$M = \lambda_1 X_1 + \lambda_2 X_2 + \lambda_3 X_3 + \varepsilon_1$$

$$Y = \beta_0 + \beta_1 M + \varepsilon_2$$

Where:

M = Trustworthiness of Financial Institutions

X1 = Perception on Mutual Fund Performance

X2 = Perception on Regulatory Environment

X3 = Investor Awareness and Education

Y = Investors Decision Making

$\lambda_1, \lambda_2, \lambda_3$ = Path coefficients representing the effects of X1, X2, and X3 on M

β_0, β_1 = Path coefficients representing the effects of M on Y
 $\varepsilon_1, \varepsilon_2$ = Error terms for the model

Data Analysis

This section provides statistical details pertaining to the data gathered from participants in the research study. The collected data, which included a sample size of $n=250$, were analyzed using the SPSS software. Reliability analysis was conducted using Cronbach's alpha value to determine the internal consistency of the data. Correlation analysis was performed to examine the association between independent and dependent variables, while structural equation modeling (SEM) was used to investigate the relationship between independent and dependent variables, taking into account the moderating effect of a third variable.

Table. 1: Demographic characteristics of the respondents

Variable	Items	Frequency	Percentage
Gender	Male	115	46
	Female	135	54
	Total	250	100
Age	20-30	153	61.2
	30-40	72	28.8
	40-50	25	10
	Total	250	100
Income level	20-29 thousand	27	10.8
	30-49 thousand	83	33.2
	50-99 thousand	98	39.2
	100 thousand and above	42	16.8
	Total	250	100
Education	Graduation	123	49.2
	Masters	120	48
	Others	7	2.8
	Total	250	100
Employment sector	Private	153	61.2
	Public	75	30
	Self-employed	22	8.8
	Total	250	100

Table 1 presents the demographic features of the individuals who participated in the research. The study involved 115 male and 135 female participants, with the majority of the respondents being female. In that 153 respondents are with the age group 20-30, 72 respondents are with the age group 30-40, and 25 are with 40-50, most of the respondents participated are with the age group 20-30. The respondent's income level is also considered for this study, 27 respondents have the income level 20-29 thousand, 83 respondents have their income level 30-49 thousand, and 98 respondents have income level 50-99 thousand, and 42 respondents have income level 100 thousand and above. The education level of the respondents, 123 respondents are graduates, 120 respondents are from Masters background and 7 respondents are with other education level. 153 respondents are from private sector, 75 respondents are from public sector and 22 are self-employed.

Table 2: Statement wise frequency, percentage and means of factor trust in financial services

Statement s		N E V E R	R A R E L Y	O C C A S S I O N A L L Y	S O M E T I M E S	F R E Q U E N T L Y	U S U A L L Y	E V E R Y T I M E	Total	Mea n	S.td
How confident are you that financial institutions in the India act with honesty and integrity?	Fre que ncy	26	34	49	26	36	46	33	250	4.128	1.9345
	Per cen t	10.4	13.6	19.6	10.4	14.4	18.4	13.2	100		
How confident are you that financial institutions in the India act competently?	Fre que ncy	34	45	30	38	29	46	28	250	3.932	1.9837
	Per cen t	13.6	18	12	15.2	11.6	18.4	11.2	100		
How confident are you that financial institutions in the India prioritize customer care?	Fre que ncy	34	36	43	39	31	40	27	250	3.9	1.9268
	Per cen t	13.6	14.4	17.2	15.6	12.4	16	10.8	100		
How much do you trust financial institutions in the India to	Fre que ncy	40	45	33	36	28	41	27	250	3.792	2.001
	Per cen t	16	18	13.2	14.4	11.2	16.4	10.8	100		

act in your best interests?											
How much do you trust financial institutions in the India to protect your personal information?	Frequency	43	38	38	32	28	43	28	250	3.82	2.0248
	Percentage	14.0	15.2	13.2	14.4	14.0	20.8	8.4	100.0		
I understand how to read a mutual fund prospectus.	Frequency	32	40	38	30	25	48	37	250	4.072	2.03849
	Percentage	12.8	16.0	15.2	12.0	10.0	19.2	14.8	100.0		
I am aware of the importance of diversification in mutual fund investing	Frequency	34	41	34	30	29	47	35	250	4.04	2.03937
	Percentage	13.6	16.4	13.6	12.0	11.6	18.8	14.0	100.0		

Reliability

In this study, the reliability of the constructs was evaluated as an indicator of their internal consistency. A construct or variable is considered reliable when its Alpha (α) value is above 0.70. Cronbach's Alpha was utilized to assess the reliability of the constructs.

Scales used:

PERCEPTION ON MUTUAL FUND PERFORMANCE	Richard et al., 2007
PERCEPTION ON REGULATORY ENVIRONMENT	Regulatory Environment Perception Scale (REPS) Scale, Jung, C. S., & Shin, H. Y. (2018)
INVESTOR AWARENESS AND EDUCATION	Mutual Fund Literacy Scale, Kiran & Sharma, 2016

TRUST IN FINANCIAL SERVICES (TIFS) SURVEY	TIFS Survey, Chartered Institute for Securities & Investment. (2018)
INVESTMENT DECISION MAKING (IDM SCALE)	Antoniou et al., 2015

Perception on mutual fund performance (PMFP):

The construct **Perception on mutual fund performance** (PMFP) scale with eight items obtained the Cronbach's Alpha value ($\alpha = 0.751$), the test results revealed that the construct **Perception on mutual fund performance** (PMFP) is reliable. The Reliability result of the construct **Perception on mutual fund performance** (PMFP) is given in below table 3.

Table 3 Reliability Statistics

Construct	Number of items	Cronbach's Alpha
PMFP	10	.751

Construct Perception on regulatory environment (PRE):

The construct **Perception on regulatory environment** (PRE) scale with seven items obtained the Cronbach's Alpha value ($\alpha = 0.785$), the test results revealed that the construct **Perception on regulatory environment** (PRE) is reliable. The Reliability result of the construct **Perception on regulatory environment** (PRE) is given in below table 4.

Table 4 Reliability Statistics

Construct	Number of Items	Cronbach's Alpha
PRE	3	.785

Investor awareness and education (IAE):

The construct **Investor awareness and education** (IAE) scale with seven items obtained the Cronbach's Alpha value ($\alpha = 0.769$), the test results revealed that the construct **Investor awareness and education** (IAE) is reliable. The Reliability result of the construct **Investor awareness and education** (IAE) is given in below table 5.

Table 5 Reliability Statistics

Construct	Number of Items	Cronbach's Alpha
IAE	7	.769

Investment decision-making (IDM):

The construct **Investment decision making** (IDM) scale with five items obtained the Cronbach's Alpha value ($\alpha = 0.746$), the test results revealed that the construct **Investment decision making** (IDM) is reliable. The Reliability result of the construct **Investment decision making** (IDM) is given in below table 6.

Table 6 Reliability Statistics

Construct	Number of Items	Cronbach's Alpha
IDM	10	.746

Trustworthiness Of Financial Services (TFS):

The construct **Trust in financial services (TFS)** scale with five items obtained the Cronbach’s Alpha value ($\alpha = 0.848$), the test results revealed that the construct **Trust in financial services (TFS)** is reliable. The Reliability result of the construct **Trust in financial services (TFS)** is given in below table 7.

Table 7 Reliability Statistics

Construct	Number of Items	Cronbach's Alpha
TFS	5	.848

Table 8 Pearson correlation test between independent and dependent variables

	PMFP	PRE	IAE	IDM
Perception on mutual fund performance	1			
Perception on regulatory environment	.927**	1		
Investor awareness and education	.983**	.924**	1	
Investment decision making	.732**	.638**	.690**	1

Table 8 depicts the relationship between independent and dependent variables by using correlation analysis. The variable performance management system has included 8 factors. From the above table it is evident that there is a significant relationship among **Perception on mutual fund performance, Perception on regulatory environment, Investor awareness and education, Investor awareness and education.**

Testing of the hypotheses using the proposed structural model

In order to investigate the connections between Perception on mutual fund performance, Perception on regulatory environment, Investor awareness and education, and Investment decision making, we utilized structural equation modeling through AMOS. In addition, we tested Trust in financial services as a moderator as part of the hypotheses testing. The structural model is depicted in the figure below, and the results are presented accordingly.

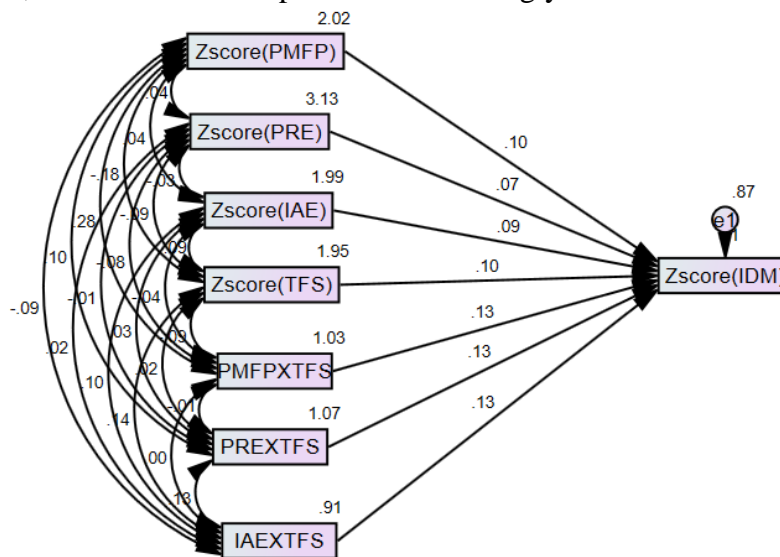


Figure 2 Structural Model for Testing of Hypotheses

Table 9 Regression Weights

H. No.	Paths	Estimate	S.E.	C.R.	P	Remarks
H1	PMFP-->IDM	0.095	0.043	2.228	0.26	H1 Supported
H2	PRE-->IDM	0.067	0.033	2.004	0.45	H2 Supported
H3	IAE-->IDM	0.089	0.042	2.123	0.34	H3 Supported
H4	TFS-->IDM	0.101	0.043	2.349	0.019	H4 Supported
Model Fitness: X2=59.105, df=28, X2/df=2.111 , RMSEA=.067, RMR=.038, GFI=.943, CFI=0.998.						

The findings revealed that the model presented had a good fit, as indicated by the low values for the RMSEA (0.067) and RMR (0.038) indices, and high values for the GFI (.943) and CFI (.998) indices.

The path analysis showed that Perception on mutual fund performance had a positive and significant association with Investment decision making ($\beta=.095, P<.05$). Similarly, Perception on regulatory environment ($\beta= .067, P<.05$), Investor awareness and education ($\beta=.089, P<.05$), and Trust in financial services ($\beta=.101, P<.05$) were also found to be positively and significantly associated with Investment decision making. Based on these results, all four hypotheses (H1, H2, H3, and H4) were accepted.

Moderation Testing.

To conduct the moderation analysis, the independent variables were identified as perception on mutual fund performance, perception on regulatory environment, and investor awareness and education. The dependent variable was investment decision making, while trust in financial services was considered the moderator variable. The results are calculated by creating interaction terms from standardized score of variables using SPSS.

Table 102 Moderation Testing

H. No.	Paths	Estimate	S.E.	C.R.	P	Remarks
H5	PMFP* TFS -->IDM	0.128	0.060	2.146	0.032	H5 Supported
H6	PRE * TFS -->IDM	0.126	0.058	2.185	0.029	H6 Supported
H7	IAE * TFS -->IDM	0.125	0.063	1.987	0.047	H7 Supported

***<.05, **<.01, *<.001

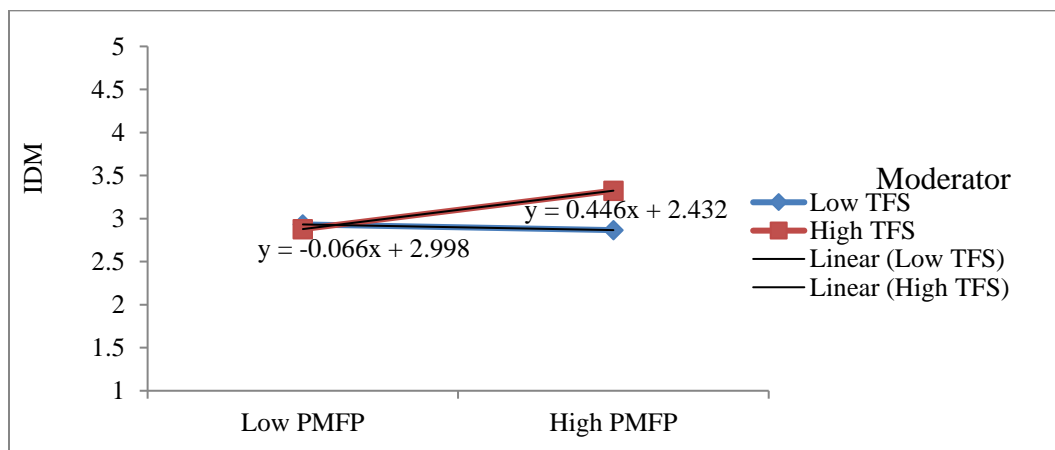


Figure 3

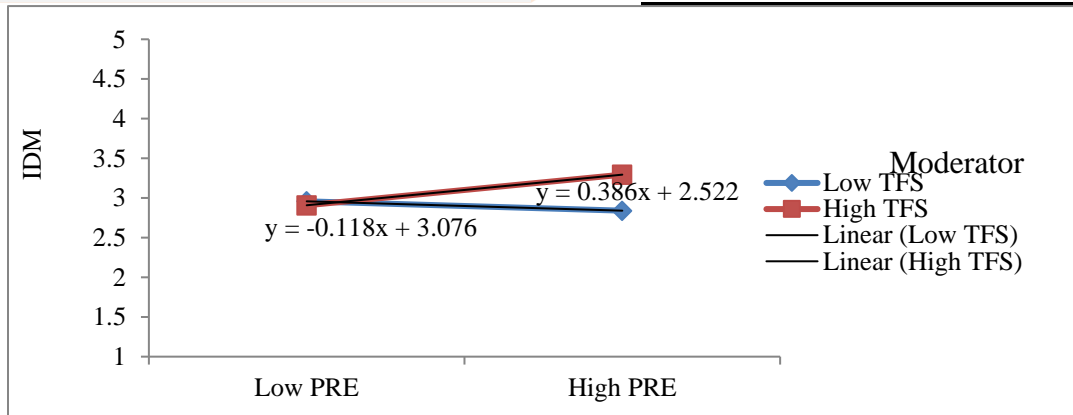


Figure 4

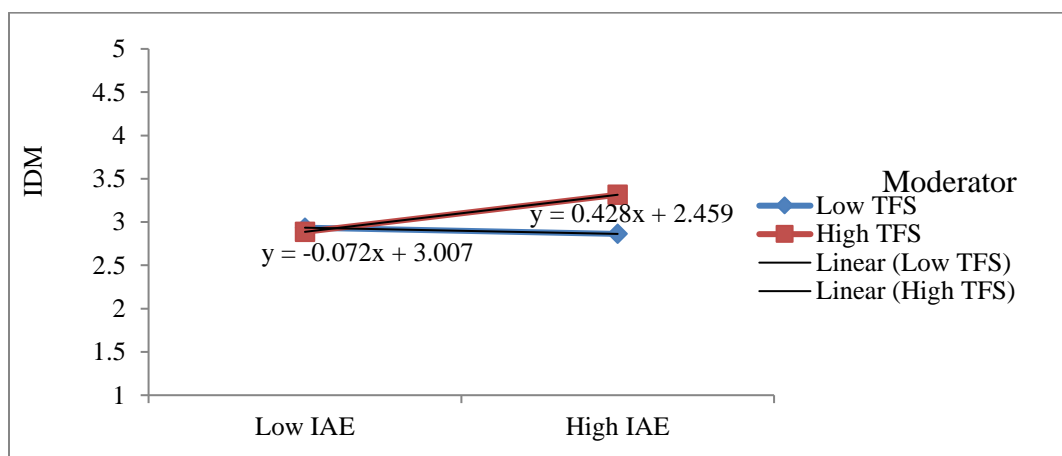


Figure 5

We tested the **Trust in financial services** as a moderator. Result indicate that interaction term of **Perception on mutual fund performance** and **Trust in financial services** exerts positive and significant impact on **Investment decision making** ($\beta=.128$, $P<.05$) so we reject the H5. The interaction term of **Perception on regulatory environment** and **Trust in financial services** influence on **Investment decision making** is positive and significant ($\beta=.126$, $P<.05$) so we reject the H6 and Additionally, the interaction term of **Investor awareness and education** and **Trust in financial services** influence on **Investment decision making** is positive and significant ($\beta=.125$, $P<.05$) so we reject the H6. The findings indicate that the data provides statistical evidence for the moderating effect of trust in financial services, which goes against the hypothesized nature of the relationship.

Table 3 Model fit summary

Variable	Value
Chi-square value(χ^2)	59.105
Degrees of freedom (df)	28
CMIN/DF	2.111
P value	0.001
GFI	0.943
RFI	0.957

NFI	0.996
IFI	0.975
CFI	0.998
RMR	0.038
RMSEA	0.067

The results indicate that the structural model fitted the sample data reasonably well, with acceptable measures of fit, including Normed Fit Index (NFI), Incremental fit index (IFI), Goodness of Fit (GFI), Relative Fit Index (RFI), and Comparative Fit Index (CFI), all exceeding the recommended criteria of 0.90 or 0.95. Additionally, the Root Mean Square Residuals (RMR) and Root mean square error of approximation (RMSEA) values were both lower than the critical value of 0.080, further indicating an acceptable fit of the model.

Discussion:

The outcomes of the survey were analyzed, and the findings revealed some fascinating facts regarding the present state of the mutual fund sector in India as well as the variables that influence the decisions made by investors. Firstly, the majority of the respondents (45.2%) participated in the survey indicated that, they tend to invest in mutual funds that are headquartered in their home country. This is consistent with the substantial expansion of the business in India, which can be seen reflected in the growing amount of assets under management. The findings of the survey, on the other hand, provided insight on the levels of investor awareness, information, and financial literacy. The fact that almost half of the respondents, or 46.8%, said they were familiar with how to read a prospectus for a mutual fund and are conscious of the risks associated with investing in mutual funds. This is particularly significant when considering the crucial role that mutual funds play in re-directing the savings of individual households into assets that provide positive returns. The findings also highlight the importance of trust in attracting mutual fund investments. The majority of the respondents (56.4%) indicated that they are more confident all the time that financial institutions in the India act with honesty and integrity. This suggests that financial institutions have a crucial role to play in instilling public trust in the industry by providing transparent and reliable information and honesty and integrity. Furthermore, the analysis indicates that investor decision-making is influenced by a range of factors beyond investor awareness and education, perception on mutual fund performance, perception on regulatory environment, and trust in financial services. This highlights the importance of financial institutions in building and maintaining relationships with their clients and providing a high-quality customer experience. Our findings support the first and fourth hypothesis, which states that Perception on mutual fund performance is positively and significantly associated with Investment decision making. The second and third hypothesis of our study, states that Perception on regulatory environment and Investor awareness and education is positively and significantly associated with Investment decision making. This finding suggests that Perception on regulatory environment and awareness and education of investors is crucial for building trust and confidence in the mutual fund industry. The fifth hypothesis of our study, states that the interaction term of Perception on mutual fund performance and Trust in financial services positively and significantly influence Investment decision making. The sixth hypothesis stated that the interaction term of Perception on regulatory environment and Trust in financial services positively and significantly influence Investment decision making. The seventh hypothesis posited that the combination of investor awareness and

education with trust in financial services has a positive and significant impact on investment decision-making.

Overall, the study highlighted the need for financial institutions and policymakers to address how they were aware in investing mutual fund industry in India and promote greater transparency, education, and trust. By doing so, they can drive sustainable growth in the industry and channel household savings into productive investments that support economic development.

Conclusion

To sum up, the study has achieved its objective in determining the elements that affect investor choices when investing in mutual funds and explored how financial institutions can build confidence among the public and draw investments from mutual fund investors in India. The study applied quantitative research methods and argues that trustworthiness of financial institutions is a significant moderator in attracting mutual fund investments. The findings of this study can inform industry stakeholders, regulators, and policymakers in addressing challenges and opportunities in the growing industry. Our research has significant repercussions for the mutual fund business and demonstrates the need of maintaining efforts to increase investor trust and confidence in the financial services industry. Financial institutions and policymakers have the ability to encourage sustainable growth in the mutual fund industry in India by addressing challenges and building trust.

Implications

The results of this research have important consequences for the mutual fund sector in India. First, the study provides insights into the factors influencing investor decision-making, which can inform the design of more effective communication and marketing strategies. Second, the study highlights the importance of financial institutions' trustworthiness in attracting investments and promoting public trust in the industry. This insight can inform the development of strategies to enhance transparency, standardization, and reporting in the industry, thereby promoting trust and confidence among investors.

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