INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

Impact of FinTech Platforms in Facilitating Mutual Fund Investment in Coimbatore City

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Abstract:

This study investigates how investments in mutual funds get impacted by FinTech platforms, with an emphasis on user satisfaction, accessibility, and convenience of use. FinTech has made investing easier and more attractive to young adults, particularly professionals and students, by utilizing automated tools, Robo-advisors, and real-time analytics. According to data from 120 respondents, SIPs are strongly preferred because of their disciplined approach, fund insights, low fees, and convenience of usage. Users, however, have complaints about the notifications and fund variety. FinTech improves financial inclusion and simplifies investments, but there are still issues including a lack of human advisors, gaps in digital literacy, and security concerns. To increase consumer satisfaction and trust, the report recommends enhancing data security, investment alternatives, and customer service.

Keywords:

FinTech, Mutual Fund Investments, SIP, AMFI, SEBI, Robo-Advisors, Financial Inclusion.

Introduction:

Investments in mutual funds have been transformed by the rapid growth of financial technology, or FinTech which has improved user experience, accessibility, and transparency. This study examines how FinTech platforms have made investing easier for young investors, especially professionals and students, by introducing innovations like automatic SIPs, Robo-advisors, and real-time data. FinTech has democratized investment and expanded financial inclusion by addressing traditional challenges including high entry costs, complicated procedures, and a lack of financial understanding. Based on responses from 120 investors, the study assesses important elements that impact the adoption of FinTech, such as user-friendliness, cheap costs,

and personalized investing information. Even though mutual fund investments have been transformed by FinTech platforms, issues such a lack of fund options, poor alerts, gaps in digital literacy, and data privacy concerns still exist, requiring more innovation to increase investor satisfaction and trust.

Statement of problem:

Despite FinTech platforms are becoming more and more popular for investing in mutual funds, many investors continue to encounter obstacles that prevent their general adoption and ideal user experience. Investor engagement is nevertheless impacted by traditional obstacles such difficult investing procedures, a lack of financial awareness, and restricted access to individualized advisory services. Issues like a lack of fund variety, poor notification systems, limitations in digital literacy, and worries about data security all exist even as FinTech platforms seek to make investing easier through automation, data-driven insights, and reduced prices. In order to simplify mutual fund investments and increase financial inclusion, this study aims to explore how well FinTech platforms handle these issues, improve accessibility, and raise satisfaction among users. It also identifies areas that require additional research and development.

Objectives:

- Evaluating how FinTech platforms simplify Mutual fund investment process compared to traditional methods.
- To find the relationship between how often people invest in SIP and Lump sum methods.
- To identify and examine the factors influencing the adoption of FinTech platforms for mutual fund investments.

Research Methodology:

A descriptive and analytical research design is used in this study to assess how FinTech platforms affect the ease of investing in mutual funds. A systematic survey was used to gather primary data from a convenience sample of 120 FinTech users, guaranteeing representation from a range of age groups, income brackets, and professions. To add context and confirm conclusions, secondary data from industry papers and regulatory publications was added to this primary data. To investigate the relationships between factors including investment preferences, platform usability, and overall user satisfaction, statistical methods such as percentage analysis, correlation, rank analysis, and chi-square tests were used.

Sample Design:

The study collects data from 120 respondents who actively participate in mutual funds via FinTech platforms using a convenience sample design. In order to ensure a broad representation of experiences and viewpoints, this sample comprises a diverse group of investors from a range of age groups, income levels, and employment backgrounds. A detailed investigation of the elements promoting FinTech adoption in the mutual fund industry is made possible by this design, which makes it possible to gather insights on how FinTech platforms affect investment decision-making, usability, and overall satisfaction.

Data Collection:

The data collection for the study titled "Impact of FinTech Platforms in Facilitating Mutual Fund Investments" will utilize both primary and secondary sources to ensure a comprehensive analysis.

Primary Data:

A standardized survey questionnaire was used to directly collect primary data from 120 respondents, providing comprehensive details on user satisfaction levels, investing behaviors, platform usage, and demographics.

Secondary Data:

In order to provide greater historical insights and supporting evidence on market trends, technical developments, and regulatory frameworks driving FinTech adoption, secondary data was gathered from reliable industry papers, regulatory publications, and academic journals.

Statistical Tools:

Chi-Square:

To determine the relationship between Mutual fund type via FinTech and perception of FinTech simplifying investments.

Correlation analysis:

To find Correlation Between how often people invest in SIP and Lump sum method of investment.

Rank analysis:

To analyse the factors influencing the choice of FinTech platform for mutual fund investments.

Limitations of the study:

There are certain limitations on this study that could affect how broadly applicable its conclusions are. With only 120 responses, the study size might not accurately reflect all FinTech users and mutual fund investors. Furthermore, the study mostly focuses on a particular group of people, namely students and young adults, which might bias the findings in favour of younger, tech-savvy investors. Variability may result from subjectivity in user satisfaction measurement since responses may be impacted by individual preferences and prior experiences. Additionally, the study might not fully account for all of the difficulties that investors encounter, including hidden costs, platform-specific issues, or more serious concerns about cybersecurity and data protection.

Review of literature:

Liu Zhang (2024) – Zhang's study highlights how FinTech platforms simplify mutual fund investments by reducing entry barriers, offering user-friendly interfaces, and lowering transaction costs. This aligns with the current study's findings on FinTech promoting financial inclusion and popularizing SIPs through automation and accessibility.

Rachel Lee (2023) – Lee emphasizes the role of AI-powered FinTech tools in offering personalized portfolio recommendations and optimizing investments. This supports the present study's observation that FinTech enhances investor autonomy, financial literacy, and cost efficiency.

Analysis: FinTech Simplification and Investment Preferences

FinTech Simplification and Investment Preferences outlines the way financial technology, or FinTech, simplifies investing and influences people's investment decisions. This includes digital tools, automated investment options, and user-friendly apps that streamline Systematic Investment Plans (SIP) and Lump Sum investments while influencing investor preferences and behaviour.

Table 1 - FinTech Simplification and Investment Preferences

		Do you believe FinTech platforms have simplified MF compared to traditional				Total
		Strongly agree	agree	neutral	disagree	
What u prefer via FinTech platforms	SIP	22	42	11	0	75
	Lump sum	0	6	3	1	10
	Both	14	13	8	0	35
Total		36	61	22	1	120

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	18.711[a]	6	.005
Likelihood Ratio	15.573	6	.016
Linear-by-Linear Association	.020	1	.887
N of Valid Cases	120		

Source: Primary Data

The Chi-Square test (p = 0.005) indicates a statistically significant association between the type of mutual fund investment made via FinTech platforms (SIP, Lump Sum, Both) and the perception that FinTech platforms simplify investments. This means that an individual's choice of investment method is influenced by their belief about how easy FinTech platforms make the investment process.

Correlation Between SIP and Lump Sum Investment Frequency

The relationship between the frequency with which investors select Systematic Investment Plans (SIP) and Lump Sum Investments is known as the Correlation Between SIP and Lump Sum Investment Frequency.

It helps to understand investment behaviour and preferences by examining whether people who regularly invest in SIPs also typically engage in lump sum methods.

Table 2 - Correlation Between how often people invest in SIP and Lump sum methods

		How often you invest in SIP	How often you invest in lumpsum
How often you invest in SIP	Pearson Correlation	1	.136
	Sig. (2-tailed)		.268
	N	115	68
How often you invest in lumpsum	Pearson Correlation	.136	1
	Sig. (2-tailed)	.268	
	N	68	73

Source: Primary Data

There is a very slight positive relationship between the frequency of lump sum and SIP investments, as indicated by the correlation coefficient of 0.136. This implies that the frequency of lump sum investments is mostly unaffected by the frequency of SIP investments. The association is also not statistically significant because the p-value (0.268) is higher than 0.05. This suggests that there is no significant correlation between the frequency of investments made using lump sum and SIP strategies in the current study.

Factors Influencing FinTech Adoption

FinTech adoption is impacted by a number of factors, including technology awareness (knowledge about financial technology), perceived usefulness (benefits of the technology), ease of use (ease of use), security & privacy (protection of user data), cost efficiency (financial benefits), regulatory support (government policies), internet & mobile penetration (access to digital infrastructure), social influence (recommendations from peers), financial literacy (knowledge of digital finance), and customer support (availability of assistance).

Table 3 - Factors Influencing FinTech Adoption

Factors	Mean	Rank
Ease of use	2.5167	I
Low fees and charges	3.3083	II
Availability of detailed fund insights	3.3167	III
Customer support	4.0917	VI
Trustworthiness (Data privacy, Reliability)	3.7833	IV
Range of Investment Options	3.9917	V

Source: Primary Data

The ranking analysis shows that Ease of Use (Rank I) is the most significant factor when choosing a FinTech platform for mutual fund investments followed by Low Fees & Charges (Rank II) and Detailed Fund Insights (Rank III). Trustworthiness (Rank IV) and Range of Investment Options (Rank V) are moderately

important, while Customer Support (Rank VI) is the least important factor. This means that convenience, affordability, and insights matter more to investors.

Conclusion:

According to the study's findings, FinTech platforms have revolutionized mutual fund investments by streamlining the procedure, enhancing accessibility, and encouraging disciplined investing with tools like real-time analytics and automated SIPs. The results show that the main users are young adults, especially professionals and students, and that the main reasons for platform adoption are fund insights, low costs, and convenience of use. FinTech platforms have improved financial inclusion and lowered conventional investing obstacles, but there are still issues including a lack of choice in funds, poor alerts, gaps in digital literacy, and data security. The survey also shows that because of its structured approach, SIP is preferred by the majority of consumers over lump-sum investments.

Reference:

1. Securities and Exchange Board of India (SEBI) - www.sebi.gov.in
2. Association of Mutual Funds in India (AMFI) - www.amfiindia.com
3. Reserve Bank of India (RBI) - www.rbi.org.in
4. Financial Express - www.financialexpress.com