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"Impact of Fintech on Investors' Behavior Towards Mutual Funds And Equity Shares – A Study"

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ABSTRACT
Financial technology (fintech) innovations have emerged as transformative forces in the investment landscape, significantly influencing investor behavior in the Indian stock market. This article delves into the interplay between fintech advancements and individual preferences for direct investments in mutual funds and equity shares. Drawing insights from primary data collected through a questionnaire survey of 50 respondents. It explores how technology-driven platforms and tools shape investment decisions, enhance accessibility, and redefine traditional investor dynamics. The discussion encompasses a wide range of fintech applications, including mobile trading apps, robo-advisors, blockchain-enabled platforms, and digital payment systems. These innovations are assessed in terms of their role in improving investor convenience, offering personalized financial advice, and fostering transparency in financial transactions. The analysis further examines how real-time market data, user-friendly interfaces, and cost-effective solutions provided by fintech platforms empowers the investors to make informed decisions.
Key Words: *Fintech Innovations, Investor Behavior, Direct Investment, Mutual Funds, Equity Share.*

I. INTRODUCTION

Fintech innovations have radically changed the financial landscape in India, bringing about a new era of communication between investors and financial markets. The term "fintech" comes from the words "financial" and "technology," referring to a variety of digital resources and applications for financial services that make transactions smoother, readily accessible, and more decision-friendly. The last few years have seen fintech innovations including robot-advisors, mobile trading applications, blockchain, and data analytics revolutionize the investment ecosystem, majorly witnessed in the mutual fund and equity space. Indian stock market has been fertile ground for the spread of fintech solutions, with rapid digitization and increase in investors. Currently, with over 100 million Demat accounts, and increasing retail investor participation in the Indian stock market, its paradigm is going through a great shift. Fin-tech platforms made investing directly easier as they provided clear interfaces, one-to-one recommendation for investments, and real-time market insights that have empowered and actively involved people across different socio-economic strata of society in investing in mutual funds and equity shares.

Fintech innovations play a crucial role in determining investor behavior, which, in turn, affects market dynamics. The innovation eliminates barriers such as the lack of financial literacy, information asymmetry, and procedural complexity that prevent access to investments, thereby making it more accessible and transparent. Additionally, fintech platforms use AI and big data analytics to analyses investor preferences and risk tolerance to create personalized financial solutions.

This study looks into the key role of fintech in the formation of investor behavior in Indian mutual funds and equity markets. It explores the ways in which technological innovations impact investment decisions, trust, and participation in finance. The study also measures the effects of fintech on investor education, risk management, and long-term wealth accumulation.

This relationship becomes especially relevant in the Indian context, where financial inclusion and literacy are still problems. The paper seeks to draw out valuable insights from this interplay of fintech and investor behavior for policymakers, financial institutions, and technology providers. The findings would then help in optimizing fintech solutions, foster informed investment decisions, and ultimately propel sustainable growth in India's capital markets.

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II. LITERATURE REVIEW

Sonawane et al. (2016) conducted a study on evaluating the behavior of an investor towards direct investment in Mutual funds and Equity shares in India. Field survey would be conducted among 375 respondents through questionnaires and personal interviews mostly focusing on educated individuals while the secondary data was provided by investment analysts and experts. Low risk and low return seeking investors often preferred mutual funds, while those willing to take higher risks for higher returns invested in equity shares. According to the study, personal risk management guides the investor in which to invest in, and that there is scope for further studies to heighten investors' awareness on the issue. Analytical techniques involved Mean, Percentiles, and Chi-square.

C Vijai (2019) Increasing Fintech adoption in India attempts to study about the opportunities and challenges of it, The report analyses the growth of the fintech industry, its status in India, and how adopting technologies such as artificial intelligence (AI), blockchain, and cryptocurrency is advantageous for users. The study starts with a simple meaning of Fintech and elaborate about the ecosystem, Regulators, Fintech Innovations and lastly explain the types of Fintech and what are the challenges facing by the users of fintech. This entire research is based on secondary data.

Bhadouria et al. (2023) conducted a study titled "The Role of Fintech in Financial Awareness and Mutual Fund Investment Decisions." They analysed 288 responses and used Cronbach's alpha to evaluate reliability. Following this, one-way ANOVA was applied to explore the relationship between mutual fund investment and financial awareness. The findings indicated that education does not have a significant effect on awareness.

Srivastav et al. (2024) The study examined how fintech affects mutual fund investors' choices. They surveyed 167 investors and received 133 responses. The study revealed that more investors are using fintech tools for managing portfolios, assessing risks, and making decisions. This shows that lawmakers and mutual fund companies need to adopt fintech innovations and digitization to meet investor needs. They used ANOVA, Coefficient, mean, and standard deviation for their analysis.

Mondol et al. (2024) Research, studied the effect of fintech innovative transactions such as online trading, robo advisors, and algorithmic trading on the Indian Stock Market. They described aspects of the user-friendly UPI online payment system-appropriate for specific uses of deposits by percentage and graph-analysing the index trading in India. The research discovered that some fintech products provide convenient full-service facilities for investors and allowed them to access most of their real-time services.

RESEARCH GAP

Many studies have explored fintech innovations' impact on investor awareness and investment decisions across different financial instruments domestically and as well as globally. However, there's limited clarity on fintech's influence on investor behavior in the Indian stock market, especially regarding direct investments in mutual funds and equity shares, with a notable research gap specific to Shivamogga city.

OBJECTIVE OF THE STUDY

1. To Study the impact of technology-driven platforms in enhancing accessibility, streamlining transactions, and providing greater convenience for investors.
2. To analyse the impact of FinTech innovations on investors behavior towards direct investments in Mutual Funds and Equity Share.

SCOPE OF THE STUDY

The study is confined to measuring the impact of FinTech innovations on investor behavior in direct investments in mutual funds and equity shares. The present study selected 50 respondents, comprising only mutual funds and Equity share investors in various occupations for data collection, and the study area covers only Shivamogga city.

III. METHODOLOGY

The study is based on quantitative and descriptive research. The study used both primary data and secondary data. primary data collected from the respondents for analysis and secondary data sources include articles, journals, books, and websites used for literature review. The sample size of respondents is selected using the convenience sampling method and a structured questionnaire (Google Form) is employed to collect data from mutual funds and equity share Investors in Shivamogga city. The data analysed and presented with the help of percentages, Mean and Standard Deviation.

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IV. RESULTS AND DISCUSSION

This part reports the results obtained from data gathered using a survey of 50 participants in tables that tabulate frequencies, percentages, ranks, and mean scores. Results emphasize objective description of demographic characteristics, investment patterns, preferred instruments, and influences on fintech adoption. The Discussion translates the results into implications for financial literacy, behavior, and attitudes in terms of how demographic patterns, investment interests, and perceived platform attributes influence respondents' financial choice-making. Analysing these patterns, the discussion identifies strengths, limitations, and implications for enhanced financial literacy and fintech uptake.

Table No. 1: Demographical Profile of the Respondents

Demographical Factors	Variables	Responses	Percenatge
Gender	Male	39	78%
	Female	11	22%
	Total	**50**	**100%**
Age	Below 25	15	30%
	25 - 35	25	50%
	35 - 45	7	14%
	45 - 55	3	6%
	Above 55	0	0%
	Total	**50**	**100%**
Education Level	Below SSLC	0	0%
	PUC/ITI/Diploma	4	8%
	Graduation	15	30%
	Post Graduation	26	52%
	Others	5	10%
	Total	**50**	**100%**
Occupation	Self Employed	9	18%
	Government Employee	9	18%
	Private Employee	17	34%
	Any Others	15	30%
	Total	**50**	**100%**
Annual Income (□)	Up to 2 Lakhs	14	28%
	2 - 5 Lakhs	14	28%
	5 - 10 Lakhs	19	38%
	More than 10 Lakhs	3	6%
	Total	**50**	**100%**
Marital Status	Married	16	32%
	Unmarried	34	68%
	Total	**50**	**100%**

Source : Survey Data

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The table showing that survey of 50 respondents reveals a predominantly male (78%) and young demographic, with 80% aged below 35 (30% below 25, 50% aged 25 - 35), and a highly educated groups, as 82% hold at least a graduation degree (30% graduation, 52% post-graduation). Occupationally, private employees (34%) and "Any Others" (30%) form the majority, while income levels skew middle-class, with 38% earning □5 - 10 lakhs annually and only 6% exceeding □10 lakhs. Most respondents are unmarried (68%), aligning with the younger age profile, and the sample lacks representation from individuals above 55 or with education below SSLC. This data suggests a skew toward young, educated, working-class males, potentially influencing the study's generalizability to broader populations.

Table No. 2: Experience with investing

Experience	No of Respondents	% of Respondents
Less than 1 years	14	28%
1 – 5 years	31	62%
5 – 10 years	3	6%
More than 10 years	2	4%
Total	**50**	**100%**

Source : Survey Data

Table showing the data highlights that most respondents (62%) have 1- 5 years of experience, indicating a moderate tenure group dominates. A significant portion (28%) are newcomers (<1 year), suggesting recent engagement or turnover. Fewer individuals have longer tenures (6% at 5 - 10 years, 4% >10 years), signalling potential attrition or limited retention of long-term participants. Overall, the distribution skews toward early-career individuals, with experience declining sharply beyond five years, possibly reflecting organizational growth or workforce dynamics.

Table No. 3: Ranking of Investment Options Based on Respondent Frequency

Investment Options	No of Respondents	Rank
Stocks	41	1
Bonds	9	4
Mutual Funds	35	2
Real Estate	9	4
Cryptocurrencies	11	3
Others	8	5

Source : Survey Data

The table interprets investment preferences using a ranking method based on the number of respondents, where higher respondent numbers correspond to higher ranks (e.g., Stocks ranked 1st with 41 respondents). This method is applied because it directly reflects popularity and prioritization among options, allowing a clear hierarchy (Stocks > Mutual Funds > Cryptocurrencies > Bonds/Real Estate [tied] > Others). The ranking method effectively highlights dominant trends (e.g., Stocks as the top choice, Mutual Funds as a close second) while accommodating ties (Bonds and Real Estate both ranked 4th) and identifying less-preferred options ("Others" at 5th), making it ideal for visualizing comparative preferences in a straightforward, ordinal manner.

Table No. 4: Investment Frequency Patterns Among Survey Respondents

Frequency of Investment	No of Respondents	% of Respondents
Daily	2	4%
Weekly	12	24%
Monthly	27	54%

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Annually	1	2%
Occasionally	8	16%
Total	**50**	**100%**

Source : Survey Data

Table showing the data reveals that most respondents (54%) invest monthly, reflecting a preference for regular, planned contributions. A smaller but notable group invests weekly (24%) or occasionally (16%), indicating varied engagement levels. Only 4% invest daily, suggesting limited active trading, while annual investments (2%) are rare. The dominance of monthly frequency highlights systematic investment habits, likely aligned with income cycles or long-term strategies, rare or irregular activity might show careful or occasional involvement.

Table No. 5: Level of influencing factors to start using fintech platform to invest directly

SI. No.	Factors	Very Low	Low	Moderate	High	Very High	Total	Mean	Standard Deviation
1	Ease of use	3	5	14	10	18	50	3.7	6.20
2	Speed and efficiency of transaction	0	5	24	19	2	50	3.36	10.79
3	Real time market updates	4	1	13	15	17	50	3.8	7.07
4	Regulatory Environment	1	8	11	11	19	50	3.78	6.48
5	Security and Trust	2	1	18	19	10	50	3.68	8.51
6	Access to research tools	7	17	15	10	1	50	2.62	6.40
7	Technological innovation	8	3	24	12	3	50	2.98	8.69

Source : Survey Data

Table 8 showing the user perceptions across key factors of a service, likely a trading platform. Such factors as Real-time market updates (mean=3.8) and Regulatory Environment (mean=3.78) scored highest, showing strong positive perceptions, while Access to research tools (mean=2.62) and Technological innovation (mean=2.98) trailed, pointing to areas of needed improvement. Standard deviations (SD) indicate response spread: Speed and efficiency of transaction (SD=10.79) and Security and Trust (SD=8.51) exhibited high spread, which may signal uneven user experience or opinion. Low SDs, e.g., for Ease of use (SD=6.20) and Regulatory Environment (SD=6.48), demonstrate greater convergence. The very high SD for Speed and efficiency is in contrast with its moderate mean (3.36), which suggests polarized comments, while Real-time market updates have a high mean (3.8) coupled with moderate spread (SD=7.07), indicating comparatively consistent endorsement. Altogether, the interplay of means and SDs points to strengths and also to areas of key pain in user perceptions. Results emphasize prioritizing user-friendly features and real-time data while addressing gaps in research tools and innovation.

V. SUGGESTIONS AND CONCLUSION

The research provides valuable information on the behavior, opinions, fintech adoption and financial literacy among young, educated, urban men. It discovers that although 82% of graduates possess moderate-to-high financial literacy, their investment behavior is short-term (62% have 1- 5 years' experience; 54% invest monthly). Though there remain research tool gaps and innovation, fintech expansion is driven by security, ease of use, and real-time information. The lack of diversity in the sample women, older adults, and lower-income groups are underrepresented cautions against drawing broad conclusions. One recommendation to close these gaps is to create financial literacy programs tailored to marginalized groups (e.g., women and non-graduates) to promote risk management and long-term planning. Fintech platforms should enhance security while enhancing research tools (analytical dashboards) and innovating (AI-based insights). Policymakers must enhance digital literacy initiatives among fintech-hostile communities and balance consumer protection and fintech expansion. Future research must diversity sample sizes to enhance generalizability and explore the behavioural components of short-

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termism. These efforts aim to align fintech innovations with the needs of users for long-run economic stability and foster inclusive, informed financial choice.

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