



FACTORS INFLUENCING INVESTOR PERCEPTION AND SATISFACTION: THE CONTRIBUTION OF MUTUAL FUND DISTRIBUTORS

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Abstract

Distributors of mutual funds have a significant influence on how investor's view and are satisfied with mutual fund offerings. They serve as a liaison between investors and mutual fund companies, offering the latter information, counsel, and assistance. This study looks at the main variables that affect investors' opinions and contentment with mutual fund products purchased from mutual fund distributors.

The study is based on an extensive literature research and a primary survey of Ernakulam mutual fund investors. Experience and reputation of the distributor: Investors with a solid reputation and plenty of expertise are more likely to be trusted by investors and to invest in mutual funds through them. Financial guidance: To assist them in choosing the best mutual funds for their investing requirements, investors value getting tailored financial guidance from their distributors. Communication and transparency: Investors value openness and correspondence from their distributors, particularly in times of market turbulence. After-sales service: After making a mutual fund investment, investors value distributors who continue to help and counsel them. The significance of mutual fund distributors in advancing financial inclusion and literacy is emphasized in the paper's conclusion.

Keywords: mutual fund distributors, investor perception, investor satisfaction, mutual fund products, financial advice, trust, communication, after-sales service,

Factors Influencing Investor Perception and Satisfaction: The Contribution of Mutual Fund Distributors

Mutual funds are a popular and easy-to-access financial tool that allows individuals to combine their money with other investors to invest in a diverse portfolio of stocks, bonds, or other securities. These expertly managed funds are a preferred option for both new and seasoned investors due to their many significant benefits. By diversifying risk across a range of assets, mutual funds help lessen the impact of changes in the price of any one security. They provide liquidity since investors can easily access their money by buying or selling shares on any business day. Furthermore, professional portfolio managers oversee mutual funds, making investing decisions on behalf of the fund's shareholders, guaranteeing proficiency in security selection and asset allocation. Mutual funds are appropriate for people who might not have the time, expertise, or money to actively manage their investments because of their professional management. Additionally, a variety of asset classes, risk profiles, and investment strategies are offered by mutual funds, enabling investors to select funds that complement their risk tolerance and financial objectives. All things considered, mutual funds provide a practical and varied means for people to engage with the financial markets and pursue their investment goals.

Distributors of mutual funds have a significant influence on how investors view and are satisfied with mutual fund offerings. They serve as a point of contact between investors and mutual fund companies, giving the latter information and guidance to enable them to make wise investment choices.

Review of Related Literature

Mutual fund distributors play a critical role in the Indian mutual fund sector, accounting for more than 80% of mutual fund sales. They serve as a liaison between investors and mutual fund companies, offering the latter information, counsel, and assistance. A number of elements, such as distributor reputation and experience, financial advice, transparency and communication, and after-sales support, affect investor perception and satisfaction with mutual fund products.

An insightful study on investors' opinions of mutual fund products distributed through banks in a tier-II Indian city can be found in the article "Investors' Perception towards Mutual Fund Products through Banks in Tiruchirappalli, Tamil Nadu (India)" by Karthikeyan et al. (2012). According to the study, investors are generally satisfied with their bank-sponsored mutual fund investments, but they would like more financial guidance and transparency from their bank distributors.

Berk and Van Binsbergen (2015) discovered that the typical mutual fund has utilized this expertise to earn around \$3.2 million year, using the value that the fund pulls from capital markets as the measure of competence. For up to 10 years, there are still significant cross-sectional ability inequalities. Investors reward this expertise by recognizing it and rewarding it with larger, better-performing investments. There is a significant positive association between present remuneration and future performance, and better funds have greater aggregate fees. It is not gross alpha that primarily reflects the cross-sectional distribution of managerial talent, but rather fund size.

Bhatt (2021) study seeks to determine if fund distributors' prior experience in the mutual fund industry is significant. And if so, how does the mutual fund's performance depend on the distributors' experience? A total of 1007 respondents have been given the

structured questionnaire. In this study, experience serving as a categorical moderator is being examined. In this research, the moderating and mediating effects of experience are explicitly examined with reference to the mutual fund industry in India. The findings revealed some fascinating information regarding the overall direct, mediating, and moderating effects of experience as well as other aspects.

Objectives of the Study

- 1 To examine the factors that influence the investors 'perception of mutual fund products through Mutual Fund Distributors.
- 2 To study the investor satisfaction on mutual fund distributor advice.
3. To study the relationship among the factors that influence mutual fund investors through mutual fund distributors

Methodology

The purpose of this study is to evaluate investors' opinions of bank-provided mutual funds. A well-structured questionnaire was created with this goal in mind, incorporating elements from the

Table 1. Reliability Statistics

Cronbach's Alpha	No of Items
.876	10

The Cronbach's Alpha calculation result for a set of data with 10 and 5 items is shown in the table. A scale's or a group of questionnaire items' internal consistency or reliability is gauged by Cronbach's Alpha. The Cronbach's Alpha value in this instance is 0.876, indicating a comparatively high degree of internal consistency among the ten test items. I.e.,

suggested research model. Interviews were used as a means of gathering data. Based on comments and recommendations from academicians, experts, and researchers, the questionnaire was improved. Secondary data from reliable periodicals, magazines, and websites was also used in the study. This study used a convenient (purposive) sampling strategy, and it is descriptive in nature. A total of 376 investors who owned mutual funds through Mutual Fund Distributors in the Ernakulam district made up the study's sample. Responses were tallied using a five-point Likert-type scale, with 1 denoting "strongly disagree" and 5 denoting "strongly agree." The inquiries were particularly disbursed to investors who have previously made mutual fund investments. To make sure that random errors that lead to inconsistencies and decreased reliability were kept at acceptable levels, a reliability test was carried out.

Statistical Tools Used

The Statistical Package for Social Sciences (SPSS) was used to conduct the analysis in this study, which made use of a number of statistical tools. Reliability statistics, correlation analysis, and multiple regression were the tools used in the study.

Table 2

Cronbach's Alpha	No of Items
.705	5

a personal connection and trust, effective communication, knowledge of expertise, fund preferences, guaranteed returns, brand name, satisfaction of urgent needs, security of funds, performance guarantee, and high-quality services. When Cronbach's Alpha is computed for a data set consisting of five items, the result is 0.705.

i.e., competitive products, advice, and adequate expertise information, lack of aggressive marketing,

Table 3. Demographic and socio-economic aspects of Respondents

Gender n(376)	Frequency(%)
Male	200(53.2)
Female	176(46.8)
Age n(376)	
Below 30	68(18.1)
31-40	136(36.2)
41-60	116(30.9)
Above 60	56(14.9)
Education Qualification n(376)	
Below Graduate	52(13.8)
Graduate	216(57.4)
Post Graduate	108(28.7)
Employment n(376)	
Government	156 (41.5)
Private	128(34.0)
Agriculture	40(10.6)
Business	52(13.8)
Monthly Income n(376)	
Below 25000	56(14.9)
25001-50000	140(37.2)
50001-75000	104(27.7)
Above 75000	76(20.2)

The accompanying table provides a thorough socioeconomic and demographic overview of a sample of 376 people. Firstly, the gender distribution shows that the sample is divided pretty evenly between men and women, with men making up 200 out of 376 respondents, or 53.2%, and women making up 176 out of 376, or 46.8%. Regarding age, the statistics indicate that a broad range of age groups are included in the sample. The age group of 31 to 40 years old accounts for the highest share of the sample (136 out of 376), or 36.2%. The age group of 41–60, which makes up 30.9% (116 out of 376), is not far behind. Regarding education, the bulk of responders—216 out of 376 or

57.4% of the sample—are graduates. There is considerable variation in the respondents' employment status: 34.0% (128 out of 376) work in the private sector, and 41.5% (156 out of 376) are employed by the government. Furthermore, 10.6% (40 out of 376) are employed in agriculture, and 13.8% (52 out of 376) are in business. Finally, the income distribution shows that, among the respondents, 37.2% (140 out of 376) make between 25,001 and 50,000 units of local currency per month; 27.7% (104 out of 376) make between 50,001 and 75,000 units, and 20.2% (76 out of 376) make more than 75,000 units. This data plays a crucial role in driving different research

and policy considerations as well as offering a useful foundation for comprehending the variety within the sample.

Table 4. Nonparametric Correlations

Spearman's rho Correlation items		Personal Relationship and Trust	Good Communication	Expertise Knowledge	Fund Preferences	Assured returns	Brand name	Emergency Need fulfillment	Safety of Funds	Performance Guarantee	Service Quality	Investor Satisfaction on MF Distributor
Personal Relationship and Trust	Correlation Coefficient	1	.342**	.502**	.202**	.432*	.413**	.315**	.187**	.360**	.240*	.533**
	Sig. (2-tailed)		0	0	0	0	0	0	0	0	0	0
	N		376	376	376	376	376	376	376	376	376	376
Good Communication	Correlation Coefficient		1	.192**	.375**	.313*	.500**	.200**	.324**	.156**	.272*	.421**
	Sig. (2-tailed)			0	0	0	0	0	0	0.002	0	0
	N			376	376	376	376	376	376	376	376	376
Expertise Knowledge	Correlation Coefficient			1	.158**	.481*	.212**	.486**	.148**	.382**	.154*	.475**
	Sig. (2-tailed)				0.002	0	0	0	0.004	0	0.003	0
	N				376	376	376	376	376	376	376	376
Fund Preferences	Correlation Coefficient				1	.227*	.354**	.283**	.363**	.169**	.237*	.290**
	Sig. (2-tailed)					0	0	0	0	0.001	0	0
	N					376	376	376	376	376	376	376
Assured returns	Correlation Coefficient					1	.229**	.435**	.128*	.559**	.182*	.470**
	Sig. (2-tailed)						0	0	0.013	0	0	0
	N						376	376	376	376	376	376
Brand name	Correlation Coefficient						1	0.037	.356**	.216**	.416*	.417**
	Sig. (2-tailed)							0.476	0	0	0	0
	N							376	376	376	376	376
Emergency Need fulfillment	Correlation Coefficient							1	.185**	.433**	.187*	.485**
	Sig. (2-tailed)								0	0	0	0

	N								376	376	376	376
Safety of Funds	Correlation Coefficient								1	.147**	.495*	.258**
	Sig. (2-tailed)									0.004	0	0
	N									376	376	376
Performance Guarantee	Correlation Coefficient									1	.108*	.447**
	Sig. (2-tailed)										0.036	0
	N										376	376
Service Quality	Correlation Coefficient										1	.370**
	Sig. (2-tailed)											0
	N											376

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The Spearman's rho correlation coefficients are displayed in the table, providing important insights into the relationships between the many elements affecting investor happiness and mutual fund distributor evaluation. Notably, factors such as "Good Communication," "Expertise Knowledge," "Assured Returns," "Brand Name," "Emergency Need Fulfillment," "Safety of Funds," "Performance Guarantee," and "Service Quality" all have positive and statistically significant correlations with one another, highlighting how these elements are interrelated. This indicates that investors who place a high importance on interpersonal connections and trust also frequently give other elements like communication, knowledge, and brand reputation a high score. Furthermore, there is a clear correlation between "Good Communication" and aspects such as "Brand name," "Performance Guarantee," "Expertise Knowledge," "Assured returns," and "Service Quality," indicating the

significance of good communication in affecting these domains. Given that "expertise knowledge" is associated with "assured returns," "Brand name," "performance guarantee," and "service quality," it stands to reason that investors who place a high value on this type of information will also likely relate it with factors such as brand reputation and guaranteed returns. These correlations offer a thorough understanding of the relationships between different variables and how these relationships affect investor satisfaction with mutual fund distributors.

All things considered, these correlations offer insightful information about the connections among several elements that affect investors' happiness with mutual fund distributors. The results highlight how important elements like communication, trust, knowledge, brand reputation, and service quality are in influencing investors' opinions and levels of satisfaction.

Table 5. Regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.855 ^a	.731	.723	.28795	1.725

a. Predictors: (Constant), Service Quality, Expertise Knowledge, Fund Preferences, Performance Guarantee, Good Communication, Emergency Need fulfillment, Personal Relationship and Trust, Safety of Funds, Assured returns, Brand name

b. Dependent Variable: Investor Satisfaction on MF Distributor

The analysis's statistical model clarifies the connection between a number of predictor variables and "Investor Satisfaction on MF Distributor." The following are the conclusions: The selected predictors have a large impact on investor satisfaction, as the model accounts for approximately 73.1% of the variation in investor satisfaction. A more accurate measure of the explained variation is offered by the adjusted R Square, which takes the number of predictors into account. The model matches the data better the smaller the estimate's standard error. Finally, there appears to be no significant autocorrelation

in the model, according to the Durbin-Watson statistic, which is normally positive in regression analysis. "Service Quality," "Expertise Knowledge," "Fund Preferences," "Performance Guarantee," "Good Communication," "Emergency Need fulfillment," and "Personal Relationship and Trust" "Safety of Funds," "Assured returns," and "Brand name" are the predictor variables in the model.

In conclusion, this regression model shows that the combination of these predictor factors can account for a sizable amount of the variation in investor satisfaction with mutual fund distributors. Considering the amount of predictors, the modified R Square value indicates that the model is reasonably robust. The Durbin-Watson statistic also shows that there is no significant autocorrelation in the model. These results suggest that understanding and forecasting investor satisfaction with mutual fund distributors depends heavily on the selected variables.

Table 6. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	82.064	10	8.206	98.974	.000 ^b
Residual	30.264	365	.083		
Total	112.329	375			

a. Dependent Variable: Investor Satisfaction on MF Distributor

b. Predictors: (Constant), Service Quality, Expertise Knowledge, Fund Preferences,

Performance Guarantee, Good Communication, Emergency Need fulfillment, Personal Relationship and Trust, Safety of Funds, Assured returns, Brand name

The statistical research yielded a regression model that evaluates the relationship between key predictor factors and "Investor Satisfaction with MF Distributor." The results

show that the selected predictors—"Service Quality," "Expertise Knowledge," "Fund Preferences," "Performance Guarantee," "Good Communication," "Emergency Need fulfillment," "Personal Relationship and Trust," "Safety of Funds," "Assured returns," and "Brand name"—all together have a significant impact on investor satisfaction. The results are highly significant. The low p-value serves as additional evidence that the associations found in the model are not the result of chance. This investigation essentially highlights how important and powerful these variables are for comprehending and

forecasting investor happiness with mutual fund distributors.

Table 7. Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.623	.120		5.210	.000
Personal Relationship and Trust	.099	.024	.154	4.177	.000
Good Communication	.137	.024	.229	5.692	.000
Expertise Knowledge	.087	.026	.121	3.312	.001
Fund Preferences	-.031	.025	-.041	-1.208	.228
Assured returns	-.005	.024	-.008	-.190	.849
Brand name	.052	.027	.079	1.907	.057
Emergency Need fulfillment	.158	.025	.222	6.355	.000
Safety of Funds	.037	.027	.054	1.360	.175
Performance Guarantee	.165	.029	.221	5.717	.000
Service Quality	.147	.030	.198	4.912	.000

The table provides a thorough summary of a multiple regression study that looks at the connection between a number of predictor factors and "Investor Satisfaction on MF Distributor." The multiple regression study presented in the table looks at the impact of different predictor factors on "Investor Satisfaction on MF Distributor." This approach yields several important conclusions. First off, the "Constant" denotes the baseline contentment level, which is significantly positive when all predictors are zero. Each one-unit increase in these parameters results in better satisfaction. Personal relationships and trust, effective communication, and expert knowledge all positively and significantly affect satisfaction. In contrast, this model shows that satisfaction is not significantly impacted by variables such as fund

preferences, guaranteed returns, brand name, and fund safety. Notably, meeting urgent needs, ensuring performance, and providing high-quality services all significantly contribute to increased satisfaction; a rise in any of these elements would likely result in a significant increase in investor happiness. To summarise, this analysis reveals the key factors that have a major impact on investor happiness, illuminating the critical role that communication, expertise, interpersonal relationships, and specific services have in raising satisfaction levels.

Conclusion

Mutual fund distributors play a vital role in shaping investor perception and satisfaction with mutual fund products. By educating investors about mutual funds,

providing financial advice, and building trust and confidence, mutual fund distributors can help investors make informed investment decisions and achieve their financial objectives. To sum up, distributors of mutual funds have a crucial role in shaping investors' perceptions and levels of satisfaction with these products. They act as a liaison between investors and financial goods, providing crucial direction for investing choices. Investor perception of mutual fund products offered by distributors is directly influenced by their level of knowledge, communication style, and ability to establish trust. Expertise knowledge provides a sense of security in the investment decisions, while effective communication and transparency nurture trust and confidence in the investor-distributor relationship. Furthermore, because they provide investors with piece of mind and live up to expectations, distributors that excel at meeting urgent demands and guaranteeing returns also make a substantial contribution to investor satisfaction.

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