

**Assessing Perception of Retail Investors towards Selected Online Mutual Fund Investment Platforms during the Covid-19 Scenario**

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**Abstract:** Human instincts are difficult to understand and infer when it comes to gauging their sensitivity towards various financial products, the quality of financial advice received and their preference towards various types of asset classes for investment purpose, etc. The popularity of this sphere is accentuated with the increasing awareness and usage of mobile apps as a mode of facilitating and tracking investments. Mobile phone apps offer users the convenience of tracking investments, rebalancing of portfolio, receiving updated news related to investments, financial advice from experts and many more services which helps in shaping up the investment behaviour of retail investors and makes them market ready. This paper studies the performance of the top five popular online mutual fund investment apps which are being used frequently for the purpose of investment. The outcome of this research paper is based on secondary data and it ranks the five mutual fund investment Apps by making a comparative study to understand as well as decipher the strategies adopted by these platforms to survive in the post pandemic scenario and maintaining customer centricity.

**Keywords:** Online Mutual Fund Platforms, Financial Investment Behaviour, Mutual Fund Apps, Online Investing, Online Financial Advisory

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## **INTRODUCTION**

Investment in financial products is often subject to choices and preferences by individuals. It also depends upon exposure of the individual in question towards various available alternative financial instruments. Investigating the investment patterns of keen investors during the last three decades, one would be very much surprised to find the paradigm shift in these four aspects-the investment motive, the investment horizon, the investment alternative and the expected returns. In the current scenario, investors prefer to stay invested for a long time period despite the various phases of economic downturns.

When we talk about the expected returns, investors can be classified into three different categories based on their risk appetite or risk-taking capabilities. They are classified as: 1) Risk Taker or Seeker, 2) Risk Averse, and 3) Risk Neutral. A risk seeker investor exhibits a go-getter attitude, always on the lookout for newer alternatives and willing to take the plunge into the deep sea of high risks to reap higher returns in the near future. On the other hand, a risk averse investor is not willingly to take risks and wants to play safe and invest conservatively in traditional forms of investment like bank fixed deposits and postal savings account only. They do not want to experiment with their hard-earned money. On the other hand, a risk neutral investor is not at all affected by the financial markets and is very much disinterested with the idea of investing his/her money somewhere to earn returns.

The next aspect to be talked about is the investment alternatives available to investors. If we look at the data three decades down the line, investors preferred bank savings account, current account, recurring deposits and post office savings as the only modes of investment. They did not want to accept the fact that there exist some other lucrative modes of investment too. Before two decades the investors started to become aware of other modes of investment like equity shares, bonds and debentures. In fact, the LPGD (Liberalization, Privatization, Globalization and Digitalization) phenomenon triggered to increase the awareness of the prospective investors. Multinational Corporations started to build offices within the geographical expanse of the country which completely changed the way investors used to think regarding better utilization of their financial resources. During the present decade, newer investment alternatives have been discovered to cater to the varied

needs of investors' like- derivatives, commodities, gold ETFs and mutual funds. Investors have newly found the zeal to make their invested money perform better over time.

Investment motives or objectives also form an important aspect for an investor to decide on his/her preferred mode of investment. A research study conducted by an avid Indian blogger probed and found that with the life stages as well as the risk appetite of investor, his/her investment objective keeps on changing. Investors who are risk averse want safe investment products with the objective to keep their money secure irrespective of the returns being received out that invested corpus. Such investors prefer investment in savings account, bank fixed deposits and government bonds, etc. The second category of investors prefers to receive capital gains on their investment, making it evident that they want to grow their principal invested amount. Some investment alternatives offer to fulfill this objective like stocks, gold, mutual funds, property, commodities, etc. These modes of investment, however, attract taxes. The third categories of investors look for a second source of income generation and they try to invest in products that offer returns regularly like corporate bonds, government securities and bank fixed deposits. Other relatively less important objective includes tax exemptions and liquidity.

### **Online Mutual Fund investing in India**

Since 2015, this trend has started picking up in the country with mutual fund investors. This is a newer form of investing in mutual funds which has newly found its convenience with investors across the country. There are some of the reasons about popularity of online mutual fund platforms. Firstly, online mutual fund investment offers the convenience of choosing the right kind of investment by doing self-study and research on the pros and cons of an investment alternative. Secondly, it reduces the time required to be devoted by the investor to travel and meet an investment advisor. Thirdly, the investor uses his/her own judgement while taking an investment decision by not relying only on the recommendation of the investment advisor. Fourthly, the investor does not have to bear the additional burden of paying hefty fees for the advice of the investment advisor. Fifthly, the convenience enjoyed by the customer in terms of the time flexibility-the investment can be done anytime as suited by the investor. Smart investors these days have altered the way of investing by offering mutual funds through online platforms and mobile apps. Digitalization has helped mutual fund firms offer their products online to its customers.

### **Online Mutual Fund Platforms:**

**Kuvera:** Kuvera is an online mutual fund investment platform for investors who want to invest in direct mutual fund plans. It provides funds from 37 AMC(s) (Asset Management Companies) and offers direct mutual fund plans at absolutely no hidden costs. The key feature of this online platform is to understand the different financial goals along with the risk appetite of the investor and offering plans accordingly. The best offerings of this online platform are: no trial period, zero hidden charges and free financial advice for investors.

**Goalwise:** Goalwise is an online mutual fund investing platform assisting the investor in achieving their financial goals. It offers robo advisory solutions to its investors. Robo Advisory is online software based product that helps manage the investments of an individual investor without the physical intervention of consulting a financial advisor. After the investor offers all required information for financial advising, the robo advisors fix the data, perform asset allocation and build an investment portfolio that meets the goal of the investor. It helps an investor forego the expenses of hiring a financial advisor. The basic offerings of Goal wise thus includes: selection of funds, asset allocation, creation of portfolio and financial planning for the investor.

**ET Money:** ET Money previously named Smart spends is a well designed app in which the investment section lists out various mutual funds along with their performance snapshots. It helps investors decide the specific fund and then do the KYC process online. The unique feature of this app is the Smart Deposit feature which offers the opportunity to invest in a liquid fund.

**Groww:** Groww is an online platform offering direct mutual fund plans. The online platform provides mutual funds from 37 AMCs with a detailed evaluation and data points with comparative charts adding a visual appeal. An additional feature of this platform is that it has financial groups to discuss on various topics and knowledge dissemination. Xperts, another feature on this app allows various financial advisors share and give customers various financial insights. The Switch feature

allows you to track all the external and internal mutual funds from one place. This online platform is available for use in desktop/laptop as a web application along with an iOS and Android app.

**Zerodha Coin:** Zerodha is an online platform offering both Direct and Non-Direct Regular Funds. In Zerodha Coin, an investor is free to buy any mutual fund of his choice with no commission payment. An investor has the opportunity to select the mutual fund of their choice, review fund performance, buy lumpsum investment or do a SIP.

### **Review of Literature**

Nandhini, M. & Sivasakthi, D. (2013) jointly conducted a study on retail mutual fund investors in the city of Coimbatore to understand their investment pattern and behaviour on mutual funds with special reference to Franklin Templeton Investments. The researchers identified certain objectives of undertaking the study such as – the opinion of investor with regards to the investment period and the expected rate of return, identify investor's channel preferences and reveal the comparability values of different schemes of the company.

Zanvar, P. and Bhola, S.S. (2016) in their interesting empirical research study tried to understand the investment pattern of individual investors in Pune city and assess the investor behaviour within the geographical precincts of one of the upcoming cities in Maharashtra. It was inferred that government should develop new financial products and attract more investors while retaining existing investors.

Dr. Raman, T.V., & Budhiraja, K., (2016) in their empirical research study tried to conduct a detailed analysis on the investment pattern of retail investors in financial product like mutual funds. It was noticed that the mutual fund industry in India even though faced with tough challenges has been able to sail through smoothly with a promise to deliver the best.

Metre, Sujit G., & Parashar, P. (2019) in their contemporary research work tried to emphasize on the overall impact of digitization on the mutual fund industry in India. The specific findings out of this probing were that digitalization facilitated ease of compliance, has improved transparency in mutual fund industry but not been able to build faith and trust amongst potential investors. Digitization helped in dissemination of information amongst investors and intermediaries, helped in efficient processing of transactions, enabled customized services, enhanced the capability to transfer industry updates to intermediaries very quickly and reduced response time, etc. Some practical suggestions were put forward like revival of financial product mix and marketing mix to match digitization and apps must offer certain value-added services to its esteemed customers.

Dikkatwar, R. & De, Tanmoy, et al (2019) in their contributory research work highlighted on the role of technology in facilitating distribution of mutual funds by intermediaries within the country. The study revealed the fact that mutual fund industry has exhibited a phenomenal growth in their Asset Under Management (AUM) over the last 18 years and credit for this goes to the emerging technological innovations taking place within this industry.

### **OBJECTIVES OF THE STUDY**

The objectives identified for the study are:

1. To analyze top five online mutual fund investment apps used for the purpose of investment.
2. To understand the adaptability of the online mutual fund platforms in managing business during the pandemic situation.

### **Data Analysis and Interpretation**

There has been an unprecedented in the number of active internet users in India over the years signaling a strong possibility of the functioning of online mutual fund platforms. According to a report by Swedish telecom equipment maker Ericsson has predicted that India's mobile data traffic is the highest in the world at 9.8 GB/month which is expected to grow at a CAGR of 23% every month till 2024. The same is depicted below:

A different dimensional statistic is presented by the Indian Brand Equity Forum (IBEF) regarding the volume of App downloads in India. There are many subscribers who conduct financial transactions through mobile phone only via apps. All the mutual fund service providers having online presence offer their services through apps too. Thus, it is very important to gauge the increasing trend of app usage in India. The report states App downloads in India were 18.11 billion during 2018 which is expected to reach to 37.21 billion by 2022.

The number of Internet users in India has seen an upward trend at a CAGR of 17%. This is a credible achievement made by the citizens of the country to help in the smooth penetration of online marketing and selling of mutual funds and other related mutual fund products.

Sl. No.	Name of the Online Mutual Fund Platform	Cities Covered	Number of Transactions	Number of Users	Asset Under Management (in crores)	Type of Offerings
1	Kuvera.com	800	1,25,00,000	125,000	8,500	Mutual Funds, Gold, Save Smart Deposit Accounts
2	Goalwise	433	6,00,000	40,000	N/A	Mutual Funds
3	ET Money	1,300	3,00,00,000	40,00,000	10,000	Mutual Funds, National Pension Scheme, Tax, Loans, Insurance
4	Groww	800	N/A	40,00,000	413	Mutual Funds
5	Zerodha Coin	75	N/A	8,50,000	5,500	Mutual Funds

Table 1: Comparative Advantage Data of Top 5 Online Mutual Fund Platforms (Source: Collected by the author)

The above figure and chart data shows various important statistics and information pertaining to the different online mutual fund providers. In order to ease out the process of classification and ranking, few parameters have been identified like- presence in number of cities, number of transactions executed, total number of users of these platforms, total value of assets under management by each specific firms and their differentiated product offerings. From the above data on the online mutual fund platforms, it was observed that:

- i) Kuvera ranks the best in terms of its total asset under management and diverse product offerings
- ii) Goalwise is an upcoming platform with lots of feat to achieve in the years to come
- iii) ET Money ranks best in terms of its wide customer base and varied basket of product offerings
- iv) Groww stands as the market share leader in terms of its reach ability to customers
- v) Zerodha Coin is the best in its category considering the number of active users and its total asset under management value

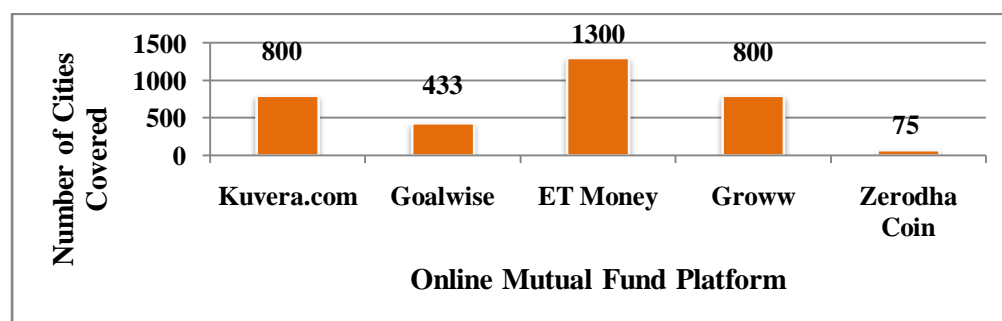


Figure 1: Number of cities covered by the Online Mutual Fund Platforms (Source: Collected by the author)

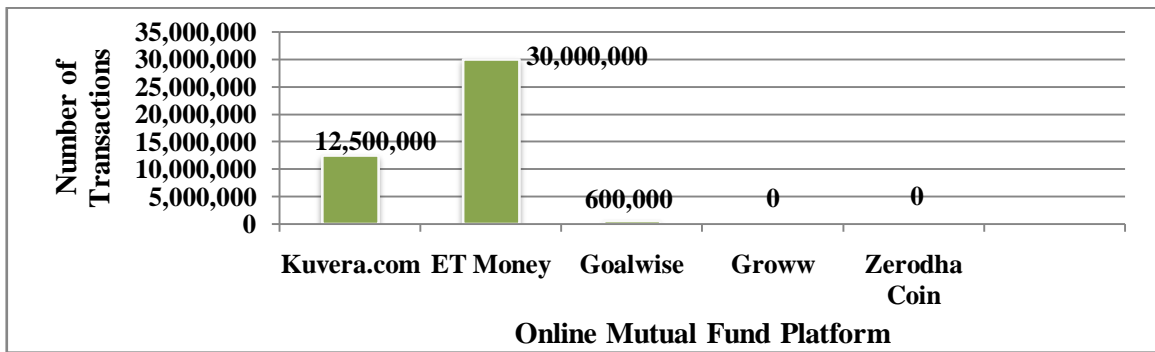


Figure2: Number of Transactions performed by the Online Mutual Fund Platforms (Source: Collected by the author)

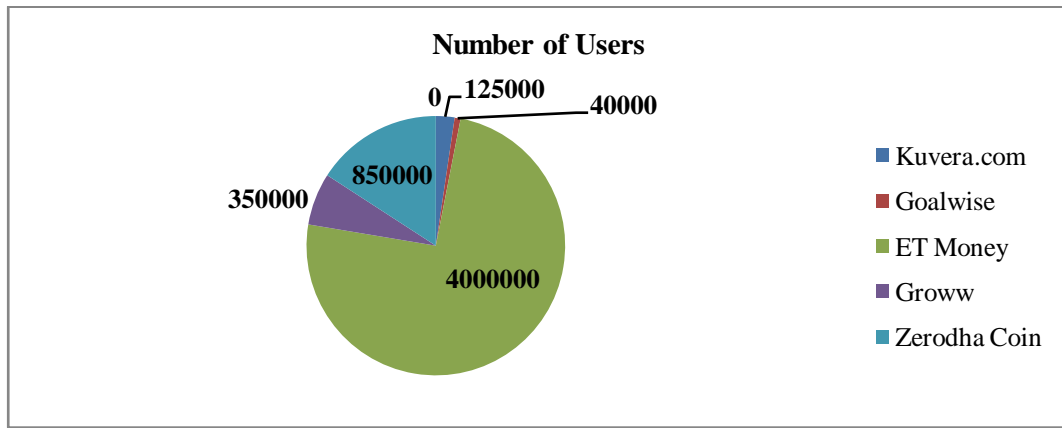


Figure3: Number of Active Users of the Online Mutual Fund Platforms (Source: Collected by the author)

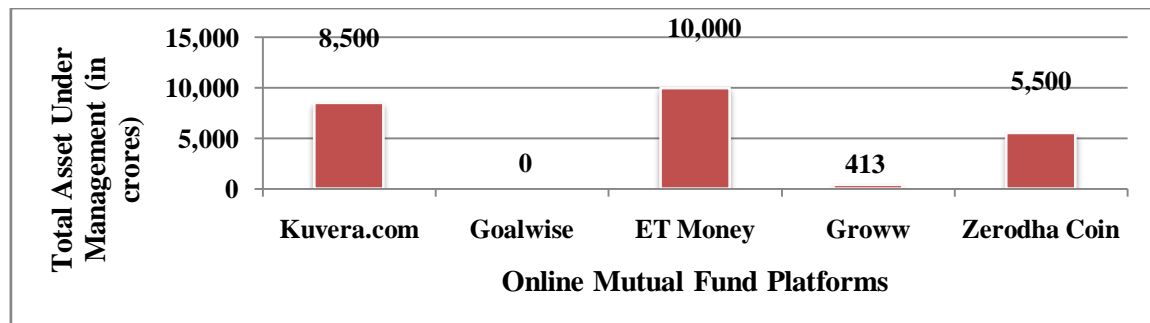


Figure4: Total Assets Under Management (AUM) of the Online Mutual Fund Platforms (Source: Collected by the author)

All the above diagrammatic representations show specific variations amongst the listed online mutual fund players and the same has been depicted through charts. These charts are indicating the fact that each one of the online mutual fund providers are the best in some parameter or the other and with the passage of time they will build up capabilities to beat their rivals.

### **Strategies adopted by various Online Mutual Fund Platforms to manage businesses during COVID 19**

- Kuvera.com, since March 2020, took it up smartly as an opportunity by gamifying the offering of mutual funds. The company has been offering loyalty coins to its existing customer base and encouraging them to avail value added services family account planning and tax harvesting. The firm has targeted youngsters and millennials as well as collecting customer response and feedback to manage its business during these tough times. The customers who use these value-added services also get charged a nominal fee thereby making it more lucrative.

- Goalwise, acquired by Niyo Money believes that neo banking is the need of the hour in these difficult times. It is surveyed that people find it more convenient to carry out transactions digitally which has been able to provide a positive customer experience.
- ET Money, another virtual mutual fund platform, had reworked their strategy. It was advised that active investors put their investments in selected sectors like pharmaceuticals. A further suggestion was made to investors to invest in stocks outside India and make optimum use of financial models to understand the right debt-equity mix for investment in these testing times.
- Groww, one of the preferred online mutual fund platform targeted millennials and took it as a challenge to make the financially aware through its program “Ab India Karega Invest” about mutual funds and various investment platforms. It is able to add 1.5 lakh SIPs every month using this platform.
- Zerodha Coin, a subsidiary of Zerodha and a successful online mutual fund platform having a substantial number of customers believes in offering discount brokerage to attract customers. As per data shared by the National Stock Exchange, Zerodha has 26 lakh customers, the largest a broking firm can think of at this pandemic situation. Zerodha Coin made a big leap in embracing technology and retaining customers to offer best in class service.

## FINDINGS

Online mutual fund platforms are still at the developmental stages, yet a considerable amount of progress has been noticed. To detail out the future roadmap of these online mutual fund app platforms in provide investment service some measures can be suggested:

- Growth in app download volume will have an expected outreach of 37.21 billion by 2022 which is a promising trend for more frequent and convenient usage to satisfy the investment need of the client
- Swedish telecom maker Ericsson has predicted that India’s mobile data traffic is one of the highest and it is expected to grow at a CAGR of 23% every month till 2024. This is a sure shot sign of success for the online mutual fund platforms, only certain measures need to be suggested to improve the marketability of their investment products
- Different online mutual fund platforms rank best in terms of their capabilities. The set parameters to judge them includes-number of cities covered, number of transactions processed, number of registered users, total asset under management and type of products offered.

## CONCLUSION

Investment in itself is a complex phenomenon and a lot of thought process goes in the mind of the customer based on which they take investment decisions. Hence, understanding customer psychology is a must. Investors also need to have the much needed awareness regarding different types of financial investment products and the risks associated with them. Self introspection of investors is also required regarding their investment objective, risk appetite and expected returns. Framing a meaningful financial goal is the prerogative of both the client and the financial advisor and both should work together to make this successful. In fact, out of the five mutual fund platforms taken up for study, most of them offer financial advice for free. As Digital India progresses towards the next era of millennials, online investing in mutual funds is going to set the trend for the future.

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