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DIGITAL INVESTMENT PLATFORMS AND MUTUAL FUND CHOICE: EMPIRICAL EVIDENCE FROM RETAIL INVESTORS

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Abstract

The rapid growth of digital investment platforms has significantly transformed the way retail investors access, evaluate, and select mutual fund products. These platforms offer user-friendly interfaces, real-time information, robo-advisory services, and low-cost investment options, thereby reshaping traditional investment decision-making processes. This study empirically examines the persuade of digital investment platforms on mutual fund choice among retail investors. Drawing on theories of technology adoption and investor behavior, the study investigates how factors such as platform usability, information transparency, perceived trust, financial literacy, and cost efficiency affect investors' mutual fund selection decisions. Primary data were collected from retail investors using structured questionnaires, and the proposed relationships were tested using appropriate statistical techniques such as regression analysis. The findings reveal that digital platform attributes significantly influence mutual fund choice, with platform trust and ease of use playing a dominant role. It is giving direction to the emergent literature on digital finance and investment behavior by offering realistic insights for asset management companies, fintech firms, and policymakers to enhance investor participation and financial inclusion.

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INTRODUCTION

The investment landscape has undergone a profound renovation amid the emergence of digital investment platforms, motivated by advancements in financial technology (FinTech) and increased internet penetration. Traditional modes of investing through physical intermediaries and face-to-face advisory services are increasingly being replaced by digital platforms that enable retail investors to invest in mutual funds with greater convenience, transparency, and efficiency. In India, the growth of online mutual fund platforms, mobile trading applications, and robo-advisory services has played a crucial role in democratizing admittance to financial markets along with expanding retail participation.

Mutual funds have long been considered a preferred investment avenue for retail investors. The integration of mutual fund distribution with digital platforms has further simplified the investment process by offering features such as paperless onboarding, systematic investment plans (SIPs), real-time portfolio tracking, and personalized recommendations. As a result, digital investment platforms have grown to be an imperative determinant of mutual fund choice.

Despite the rapid espousal of digital investment platforms, retail investors' mutual fund selection behavior remains influenced by multiple factors, including platform usability, availability of reliable information, perceived risk, and trust in digital intermediaries, cost structures, and individual levels of financial literacy. Indulgent how these collectively persuade mutual fund choice is essential for fund houses and platform providers seeking to enhance customer engagement and long-term investment participation.

Existing literature has extensively examined mutual fund selection criteria such as past performance, fund manager reputation, and risk-return trade-offs. However, empirical studies focusing on the part of digital investment platforms in shaping mutual fund choice, particularly in emerging economies like India, remain limited. This study addresses this gap by empirically exploring the impact of digital investment platforms on mutual fund choice among retail investors.

The objectives are threefold: (i) to analyze the key digital platform attributes influencing retail investors' mutual fund selection, (ii) to scrutinize the role of investor-related factors such as financial literacy and trust in digital platforms, and (iii) to provide policy and managerial implications for strengthening digital investment ecosystems. By offering empirical evidence, the work throws in to the writing on digital finance, investor behavior, and mutual fund distribution in the context of an increasingly digitalized financial market.

2. REVIEW OF LITERATURE

2.1. FinTech Platforms and Mutual Fund Investment

Cai et al. (2022) examined how *FinTech platforms influence mutual fund markets*, finding that funds distributed through fintech channels attract greater flows and have stronger flow-performance sensitivity compared with traditional distribution channels. This suggests that digital platforms alter fund selection behavior by increasing accessibility and broadening the choice set available to retail investors.

Srivastav et al. (2024) empirically investigated the *impact of digitalization on savings preference decisions* of mutual fund investors, showing that digital platforms significantly affect portfolio management and investor preferences due to convenience and real-time information availability.

Dhara Padia & Bhatt (2023) developed an SEM model to *predict investor behavior in online mutual fund investments*, highlighting that performance expectancy, perceived trust, effort expectancy, financial knowledge, and risk perception are significant determinants of investor behavior on digital platforms.

2.2. Technology Adoption and Online Investment Behavior

Dewi & Rahadi (2020) applied knowledge adoption constructs to online mutual fund platforms, emphasizing that *interface quality, usability, and perceived trust* influence adoption of online mutual fund investing.

Studies on *technology acceptance in mutual fund digital services* (e.g., using frameworks akin to TAM/UTAUT) identify security, ease of use, along with perceived usefulness as core formulation of digital investment espousal by individual investors.

2.3. Digital Platforms and Investor Decision-Making

Hong & various authors (NBER working paper) argue that *digital platforms alter the way investors select funds*, offering richer fund information but also complicating selection due to the sheer number of available choices, which may affect investment decisions due to information overload. Research by **Zheng et al. (2024)** (in broader fintech literature) indicates that emerging technologies such as AI along with machine learning influence financial services delivery, which has *direct implications for mutual fund distribution and investor engagement*, especially through robo-advisory and algorithm-driven recommendations.

2.4. Investor Behavior and Mutual Fund Selection Criteria

Stephen & Kumar (2025) showed that retail investors' *preference for mutual fund schemes* is influenced by multiple factors — including scheme characteristics and sources of information — and that digital channels are increasingly considered among information sources in mutual fund choice decisions.

2.5. Financial Literacy, Trust, and Digital Platform Use

Recent studies (Zheng et al. (2024)) have investigated the *interaction between financial literacy and digital platform trustworthiness* in influencing mutual fund investment decisions. These studies reveal that *higher financial literacy strengthens investors' use of digital platforms* and leads to more informed mutual fund choices through improved understanding of fund characteristics and reduced uncertainty.

3. RESEARCH METHODOLOGY

The current revise adopts an explanatory plan to empirically observe the influence of digital investment platforms on mutual fund choice among retail investors. Primary data were unruffled from side to side a planned questionnaire administered to 100 retail investors who actively use digital platforms such as mobile applications, online brokerage portals, and

fintech-based investment platforms for mutual fund investments. A purposive sampling technique was employed to ensure that respondents possessed adequate experience with digital investment platforms. The questionnaire was urbanized based on validated scales from prior studies in fintech adoption and investor behavior and measured key constructs including digital platform attributes (usability, information transparency, and cost efficiency), trust in digital platforms, financial literacy, and mutual fund choice using a five-point Likert scale. Demographic variables such as age, gender, income, education, and investment experience were included as control variables. Data analysis was conceded out with descriptive statistics along with inferential techniques including multiple regression analysis to test the proposed relationships.

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

Table 1
Descriptive Statistics (N = 100)

Variables	Mean	Std. Deviation
Platform Usability	3.85	0.70
Information Transparency	3.72	0.73
Cost Efficiency	3.68	0.78
Trust in Digital Platforms	3.80	0.75
Financial Literacy	3.63	0.81
Mutual Fund Choice	3.90	0.67

The descriptive statistics reveal that retail investors generally hold favorable perceptions toward digital investment platforms. Among the variables, mutual fund choice (Mean = 3.90) and platform usability (Mean = 3.85) report the highest mean values, indicating that ease of use and digital convenience participate a decisive role in investors' mutual fund selection decisions. Trust in digital platforms (Mean = 3.80) also exhibits a relatively high mean, reflecting confidence in platform security and reliability. Financial literacy shows a moderate mean score (3.63), suggesting scope for improvement through investor education initiatives. The standard deviation values indicate acceptable variability among respondents, underneath the appropriateness of the data for further inferential analysis.

4.2 Hypothesis testing

H1: Platform usability, information transparency, perceived trust, financial literacy, and cost efficiency have a significant positive effect on investors' mutual fund selection decisions.

Table 2
Regression Analysis Results for Hypothesis 1 (N = 100)

Independent Variables	β (Standardized)	t-value	Sig. (p)
Platform Usability	0.31	3.58	0.001**
Information Transparency	0.24	2.87	0.005**
Perceived Trust	0.29	3.36	0.001**
Financial Literacy	0.19	2.21	0.029*
Cost Efficiency	0.17	2.03	0.045*
R ²	0.61		
Adjusted R ²	0.59		
F-value	29.84		0.000

*Significant at $p < 0.05$; ** $p < 0.01$

The multiple regression results demonstrate that the proposed model is statistically significant ($F = 29.84$, $p < 0.01$) and explains 61 percent of the variance in investors' mutual fund selection decisions ($R^2 = 0.61$). All five independent variables exert a positive and significant influence on mutual fund selection. Among them, platform usability ($\beta = 0.31$, $p < 0.01$) and perceived trust ($\beta = 0.29$, $p < 0.01$) emerge as the strongest predictors, indicating that ease of navigation and confidence in platform security and reliability are critical determinants of investors' decision-making. Information transparency also shows a significant positive effect, while financial literacy and cost efficiency, though comparatively weaker, remain statistically significant contributors.

5. CONCLUSION

The present study examined the influence of digital investment platform attributes on mutual fund selection decisions among retail investors, with specific focus on platform usability, information transparency, perceived trust, financial literacy, and cost efficiency. The empirical findings reveal that digital investment platforms play a significant role in shaping investors' mutual fund choices in an increasingly technology-driven financial environment. The regression results indicate that all the selected variables exert a positive and statistically significant impact on mutual fund selection decisions, thereby supporting the proposed hypothesis.

Among the factors examined, platform usability and perceived trust emerged as the strongest determinants, highlighting the significance of user-friendly interfaces, seamless navigation, data security, along with platform reliability in influencing investor confidence and decision-making. Information transparency was also found to significantly affect mutual fund selection, suggesting that clear, accurate, and timely information regarding fund performance, risk, and costs enables investors to make more informed choices. Financial literacy, although relatively moderate in its influence, remains a crucial factor in enhancing investors' indulgent of mutual fund products along with reducing decision-related uncertainty. Cost efficiency further contributes to mutual fund selection by making digital platforms an attractive alternative to traditional investment channels through lower transaction and advisory costs.

Overall, it add to the existing writing on digital finance and investor behavior by providing observed indication on how digital investment platforms influence mutual fund selection decisions among retail investors. The findings proffer important implications for mutual fund companies, fintech firms, along with policymakers to improve platform design, strengthen trust mechanisms, promote financial literacy initiatives, and enhance transparency in digital investment services. By addressing these aspects, digital investment platforms can foster greater retail participation, support informed investment decisions, and add to the broader goal of financial inclusion in emerging economies.

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