

A Study On “Investor Retention Strategy In The Era Of Digital Platforms And Services With Special Reference To Mutual Fund Investors Using Mobile Applications”

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ABSTRACT

Mutual funds can be considered as the most significant investment avenue for the investor who has less knowledge about the stock market but wanted to reap the benefits of that. This is because when an investor investing mutual funds, the funds will be managed by the fund manager. There are so many platforms available in the market to provide the information about the mutual funds for the investors one among them is mobile application. In this article, the researcher wanted to know the factors which are persuading the investors to continuation of usage of mobile applications to invest in the mutual funds online using factor Analysis analysis. And found that there are majorly five factors, which are persuading the investors to continuation of usage of mobile applications by doing the investment They are easy to use to user interface security feature of the mobile app winning the trust of the customers.

Keywords: Mutual funds, Mobile Applications, Digital services, Investments

1. Introduction

Mutual funds can be considered as the most significant investment avenue for the investor who has less knowledge about the stock market but wanted to reap the benefits of that. This is because when an investor investing mutual funds, the funds will be managed by the fund manager. But it is also important that an investor has to choose the best mutual funds to invest in them after getting the relevant information about that. There are so many platforms available in the market to provide the information about the mutual funds for the investors one among them is mobile application. It has the feature of buying and selling of mutual funds online by providing a relevant information. But mobile application developers have to compete with other online platforms to retain their customers / investors. To do so, they need to understand which are the factors responsible to persuade the investors to use mobile applications among all other online platforms to invest in mutual funds.

2. Review of Literature

1. M. Yan, R. Filieri in their research article “Mobile apps online investing and factors influencing for the same,” says that user retention and intention to continue usage of mobile app is interrelated with each other and having direct relationship between them.
2. S. Lamrhari et.al in their research article “A social framework for retaining customer” propound that, User or customer retention is possible by easier user interface of mobile applications which in turn contribute to healthy and sustainable relation between service provider and customer.
3. Y. M. Lee in their article “Users’ behavioural pattern for computer-mediated communication: t,” opines that, customer retention is possible with features attracting them with easy to use with good security features of applications.

3. Methodology

Researcher has collected data from both primary and secondary sources. To collect secondary source data, Researcher has referred some topic related articles, reports, magazines, newspapers and web materials. In order to get primary data, the researcher has contacted the mutual fund investors in research area, and had face to face conversation with them.

3.1 Sampling procedure

After collecting list of mutual fund investors in the area from mutual fund distributors, Researcher has employed Judgemental sampling method to choose investors who are using multiple digital platforms for investing in mutual funds along with mobile applications and collected data from the them.

3.2 The Area of study.

Shivamogga District of Karnataka state has been selected as the area of study.

3.2 Objectives of the Study

The Article has following objectives

1. To Explore the preference of different digital platforms by the mutual fund investors
2. To inspect factors which are persuading the mutual fund investors to use mobile applications for making investment.
3. To suggest possible solutions for retention of Mutual Fund Investors who are using Mobile Applications

4. Discussions and Observations

In this section, four sub-sections are incorporated for the sake of convenience of the readers, namely,

- (i) Exploring the preference given to different digital platforms by the mutual fund investors
- (ii) Inspecting factors which are persuading the mutual fund investors to use mobile applications for making investment.
- (iii) Suggestions for the for retention of Mutual Fund Investors who are using Mobile Applications

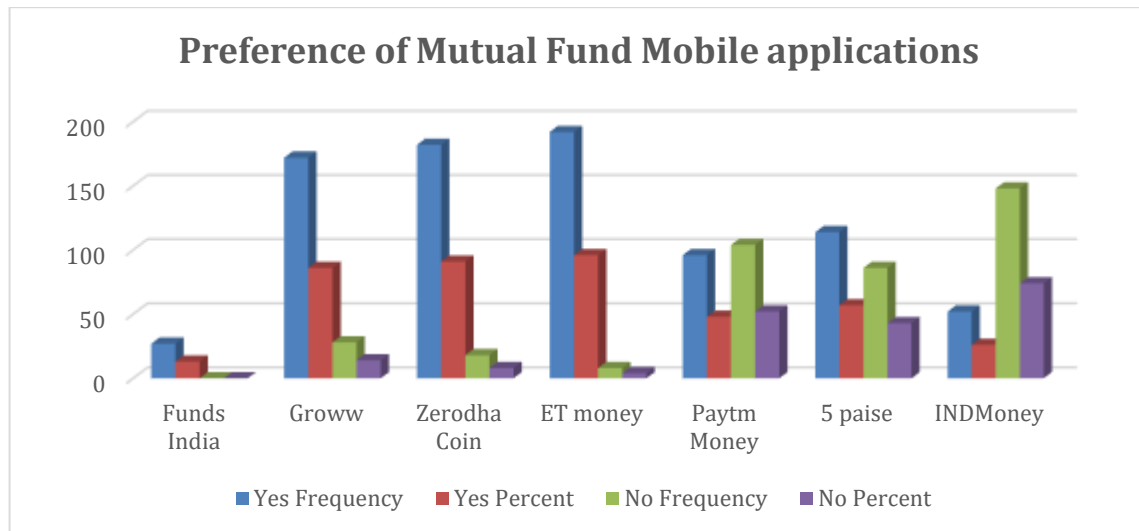
3.1 Exploring the preference given to different digital mobile application platforms by the mutual fund investor

There are different types of digital mobile applications are available in market which can be used by the investor to invest in the mutual funds, namely Funds India, Groww, Zerodha Coin, ET money, Paytm Money, 5 paise, INDMoney ect. The researcher wanted to understand the preference given by investors for these digital mobile applications while making a decision to invest in mutual funds.

Descriptive Statistics related to Preference given by investors to digital mobile applications to invest in Mutual Fund Schemes

Table 4.2.1: Preference of digital mobile applications

Preference of Mutual Fund Mobile applications				
	Yes		No	
	Frequency	Percent	Frequency	Percent
Funds India	27	13	173	87
Groww	172	86	28	14
Zerodha Coin	182	91	18	8
ET money	192	96	8	4
Paytm Money	96	48	104	52
5 paise	114	57	86	43
INDMoney	52	26	148	74



3.2 Inspecting factors which are persuading the mutual fund investors to use mobile applications for making investment.

All individuals are having different personality traits as a result, each individual is influenced by different features of the mobile applications and prefer it as a vehicle for making an investment. Here the researcher is providing sixteen general statements about mobile applications uses for making investment to the investors and ask them to give their views about them as researcher wanted to know factors which are persuading the mutual fund investors to use mobile applications for making investment. Factor Analysis was conducted on this first set of 16 factors to reduce the total number of factors or dimensions or components. Factor analysis was conducted to reduce these 16 factors to only 5 components.

Table 4.3.1: KMO and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.788
	Approx. Chi-Square	5137.412
	Df	127
	Sig.	0.000
Bartlett's Test of Sphericity		

From the above table 5.74, two tests namely, Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Bartlett's Test of Sphericity have been applied to test whether the relationship among the variables has been significant or not. The Kaiser-Meyer-Olkin Measure of sampling adequacy shows that the value of test statistics is 0.788, which means the factor analysis for the select variable is found to be appropriate or good to the data. Bartlett's test of sphericity is used to test whether the data are statistically significant or not with the value of test statistics and the associated significance level. It shows that there exists a high relationship among variables.

Table 4.3.1 Communalities for Factors which are persuading the investors to use mobile applications while making an investment in mutual funds

Sl No	Code	Factors	Initials	Extraction (x^2)
1	X ₁	It is Easy to understand every feature and function in app	1.000	0.712
2	X ₂	App checks user identity before logging in to app for security purpose	1.000	0.843
3	X ₃	I personally feel, App has simple features which can be used by everyone	1.000	0.861
4	X ₄	Interest of users are safe guarded in mobile apps	1.000	0.541
5	X ₅	Mobile app has strict security features which protects all information related to users	1.000	0.857
6	X ₆	Mobile Apps keeps the promise of Investors with regard to their safety	1.000	0.862
7	X ₇	Anyone can become expert in investing, by using these mobile apps	1.000	0.856
8	X ₈	The Information which is displayed in App is relevant	1.000	0.751
9	X ₉	I personally feel that, App is taking care of security of each and every transaction we make	1.000	0.639

10	X ₁₀	The content in application will be arranged in a way, which is easy for 1 st time users also feel comfortable	1.000	0.432
11	X ₁₁	I personally feel I can trust Mobile app for doing transaction	1.000	0.753
12	X ₁₂	I prefer to continue to invest in mutual fund by using mobile app in future also	1.000	0.8164
13	X ₁₃	App is technically so sound that, Hackers may find it difficult to hack our personal details or transaction details	1.000	0.816
14	X ₁₄	I recommend others also to use mobile apps for making investment in mutual funds	1.000	0.832
15	X ₁₅	I think mobile App provides genuine and complete information about mutual funds	1.000	0.611
16	X ₁₆	Investors' Interaction with app is very easy to understand	1.000	0.612

Table 4.3.2 Eigen Values and Proportion of Total Variance of Each Underlying Factors which are causing Problems to the mutual fund investors

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.721	25.958	26.958	3.721	25.958	26.958	3.684	25.989	25.989
2	3.378	25.421	51.379	3.378	25.421	51.379	3.154	25.058	51.047
3	3.211	22.077	73.456	3.211	22.077	73.456	2.1202	21.017	72.064
4	1.961	11.690	85.146	1.961	11.690	85.146	1.480	13.082	85.146
5	1.001	5.008	90.154	1.001	5.008	90.154	1.001	5.008	90.154

Table 4.3.2 shows that the results of the factor analysis regarding persuading the investors to use mobile applications while making an investment in mutual funds sixteen factors that had Eigen value exceeding "one". Among those five factors, the first factor accounted for 26.958 percent of the variance, the second 25.421percent, the third factor 22.077 percent, fourth 11.690, and fifth 5.008. The first five factors are the final factors solution and they all together represent 90.154 percent of the total variance in the scale items. Hence from the above results, it is certain that there is are persuading the investors to use mobile applications while making an investment in mutual funds

Table 4.3.3 Factors persuading the investors to use mobile applications while making an investment in mutual funds

Inducing Variable	Rotated Factor Loadings	Factor
The Information which as displayed in App is relevant	82.9%	Factor 1 (User Interface of App)
It is Every to understand every feature and function in app	81.5%	
The content in application will be arranged in a way, which is easy for 1 st time users also feel comfortable	72%	
App is technically so sound that, Hackers may find it difficult to hack our personal details or transaction details	80%	Factor 2 (Security feature of the app)
Mobile app has strict security features which protects all information related to users	76%	
App checks user identity before logging in to app for security purpose	71%	
I personally feels that, App is taking care of security of each and every transaction we make	52%	
I personally feel, App has simple features which can be used by everyone	83%	Factor 3 (Ease of use of app for investors)
Anyone can become expert in investing, by using these mobile apps	79%	
Investors' Interaction with app is very easy to understand	69%	
I personally feel I can trust Mobile app for doing transaction	73%	Factor 4 (Trust of Investors on app)
Mobile Apps keeps the promise of Investors with regard to their safety	62%	
Interest of users are safe guarded in mobile apps	52%	
I think mobile App provides genuine and complete information about mutual funds	51%	
I prefer to continue to invest in mutual fund by using mobile app in future also	73%	Factor 5 (Investors Intention to continue usage)
I recommend others also to use mobile apps for making investment in mutual funds	54%	

Factor 1 (User interface of App)

Variable	Rank
The Information which as displayed in App is relevant	I
It is Every to understand every feature and function in app	II
The content in application will be arranged in a way, which is easy for 1 st time users also feel comfortable	III

Factor 2 (Security feature of App)

Variable	Rank
App is technically so sound that, Hackers may find it difficult to hack our personal details or transaction details	I
Mobile app has strict security features which protects all information related to users	II
App checks user identity before logging in to app for security purpose	III

Factor 3 (Ease of use of app for investors)

Variable	Rank
I personally feel, App has simple features which can be used by everyone	I
Anyone can become expert in investing, by using these mobile apps	II
Investors' Interaction with app is very easy to understand	III

Factor 4 (Trust of investors on App)

Variable	Rank
I personally feel I can trust Mobile app for doing transaction	I
Mobile Apps keeps the promise of Investors with regard to their safety	II
Interest of users are safe guarded in mobile apps	III

Factor 5 (Investors Intention to continue usage)

Variable	Rank
I prefer to continue to invest in mutual fund by using mobile app in future also	I
I recommend others also to use mobile apps for making investment in mutual funds	II

Findings

1. When researcher wanted to exploring the preference given to different digital platforms by the mutual fund investors, he found that, among FundsIndia, grow, Zerodha coin, paytm money, 5 paise online platforms, ET Money, Zerodha Coin, Groww are mostly preferred by investors to invest in mutual funds online.
2. Researcher Inspected the factors which are persuading the mutual fund investors to use mobile applications for making investment and found that, User interface, Security, Trust of investors, Ease of use, Investors Intention to continue usage are the major factors.
3. User interface of application which display relevant information, and content in application will be arranged in a way, which is easy for 1st time users also feel comfortable are major influencing factors.
4. With regard to Security feature of app which is technically so sound that, Hackers may find it difficult to hack our personal details or transaction details and protects all information related to users. And also checks user identity before logging in to app for security purpose is more influencing factors
5. Investor feel that app is easy to use when it has simple features which can be used by everyone, and Investors' Interaction with app is very easy to understand so that it makes an investor expert in investing
6. Investors will trust App when, Mobile Apps keeps the promise of Investors with regard to their safety and Interest of users are safe guarded.

Suggestions for Mobile app developers to retain the Investors

1. As User interface, Security, Trust of investors, Ease of use, Investors Intention to continue usage are the major factors which are persuading the mutual fund investors to use mobile applications for making investment, these are to be take care while developing or designing the app
2. Mobile App developers make sure that, app is displaying relevant information, and content related to mutual funds. and application is designed in such a way that, even 1st time users also feel comfortable
3. Mobile app should be designed so protectively that, Hackers may find it difficult to hack our personal details or transaction details and protects all information related to users.
4. App must be designed in such a way that, Investor must feel that app is easy to use due to its simple features which can be used by everyone,

Conclusion

There are so many alternatives available for mutual fund investors to invest online. Among these, mobile app developers have to compete with all alternatives to retain their investors. To do so, they have to provide more value to the users compared to other similar applications. But challenging part is understanding the factors which are persuading and influencing investors to use mobile apps over other alternatives to invest online. In this regard, this research paper is helping mobile app developers to understand factors which are persuading and influencing investors to use mobile apps over other alternatives like User interface, Security, Trust of investors, Ease of use, Investors Intention to continue usage for some extent. And develop Mobile App according to investors preferences. So that, investors can be retained.

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