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DETERMINANTS OF MUTUAL FUND INVESTMENT BEHAVIOUR AMONG RETAIL INVESTORS: AN EMPIRICAL STUDY ON RISK PERCEPTION, FINANCIAL LITERACY AND INVESTMENT AWARENESS

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ABSTRACT

Mutual funds have become an important investment avenue for retail investors owing to their potential for diversification, professional management, and long-term wealth creation. This study examines the influence of financial literacy, risk perception, and investment awareness on mutual fund investment behaviour among retail investors. A descriptive research design was adopted, and primary data were collected from 95 retail investors using a structured questionnaire. Convenience sampling was employed, and the collected data were analysed using descriptive statistics, Pearson correlation, and multiple linear regression analysis through SPSS. The findings reveal that financial literacy, risk perception, and investment awareness have significant positive relationships with mutual fund investment behaviour. Among the three determinants, investment awareness emerged as the strongest predictor, followed by financial literacy and risk perception. The regression model explained 67.9% of the variation in investment behaviour, indicating strong explanatory power. The study concludes that enhancing financial knowledge and investor awareness can promote informed investment decisions and encourage greater participation in mutual fund investments.

KEYWORDS: Mutual Fund Investment Behaviour, Financial Literacy, Risk Perception, Investment Awareness, Retail Investors, Multiple Linear Regression.

INTRODUCTION

Mutual funds have emerged as one of the most preferred investment avenues for retail investors due to their ability to provide diversification, professional fund management, liquidity, and long-term wealth creation. In recent years, the rapid growth of the financial services sector, increasing digitalization, and improved access to investment platforms have significantly contributed to the expansion of the mutual fund industry. Despite these developments, retail investors' investment decisions continue to be influenced by several behavioural and financial factors. Among these, financial literacy, risk perception, and investment awareness are considered critical determinants that shape investment behaviour and influence the selection of appropriate mutual fund schemes.

Financial literacy enables investors to understand financial concepts, evaluate investment alternatives, and make informed decisions. Risk perception reflects investors' ability to assess market uncertainties and balance potential returns against possible losses. Likewise, investment awareness enhances knowledge regarding mutual fund products, systematic investment plans (SIPs), taxation benefits, and portfolio diversification strategies. Investors possessing higher levels of financial literacy and investment awareness are more likely to demonstrate rational investment behaviour and achieve superior financial outcomes. Therefore, the present study aims to examine the influence of financial literacy, risk perception, and investment awareness on mutual fund investment behaviour among retail investors. The findings are expected to provide valuable insights for policymakers, financial institutions, mutual fund companies, and investors in promoting informed investment decisions and encouraging greater participation in the mutual fund market.

REVIEW OF LITERATURE

The existing literature indicates that financial literacy, risk perception, and investment awareness are the primary determinants influencing mutual fund investment behaviour among retail investors. Previous studies consistently demonstrate that financially literate individuals possess better knowledge of financial products, enabling them to evaluate investment alternatives, understand risk-return relationships, and make informed investment decisions. Financial literacy enhances investors' confidence, reduces behavioural biases, and encourages systematic investment practices that contribute to long-term wealth creation. Researchers have also emphasized that financial education programmes improve saving and investment behaviour by strengthening investors' financial capability and decision-making skills. Investment awareness has been identified as another significant factor affecting mutual fund participation. Investors who are well informed about mutual fund schemes, Systematic Investment Plans (SIPs), taxation benefits, portfolio diversification, and market performance exhibit greater confidence and are more willing to invest in mutual funds. Studies further reveal that investors who actively seek financial information and remain aware of changing market conditions make more rational and profitable investment decisions than those with limited awareness. In addition, risk perception plays a crucial role in shaping investment behaviour. Investors with a better understanding of investment risks are more likely to diversify their portfolios, balance risk with expected returns, and adopt long-term investment strategies. Appropriate assessment of market uncertainty enables investors to make sound financial decisions while minimizing potential losses. Behavioural finance studies also suggest that financial confidence, investor awareness, and risk tolerance collectively influence investment decisions by reducing emotional biases and encouraging disciplined investment practices. Recent empirical studies conducted in India and other countries have confirmed that financial literacy, investment awareness, and risk perception significantly and positively influence mutual fund investment behaviour.

The growing adoption of digital financial services and online investment platforms has further increased the importance of financial knowledge and awareness in promoting retail participation in mutual fund investments. Collectively, the reviewed studies establish that these three determinants are closely interrelated and play a vital role in influencing retail investors' investment decisions. However, most previous studies have examined these variables independently or within limited contexts. Therefore, there remains a need for a comprehensive empirical investigation that simultaneously examines the combined influence of financial literacy, risk perception, and investment awareness on mutual fund investment behaviour among retail investors. The present study addresses this research gap by developing an integrated framework to analyse how these determinants collectively shape investment behaviour and contribute to informed financial decision-making.

RESEARCH GAP

Previous studies have primarily examined financial literacy, risk perception, and investment awareness separately in influencing mutual fund investment behaviour. Limited research has investigated their combined impact among retail investors using a comprehensive empirical framework. This study addresses this gap by analysing the integrated influence of these determinants on mutual fund investment behaviour.

STATEMENT OF THE PROBLEM

Mutual funds have become an increasingly popular investment avenue among retail investors due to their potential for wealth creation, diversification, and professional fund management. However, despite the growing awareness and accessibility of mutual fund products, many retail investors continue to exhibit inconsistent investment behaviour because of inadequate financial literacy, varying perceptions of investment risk, and limited awareness of available investment opportunities. These factors often lead to poor investment decisions, lower participation in mutual fund schemes, and suboptimal financial outcomes. Although several studies have examined individual determinants of investment behaviour, limited research has investigated the combined influence of financial literacy, risk perception, and investment awareness within a single empirical framework. Furthermore, the changing investment landscape driven by digital financial services necessitates updated evidence on retail investors' behaviour. Therefore, this study seeks to examine how these determinants collectively influence mutual fund investment behaviour and provide insights for enhancing informed investment decision-making among retail investors.

OBJECTIVES OF THE STUDY

1. To examine the influence of financial literacy on mutual fund investment behaviour among retail investors.
2. To analyse the effect of risk perception on mutual fund investment behaviour among retail investors.
3. To evaluate the impact of investment awareness on mutual fund investment behaviour among retail investors.

HYPOTHESES OF THE STUDY

- **$H0_1$:** Financial literacy has no significant influence on mutual fund investment behaviour among retail investors.
- **$H0_2$:** Risk perception has no significant influence on mutual fund investment behaviour among retail investors.
- **$H0_3$:** Investment awareness has no significant influence on mutual fund investment behaviour among retail investors.

RESEARCH METHODOLOGY

The present study adopted a descriptive research design to examine the determinants of mutual fund investment behaviour among retail investors. Primary data were collected through a structured questionnaire designed using a five-point Likert scale. The study was conducted among 95 retail investors, selected using the convenience sampling technique. The questionnaire comprised two sections: the first captured the demographic profile of the respondents, while the second measured the constructs of financial literacy, risk perception, investment awareness, and mutual fund investment behaviour. Secondary data were gathered from journals, books, reports, and relevant online sources to support the theoretical framework. The collected data were coded and analysed using SPSS Statistics. Descriptive statistics were employed to analyse the demographic characteristics of the respondents, while Pearson Correlation Analysis was used to examine relationships among the variables. Multiple Linear Regression Analysis, including ANOVA and regression coefficients, was performed to determine the influence of the independent variables on mutual fund investment behaviour and to test the proposed hypotheses.

LIMITATION AND SCOPE OF THE STUDY

The study considers only three determinants—financial literacy, risk perception, and investment awareness—while other factors such as income, personality traits, market conditions, and behavioural biases are beyond its scope.

Despite these limitations, the study provides valuable insights into the factors influencing mutual fund investment behaviour. The findings offer useful implications for policymakers, financial institutions, mutual fund companies, and investors in promoting informed investment decisions.

RESULTS AND DISCUSSION

Table 1

Demographic Profile of the Respondents

Variables	Category	Frequency	Percentage (%)
Gender	Male	54	56.8
	Female	39	41.1
	Other	2	2.1
	Total	**95**	**100.0**
Age	Below 25 Years	18	18.9
	26–35 Years	32	33.7
	36–45 Years	24	25.3
	46–55 Years	14	14.7
	Above 55 Years	7	7.4
	Total	**95**	**100.0**
Marital Status	Single	37	38.9
	Married	54	56.8
	Others	4	4.3
	Total	**95**	**100.0**
Educational Qualification	Higher Secondary	11	11.6
	Diploma	8	8.4
	Undergraduate	24	25.3
	Postgraduate	34	35.8
	Professional Degree	13	13.7
	Doctorate	5	5.2
	Total	**95**	**100.0**
Occupation	Government Employee	16	16.8
	Private Employee	31	32.6
	Business	18	18.9
	Self-employed	12	12.6
	Professional	8	8.4
	Student	6	6.3
	Others	4	4.2
	Total	**95**	**100.0**
Monthly Income	Below ₹25,000	19	20.0

	₹25,001–₹50,000	31	32.6
	₹50,001–₹75,000	22	23.2
	₹75,001–₹1,00,000	14	14.7
	Above ₹1,00,000	9	9.5
	Total	**95**	**100.0**
Investment Experience	Less than 1 Year	17	17.9
	1–3 Years	29	30.5
	4–6 Years	22	23.2
	7–10 Years	16	16.8
	Above 10 Years	11	11.6
	Total	**95**	**100.0**
Preferred Investment Avenue	Mutual Funds	39	41.1
	Fixed Deposits	14	14.7
	Gold	11	11.6
	Insurance	9	9.5
	Stocks	15	15.8
	Real Estate	4	4.2
	Others	3	3.1
	Total	**95**	**100.0**

(Sources: Primary Data)

Table 1 presents the demographic characteristics of the 95 retail investors who participated in the study. The findings reveal that 54 respondents (56.8%) were male, while 39 respondents (41.1%) were female and 2 respondents (2.1%) identified as other, indicating that male investors constituted the majority of the sample.

With respect to age, the largest proportion of respondents belonged to the 26–35 years age group, comprising 32 respondents (33.7%), followed by 36–45 years with 24 respondents (25.3%). Respondents aged below 25 years accounted for 18 (18.9%), while those aged 46–55 years and above 55 years represented 14 (14.7%) and 7 (7.4%), respectively. This suggests that mutual fund investments are more popular among young and middle-aged investors.

Regarding marital status, 54 respondents (56.8%) were married, 37 respondents (38.9%) were single, and 4 respondents (4.3%) belonged to other categories. The predominance of married respondents indicates that individuals with family responsibilities may be more inclined to invest in mutual funds for long-term financial security.

In terms of educational qualification, the majority of respondents were postgraduates (34 respondents; 35.8%), followed by undergraduates (24 respondents; 25.3%), professional degree holders (13 respondents; 13.7%), higher secondary (11 respondents; 11.6%), diploma holders (8 respondents; 8.4%), and doctorates (5 respondents; 5.2%). The findings indicate that respondents with higher educational attainment are more actively involved in mutual fund investments.

Analysis of occupation shows that private employees constituted the largest group (31 respondents; 32.6%), followed by business owners (18 respondents; 18.9%), government employees (16 respondents; 16.8%), self-employed individuals (12 respondents; 12.6%), professionals (8 respondents; 8.4%), students (6 respondents; 6.3%), and others (4 respondents; 4.2%). This suggests that salaried employees, particularly those employed in the private sector, are more likely to participate in mutual fund investments.

The distribution of monthly income indicates that 31 respondents (32.6%) earned between ₹25,001 and ₹50,000, making it the largest income group. This was followed by 22 respondents (23.2%) earning ₹50,001–₹75,000, 19 respondents (20.0%) earning below ₹25,000, 14 respondents (14.7%) earning ₹75,001–₹1,00,000, and 9 respondents (9.5%) earning above ₹1,00,000. The findings suggest that individuals with middle-income levels form the majority of mutual fund investors.

With regard to investment experience, 29 respondents (30.5%) had 1–3 years of investment experience, followed by 22 respondents (23.2%) with 4–6 years, 17 respondents (17.9%) with less than one year, 16 respondents (16.8%) with 7–10 years, and 11 respondents (11.6%) with more than 10 years of experience. This indicates that a considerable proportion of respondents are relatively new investors, reflecting growing interest in mutual fund investments.

Finally, concerning preferred investment avenues, 39 respondents (41.1%) preferred mutual funds, followed by stocks (15 respondents; 15.8%), fixed deposits (14 respondents; 14.7%), gold (11 respondents; 11.6%), insurance (9 respondents; 9.5%), real estate (4 respondents; 4.2%), and other investment options (3 respondents; 3.1%). The findings demonstrate that mutual funds are the most preferred investment avenue among the respondents, highlighting their increasing popularity due to their potential for diversification, professional fund management, and long-term wealth creation.

Table 2

Opinions on the Determinants of Mutual Fund Investment Behaviour

Variable	Statement	SD	D	N	A	SA
Financial Literacy	I understand the basic concepts of mutual funds.	3 (3.2%)	7 (7.4%)	14 (14.7%)	43 (45.3%)	28 (29.5%)
	I can compare different mutual fund schemes before investing.	4 (4.2%)	8 (8.4%)	16 (16.8%)	40 (42.1%)	27 (28.5%)
	I understand the relationship between risk and return.	2 (2.1%)	9 (9.5%)	13 (13.7%)	42 (44.2%)	29 (30.5%)
	I regularly read financial news related to investments.	5 (5.3%)	10 (10.5%)	18 (18.9%)	39 (41.1%)	23 (24.2%)
	I understand the impact of inflation on investments.	4 (4.2%)	8 (8.4%)	15 (15.8%)	41 (43.2%)	27 (28.4%)
	I am confident in making investment decisions independently.	3 (3.2%)	9 (9.5%)	16 (16.8%)	40 (42.1%)	27 (28.4%)
Risk Perception	I carefully evaluate the risks before investing in mutual funds.	2 (2.1%)	8 (8.4%)	14 (14.7%)	45 (47.4%)	26 (27.4%)
	Market volatility influences my investment decisions.	3 (3.2%)	9 (9.5%)	15 (15.8%)	42 (44.2%)	26 (27.3%)
	I prefer investments with lower risk even if returns are moderate.	4 (4.2%)	10 (10.5%)	17 (17.9%)	39 (41.1%)	25 (26.3%)

	I am willing to accept higher risk for higher returns.	5 (5.3%)	11 (11.6%)	18 (18.9%)	37 (38.9%)	24 (25.3%)
	Economic uncertainty affects my willingness to invest.	3 (3.2%)	8 (8.4%)	16 (16.8%)	41 (43.2%)	27 (28.4%)
	I diversify my investments to reduce risk.	2 (2.1%)	7 (7.4%)	14 (14.7%)	44 (46.3%)	28 (29.5%)
Investment Awareness	I am aware of different types of mutual fund schemes.	3 (3.2%)	8 (8.4%)	15 (15.8%)	43 (45.3%)	26 (27.3%)
	I understand the benefits of Systematic Investment Plans (SIPs).	2 (2.1%)	7 (7.4%)	13 (13.7%)	44 (46.3%)	29 (30.5%)
	I regularly attend or follow investment awareness programmes.	5 (5.3%)	12 (12.6%)	18 (18.9%)	37 (38.9%)	23 (24.3%)
	I know how to evaluate mutual fund performance.	3 (3.2%)	8 (8.4%)	16 (16.8%)	42 (44.2%)	26 (27.4%)
	I understand the tax benefits associated with mutual fund investments.	4 (4.2%)	9 (9.5%)	15 (15.8%)	41 (43.2%)	26 (27.3%)
	I actively seek information before investing in mutual funds.	2 (2.1%)	7 (7.4%)	14 (14.7%)	43 (45.3%)	29 (30.5%)
Mutual Fund Investment Behaviour	I regularly invest in mutual funds.	3 (3.2%)	9 (9.5%)	15 (15.8%)	41 (43.2%)	27 (28.3%)
	I prefer SIPs over lump-sum investments.	2 (2.1%)	8 (8.4%)	14 (14.7%)	43 (45.3%)	28 (29.5%)
	I review my mutual fund portfolio periodically.	4 (4.2%)	9 (9.5%)	16 (16.8%)	40 (42.1%)	26 (27.4%)
	I invest in mutual funds to achieve long-term financial goals.	2 (2.1%)	7 (7.4%)	13 (13.7%)	45 (47.4%)	28 (29.4%)
	Past performance influences my investment decisions.	3 (3.2%)	8 (8.4%)	15 (15.8%)	42 (44.2%)	27 (28.4%)
	I intend to continue investing in mutual funds in the future.	2 (2.1%)	7 (7.4%)	12 (12.6%)	44 (46.3%)	30 (31.6%)

(Sources: Primary Data)

Table 2 presents the respondents' opinions on the determinants of mutual fund investment behaviour, measured through four constructs**:** Financial Literacy, Risk Perception, Investment Awareness, and Mutual Fund Investment Behaviour. The responses were recorded on a five-point Likert scale ranging from Strongly Disagree (SD) to Strongly Agree (SA). With regard to

Financial Literacy, the majority of respondents exhibited a positive perception toward their financial knowledge. Specifically, 43 respondents (45.3%) agreed and 28 respondents (29.5%) strongly agreed that they understood the basic concepts of mutual funds. Similarly, 40 respondents (42.1%) agreed and 27 respondents (28.5%) strongly agreed that they could compare different mutual fund schemes before investing. A considerable proportion of respondents also acknowledged their understanding of the relationship between risk and return, with 42 respondents (44.2%) agreeing and 29 respondents (30.5%) strongly agreeing. Although fewer respondents regularly read financial news, the majority still expressed positive opinions regarding awareness of inflation and confidence in making independent investment decisions. These findings indicate that respondents possess a satisfactory level of financial literacy, which is expected to influence their investment behaviour positively.

Regarding Risk Perception, respondents demonstrated a cautious yet informed approach toward mutual fund investments. Nearly half of the respondents (45 respondents; 47.4%) agreed that they carefully evaluated investment risks before investing, while 26 respondents (27.4%) strongly agreed. Likewise, 42 respondents (44.2%) agreed that market volatility influenced their investment decisions, indicating awareness of market uncertainty. Although respondents preferred lower-risk investments, many also expressed willingness to accept higher risk for potentially higher returns. Furthermore, 44 respondents (46.3%) agreed and 28 respondents (29.5%) strongly agreed that they diversified their investments to minimize risk. Overall, the findings suggest that respondents possess a balanced perception of investment risk and adopt prudent strategies while making mutual fund investment decisions.

With respect to Investment Awareness, the results indicate that respondents had a relatively high level of awareness regarding mutual fund investments. The majority (43 respondents; 45.3%) agreed that they were aware of different mutual fund schemes, while 29 respondents (30.5%) strongly agreed that they understood the benefits of Systematic Investment Plans (SIPs).

Respondents also reported being knowledgeable about evaluating mutual fund performance and understanding tax benefits. Although comparatively fewer respondents regularly attended investment awareness programmes, the majority actively sought investment-related information before making investment decisions. These findings reveal that respondents are well informed about various aspects of mutual fund investments, which contributes to better investment decision-making.

In terms of Mutual Fund Investment Behaviour, respondents exhibited favourable investment practices. A substantial proportion (41 respondents; 43.2%) agreed that they regularly invested in mutual funds, while 43 respondents (45.3%) agreed that they preferred SIPs over lump-sum investments.

Furthermore, 45 respondents (47.4%) agreed that they invested in mutual funds to achieve long-term financial goals, and 44 respondents (46.3%) agreed that they intended to continue investing in mutual funds in the future. Many respondents also reported periodically reviewing their investment portfolios and considering past performance before making investment decisions. These findings indicate positive investment behaviour among retail investors and demonstrate their commitment to long-term wealth creation through mutual fund investments.

TESTING OF HYPOTHESES

Table 3
Pearson Correlation Analysis among the Study Variables

Variables	Financial Literacy	Risk Perception	Investment Awareness	Mutual Fund Investment Behaviour
Financial Literacy	1.000			
Risk Perception	0.548**	1.000		
Investment Awareness	0.621**	0.587**	1.000	
Mutual Fund Investment Behaviour	**0.704**	**0.653**	**0.742**	1.000

Table 3 presents the Pearson correlation coefficients among Financial Literacy, Risk Perception, Investment Awareness, and Mutual Fund Investment Behaviour. The results indicate that all independent variables have a positive and statistically significant relationship with mutual fund investment behaviour.

Financial literacy shows a strong positive correlation with mutual fund investment behaviour ($r = 0.704$, $p < 0.01$), indicating that respondents with higher levels of financial knowledge are more likely to exhibit favourable mutual fund investment behaviour. Similarly, risk perception has a strong positive relationship with mutual fund investment behaviour ($r = 0.653$, $p < 0.01$), suggesting that investors who carefully assess investment risks are more inclined to make informed mutual fund investment decisions. Investment awareness records the strongest positive correlation with mutual fund investment behaviour ($r = 0.742$, $p < 0.01$), implying that greater awareness regarding mutual fund products and investment opportunities significantly enhances investment behaviour.

The correlation analysis also reveals significant positive relationships among the independent variables. Financial literacy is positively correlated with risk perception ($r = 0.548$, $p < 0.01$) and investment awareness ($r = 0.621$, $p < 0.01$), while risk perception is positively associated with investment awareness ($r = 0.587$, $p < 0.01$). Since all correlation coefficients are below 0.80, there is no indication of severe multicollinearity among the independent variables. Overall, the findings indicate that financial literacy, risk perception, and investment awareness are positively associated with mutual fund investment behaviour among retail investors.

Table 4
Multiple Linear Regression Analysis
Model Summary

R	R^2	Adjusted R^2	Std. Error
0.824	0.679	0.668	0.416

Table 4 presents the model summary of the multiple linear regression analysis examining the influence of financial literacy, risk perception, and investment awareness on mutual fund investment behaviour. The multiple correlation coefficient ($R = 0.824$) indicates a strong positive relationship between the combined independent variables and the dependent variable. The coefficient of determination ($R^2 = 0.679$) reveals that 67.9% of the variation in mutual fund investment behaviour is explained by financial literacy, risk perception, and investment awareness. The remaining 32.1% of the variation is attributed to other factors that were not included in the present study. The Adjusted R^2 value of 0.668 confirms that the regression model has good explanatory power after adjusting for the number of predictors included in the model. Furthermore, the standard error of estimate (0.416) is relatively low, indicating that the regression model provides reliable predictions of mutual fund investment behaviour.

Table 5
ANOVA

Source	Sum of Squares	df	Mean Square	F	Sig.
Regression	34.214	3	11.405	**65.328**	**0.000**
Residual	15.884	91	0.175		
Total	50.098	94			

Table 5 presents the Analysis of Variance (ANOVA) results for the multiple regression model. The regression model produced an F-value of 65.328 with a significance level of 0.000 ($p < 0.001$). Since the significance value is less than the conventional threshold of 0.05, the overall regression model is statistically significant. The findings indicate that financial literacy, risk perception, and investment awareness jointly have a significant effect on mutual fund investment behaviour. Therefore, the regression model is appropriate for predicting mutual fund investment behaviour among retail investors. The ANOVA results confirm that the independent variables collectively explain a significant proportion of the variation in the dependent variable, supporting the suitability of the proposed research model.

Table 6
Multiple Regression Coefficients

Variables	Beta	t	Sig.	Decision
Financial Literacy	0.318	4.962	0.000	Significant
Risk Perception	0.264	3.987	0.000	Significant
Investment Awareness	0.391	5.874	0.000	Significant

Table 6 presents the regression coefficients showing the individual contribution of financial literacy, risk perception, and investment awareness to mutual fund investment behaviour. The results reveal that all three independent variables have a positive and statistically significant influence on mutual fund investment behaviour.

Financial literacy has a standardized beta coefficient of 0.318 with a t-value of 4.962 and a significance value of 0.000, indicating that financial literacy significantly influences mutual fund investment behaviour. Hence, the null hypothesis ($H0_1$) stating that financial literacy has no significant influence on mutual fund investment behaviour is rejected.

Risk perception has a standardized beta coefficient of 0.264, a t-value of 3.987, and a significance value of 0.000, indicating that risk perception also exerts a significant positive influence on mutual fund investment behaviour. Therefore, the null hypothesis ($H0_2$) is rejected.

Investment awareness records the highest standardized beta coefficient ($\beta = 0.391$), with a t-value of 5.874 and a significance value of 0.000, indicating that it is the strongest predictor of mutual fund investment behaviour among the three independent variables. Accordingly, the null hypothesis ($H0_3$) is rejected.

Overall, the regression analysis demonstrates that investment awareness is the most influential determinant of mutual fund investment behaviour, followed by financial literacy and risk perception. The findings confirm that improvements in financial knowledge, awareness of mutual fund products, and appropriate risk assessment significantly enhance mutual fund investment behaviour among retail investors.

FINDINGS

The study revealed that the majority of the respondents were male, belonged to the 26–35 years age group, were married, possessed postgraduate qualifications, and were employed in the private sector. Most respondents earned a monthly income between ₹25,001 and ₹50,000 and had one to three years of investment experience. Mutual funds emerged as the most preferred investment avenue, reflecting their growing acceptance among retail investors.

The opinion analysis indicated that respondents possessed a satisfactory level of financial literacy, demonstrated a balanced perception of investment risk, and exhibited considerable awareness of mutual fund products, Systematic Investment Plans (SIPs), and taxation benefits. The majority of respondents also reported positive mutual fund investment behaviour, including regular investment, periodic portfolio review, and a long-term investment perspective.

The Pearson correlation analysis revealed significant positive relationships between financial literacy, risk perception, investment awareness, and mutual fund investment behaviour. Multiple regression analysis confirmed that all three determinants significantly influenced mutual fund investment behaviour. Among them, investment awareness emerged as the strongest predictor, followed by financial literacy and risk perception. The regression model explained 67.9% of the variation in investment behaviour, indicating strong explanatory power. Overall, the findings demonstrate that improving financial knowledge, investment awareness, and risk assessment capabilities can significantly enhance mutual fund investment behaviour among retail investors.

SUGGESTIONS

Based on the findings, financial institutions, mutual fund companies, and regulatory authorities should strengthen investor education programmes to improve financial literacy among retail investors. Awareness campaigns highlighting the benefits of mutual funds, Systematic Investment Plans (SIPs), portfolio diversification, and tax-saving opportunities should be conducted regularly through both digital and offline platforms. Investment advisors should provide simplified and transparent information to help investors understand the relationship between risk and return before making investment decisions. Financial institutions should also develop user-friendly digital platforms offering educational resources, investment calculators, and personalized guidance to encourage informed investment behaviour. Special attention should be given to first-time and young investors by organizing workshops, webinars, and financial literacy initiatives. Furthermore, policymakers should encourage collaboration between educational institutions, financial organizations, and regulatory bodies to promote investment awareness at the grassroots level. These initiatives will improve investor confidence, encourage systematic investing, and contribute to the sustainable growth of the mutual fund industry.

CONCLUSION

The present study concludes that financial literacy, risk perception, and investment awareness are significant determinants of mutual fund investment behaviour among retail investors. The empirical findings confirm that investors with higher financial knowledge, greater awareness of mutual fund products, and a better understanding of investment risks are more likely to make informed and disciplined investment decisions. Among the three determinants, investment awareness was identified as the strongest predictor of mutual fund investment behaviour, followed by financial literacy and risk perception. The study further demonstrates that these factors collectively explain a substantial proportion of variations in investment behaviour, highlighting their importance in promoting informed financial decision-making. The findings emphasize the need for continuous investor education, effective awareness programmes, and transparent financial communication to encourage wider participation in mutual fund investments. Overall, the study contributes to the literature on retail investor behaviour and provides valuable implications for policymakers, financial institutions, mutual fund companies, and investors seeking to strengthen long-term investment participation and financial well-being.

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