

Chapter 7

Epilogue

Introduction

Observation of information processing in survey population samples presents an entirely different set of problems than it does in the laboratory. The kind of research which is done through a questionnaire, more cautions needs to be taken. In the present study, the respondents have been asked, questions on their investment in mutual funds. They were also asked questions on their attitude, risk perceptions, awareness about mutual funds. After collecting the data and doing the necessary analysis, the findings have to be presented. This is required in order to make necessary policy decisions because the findings have certain policy implications.

Objectives

Given the previous chapters, the objectives of the present chapter is to revisit the conclusions, implications of the present study, to suggest measures for the future improvement in the investment scenario amongst the bank employees in Tripura, if any, to point out the limitations of the studies and scope of future research in this area.

Major findings of the study

The first objective of the study is to investigate the investment pattern in mutual funds by bank employees in Tripura. It is found that employees' actual investment in mutual fund sponsored by their own bank is relatively high as compared to other mutual funds. This phenomenon is visible for their past investment in mutual funds, the same

trend is continuing at present and the same pattern is expected for their willingness to invest in future as well.

The investment in mutual funds has declined at present as compared to their past investment in the mutual fund, but interestingly it is found that their willingness to invest in the mutual fund in future is relatively high.

Out of the total volume of investment in mutual funds by bank employees, it is found that the proportion of mutual fund is less than 25% in case of a maximum number of bank employees. The same pattern is visible for their past and present investment as well as their willingness to invest in mutual funds in future.

The volume of investment in mutual funds at present is influenced by their proportionate investment in mutual funds in past. The proposed volume of investment in mutual funds in future is influenced by their volume of investment in mutual funds at present. Maximum employees prefer to invest in mutual fund monthly and therefore, the most preferred mode of investment in mutual funds is systematic investment plan (SIP).

It is found that in the past, gender and length of experience have an impact on the investment in mutual funds by the bank employees. At present, apart from gender and length of experience another factor that influences the investment in mutual funds by the bank employees is the family incomes of employees. In the future, gender, family income and age group of employees are expected to play a significant role in influencing their decision to invest in mutual fund. So, it can be concluded that the select demographic and socio-economic variables have influenced the mutual fund investment decisions of employees.

Based on literature review, 54 items and 7 demographic and socio-economic variables are identified as determinants of investments in the mutual fund. Focus group interviews taking experts from industry, investors, and agent has been conducted. 7 items have been dropped as these items are not relevant and thus a total 47 items have been retained. Out of these 47 items, 14 items, 21 items, and 12 items have been used to measure attitude, risk perception and awareness level respectively. A pilot study has been conducted to measure reliability. In order to increase the reliability, some items have been dropped and ultimately, 13 items, 18 items, and 10 items have been considered to measure attitude, risk perception and awareness level respectively. One socio-economic variable 'designation' has been dropped as designation of employees in public sector and private sector banks does not follow any uniform pattern. Thus, six demographic and socio economic variables have been finalized based on literature review and consultation with experts. So, total 9 determinants namely attitude, risk perception, awareness level, gender, age, marital status, family income, education, and experience have been identified.

An empirical examination of the selected variables on the determinants of investment by bank employees in mutual funds was undertaken. Different scales were prepared to measure variables such as attitude, risk perception, awareness about investment in mutual fund. The reliability of the scale is performed and coefficient of Cronbach's Alpha was found to be 0.924 for the scale constructed to measure attitude and 0.901 for the scale constructed to measure risk perception. A high value of Cronbach's Alpha is indicative of a very high degree of reliability of scales and it also shows that the

items are highly correlated. Cronbach's Alpha of more than 0.70 is considered to be a good measure of the reliability of scale (Nunnally, 1978).

It is found that the attitude of bank employees towards investment in mutual fund is favourable. Most of the bank employees in Tripura are having favourable attitude towards investment in mutual fund.

It is evident that bank employees in Tripura have moderate level of risk perception towards their investment in mutual fund.

It is also found through factor analysis that three factors namely fear psychosis, investors' lack of knowledge, and investors' lack of confidence are important factors affecting the risk perception of employees towards their mutual fund investments. Among these three factors, fear psychosis of investors is playing most significant role followed by investors' lack of confidence and investors' lack of knowledge.

Regarding awareness about mutual fund investment among the bank employees in Tripura, it is found that majority of bank employees in Tripura are having high level of awareness towards mutual funds.

Nine variables have been identified from review of related literature as determinants of investment in mutual fund. These variables were considered as predictor variables. There exist multi-collinearity effects among the predictor variables which were not expected to provide good result for a regression model. In order to avoid the multi-collinearity, factor analysis has been conducted.

Two factors namely demographic and socio-economic variables and psychological factor are identified by the factor analysis. Factor 1 is named as demographic and socio-economic variables of investors. It consists of variables such as age, family income, and experience. Education is not considered as a constituent of factor 1 as correlation among the variables is less than 0.50. Others two demographic variables like age and marital status are not suitable for factor analysis because they are measured by nominal scale.

Factor 2 is named as psychological factor. It consists of variables such as risk perception attitude and awareness level.

The impacts of identified determinants of investment in mutual fund have been explored using ordinal logistic regression. It is found that factor1 (Age, family income, experience) and factor2 (Attitude, risk perception, and awareness level) and educational level are significant at 5% level of significance. Thus important determinants in investments for bank employees are age, family income, experience, risk perception, attitude and awareness level.

Apart from these variables, few interaction effects are also considered as determinants towards investments in mutual fund. It has been found that, if factor 1 (Age, family income, and experience) and factor 2 (Risk perception attitude, awareness level) remains constant, only change in marital status (unmarried to married) reduces the volume of investment in mutual funds. But, on the other hand, if factor 1 (Age, family income, and experience) and factor 2 (Risk perception attitude, awareness level) remain constant, changes in educational level leads to relatively higher volume of investment in

mutual fund. The interaction between factor1 (Age, family income, and experience) and factor2 (Risk perception attitude, awareness level) and interaction between education level and marital status are also positively related towards volume of investment in mutual fund.

There is positive association between attitude of employees towards mutual fund and their investment in mutual fund. If an investor's attitude is changed from unfavorable to favorable, his/her investment volume is expected to be increased relatively to higher level.

It is found that risk perception and invested in mutual fund is inversely related. If an investor's risk perception is reduced from high to low, his/her investment volume is expected to be increased relatively to higher level.

Similarly, there is positive association between awareness level and investment in mutual fund. Positive beta values indicate if an investor's awareness level is increased by one unit from very low (reference level) to very high, his/her investment volume can be increased to a relatively higher level.

Six schemes of mutual funds (growth schemes, tax saving schemes, income schemes, money market schemes, index schemes and balanced schemes) are considered for this study. It is found that employees have relatively high preference towards all the schemes of mutual fund sponsored by the bank where they are working than other mutual funds. They are more familiar with the mutual fund schemes which are sponsored by their own banks.

The majorities of bank employees in Tripura are having high level of preference towards growth schemes and tax saving schemes; moderate level of preference towards income schemes and money market schemes and very low level of preference towards index schemes and balanced schemes.

It is ascertained that out of selected determinants, attitude, risk perception, awareness and educational level of bank employees are having significant influence on investment in all the six schemes of mutual fund mentioned above.

It has been found that interaction effect of factor1 (age, family income, and experience) and factor2 (risk perception attitude, awareness level) are inversely related with investment preference for all the six schemes of mutual fund. Gender, factor1, and factor2 are having positive impact on investment preference for all the six schemes of mutual fund. Interaction effect of gender and educational level is found to be positively related with investment preference only in tax saving and money market schemes. Interaction effect of education and factor2 is found positively related with investment preference in case of income scheme, index scheme, and balanced scheme. Interaction effect of gender and factor2 is negatively related to income schemes and balanced schemes. Interaction effect of gender, education and factor 2 are positively related to income schemes and balanced schemes. Interaction effect of gender and factor1 is having positive impact on money market scheme. Interaction effect of marital status and factor1 also has positive impact on money market scheme. Interaction effect of gender, education and factor 2 is found to have positive impact on index scheme.

In order to find out relative weight of different determinants of investment preference in different schemes of mutual funds, Kendall's tau correlation is done. It is found that attitude, risk perception, awareness level and educational level have significant impact on investment preference towards all the considered schemes of mutual funds.

It is observed that psychological factors are playing most significant role for investment preference towards different schemes of mutual fund followed by demographic variables. Among the psychological factors, attitude of the employees got the highest weight in influencing the investment preference of the employees for investment in all the schemes mentioned above. Awareness level is considered second most important factor for growth and money market schemes whereas risk perception is third most important factor for these schemes. Risk perception and awareness level have been placed at the second and third position respectively for tax saving schemes, income scheme, index scheme and balanced scheme in influencing the investment preference of the employees towards investment in these schemes of mutual funds. Education has got the fourth position in influencing investment preference towards all the six schemes of mutual fund.

Policy Implication

There is distinguishing investment pattern shown by the bank employees towards investment in mutual fund. Since, gender, family income, age, and experience have significant impact on investment in mutual fund, so the policy makers can segment the market based on these demographic profile. In case of gender, it is seen that female employees are showing less interest to invest in mutual fund as compared to their male

counterpart. So, female employees should be made aware towards prospects of mutual fund. They can convince others female investors for investment in mutual fund. In this way, investment culture could be developed. Other demographic variables like family income, age groups and experience have also significant impact on investment in mutual fund. This study is useful for the marketer or policy maker to segment the market based on the demographic profile. This study is very significant for the policy maker as these findings give true picture of investment pattern of bank employees in mutual fund. The study shows how they invest, volume of investment and mode of investment. In spite of being financially literate, a majority of bank employees are not investing in mutual fund and volume of investment is also less as per the study. If they are not made aware and motivated towards investment in mutual fund, other groups of the society will be discouraged to invest in mutual fund. As all economic class of the society is directly associated with bank employees for transaction purpose. Different schemes satisfying the needs of different category of people already exist in the market but due to lack of awareness and orientation towards investment in mutual funds, the intended investors are not investing in these schemes and hence not getting the benefits of specially designed mutual funds to satisfy their needs. Therefore, there is a need for proper awareness campaign in this respect. In this respect, bank employees can play vital role in promoting the investment culture among the masses.

Though highest number of bank employees have favourable attitude towards investment in mutual funds, still a large number of bank employees have unfavorable attitude. This finding is very critical from the perspective of bank employees because their banks are offering mutual fund as Asset Management Company. If they have an

unfavorable attitude, then their role as an important intermediary in spreading investment culture will not be effective. This is a point of concern for the policy makers. Large sections of bank employees are not aware of all the schemes of mutual fund which result in low preference level towards different schemes of mutual fund. So, proper training and counselling programme should be undertaken to change their attitude and also to increase their awareness about investment in mutual fund so that in the long run the investment culture of employees towards mutual fund can be changed.

Employees are exhibiting familiarity bias to the Asset Management Company (AMC) promoted by their own bank. This finding is a useful input for the policy makers as the bank employees being highly financial literate are also showing this kind of bias. This kind of bias affects the individual psychology as well as financial decisions (Cao, et al., 2007). Brennan and Cao (1997) indicate that investors prefer familiar asset due to asymmetric information. Choi, et. al, (2005) argue that assessment failure of asset is not due to a lack of information; but rather a behavioural bias.

It is observed that significant proportion of bank employees are not investing in mutual fund and their volume of investment are also low. This is a cause of concern for the policy makers. Since all economic classes of the society are directly associated with banks and its employees for doing transactions, this kind of situation is expected to discourage other members of society to invest in mutual funds. Ramanathan and Meenakshisundaram (2015) have also suggested awareness programmes should be conducted to educate the bank employees towards capital market investment. Prior research has suggested that the improvement of education in financial management

significantly correlates with decision-making on critical investment issues (Chen and Volpe, 1998).

While designing the strategies for promoting mutual fund investments, psychological factors should be given more weight as compared to demographic and socio-economic factors in order to increase preference level of different schemes of mutual fund.

In the light of changing scenario, increased number of mutual fund companies and positive faith in banks in the minds of all type of investors (Selvi.2015), bank employees has huge responsibility in popularizing the investment in mutual fund in a particular region. So, through bank employees, mutual fund can be promoted to great a height as bank has good image in the mind of investors.

Therefore, there is a need to design suitable policy by considering bank employees in the center so that equity investment through mutual fund can be taken to a great height in our country which in turn is one of the determinants of economic growth and pride and dignity and be attached to the brand 'India'.

Suggestions

Negative attitude of the investor and high-risk perception towards mutual fund needs to be changed through appropriate investor education. In adequate monitoring mechanism is one of cause for having unfavourable attitude towards investment in mutual fund. Therefore, some mechanism should be developed such as SMS alert or through some mobile application. Anecdote of success story should be highlighted. In order to

increase investment in mutual fund, Employees consider investment in mutual fund as complex. It was observed that during course of study that investments in mutual fund through demat account is not yet very popular. If necessary infrastructure can be built then most of the hassles investment in mutual fund will be removed. AMC/AMFI should develop investor education program to enhance awareness level of the investor's as large groups of bank employees in Tripura are still unaware about investment in mutual fund. Employers can influence the investment decision of their employees by providing financial education as a benefit to employees. If bank employees are motivated to invest in mutual fund, they can influence other groups of the society as all the groups are directly related to bank employees for bank transactions and investment guidance. So bank employees training program regarding capital market is necessary to develop investment culture in the society. Preference levels of bank employees towards all the mutual fund schemes are not satisfactory. As banks have started to offer mutual fund so, advisory services should be offered in a big way. Advisory services are becoming more critical to the investors. Investors can easily access the advisory service. They also come to know features of all the schemes in a better way which in turn improves the preference level of investors towards different schemes of mutual fund. Employees are the first customer of any organization. The success of any product depends on the involvement of the employees. Therefore, the techniques of internal marketing need to be applied in bank to successfully market their mutual fund.

Limitations of the study

This study suffered from some limitations.

- i) In this study, a simple random sampling method has been used. As bank employees are also heterogynous groups from investment point of view. So proportionate stratified random sampling could have provided better result.
- ii) In this study, some traditional non parametric tests have been applied, modern permutation test has not been applied which can give better outcome.
- iii) The study is based only on the bank employees of Tripura. Hence, the findings cannot be generalised for the whole country.
- iv) This study is only on the bank employees, hence the same cannot be generalised for other segments of the society.

Scope of Future Research

In future the following types of studies can be undertaken

- i. Determinants of investment in mutual fund for other employees,
- ii. Determinants of investment in mutual fund for other employees,
- iii. This study is confined to the state of Tripura only; similar study can be undertaken in other states as well as at the national level.
- iv. The present study is on mutual fund. In future, similar kind of research can be conducted by considering equity shares, Exchange Traded Fund, Gold, Unit Linked Insurance policies etc.
- v. In order to generalise the findings of the study, a cross sectional and longitudinal study can be undertaken.
- vi. Determinant of investment in ULIP
- vii. Determinants of investors behaviour, cross sectional and longitudinal study can be undertaken .