

A Study on Customer Preference and Satisfaction Towards Mutual Funds with Special Reference to Coimbatore City

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Abstract:

Mutual funds have become one of the most popular investment avenues for individual investors because they provide diversification, professional management, and comparatively lower risk. This study aims to analyse the customer preference and satisfaction towards mutual funds with special reference to Coimbatore city. The main objective of the study is to understand the level of awareness, investment behaviour, and satisfaction of investors regarding mutual fund schemes. The research is based on both primary and secondary data. Primary data were collected from investors through a structured questionnaire, while secondary data were gathered from journals, books, and online sources related to mutual fund investment.

INTRODUCTION:

The financial market in India has undergone significant transformation over the past few decades, offering a wide range of investment avenues to individuals. Among these, mutual funds have emerged as one of the most popular and accessible investment options for both small and large investors. A mutual fund is a professionally managed investment scheme that pools money from multiple investors and invests in diversified financial instruments such as equities, bonds, and money market securities.

With the increasing awareness about financial planning and wealth creation, investors are gradually shifting from traditional savings options like fixed deposits and gold to market-linked instruments like mutual funds. The growth of Asset Management Companies (AMCs), digital platforms, and systematic investment plans (SIPs) has further enhanced the reach and convenience of mutual fund investments.

However, investor preference towards mutual funds depends on various factors such as risk perception, return expectations, liquidity, tax benefits, and level of financial literacy. Satisfaction levels are influenced by fund performance, service quality, transparency, and reliability of fund managers. Understanding these factors is essential for financial institutions to design better products and services.

Coimbatore, being one of the major industrial and commercial hubs in Tamil Nadu, has witnessed

rapid economic growth and rising income levels. This has led to increased interest in investment opportunities among its residents.

OBJECTIVES:

- To analyse the level of awareness about mutual funds among investors.
- To identify the factors influencing customers to invest in mutual funds.
- To study the preference of different types of mutual fund schemes.
- To examine the mode of investment such as SIP and lump sum.
- To measure the level of satisfaction of customers towards mutual funds

REVIEW OF LITERATURE

Dhal et al. (2021)¹ conducted a study on investor awareness and perception towards mutual fund investments. The study found that factors such as safety, liquidity, tax benefits, and expected returns significantly influence investor decisions. It also highlighted that demographic variable like age, gender, and income level play an important role in shaping investor perception and preference towards mutual funds.

Maheshwari et al. (2025)² carried out a behavioural analysis of retail investors in India. The study concluded that financial literacy, past performance of mutual funds, risk tolerance, and

investor experience are key determinants in the selection of mutual fund schemes. The researchers used statistical tools such as chi-square and ANOVA to establish relationships between demographic factors and investment behaviour.

Sethy and Ginoria (2025)³ examined the preference of retail investors across different types of mutual fund schemes such as equity, debt, and hybrid funds. The study revealed that income level, occupation, and education significantly influence investor choice and satisfaction. It also emphasized that investors with higher income levels tend to prefer equity-oriented schemes due to higher return potential.

RESEARCH DESIGN:

Data analysis and findings

Table 4.1:1 gender of respondents

Gender	No of responses	Percentage
Male	45	40.9
Female	65	59.1
Total	110	100

INTERPRETATION: From the above table, it is observed that 40.9% of the respondents are male and 59.1% of the respondents are female. This indicates that female respondents constitute a larger portion of the total sample compared to male respondents. It shows that more female participants have taken part in the survey related to mutual fund investments.

Table 4.1:2 marital status of respondents

Marital status	No of response	Percentage
Married	74	67.3
Unmarried	36	32.7
Total	110	100

INTERPRETATION: From the above table, it is observed that 67.3% of the respondents are married and 32.7% of the respondents are unmarried. This indicates that married respondents constitute a larger portion of the total sample. It shows that most of the respondents participating in the study belong to the married category.

INFERENCE: From the above analysis, it is inferred that the majority (67.3%) of the respondents are married, which indicates that married individuals form a significant portion of the respondents in the study.

The research was conducted in Coimbatore and has considered the customers as samples and collected. The objective of study is to analyse the customer perception towards the mutual fund. Descriptive research design is adopted by the researcher. The sample size consider for the study is 110. Data is collected from the customers. Respondents have been chosen for study from the study area according to the convenience of the researcher, Convenience sampling have been adopted to take survey from 110 respondents. The researcher has analysed the data of percentage analysis and chi – square, Annova test for significance to understand the customer preference and satisfaction towards mutual fund.

INFERENCE: From the above analysis, it is inferred that the **majority (59.1%) of the respondents are female**, which indicates that female participation in the study is comparatively higher than male respondents.

CHI SQUARE TEST

TABLE 4.2.1: Table showing the association between Gender and often use mutual fund satisfaction Null hypothesis (H0): There is no significance difference between Gender and respondents often using welfare measures. Alternative hypothesis (H1): There is a significance difference between Gender of the respondents and frequency of using welfare measures

CHI-SQUARE TESTS

TABLE 1: OBSERVED DATA

H0 There is a comparison between gender and how often they use welfare measures.

GENDER	SATISFIED	HIGHLY SATISFIED	DISSATISFIED	NEUTRAL	GRAND TOTAL
Female	25	16	9	15	65
7Male	15	20	3	7	45
Grand total	40	36	12	22	110

TABLE 2: STATISTICAL TEST IN CHI-SQUARE

O	E	O-E	O-E ²	O-E ² /E
16	16.25	-0.25	-0.0625	-0.0038
25	26	1	1	0.0384
9	7.9	1.1	1.21	0.1531
15	14.3	0.7	0.49	0.0342
20	16.2	3.8	14.44	0.8913
15	18	3	9	0.5
3	5.4	-2.4	-5.76	-1.0666
7	9.9	-2.9	-8.41	-0.8494
CHI SQUARE = $(\sum(O-E^2/E))$				-0.3028

TABLE 3

Variable	Degree of freedom	Table value	Calculated value	Accepted and rejected
Gender and overall satisfaction of mutual funds	3	4.05	-0.3028	Rejected

LEVEL OF SIGNIFICANCE 5%

INTERPRETATION:

The calculated chi-square value (-0.3028) is greater than the table value (4.05) at the 5% significance level. Therefore, the hypothesis is

rejected. This means there is a significant relationship between gender and how often individuals use overall satisfactions of mutual

funds. The frequency of mutual funds satisfaction appears to vary by gender.

H0 There is a relationship between gender and how often they use it in preference and satisfactions of mutual funds.

FINDINGS AND SUGGESTIONS

FINDINGS

- Majority (59.1%) of the respondents are female.
- Majority (67.3%) of the respondents are married.
- Majority (46.4%) of the respondents are between 18-24 years old.
- Majority (54.5%) of the respondents are undergraduate.
- Majority (42.7%) of the respondents in occupations of business.
- Majority (40.9%) of the respondent's monthly income of 40000-60000.
- Majority (35.4%) of the respondents are moderately aware.
- Majority (36.4%) of the respondents are good in knowledge of mutual funds.
- Majority (35.4%) of the respondents are understanding the risk of mutual funds in moderate understanding level.
- Majority (40.9%) of the respondents in source of information in friends and relatives.
- Majority (35.5%) of the respondents invest in mutual funds in occasionally.
- Majority (40%) of the respondents invest monthly.
- Majority (35.5%) of the respondents are investment experience of 1-3 years.
- Majority (40%) of the respondents are investment process of easy.
- Majority (31.8%) of the respondents in problem faced process in market fluctuation.
- Majority (39.4%) of the respondents are awareness of SIP in fully awareness.
- Majority (40.2%) of the respondents are invest the mutual fund in occasionally.

SUGGESTIONS

- Improve Investor Awareness Mutual fund companies should conduct awareness programs, seminars, and campaigns in Coimbatore city to

educate investors about different mutual fund schemes, risk levels, and returns.

- Enhance Service Quality Service quality plays a crucial role in customer satisfaction. Companies should ensure prompt customer support, quick grievance redressal, and personalized services to improve satisfaction levels.
- Increase Promotional Activities Effective marketing strategies such as advertisements, social media campaigns, and financial literacy programs can attract more investors in Coimbatore city.

CONCLUSION

The study on customer preference and satisfaction towards mutual funds in Coimbatore city reveals that mutual funds have become an increasingly popular investment option due to their benefits such as diversification, professional management, and flexibility. The findings indicate that most investors prefer mutual funds for long-term financial goals and wealth creation, especially through systematic investment plans (SIPs). However, the level of awareness among investors is still moderate, and many individuals lack complete knowledge about different mutual fund schemes, risk factors, and market fluctuations. Factors such as returns, safety, liquidity, and past performance play a significant role in influencing customer preference. At the same time, customer satisfaction is largely dependent on service quality, transparency, ease of investment, and regular communication from fund providers.

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