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## Customer Options in Wealth Management with Reference to Mutual Funds, Chennai

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**Abstract:** Money Management and Investment Management is the idea of saving money and including the concepts like investments, budgeting, banking and taxes which is otherwise known as Wealth Management. Thus, wealth management encompasses asset management, client advisory services, and the distribution of investment products. A mutual fund is an aggregation of money from a group of investors.

A professional mutual fund manager invests the group's money over the kinds of bonds, stocks and other financial products. The advantage of mutual funds, to the individual investor, is the inherent diversification of the pool of investments. The primary objective is to view the various wealth management options available to customers and also to know about the importance of mutual fund and effectiveness of mutual fund in wealth management solution.

Hence the researcher executed the study through a questionnaire method to meet various mutual fund investors in and around Chennai city. The sampling technique adopted is convenience sampling. Since the researcher had to meet various respondents belonging to various industries of different professional background, income level, age group etc.

The overall sample size is 200. A Questionnaire was specifically designed to identify the preference of various wealth management options and to identify the aim of investment, benefits expected and selection of scheme category while investing in mutual fund by the investors. The research design is descriptive research. After the collection of data, various qualitative and quantitative analyses have been done.

Statistical tools like Cochran test, Chi -square test, used to establish certain relationship. Based on the statistical analysis relevant findings were identified and suggestions are made based on this finding. Keywords: Mutual funds, Wealth Management and Mutual fund schemes

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## INTRODUCTION

Wealth Management is a term that originated in the 1990s in the United States with Broker Dealers, Banks, and Insurance Companies. Wealth management is evolving into a business now. Demand for private banking services is escalating. People seek professional advice. Indeed, private banking or wealth management is now a growth business.

## REVIEW OF LITERATURE

R. Padmaja (2013) Mutual funds are good source of returns for majority of households and it is particularly useful for the people who are at the age of retirement. However, average investors are still restricting their choices to conventional options like gold and fixed deposits when the market is flooded with countless investment opportunities, with mutual funds. This is because of lack of information about how mutual funds work, which makes many investors hesitant towards mutual fund investments. In fact, many a times, people investing in mutual funds too are unclear about how they function and how one can manage them. So the organizations which are offering mutual funds have to provide complete information to the prospective investors relating to mutual funds. The government also has to take some measures to encourage people to invest in mutual funds even though it is offering schemes like Rajiv Gandhi Equity Savings Scheme to the investors. It is believed that some of these measures could lift the morale of the mutual fund industry which has been crippled for the last three years.

*Dhimen Jagdishbhai Jani, Bhautik alpesbkumar Patel & Rajeev v. Jain (2012)* Comparative low return of bank fixed deposits, public provident fund, National saving certificate and Kisan Vikas Patra etc. made mutual fund more attractive. In 1999-2000 total AUM was crossing 61000 crores. In resource mobilization, mutual funds outperformed the bank fixed deposits. Mutual funds on net basis increases their resources by INR 18516 crore, there was decline in the accretion to the bank deposits from INR 108615 crore in 1998-99 to INR 9175 crore in 1999-2000. The Asset Under Management in 2010 was INR 613979 crore, which is expected to reach INR 592250 in 2011(provisional). It indicates that Consumers are changing their perception from traditional investment to hybrid investment. The study was conducted during June-July of 2012 in Valsad city; it has revealed many facts regarding perception of Consumers towards mutual fund as an investment option. It has shown that how different demographical factor have influence on perception of Consumers. Majority of Consumers of valsad city have framed positive perception towards mutual fund. Demographic factors (i.e. age, gender, income, education etc.) have influence on investor perception. Most of the Consumers were investing in mutual fund for good return and affordability.

## OBJECTIVE OF THE STUDY

- To identify various Wealth Management options available to the customers in India.
- To determine the importance of Mutual funds and
- To analyze efficacy Mutual funds in wealth management solution.
- To evaluate and motivate investors invest in various mutual fund schemes.
- To study the various benefits given by Mutual Funds schemes.
- To evaluate the investment and selection of scheme category by the investors.

## SCOPE OF THE STUDY

The study covers 200 respondents in an around the Chennai city. As the mutual fund sector is booming with reference to the investment, which is necessary to study the various types of wealth management options so as to understand the preference of customers in various investment avenues. More over with reference to the Mutual Funds, there are various types of schemes available which gives various types of benefits for the investors'. So the study covers the schemes and analyses the benefits offered to investors.

## RESEARCH METHODOLOGY

It includes sample size, Methods of data collection, tools used for studying the problem. Descriptive research includes surveys and fact finding enquiries of different kinds. A Sampling Size of 200 respondents was chosen. The sample size was based on the mutual fund investors. On the Indefinite population and the researcher contacted the respondents to gather information. In this study, convenience sampling method of non- probability sampling technique has been used. The data has been collected through a structured Questionnaire. After specifying the information needed the researcher has decided the type of questions required to be asked from the respondents to elicit this information. Structured Questionnaire is used in which open ended, closed ended, and multiple choice of questions, ranking and rating scale are being used. After collection of data, the questionnaire was scrutinized and facts coded and tabulated followed by analysis and interpretation using statistical methods below. Cochran test, Chi-square test, Kendall's W test.

## DATA ANALYSIS AND INTERPRETATION

### Awareness of Wealth Management Options

Table 1

<i>S. No</i>	<i>Awareness of Wealth Management options</i>	<i>Frequency</i>	<i>Percent</i>
1	Yes	188	94
2	No	12	6
3	Total	200	100

## INFERENCE

From the above table Awareness of wealth management are inferred as follows 94% of the respondents are aware of Wealth Management options and 6% of the respondents are not aware of Wealth Management option.

### Type of Investor

Table 2

<i>S. No</i>	<i>Type of investor</i>	<i>Frequency</i>	<i>Percent</i>
1	Conservative investor	24	12
2	Moderately conservative investor	47	23.5
3	Balanced investor	59	29.5
4	Moderately aggressive investor	30	15
5	Aggressive investor	40	20
	Total	200	100

### INFERENCE

From the above table, it is inferred that out of the 200 respondents, 12% are conservative investors, 23.5% are moderately conservative investors, 29.5% are balanced investors, 15% are moderately aggressive investors, 20% are aggressive investors.

#### Aim of Investment

Table 3

<i>S. No</i>	<i>Aim of Investment</i>	<i>Frequency</i>	<i>Percent</i>
1	Acquire assets	76	38
2	Children's future	66	33
3	Monthly requirements	20	10
4	Retirement savings	38	19
	Total	200	100

### INFERENCE

From the above table it is inferred that, out of the 200 respondents, 38% of the respondents invest to acquire asset, 33% of the respondents invest for their children's future, 10 % of the respondents invest for monthly requirement, 19% of the respondents invest for retirement benefits.

#### Achievement from Investment

Table 4

<i>S. No</i>	<i>Achievement from Investment</i>	<i>Frequency</i>	<i>Percent</i>
1	Income	73	36.5
2	Growth	127	63.5
3	Total	200	100

### INFERENCE

From the above table, it is inferred that infer that out of the 200 respondents, 36.5% of the respondents invest in mutual funds for Income purpose, 63.5% of the respondents invest in mutual funds for growth purpose.

#### Investment Objective

Table 5

<i>S. No</i>	<i>Investment objective</i>	<i>Frequency</i>	<i>Percent</i>
1	Capital appreciation	72	36
2	Regular income & stability	57	28.5
3	Growth & tax savings	69	34.5
4	Short term parking of funds	2	1
	Total	200	100

### INFERENCE

From the above table it is inferred that, out of the 200 respondents, 36 % of the respondents select Capital Appreciation as their scheme category for investment objective, 28.5% of the respondents' select Regular income & stability as their scheme category for investment objective, 34.5% of the respondents select Regular income & stability as their scheme category for investment objective, 1% of the respondents select Regular income & stability as their scheme category for investment objective.

#### Intermediary to Invest

Table 6

S. No	Intermediary	Frequency	Percent
1	Advisors	41	20.5
2	Brokers	66	33
3	Banks	55	27.5
4	Financial institutions	25	12.5
5	Others	13	6.5
6	Total	200	100

### INFERENCE

From the above table it is inferred that, 20.5% of the respondents invest through advisors, 33% of the respondents invest through brokers, 27.5% of the respondents invest directly in Banks, 12.5% of the respondents invest directly in Financial Institution, 6.5% of the respondents invest through others.

#### Preference of Mutual Fund Schemes- Cochran Test

Null Hypothesis ( $H_0$ ):The preferences of various mutual fund schemes by the investors are equally distributed.

Alternative Hypothesis ( $H_1$ ):The preferences of various mutual fund schemes by the investors are not equally distributed.

Table 7

S. No	Types of Mutual Fund	Frequency	
		Yes	No
1	Equity Mutual Fund	100	100
2	Balanced Mutual Fund	26	174
3	Income Mutual Fund	13	187
4	Growth Mutual Fund	76	124
5	Liquid Mutual Fund	2	198
6	Sectoral funds	12	188
7	Money market Mutual Fund	12	188
8	Hybrid fund	8	192

Source : Primary Data  
 Level of significance : 0.05  
 Degree of freedom : 7  
 The Calculated value : 317.1915  
 The Table value : 14.07

### INFERENCE

From the above table, it is inferred that, the preference of mutual fund schemes are as follows; out of the 200 respondents, 100 respondents prefer equity fund for investment, 26 respondents prefer balanced fund for investment, 13 respondents prefer income fund for investment, 76 respondents prefer growth fund for investment, 2 respondents prefer liquid fund for investment, 12 respondents prefer Sectoral funds for investment, 12 respondents prefer money market mutual fund funds for investment, 8 respondents prefer hybrid funds for investment.

Since the calculated value 317.19 is > than the table value 14.07, the null hypothesis is rejected

Hence the preferences of mutual fund schemes by the investors are not equally distributed.

### Investment Period- Chi Square Test

Null Hypothesis ( $H_0$ ): There is no relationship between the investment period and the achievements from investment among the respondents.

Alternative Hypothesis ( $H_1$ ): There is a relationship between the investment period and the achievements from investment among the respondent.

**Table 8**

S. No	Investment period	Achieve from investment		Total
		Income	Growth	
1	Short term	33	16	49
2	Medium term	27	48	75
3	Long term	13	63	76
	Total	73	127	200

Source : Primary Data  
 Level of significance : 0.05  
 Degree of freedom : 2  
 The Calculated value : 32.458  
 The Table value : 5.99

### INFERENCE

Since the calculated value 32.458 is > than the table value 5.99, the null hypothesis is rejected. Hence there is a relationship between the investment period and the achievement from investment among the respondent.

### Priority of Investment- Kendall's W Test

Null Hypothesis ( $H_0$ ): There is no concordance between priorities while investing.

Alternative Hypothesis ( $H_1$ ): There is concordance between priorities while investing.

Table 9

S. No	Priority For Investment	Mean Rank
1	Security	1.86
2	Liquidity	2.4925
3	Returns	1.6475

Source : Primary Data

Level of significance : 0.05

Degree of freedom : 2

The Calculated value : 77.47619

The Table value : 5.99

Kendall's W value : 0.19369

### INFERENCE

From the above table, the ranking for the priorities while investing can be witnessed; Return is ranked first. Security is ranked second. Liquidity is ranked third. Since the Kendall's value 0.1936 lies between 0- 0.3 there is low Co-efficient of concordance. Since the calculated value is greater than the table value, the null hypothesis is rejected. Thus there is low concordance between the priorities while investing.

### Findings

94% of the respondents are aware of wealth management options and 6% are not aware of wealth management options.66.5% of the respondents are regular and 33.5% are irregular investor.29.5% are balanced investors and 12% are conservative investor.38% of the respondents are long term investors and 37.5% are medium term investors.38% of the respondents invest to acquire asset as their aim of investment and 33% invest for children's future.63.5% of the respondents invest for growth purpose and the rest 36.5% for income purpose.36% of the respondents invest for capital appreciation, and 34.5% invest for growth & tax savings.60.5% of the respondents have medium tolerance level and 13.5% have high tolerance level.33% of the respondents invest through brokers and 27.5% invest in banks.47% of the respondents are of the opinion that mutual fund are short term investment, 53% are of long term investment. The preference of wealth management options are not equally distributed according to Cochran's Test.50% of the respondents invest in equity MF and 38% in growth MF.

44.5% of the respondents expect benefit from MF for professional management and 42% invest for diversification and 31% for liquidity.61% of the respondents prefer systematic investment plan as the services and 37% prefer for financial planning.47.5% of the respondents prefer Franklin Templeton for investment, 33% invest through others and 31% invest in SBI.Returns rank 1<sup>st</sup> in priorities while investing, security ranks 2<sup>nd</sup>, liquidity ranks 3<sup>rd</sup> with reference to priority while investing. 87% of the respondent's rate

in fixed deposits safety as high, 85% prefers risk as low.71% of the respondents are male and 29% are female.34.5% of the respondents are in the age group of 31-40 yrs and 27% are 41-50 yrs.

### **SUGGESTIONS**

Banks should spend towards advertisement and create brand image to improve their publicity among the customers in the market. An effective marketing research and careful product planning supported by the desired customer services can help in marketing mutual funds successfully. As the investor's preference for return, liquidity, tax benefit, safety and security are varied the organization has to cater to various needs of the customers to increase the investment in mutual fund sector. Investor primary principal behind safety of investment is to take risk that can be tolerated. The management should take all effort about the new scheme introduced to the customers at any cost because most of the customers seek their own decision. Asset Management Company should encourage Association of Mutual Funds in India certified intermediaries between the investor and the mutual fund companies since most of the respondent invest in mutual funds for safety purpose. The management should try to convert as many sub broker as possible because they are the one who have direct contact with the customers.

### **CONCLUSION**

As there are many wealth management options available in India, the organization has to take innovative steps to project the Mutual Fund sector as one of the prominent avenue for investment. The organization should cater to the need of mutual fund investors in terms of security, liquidity and returns by providing them the necessary information for their decision-making with reference to investment. Besides this, the organization and Asset Management Company must educate the people about various types of scheme available and the benefits offered by the schemes, so as to increase the flow of funds which leads to the rise in Gross Domestic Product, which increases the National Income, which eventually contributes for the development of the economy.

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