

Chapter 10

Role of Technology and Digital Platforms in Promoting Mutual Fund Investments in Kerala

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ABSTRACT

The financial scenario has changed dramatically in the era of technology and digital platforms, especially in mutual fund investments. This digital revolution, especially in a state like Kerala, has been instrumental in making access to financial markets more democratic, enhancing investor literacy, and easing investment processes. Based on existing literature, the chapter reviews and examines the role of technology and digital platforms in promoting mutual fund investments among people living in Kerala. A study drawing on data from different financial institutions, surveys, and investor behaviour highlights the power of digital tools in boosting mutual fund penetration. The study notes that digital platforms have significantly made mutual fund investments more accessible and enabled increased financial literacy and trust. This research emphasizes the importance of continued technological progress and the regulatory support needed to sustain this momentum.

INTRODUCTION

The advancement of Technology has changed industries, and the finance sector is no exception. Mutual funds - investment vehicles that pool investors' money for a diversified, professionally managed portfolio of securities - have gained traction in the country in the last few years and are also popular among Keralites (Reddy, 2022). The advent of digital platforms in selling mutual funds has made such investments more affordable, transparent, and efficient to a wider audience (Nair and Kumar, 2019). In this context, the present paper examines how Technology and digital platforms have facilitated investments in mutual funds from Kerala by changing the way people invest and contributing to increasing

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investor participation (Pillai, 2023). The Indian mutual fund industry has grown tremendously in the last decade. Assets Under Management (AUM) of the Indian mutual fund industry as a whole stood at 38.45 trillion in March 2023, way up from 23.05 trillion in March 2018, according to the Association of Mutual Funds in India (AMFI) (Al-Mokdad, 2024). Keralites, with a literacy rate above 90% and a surging middle class, have shown that the state can be targeted for mutual fund investments (Mathew, 2020). While the penetration of mutual funds in Kerala has traditionally been lower than in states like Maharashtra or Gujarat, the situation now is much awaited (Anand et al., 2023). This distance can be bridged through technology and digital platforms that make the investment process easier or just the presence of someone to guide (George and Singh, 2022).

Digital platforms have also democratized entry to financial markets, making it a lot easier (maybe even too easy) for individuals to invest their savings within mutual funds. Groww, Zerodha, and Paytm Money are a few platforms that have revolutionized mutual fund investing by providing an easy-to-use interface and valuable resources for learning about investment and a smooth transaction process (Joseph, 2019). Investors can use these online utilities to compare mutual funds, track their performance, and review them before investing. One of their biggest benefits is that in states like Kerala, where internet penetration is high, financial services are accessible to a wider audience with assistance from these platforms (Jaji et al., 2023). This Technology is now leveraged to enable financial institutions worldwide to deliver tailored investment advice and risk profiles.

Through these automated processes, they manage client portfolios across a broad range of clients (Ramachandran, 2020). This technological breakthrough not only simplifies how one can invest but has also allowed those seeking financial wellness to become equipped and empowered to make effective financial decisions (Singh, 2022). These platforms, as they provide easier access and better convenience, have convinced more people to partake in the financial markets, promoting a more inclusive financial system (Singh et al., 2023). As a result, it is transforming the way people who did not have adequate ways or means of investing before experienced investment and financial literacy on their path to better economic outcomes (Silvia Priscila et al., 2023). The forward march of digital platforms is only projected to continue, which means they will become even more feature-rich and well-suited for investors (Komperla, 2023). This great progression represents something more inclusive for the average person to enter their local financial market as tech delivers us closer to clarity of financial empowerment (Jacob and Menon, 2021).

In this regard, digital platforms have also contributed enormously to investor financial learning. Using webinars, blogs, tutorials, and interactive tools, these platforms, over time, educate investors about what mutual funds are, why they require diversification, and how risk management will help to ensure long-term investment strategies. This additional knowledge and comprehension of mutual funds have made individuals confident while making investment decisions. Technology in the mutual fund industry has also enabled efficiencies and cost optimization from an operational standpoint (Nair and Varghese, 2019). The online systems for KYC, e-signature, and transactions have drastically reduced the time and effort invested in mutual funds. Providing this ease of access interestingly attracts a fresh generation of digitally-savvy investors who prefer digital to spend its conventional counterpart (Abraham, 2023).

Now, let's talk about digital platforms for mutual fund investment in Kerala, though they offer many benefits. This sector still faces challenges, leading to a slow adoption process compared to the rest. Instead, major obstacles are cybersecurity threats to digital literacy, and some traditional investors resist the change. Protecting data and a strong cybersecurity framework are important and give investors trust. We also need to continuously work on increasing digital literacy, particularly amongst older investors

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