CUSTOMER SATISFACTION ON MUTUAL FUNDS SERVICES BY COMMERCIAL BANKS: A RESEARCH MODEL

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Abstract

Mutual funds are financial entities that pool the capital of many people to invest in a wide range of securities such as stocks, bonds, and other assets. Individual investors can use mutual funds to gain access to a wide range of investment options, professional management, diversification, liquidity, affordability, transparency, and investor protection. Investors who are satisfied with their investments are more likely to continue making them and to stick with a particular mutual fund or online platform. High levels of customer satisfaction influence investor retention, which is critical for the long-term sustainability of mutual fund firms. The purpose of this research model is to look into the online mutual fund services provided by large banks. Online mutual funds have become an essential aspect of the mutual funds sector, providing customers with convenience, accessibility, and efficiency. The purpose of this research article is to investigate the various features, functionality, and security measures used by commercial banks in their online Mutual funds platforms. Furthermore, the study model will investigate customer satisfaction, adoption rates, and the impact of online Mutual funds services on customer loyalty and trust. The research findings will provide significant insights for commercial banks to strengthen their online Mutual funds products and customer experiences.

Key words:- Mutual funds, Convenience, Accessibility, Efficiency to customers, Adoption rates, Satisfaction levels.

Mutual funds are financial entities that pool the capital of many people to invest in a wide range of securities such as stocks, bonds, and other assets. One of the key benefits of mutual funds is that they are managed by competent fund managers who have expertise researching and selecting investments.

Because of professional management, individual investors now have access to the experience of seasoned professionals. Mutual funds invest in a variety of securities to diversify their holdings. By maintaining a diverse portfolio, mutual funds help to reduce the risk associated with investing in a single investment or a small number of assets.

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Individual investors who use mutual funds have access to a wide range of investment opportunities that would otherwise be difficult to obtain. They frequently offer lower investment minimums as compared to other investing options such as individual equities or bonds. Mutual funds provide liquidity by allowing investors to buy or sell fund shares on any business day at the fund's Net Asset Value (NAV). Because of this flexibility, investors can easily enter or exit the market. Mutual funds must provide regular and thorough information to investors. This includes periodical reports, financial statements, and updates on the fund's assets and activity. Investors may track the growth of their investments and make informed decisions thanks to the transparency provided by mutual funds. Mutual funds are managed by government organisations, which are subject to severe laws. The regulatory structure ensures that funds are administered in a fair and open manner while also protecting investors' interests. Furthermore, mutual funds usually contain independent boards of directors or trustees that represent the interests of the investors and oversee the fund's activities.

Significance of the Study

Individual investors can use mutual funds to gain access to a wide range of investment options, professional management, diversification, liquidity, affordability, transparency, and investor protection. Mutual funds have become a popular and vital investing instrument for those wishing to enhance their wealth and accomplish their financial objectives as a result of these features. Investors who are satisfied with their investments are more

likely to continue making them and to stick with a particular mutual fund or online platform. High levels of customer satisfaction influence investor retention, which is critical for the long-term sustainability of mutual fund firms. Customer satisfaction and trust in mutual funds and online platforms are inextricably linked.

As a result, a research study that may help the banks to gain discernments into investor behaviour and penchants when it comes to mutual fund investments is the need of the hour. By appreciative what factors influence customer satisfaction, banks can tailor their services and products to better meet the needs of their customers. This has the potential to boost client loyalty and retention. In addition to this, banks can take proactive actions to improve their services, address any difficulties, and improve overall customer experience by identifying the primary determinants of consumer satisfaction. A bank can identify areas where it may be lagging behind and establish measures to strengthen its competitive position by evaluating customer satisfaction levels against industry norms and other banks. The present study also throws the need in identifying any gaps or deficiencies in commercial banks' existing mutual fund products. This will help the banks to identify particular areas where they may need to spend in training, technology, or product development to better fulfil consumer expectations by analysing customer feedback and satisfaction ratings. Overall, a similar research study on customer satisfaction of commercial bank's mutual fund investors is required to get a deeper understanding of

customers' needs and preferences, improve customer satisfaction, boost competitiveness, and guide decision-making and strategic planning. The current research model will look into client satisfaction, adoption rates, the impact of online Mutual Fund services, customer loyalty, and trust.

Literature Review

Although majority of customers are satisfied with the physical facilities and interactive processes, K. Rama mohanarao & S. Gangadharara Marao (2015) came to the conclusion that gaps need to be filled to raise performance quality in terms of the physical environment and interactive processes. (Fernando Muoz, 2021) exposed the socially conscious mutual funds to the effects of the black industries (i.e., carbon-intensive industries like metals, utilities, and fossil fuels) on financial performance. According to (Manjare Sagar O., 2021), mutual funds provided an avenue for investors to participate in the Indian stock market through knowledgeable fund managers. Regarding the important investors avenue for retail investors, (Kandi DV and K. Anil Kumar, 2020) made some recommendations. The study reveals various aspects that affect how investors perceive mutual funds when they invest. In 2014, (Kumar Rakesh and Goel Nitin) examined the elements influencing investors' perceptions of mutual funds in India. The study finds that investors saw the benefits of mutual funds' liquidity in terms of return on savings, modification, and protection offered through brochures and newsletters as a source of information. (Saini S. et al., 2011)

examined how investors felt about various topics, such as the type of mutual fund scheme, the primary goal after investing in a mutual fund scheme, the roles of financial advisors and brokers, investors' attitudes towards factors intended to entice them to use mutual funds, the adequacy of the service offered by the mutual fund manager, etc.

Objective of the Study

To establish the relation of functionalities of Online platform for Mutual Fund services by Commercial Banks and Customer satisfaction.

Hypothesis of the Study

The statement confirming the relation of functionalities of online platform for Mutual fund services by Commercial Banks and Customer satisfaction is accepted.

Methodology of the Study

The rationale of the present analysis is to establish the relation of functionalities of online platform for Mutual fund services by commercial Banks and customer satisfaction. Primary data were collected from the Union |Bank and SBI Mutual fund customers at Alappuzha district through a questionnaire. It is not necessary that the respondents are presently use services of multiple service providers. In the present study, the population constitutes the entire Union Bank and SBI Mutual fund customers. The study is limited to Alappuzha district. 50 each Union Bank and SBI Mutual fund customers were selected as sample units. One month period during the month of May 2023 has been selected for the

present study. Structural Equation Modelling is used to study the relation of functionalities of online platform for Mutual fund services by commercial Banks and customer satisfaction.

Results and Discussion

In the present analysis there are 12 observed variables; 9 unobserved variables, 12exogenous variables used and the corresponding endogenous variables include 9 items. Thus the total number of variables in the CFA model is 21.

According to the Unstandardized Estimate, the influence of the Personal finance, Mobile integration and Security measures on Functionalities is 0.646, 0.496 and 0.052 respectively. This shows that when Personal finance, Mobile integration and Security measures goes up by 1, Functionalities goes up by 0.646, 0.496 and 0.052 respectively. The z value of Personal finance on Functionalities is 8.337 (.646/

.078), Mobile integration on Functionalities is 14.071 (.496/.035) and Security measures on Functionalities is 4.443 (.052/ .012), when the standard errors above zero. This means, the probability of getting a critical ratio as large as 8.337, 14.071 and 4.443in absolute value is less than 0.001.Thus, it is clear that when improves the Personal finance, Mobile integration and Security measures in the Finance Schemes of Union |Bank and SBI Mutual fund, a similar positive change noted on the Functionalities the banks. Likewise, all relationships are favourable.

The Standardized Regression Weights show the similar observations. The highest influence is Accessibility on the Efficiency (0.755). When Accessibility goes up by 1 standard deviation, Efficiency goes up by 0.755 standard deviations. Likewise, the next important relations are Trust on the Adoption (0.689), Adoption on the Accessibility (0.687), Functionalities on the

Figure 1

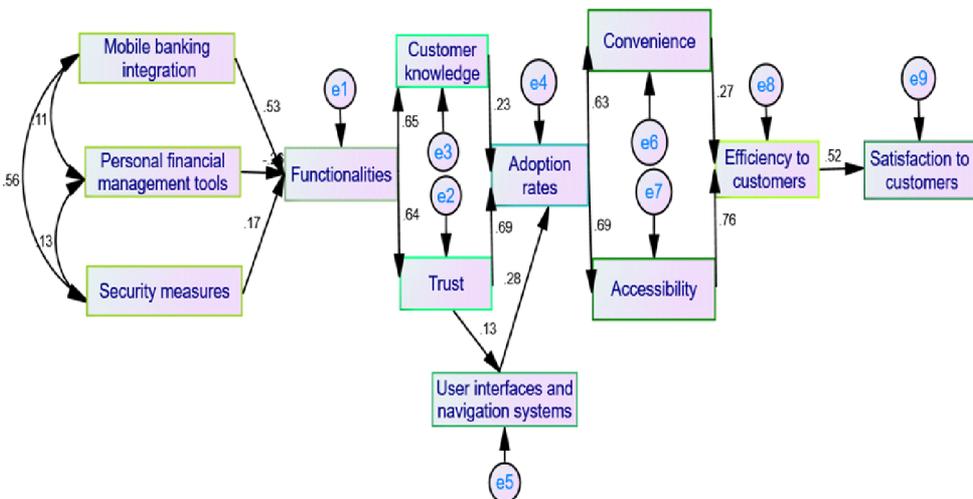**Relation of Functionalities of Online platform for Mutual fund services by Commercial Banks and Customer satisfaction**

Table 1

Relation of Functionalities of Online platform for Mutual fundservices by Commercial Banks and Customer satisfaction

Relation			Unstandardized Regression Weights Estimate	S.E.	C.R.	P	Standardized Regression Weights Estimate
Functionalities	<---	Personal finance	.646	.078	8.337	***	.260
Functionalities	<---	Mobile integration	.496	.035	14.071	***	.526
Functionalities	<---	Security measures	.052	.012	4.443	***	.167
Trust	<---	Functionalities	1.309	.064	20.443	***	.642
Knowledge	<---	Functionalities	1.862	.089	20.910	***	.650
User interfaces	<---	Trust	.137	.042	3.232	.001	.131
Adoption	<---	Knowledge	.029	.002	11.715	***	.234
Adoption	<---	Trust	.119	.003	34.304	***	.689
Adoption	<---	User interfaces	.047	.003	15.513	***	.284
Accessibility	<---	Adoption	.800	.035	23.103	***	.687
Convenience	<---	Adoption	.779	.039	19.818	***	.630
Efficiency	<---	Accessibility	.667	.017	38.523	***	.755
Efficiency	<---	Convenience	.221	.016	13.526	***	.265
Satisfaction	<---	Efficiency	.545	.037	14.814	***	.518

Source: Primary data

Knowledge (0.650) and Adoption on the Convenience (0.630).

Covariance provides insights into the relationships between the variables. It is indicating that Mobile integration is strongly related to Security measures, while both Personal finance and Mobile integration are positively related to each other and to Security measures. Correlations provide insights into the strength and direction of the relationships between the variables. Mobile integration shows a moderate positive correlation with Security measures, while both Personal finance and Mobile integration have weak positive correlations with each other and with Security measures.

The Squared Multiple Correlations (SMCs) represents the proportion of variance in a dependent variable that can be explained by a set of independent variables. For example, the first dependent variable is Functionalities and the SMC Estimate is 0.581. This indicates that approximately 58.1 per cent of the variance in the dependent variable (unspecified) can be explained by the set of independent variables associated with "Functionalities." The coefficient of R Square values of the remaining variables is highly satisfactory.

From the table 4, it is found that the calculated P value is 0.067 which is greater than 0.05 which indicates perfectly fit. Also, the Chi-square value/DF is 3.42, which found in the threshold limit. Here Goodness of Fit Index (GFI) value (0.900) and Adjusted Goodness of Fit

Table 2

Relation of Functionalities of Online platform for Mutual fund services by Commercial Banks and Customer satisfaction - Covariances and Correlations

Relation			Covariance Estimate	S.E.	C.R.	P	Correlation
Mobile integration	<-->	Security measures	9.074	.757	11.982	***	.563
Personal finance	<-->	Mobile integration	.220	.083	2.649	.008	.109
Personal finance	<-->	Security measures	.820	.253	3.244	.001	.134

Source: Primary data

Table 3

Squared Multiple Correlations - Relation of Functionalities of Online platform for Mutual fund services by Commercial Banks and Customer satisfaction

Squared Multiple Correlations	Estimate
Functionalities	0.581
Trust	0.567
Knowledge	0.686
User interfaces	0.696
Adoption	0.579
Accessibility	0.772
Convenience	0.674
Efficiency	0.766
Satisfaction	0.771

Source: Primary data

Table 4

Model fit summary of Structural Equation Model-Relation of Functionalities of Online platform for Mutual fund services by Commercial Banks and Customer satisfaction

Indices	Value	Suggested value
Chi-square value	109.54	-
DF	32	-
P value	0.067	> 0.05 (Hair et al., 1998)
Chi-square value/DF	3.42	< 5.00 (Hair et al., 1998)
GFI	0.900	> 0.90 (Hu and Bentler, 1999)
AGFI	0.905	> 0.90 (Hair et al. 2006)
NFI	0.919	> 0.90 (Hu and Bentler, 1999)
CFI	0.925	> 0.90 (Daire et al., 2008)
RMR	0.445	< 0.08 (Hair et al. 2006)
RMSEA	0.044	< 0.08 (Hair et al. 2006)

Source: Primary data

Index (AGFI) value (0.905) is greater than 0.9 which represent it is a good fit. The calculated Normed Fit Index (NFI) value (0.919) and Comparative Fit Index (CFI) value (0.925) indicates that it is a perfectly fit and also it is found that Root Mean Square Error of Approximation (RMSEA) value is 0.044 which is less than 0.08 which indicated it is perfectly fit and Root Mean Residuals (RMR) is 0.445. Thus it is clear that, the statements confirming the relation of Functionalities of Online platform for Mutual fund services by Commercial Banks and Customer is accepted.

Conclusion

By conducting this research model, a comprehensive understanding of the online Mutual funds services offered by commercial banks can be achieved. The outcomes will assist the banks in identifying areas for improvement, increasing customer satisfaction, and building trust, ultimately leading to a more successful online Mutual funds experience.

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