International Journal of Web of Multidisciplinary Studies
(Peer-Reviewed, Open Access, Fully Refereed International Journal)
website: https://ijwos.com
Volume 3 Issue 7 , July 2026
E-ISSN : 3049-2424
DOI: https://doi.org/10.71366/ijwos03072634225

AN INTEGRATED CONCEPTUAL FRAMEWORK FOR UNDERSTANDING MUTUAL FUND INVESTMENT DECISIONS AMONG WORKING PROFESSIONALS

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Article Info

Article History:

Published: 20 July 2026

Publication Issue:
Volume 3, Issue 7
July-2026

Page Number:
376-384

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Abstract:
Due to its potential for wealth growth, diversification, and expert fund management, investing in mutual funds has become one of the most popular investment options among working professionals. However, a complex interplay of financial, behavioural, technological, demographic, and psychological factors influences investment decisions. Previous research has mostly examined these factors in isolation, leading to a lack of understanding of how they interact to influence investment behaviour. By combining knowledge from the behavioural finance, financial literacy, technology adoption, and investment decision-making literatures, this conceptual paper seeks to develop an integrated framework that explains mutual fund investment decisions among working professionals. Using a qualitative conceptual research methodology, the study draws from a comprehensive analysis of academic publications, books, industry reports, and policy papers released between 2015 and 2026.

As important factors influencing mutual fund investing decisions, the suggested framework incorporates financial literacy, risk tolerance, investment experience, income, behavioural biases, social impact, digital financial literacy, FinTech adoption, and investor awareness. The framework is supported by well-known theories such as the Theory of Planned Behaviour, Prospect Theory, Behavioural Finance Theory, Modern Portfolio Theory, and the Technology Acceptance Model. By offering a thorough theoretical framework that can direct further empirical research, the study adds to the corpus of current knowledge. In order to create successful investor education programs and improve financial inclusion among working professionals, the suggested framework also has useful implications for mutual fund companies, financial advisors, legislators, and researchers.

Keywords: Mutual Fund Investment, Working Professionals, Financial Literacy, Behavioural Finance, Conceptual Framework

1. INTRODUCTION

With the ability to participate in diversified portfolios overseen by qualified fund managers, mutual funds have emerged as one of the financial products with the quickest rate of growth in the world. Mutual funds offer more flexibility, liquidity, diversity, and the possibility of long-term wealth growth as compared to more conventional investing options like bank savings, gold, and real estate. The Securities and Exchange Board of India (SEBI) regulatory actions, digital investment platforms, growing financial knowledge, and the widespread use of Systematic Investment Plans (SIPs) have all contributed to the mutual fund industry's impressive growth in India.

Because they typically have consistent income, long-term financial objectives, and the ability to invest methodically, working professionals make up a significant portion of mutual fund investors. Financial literacy, risk tolerance, income, investment expertise, behavioural biases, technological accessibility, peer pressure, and market conditions are just a few of the variables that affect their investment choices. The quick development of FinTech platforms and digital financial services has further changed investment behaviour by increasing the accessibility, transparency, and convenience of mutual fund investments.

While many empirical studies have examined the factors that influence investment decisions in mutual funds, many have concentrated on individual determinants rather than analysing their overall effects. As a result, an integrated conceptual framework that unifies financial, behavioural, technical, and demographic elements into a single model is required. A paradigm like this can improve comprehension of investor decision-making and offer a solid theoretical basis for upcoming empirical studies.

Therefore, this research synthesises information from existing literature and established theoretical views to present an integrated conceptual framework for explaining mutual fund investing decisions among working professionals. Additionally, the report highlights research gaps and makes suggestions for future empirical validation.

2. REVIEW OF LITERATURE

Bansal and Kumar (2021): Found that FinTech applications simplify investment processes, improve accessibility, and encourage greater participation in mutual fund investments.

Barberis and Thaler (2003): Demonstrated that psychological and behavioural biases, including overconfidence and heuristics, significantly influence investor decision-making and market behaviour.

Jain and Mandot (2019): Reported that financial planning, stable income, and investment awareness positively influence mutual fund investment decisions among working professionals.

Kumar and Goyal (2015): Reviewed behavioural finance literature and concluded that investor decisions are strongly influenced by emotions, heuristics, cognitive biases, and irrational behaviour.

Lusardi and Mitchell (2014): Demonstrated that financial literacy enhances individuals' ability to make informed investment decisions and encourages participation in financial markets.

Mishra and Mishra (2023): Found that mobile investment applications have improved convenience, transparency, and accessibility, thereby encouraging mutual fund investments among retail investors.

NCAER (2022): Reported that increased financial awareness encourages households to invest in market-linked financial products, including mutual funds.

Raut (2020): Identified risk tolerance as one of the strongest determinants of mutual fund investment behaviour and individual investment decision-making.

World Bank (2021): Highlighted that digital financial services improve financial inclusion by expanding access to investment opportunities and financial products.

RESEARCH GAP

Although substantial research has been conducted on mutual fund investment behaviour, several gaps remain in the existing literature.

1. Most studies examine financial literacy, behavioural biases, demographic characteristics, or technology adoption independently rather than integrating these variables into a unified framework.
2. Limited attention has been given specifically to working professionals, despite their growing importance as participants in the mutual fund industry.
3. Existing conceptual models inadequately explain the interaction between financial knowledge, behavioural factors, digital financial services, and investment decisions.
4. The influence of FinTech, digital financial literacy, and investor awareness has gained importance in recent years but remains underrepresented in conceptual studies.
5. There is a lack of a comprehensive theoretical model that combines classical investment theories with behavioural and technology adoption theories to explain mutual fund investment decisions.

OBJECTIVES OF THE STUDY

1. To review existing theories and literature related to investor decision-making behaviour.
2. To examine the major financial, behavioural, demographic, and technological determinants influencing mutual fund investment decisions.
3. To identify the potential relationships among the key determinants affecting investment behaviour.
4. To develop an integrated conceptual framework explaining mutual fund investment decisions among working professionals.
5. To provide a theoretical foundation for future empirical research in mutual fund investment decision-making.

Review of Existing Theories and Literature on Investor Decision-Making Behaviour

This study's goal is to examine and summarise the body of knowledge regarding investor decision-making behaviour in the context of mutual fund investments. To comprehend the elements impacting investment decisions, the review looks at both traditional and modern theories, such as the Theory of Planned Behaviour, Behavioural Finance Theory, Prospect Theory, Modern Portfolio Theory, and the Technology Acceptance Model. Additionally, it examines earlier research on digital financial literacy, FinTech acceptance, risk tolerance, demographics, behavioural biases, financial literacy, and social influence. The study establishes a solid theoretical foundation for creating an integrated conceptual framework for comprehending mutual fund investment decisions among working professionals, identifies important determinants, and draws attention to inconsistencies and research gaps by critically analysing the body of existing knowledge.

Examination of the Major Determinants Influencing Mutual Fund Investment Decisions

Examining the key financial, behavioural, demographic, and technological factors that affect working professionals' decisions to invest in mutual funds is the goal of this study. The ability of investors to assess investment opportunities is influenced by financial factors, including financial literacy, income level, investing experience, savings behaviour, and projected returns. The way psychological variables influence investment decisions is explained by behavioural determinants such as risk tolerance, investment attitude, overconfidence, loss aversion, and herd mentality. Investors' financial demands, preferences, and risk-taking ability are influenced by demographic factors like age, gender, education, occupation, and family income. Additionally, by increasing accessibility, convenience, and decision-making effectiveness, technology factors like digital financial literacy, FinTech adoption, mobile investment apps, and online investing platforms have revolutionised investment practices. Analysing these determinants offers a thorough grasp of the elements that together affect mutual fund investment choices and is the basis for creating an integrated conceptual framework.

Identification of the Relationships among Key Determinants of Investment Behaviour

Finding possible connections between the major factors influencing working professionals' mutual fund investing behaviour is the main goal of this study. Financial, behavioural, demographic, technological, and societal elements interact to influence investment decisions rather than a single factor. For example, while behavioural biases may affect risk perception and investing decisions, financial literacy can increase investor understanding and confidence. In a similar vein, FinTech adoption and digital financial literacy can improve investment accessibility and promote wise decision-making. Investors' views, preferences, and risk tolerance may also be influenced by demographic factors like age, income, education, and prior investment experience. Through the identification and analysis of these interrelationships, the study builds the conceptual foundation for the development of an integrated theoretical framework and offers a thorough understanding of how different determinants jointly impact mutual fund investing decisions.

3. RESEARCH METHODOLOGY

Research Design

In order to create an integrated theoretical framework for comprehending mutual fund investment decisions among working professionals, this study uses a conceptual research design. A conceptual study does not use statistical analysis or primary data collection, in contrast to empirical research. Rather, it establishes conceptual links among important variables by synthesising current ideas and actual evidence.

Nature of the Study

The primary goal of this descriptive and exploratory study is to identify and integrate the key factors that influence mutual fund investment decisions. Through a thorough analysis of academic literature, it looks at how financial, behavioural, demographic, technical, and psychological aspects interact.

Data Sources

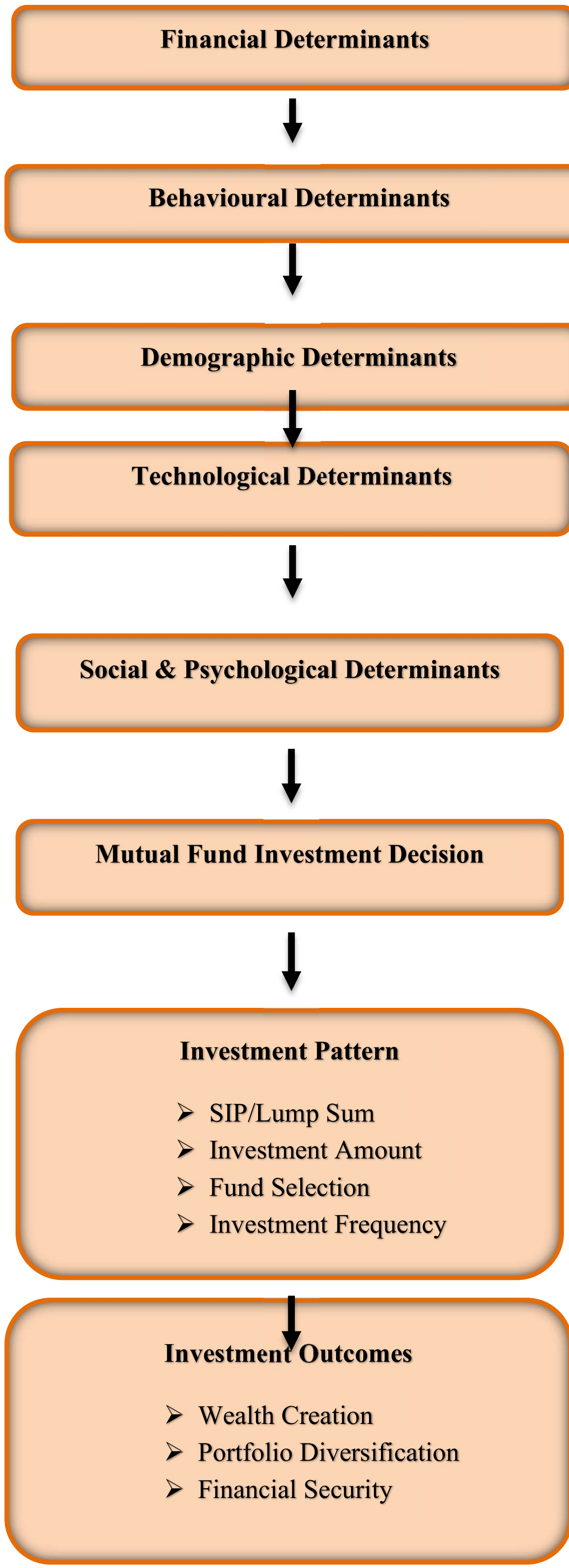
The study is based entirely on **secondary data** collected from:

- Peer-reviewed journal articles
- Books on finance and behavioural economics
- Conference proceedings
- Reports published by SEBI, AMFI, RBI, OECD, and the World Bank
- Scopus, Web of Science, ScienceDirect, Emerald Insight, SpringerLink, Taylor & Francis, Wiley Online Library, and Google Scholar

Method of Analysis

To determine the factors influencing mutual fund investing decisions, the study uses a methodical literature synthesis. To create a thorough conceptual framework, the evaluated literature is thematically analysed and combined with accepted theoretical stances. Conceptual connections and research hypotheses are developed for potential empirical validation based on this synthesis.

CONCEPTUAL FRAMEWORK


Financial Determinants
Behavioural Determinants
Demographic Determinants
Technological Determinants
Social & Psychological Determinants
Mutual Fund Investment Decision
Investment Pattern
SIP/Lump Sum
Investment Amount
Fund Selection
Investment Frequency
Investment Outcomes
Wealth Creation
Portfolio Diversification
Financial Security

4. DISCUSSION

Over the past ten years, the mutual fund business has grown significantly as a result of supporting legislative actions, technology developments, and improved financial knowledge. Due to their consistent income, long-term financial goals, and increasing access to digital investment platforms, working professionals have become one of the most active investor groups. However, rather than being determined by a single element, their investment decisions are influenced by several interrelated factors.

According to the suggested conceptual framework, the basis for making investment decisions is financial literacy. More financial literacy makes it easier for people to assess investment options, comprehend risk-return trade-offs, and create long-term investment plans. However, because decision-making is often influenced by behavioural biases including overconfidence, loss aversion, anchoring, and herd mentality, financial knowledge alone may not necessarily lead to rational investment behaviour.

When making financial decisions, investors frequently rely on emotions and cognitive shortcuts, according to behavioural finance theories. During times of market volatility, these psychological factors become especially important, causing investors to either shun risk or copy the behaviour of other investors.

By making mutual funds more accessible through robo-advisory services, online investment platforms, and mobile applications, technological advancements have completely changed the mutual fund investment landscape. Working professionals may easily access investment information and complete transactions with the help of FinTech products and digital financial literacy. As a result, technology serves as a catalyst that increases investor involvement and makes investments more accessible.

Additionally, individual financial behaviour and risk choices are influenced by demographic factors like age, education, income, occupation, and investment experience. Investment awareness and confidence are also influenced socially by family, coworkers, financial advisors, and online groups.

Working professionals' decisions to invest in mutual funds can be explained holistically by combining these financial, behavioural, technical, demographic, and social aspects. Thus, by providing a thorough model that can be empirically verified in subsequent research, the suggested framework fills a major void in the literature.

5. CONCLUSION

A complex interplay of financial, behavioural, technical, demographic, and psychological factors influences working professionals' decisions to invest in mutual funds. While many of these factors have been studied separately in earlier research, few studies have combined them into an all-encompassing theoretical framework.

By putting forth an integrated framework that synthesises well-known ideas, such as the Theory of Planned Behaviour, Behavioural Finance Theory, Prospect Theory, Modern Portfolio Theory, and the Technology Acceptance Model, this conceptual paper adds to the body of current literature. The framework illustrates how investing decisions in mutual funds are influenced by a variety of factors, including financial literacy, investment experience, risk tolerance, behavioural biases, technological adoption, social impact, and investor awareness.

By identifying the major factors influencing investment behaviour, the suggested framework provides insightful information to researchers, legislators, financial advisors, and mutual fund companies. Additionally, it offers a solid theoretical basis for upcoming empirical investigations that might use quantitative research techniques to validate the suggested links.

It is crucial to comprehend the multifaceted nature of investor decision-making as digital financial services continue to revolutionise investment practices. The methodology created in this study adds to the body of knowledge on behavioural finance and investment management and offers a thorough road map for furthering research on working professionals' mutual fund investing behaviour.

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