Abstract

Mutual fund industry in emerging markets has become highly competitive due to the extraordinary growth being experienced by it in terms of total funds being managed, number of players and choice of new innovative mutual fund schemes being offered to the investors. The highly competitive nature of this industry necessitates that mutual fund marketers must fully understand the investment behaviour of individual investors (hereon investors) to be able to effectively market their mutual fund schemes (hereon MFs). The current state of knowledge about the investor behaviour is found not to be quite satisfactory and in fact it is inadequate when applied to understand the investment behaviour of MF investors. This thesis fills the aforementioned research gap by (a) examining the impact of investors perceived purchase risk, investors’ knowledge and investors purchase decision involvement on their investment behaviour specifically, information search and information processing behaviour; (b) proposing a new comprehensive model of investor behaviour to explain how investors perceived purchase risk, investors’ knowledge and investors purchase decision involvement interact to influence their investment behaviour. The model is proposed based on an in-depth study of related literature on traditional finance, behavioural finance and consumer behaviour and is empirically
validated by studying the investment behaviour of a sample of mutual fund investors. The findings of the study will help the mutual fund industry as well as government agencies charged with regulating the market place in making their marketing and public policy decisions, respectively. Further this study will improve consumer behaviour theory by deepening our understanding of how investors make buying decisions for the intangible financial products.

**Key words:** mutual fund, intangible, investment behaviour, perceived purchase risk, knowledge, purchase decision involvement