RELATIONSHIP BETWEEN PERSONAL FACTORS AND MUTUAL FUND INVESTMENT

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Abstract

The purpose of this study was to study the relationship between personal factors and interesting mutual funds of investors in Pathum Thani Province. The statistics used in the data analysis were descriptive statistics: frequency and percentage, and inferential statistics: Chi-square test. The study found that most of the respondents are female, age between 23-40 years old, graduate a bachelor's degree, work as private company employee, and earn average monthly income of 15,000-30,000 baht. Hypothesis testing results found that personal factors correlating with interesting mutual funds include age, education, income, and occupation. The related organization can differentiate promotion and program design to match with customer's characteristics.

Keywords: Mutual Funds, Investment, Investors

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Introduction

The savings sector is one of the country's major funding sources (Cerda et al., 2020). Financial institutional savings are used to finance the business sector. The large savings level will help businesses make great use of local funding sources. Accordingly, dependence on foreign capital and financial costs of the business will be reduced. In addition to households with a lot of savings, it will help reduce financial problems, and debt problems, and savings can be added to the wealth of personal finances. Savings will be used during critical situations. According to the National Statistical Office, "The results of the 2018 National Household Survey of Thai households found that there are approximately 21.6 million Thai households. The households that have saving money are 15.7 million households or 72.7%. and the other 5.9 million households or 27.3% have no savings. It was found that the number of households with savings in 2018 increased by 6.0% from 2016 (66.7% in 2016 and 72.7% in 2018). Reflecting that over the past two years, the proportion of households has increased their savings.

The bank is an important intermediary between people who have savings and those who want to spend their money. The bank's main transaction remains money saving and financial planning services through financial products (Parlar, 2017). The banking business is more competitive. Banks need to adapt and increase their competitiveness. The design of financial products and services will become more diverse and meet customer needs. In order to encourage more savings and investing in Thai households today, there is a form of savings by depositing money with the bank and saving through mutual funds. Data from the Association of Investment Management Companies shows that the percentage of savings through mutual funds is 44.1%. Banking businesses need to be prepared with investors, either with or without investment experience, who are more interested in saving money through mutual funds. The mutual fund is established by a mutual fund management company, that is the capital manager in accordance with the investment policy stipulated in the prospectus. It is intended for mobilization from small investors. With the issuance of instruments called "Unit Trust". Investing in mutual funds can help reduce investment risks because it will diversify investments in a variety of securities (Riedl & Smeets, 2017). Since mutual funds are managed by a professional manager, investors can choose to invest in funds with a variety of risks that they accept (Ma & Tang, 2019). Mutual funds are therefore an effective tool that helps people with savings to invest in investment systems and receive a return on their investment that is greater than bank deposits. According to the statistics of Thai mutual funds in 2018 by Morningstar Direct, it was found that the fund with the most investment was fixed income fund, with a value of 1.7 trillion Baht, while retirement mutual fund (RMF) showed a slightly increase in growth rate.

However, there are recently obstacles interrupting decision to invest in mutual funds are about the behavior of the buyers including spending habits, income level, expenses as well as personality (O'Neill et al., 2000; Bhavani, & Shetty, 2017; Singal, & Manrai, 2018), which can lead to provide appropriate matching between the buyers and sellers. As a result, the objective of this research is to study the relationship between personal factors and interested mutual funds. The results obtained from

this study can be used to design mutual funds to match the characteristics of personal factors that benefit the mutual fund industry.

Research objective

The objective of the study aimed study the relationship between personal factors and interesting mutual funds of investors in Pathum Thani Province.
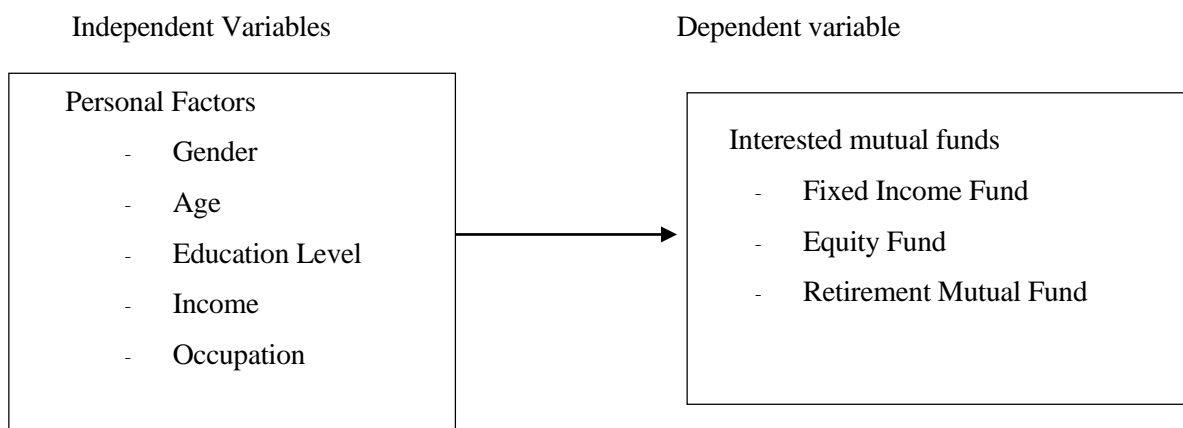
Conceptual framework

Figure 1 Research conceptual framework

Research hypothesis

Hypothesis 1:

Hypothesis 1: Gender is correlated with decision to invest in mutual funds.

Hypothesis 2: Age is correlated with decision to invest in mutual funds.

Hypothesis 3: Education level is correlated with decision to invest in mutual funds.

Hypothesis 4: Monthly income is correlated with decision to invest in mutual funds.

Hypothesis 5: Occupation is correlated with decision to invest in mutual funds.

Literature Reviews

The concept of demography is different demographic factors also behave differently (Bencharongkit, 1999). Marketing segmentation or demographic study is used to find the target group. It can help understand people's age, gender, education level, income, and occupation, which can be used to set a planning and strategies suitable for the behavior of the target audience. According to the demographic factors, gender is one of the factors that is important. Some products or services can use gender to differentiate the needs of consumers because different genders have different attitudes and perceptions. This results in different purchasing decision behaviors. The second variable is age. Profoundly, each type of product and service will be able to meet the needs of consumers of different ages. In addition, the study

of demographic study also reveals the customers' average or monthly income. Indeed, consumer income is a variable that determines the ability to purchase goods and services. Consumers with higher income are more likely to purchase goods and services than lower income consumers. Therefore, income may be used as a rough divider that consumers with similar income levels tend to have similar purchasing behavior. Lastly, education level and occupation can have significant relationship between dependent and independent variables. Importantly, the previous research explores that education level and occupation can contribute to consumers that having different attitudes, perceptions, and purchasing behavior. Adopted to the study of decision to purchase the mutual funds, the demographic factors are significant considered.

For mutual fund investment, there are various funds that have been in focus. These can include fixed income fund, equity fund, and retirement mutual fund. In relation to fixed income fund, it refers to the funds that have been invested in debt securities (Samarbakhsh & Shah, 2021). Meanwhile, equity fund means the principal investment given to stocks which it can be either actively or passively (index fund) managed (Lucas et al., 2019). Lastly, retirement mutual fund refers to the long-term investment promoting savings for having a comfortable life after retirement (Stinson, Doxey & Rupert, 2021).

Based on related research studies, Muhammad (2017) studied the personal factors affecting mutual funds investment. The study found that gender factors influence investment decisions in mutual funds. Females are more likely to invest in mutual funds than males. The difference personal factors in terms of age, occupation, level of education, and the average monthly income have no different in investment decisions for mutual funds. While Kaewket and Sanuthavipha (2017) found that personal factors including gender, age, marital status, education level, monthly income, and the maximum personal income tax base have different levels of decision-making to invest in Bualuang Asset Management's RMF for employees of Bangkok Bank Public Company Limited, Central Region. Furthermore, Waikhru and Subwarobol (2018) studied the factors affecting the average investment decision in retirement mutual funds of citizens in Bangkok and revealed that age was related to investment decisions in RMF, which older people was more likely to invest in RMF. Also, Bongini, and Cucinelli (2019) studied about university students and retirement planning and found that pension knowledge, money management and the highest level of financial literacy positively influence their intention of the university students to invest in a pension fund.

Research Methodology

Population and Sample

The target group of the study is population living in Pathum Thani and nearby provinces. The study period for this research is from November 2019 to March 2020, with questionnaires distributed to 400 people, who is a customer of Bangkok Bank Public Company Limited, from January to February 2020 (Yamane, 1967).

Tools and data collection

For this research, the researchers created a questionnaire by applying the theories and related studies to design questions. After questionnaire was designed, validity tested by related experts in banks and reliability tested by Cronbach's alpha from tryout round were performed. Accordingly, the questionnaire is divided into 2 parts as follows. For Part 1, there is demographic characteristics of the respondents consisting of gender, age, education level, occupation, and average monthly income. Another part is Part 2 containing the investment behavior of Bangkok Bank customers who invest the 3 mutual fund types: Fixed Income Fund, Equity Fund, and RMF. In data collection, the designed questionnaire sets were distributed to 400 customers who conduct financial transactions at Bangkok Bank, which convenient sampling method was employed.

Data Analysis

Once the data was collected, it was then analyzed by using descriptive statistics: frequency, and percentage. The hypothesis was tested by Chi-square.

Research Results

Table 1 Demographic characteristics of the sample

Demographic characteristics	Number (people)	Proportion (%)
1. Gender		
Male	193	48.25
Female	207	51.75
2. Age		
23 - 40 years old	196	49.00
41 - 55 years old	157	39.25
Above 55 years old	47	11.75
3. Education Level		
Senior high school or equivalent	24	6.00
Diploma or equivalent	55	13.75
Bachelor's degree	230	57.50
Higher than Bachelor's degree	91	22.75
4. Occupation		
Student	22	5.50
Civil servants / state employees / state enterprise employees	74	18.50
Private company employee	165	41.25
Business Owner / Self-employed	122	30.50
Others	17	4.25

Table 1 Demographic characteristics of the sample (Cont.)

Demographic characteristics	Number (people)	Proportion (%)
5. Average monthly income		
Less than 15,000 baht	35	8.75
15,000-30,000 baht	195	48.75
30,001-50,000 baht	71	17.75
More than 50,000 baht	99	24.75
Total	400	100.00

From Table 1, it was found that of the sample group 400 people were mostly female (51.75%), aged between 23-40 years old (49%), graduated from bachelor's degree (57.50%), were married (65%), worked in private companies (41.25%), and earned 15,000-30,000 baht per month (48.75%).

Hypothesis Testing Result

Hypothesis 1: Gender is correlated with decision to invest in mutual funds.

Table 2 Analysis of the relationship between gender and decision to invest in mutual funds

Gender	Mutual fund type			Total
	Fixed Income Fund	Equity Fund	RMF	
Male	68	63	60	191
	35.6%	33.0%	31.4%	100.0%
Female	68	83	58	209
	32.5%	39.7%	27.8%	100.0%
Total	136	146	118	400
	100.0%	100.0%	100.0%	100.0%

Sig. = 0.374

$X^2 = 1.968*$

* Statistical significance at level 0.05

From Table 2 analyzing the relationship between gender and decision to invest in mutual funds, the result indicated that there is no correlation between gender and investment in mutual funds because Sig value is higher than 0.05.

Hypothesis 2: Age is correlated with decision to invest in mutual funds.

Table 3 Analysis of the relationship between age and decision to invest in mutual funds

Age	Mutual fund type			Total
	Fixed Income Fund	**Equity Fund**	**RMF**	
23 - 40 years old	93	87	18	198
	47.0%	43.9%	9.1%	100.0%
41 - 55 years old	39	56	60	155
	25.2%	36.1%	38.7%	100.0%
Over 55 years old	4	3	40	47
	8.5%	6.4%	85.1%	100.0%
Total	136	146	118	400
	100.0%	100.0%	100.0%	100.0%

Sig. = 0.0000

$X^2 = 118.703*$

From Table 3 analyzing the relationship between age and decision to invest in mutual funds, the result indicated that there is correlation between age and investment in mutual funds because Sig value is lesser than 0.05.

Hypothesis 3: Education level is correlated with decision to invest in mutual funds.

Table 4 Analysis of the relationship between education level and decision to invest in mutual funds

Education level	Mutual fund type			Total
	Fixed Income Fund	**Equity Fund**	**RMF**	
Senior High school or	11	9	4	24
equivalent	45.8%	37.5%	16.7%	100.0%
Diploma or	25	12	17	54
equivalent	46.3%	22.2%	31.5%	100.0%
Bachelor's degree	86	104	42	232
	37.1%	44.8%	18.1%	100.0%
Higher than	14	21	55	90
Bachelor's degree	15.6%	23.3%	61.1%	100.0%
Total	136	146	118	400
	100.0%	100.0%	100.0%	100.0%

Sig. = 0.0000*

$X^2 = 66.855$

From Table 4 analyzing the relationship between education level and decision to invest in mutual funds, the result indicated that there is correlation between education level and investment in mutual funds because Sig value is lesser than 0.05

Hypothesis 4: Monthly income is correlated with decision to invest in mutual funds.

Table 5 Analysis of the relationship between monthly income and decision to invest in mutual funds

Monthly income	Mutual fund type			Total
	Fixed Income Fund	**Equity Fund**	**RMF**	
Less than 15,000 Baht per month	32	3	2	37
	86.5%	8.1%	5.4%	100.0%
15,000-30,000 Baht per month	86	81	27	194
	44.3%	41.8%	13.9%	100.0%
30,001-50,000 Baht per month	17	58	55	130
	13.1%	44.6%	42.3%	100.0%
More than 50,000 Baht per month	1	4	34	39
	2.6%	10.3%	87.2%	100.0%
Total	136	146	118	400
	100.0%	100.0%	100.0%	100.0%

Sig. = 157.945*

X^2 = 0.0000

From Table 5 analyzing the relationship between monthly income and decision to invest in mutual funds, the result indicated that there is no correlation between monthly income and investment in mutual funds because Sig value is higher than 0.05.

Hypothesis 5: Occupation is correlated with decision to invest in mutual funds.

Table 6 Analysis of the relationship between occupation and decision to invest in mutual funds

Occupation	Mutual fund type			Total
	Fixed Income Fund	**Equity Fund**	**RMF**	
Student	20	2	0	22
	90.9%	9.1%	0.0%	100.0%
Civil servants / state employees / state enterprise employees	41	16	17	74
	55.4%	21.6%	23.0%	100.0%
Private company employee	49	95	22	166
	29.5%	57.2%	13.3%	100.0%

Table 6 Analysis of the relationship between occupation and decision to invest in mutual funds (Cont.)

Occupation	Mutual fund type			Total
	Fixed Income Fund	**Equity Fund**	**RMF**	
Business Owner / Self-	26	33	62	121
employed	21.5%	27.3%	51.2%	100.0%
Other	0	0	17	17
	0.0%	0.0%	100.0%	100.0%
Total	136	146	118	400
	100.0%	100.0%	100.0%	100.0%

Sig. = 0.0000*

$X^2 = 151.286$

From Table 6 analyzing the relationship between occupation and decision to invest in mutual funds, the result indicated that there is correlation between occupation and investment in mutual funds because Sig value is lesser than 0.05.

Discussion of Research Findings

From the study of the relationship between personal factors and mutual funds with sample of 400 people in Pathumthani Province and nearby areas, he result found that age, education and occupation had relationship with decision to invest in different mutual funds. Here, the funds can be divided into 3 types, namely, fixed income funds, equity funds, and retirement mutual funds. People under 40 years old would mostly choose to invest in fixed income funds, while those over 40 years old would choose to invest in RMFs. Consequently, it was shown that people over 40 years old were more interested in saving for retirement than those under 40 years old. According to research of Waikhru and Subwarob (2018), the study indicated that the older groups would be interested in investing in RMFs. Furthermore, the people with an undergraduate education would choose to invest the most in fixed income funds, while those with a higher degree of education would choose to invest the most in equity mutual funds. This may be because investment in equity mutual funds carries more investment risks than fixed income funds and RMF, as well as having a wide variety of investment policies. This resulted in a group of low-risk investors choosing to invest in fixed income funds and RMFs, rather than equity funds, which were people over 40 years of age with undergraduate education.

When analyzing occupational factors, it was found that group of students and civil servants are mostly interested in fixed income funds. Private company employees are mostly interested in equity funds. Business owner/self-employed are mostly interested in RMFs. The result indicated that different occupations would choose to invest in different funds. The fixed income funds are suitable for investors who can accept low risk, interesting the student group and government officials to tend to choose the fixed income funds. The equity funds are more suitable for investors who can accept more risks. This

is because a group of private company employees are most interested in investing in equity funds, which give higher return. In the meantime, RMF is mostly suitable for investors who want to accumulate savings for retirement, it is of the greatest interest to the self-employed group. This may be due to the uncertain nature of the high-income occupation. This has led to the need for this professional group to find a savings plan that will help make money spent happily after retirement. The study is consistent with Kaewket and Sanuthavipat (2017) found that personal factors including gender, age, marital status, education level, monthly income, and the maximum personal income tax base have different levels of decision-making to invest in Bualuang Asset Management's RMF for employees of Bangkok Bank Public Company. However, the study done by Bongini, and Cucinelli (2019) who revealed that recently the university students are also interested in retirement planning. The students now want to be millionaire and have sufficient money when they retire after work. Therefore, if retirement planning is well planned for the students can be also interesting.

The analysis of income factors found that those earning less than 30,000 baht per month are most interested in investing in fixed income mutual funds. The people earning 30,001-50,000 Baht per month are most interested in investing in equity mutual funds. Those earning more than 50,000 Baht per month are most interested in investing in RMF mutual funds. Therefore, different professions result in different mutual fund choices.

Suggestions

Suggestions from the study

From the study, the results indicated that personal characteristics including age, education, and occupation have relationship with investment decision in mutual funds. Therefore, this study can suggest that the related organization should design the programs and promotion related to the mutual funds that can respond the different age, education, and occupation. When there are more varieties of payment into the fund, the customers will have more choices to compare and choose the best ones matching with their wants.

Suggestions for future research

In addition to personal factors that affect the selection of different types of mutual funds, there are other interesting factors that can affect the selection of different types of mutual funds. These factors perhaps include the marketing mix factors, risk factors, risk acceptance, as well as attitudes and incentives towards the return on investment. Moreover, the future research can consider using other research approaches such as interview technique, focus group and other in order to deeper insights of customers' behaviors. Lastly, this study focused only in single area which the future study can expand the samples so that the result can be compared and its related knowledge can be generalized.

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