

A Conceptual Model of Trust, Perception, Attitude, Awareness and Investor Behaviour in Mutual Funds

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ABSTRACT

Purpose: The special dynamics and factors affecting investment behaviour in SBI mutual funds are examined in this conceptual work. The study aims to comprehend how investor views, trust, and awareness levels influence financial decisions in India.

Originality: This study focuses on SBI Mutual Funds in relation to a significant public sector financial organization. In contrast to general mutual fund research, it connects investor behaviour in an emerging market with institutional reputation.

Methodology: The study uses a conceptual analytical framework based on financial services trust and the Theory of Planned Behaviour. With the help of secondary data reports pertaining to SBI Mutual Funds, it summarises the literature on investor perception, socioeconomic factors, and institutional trust.

Results: A favourable opinion of SBI's mutual funds is mostly shaped by investor confidence in the company's governance and brand. Investor confidence is increased via awareness, streamlined investing procedures, and transparency. Perceptions are moderated by socioeconomic factors like income, education, and age. Participation is encouraged by SBI's inherent trust advantage as a government-backed organization.

Keywords: Mutual fund investing, financial inclusion, institutional reputation, investor trust, perception, planned behaviour, and behavioural finance.

INTRODUCTION

The banking and financial industries are built on trust. Public sector banks in India are traditionally linked to institutional legitimacy, stability, and sovereign assurance. As the biggest public sector bank in the country, the State Bank of India (SBI) holds a special and commanding position in influencing investor confidence and financial behaviour across a wide range of socioeconomic and demographic categories.

On June 29, 1987, the State Bank of India created SBI Mutual Fund (SBIMF) as a Trust, with SBI Mutual Fund Trustee Company Private Limited acting as Trustee in accordance with the Indian Trust Act, 1882. The fund was formally registered with SEBI on December 23, 1993, in accordance with the Registration Act of 1908. An Asset Management Company (AMC), a Trustee, and a Sponsor, all of which are registered with SEBI, make up the three-tier structure of a mutual fund. SBIMF is governed by the Investment Management Agreement (IMA), which was created in 1993 and later modified to take into account the changing regulatory environment. Investor expectations have changed dramatically due to the growing competition from digital service providers, fintech platforms, and private banks. Traditional ideas of institutional trust are now complemented by digital interfaces, transparency and service effectiveness. In relation to SBI Mutual Funds, this article investigates how investors build, maintain, and occasionally recalibrate trust and how these dynamics affect investment behaviour. More precisely, this study aims to: (1) investigate how investor trust, perception, and awareness affect investment choices concerning SBI Mutual Funds; and (2) investigate how socioeconomic variables like age, income, and education act as moderators in the relationship between trust, perception, and behaviour. In order to explain mutual fund investing behaviour in the Indian context, the study builds an integrated conceptual understanding of institutional trust theory and behavioural finance.

2. Literature Review

2.1 Investor Behaviour and Mutual Fund Performance

According to Zhi Da, Pengjie Gao, and Ravi Jagannathan (2011), a mutual fund's ability to choose stocks is multifaceted and may be broken down into components related to liquidity provision and liquidity-absorbing impatient trading. Their main conclusion—that previous performance is a reliable indicator of future performance for funds that are more susceptible to information-driven events—has important ramifications for how astute investors evaluate fund managers. The persistence of managerial skill is demonstrated by the risk-adjusted excess returns of roughly 35 basis points per month after fees generated by previous winner funds.

Complementary insights on the behavioural aspects of individual investors were provided by Barber and Odean (2013). The "disposition effect" (keeping losing stocks too long while selling winners too soon), the significance of "limited attention" in stock selection, and the systematic underperformance of individual investors in comparison to benchmark indices were all uncovered by their research. They pointed out the risks associated with undiversified portfolios and emphasised how investment decisions are frequently influenced by behavioural biases rather than logical reasoning.

2.2 Investment Decisions Using the Theory of Planned Behaviour (TPB)

Through the interaction of attitude, subjective norms, and perceived behavioural control, the Theory of Planned Behaviour (TPB) offers a strong foundation for comprehending investment intentions. Warsame and Ileri (2016) used TPB to investigate behavioural intents on the use of Sukuk in Qatar. They discovered that attitude was a substantial and positive predictor of behavioural intent, highlighting the importance of favourable assessments in influencing financial decisions.

By adding prior behaviour and financial knowledge as extra factors influencing individual investor decision-making, Raut (2020) expanded the TPB framework. This improvement recognises that investment habits are shaped by past experience and financial knowledge in ways that may not be fully captured by pure attitudinal measurements. In order to further apply TPB to socially responsible investment (SRI) in India, Jonwall, Gupta, and Pahuja (2022) used binary logistic regression to determine the behavioural and psychological elements driving SRI behaviour among individual investors.

2.3 Trust in Banking Organisations

Van van Crujisen, De Haan, and Roerink (2021) distinguished between broad-scope trust (universal trust in the financial system) and narrow-scope trust (trust in particular institutions or their management). According to their findings, there is a positive correlation between narrow-scope and broad-scope trust, and narrow-scope trust routinely outperforms broad-scope trust. This suggests that great trust in a particular institution, such as SBI, can contribute to larger systemic confidence. Importantly, increased trust in prudential supervisory bodies and institution management was linked to improved financial literacy.

A complex "hump-shaped" link between trust and economic performance was postulated by Butler, Giuliano, and Guiso (2016). They suggested that while those with calibrated trust levels perform better, those with very high trust levels may take excessive risks. This directly affects SBI investors, who can undervalue performance factors by relying too much on the bank's standing as a safety proxy.

In the context of digital transformation, Aracil et al. (2025) investigated the changing importance of trust in financial inclusion. They found that the classic trust-inclusion relationship has undergone five major changes as a result of digital finance: changes in perceived risks, new intermediaries, shifts in trust sources, and changes in user empowerment. Their theory is especially useful for comprehending how traditional trust connections with mutual fund investors may be strengthened or undermined by digital SBI platforms.

2.4 The "Trust Premium" and Institutional Reputation

The identification of a "Trust Premium" connected to SBI's brand legacy is an important conceptual contribution in the context of mutual funds (Kothari & Warner, 2001; Malhotra & McLeod, 1997). The "Halo Effect", in which the parent institution's (State Bank of India) reputations permeates its mutual fund offerings, is the cause of this trust premium. Particularly in times of market instability, investors sometimes view SBI Mutual Funds as a "sovereign proxy", similar to low-risk securities like gold or fixed deposits. In contrast to traditional performance-focused research that relies solely

on NAV measurements, this "safety moat" dynamic implies that retail investors may accept weaker short-term returns if the institution's safety and governance integrity are preserved. This preference for stability over immediate gains highlights a broader trend among investors who prioritise security during uncertain market conditions. Consequently, mutual funds offered by reputable institutions are increasingly regarded as a safe haven, instilling a sense of confidence that can significantly impact investment decisions.

2.5 Investor Decision-Making, Socioeconomic Factors, and Awareness

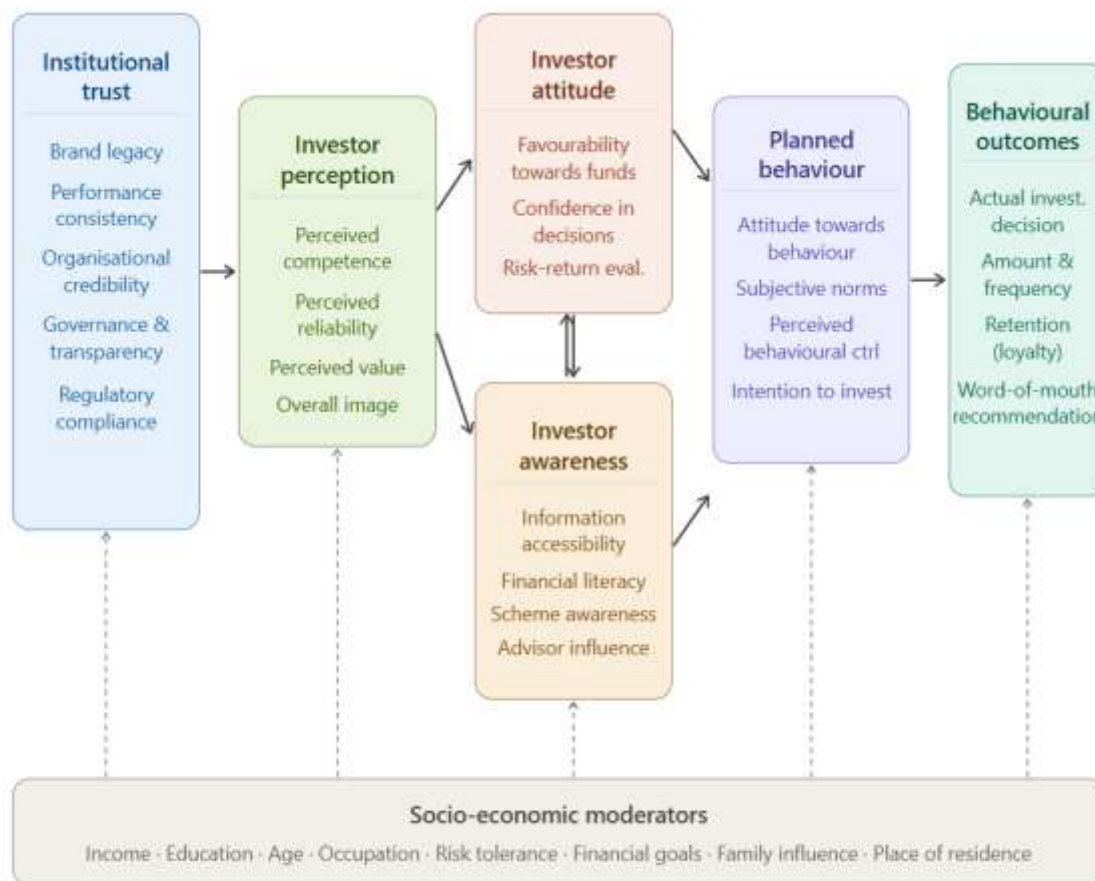
In the Malaysian context, Shafee (2018) demonstrated that investor awareness is a key factor for determining rational, informed investment decisions. Better access to financial information helps investors to evaluate risk-return trade-offs more effectively. Absence of awareness restricts portfolio diversification through promoting reliance on informal advice and traditional investment instruments, which can lead to suboptimal investment choices and increased vulnerability to market fluctuations. Income level, expected returns, risk perception and financial literacy are key factors that were identified.

In an empirical analysis of mutual fund expenses, Malhotra and McLeod (1997) found that investors who focus on performance standards tend to overlook the uniformity and predictability of fund charges. In the absence of consistently better performance, they advise investors to give low-cost funds priority—a conclusion that links expense transparency to investor trust and decision quality.

In a critical review of trust in risk perception, Siegrist (2019) found that the nature and importance of trust change depending on hazards and respondent groups. Causal inference is constrained in an over-reliance on survey-based trust measures, suggesting the need for more complex methodological approaches in financial trust research.

3. Conceptual Framework

To develop a coherent and explanatory model of investment actions in SBI Mutual Funds, the conceptual framework comprises four main dimensions: institutional trust, investor perception, planned behaviour, and socio-economic moderators. Each dimension, as detailed below, is grounded in theory and interrelates with the others.



1. Institutional Trust

This forms the foundation. It refers to the level of confidence that investors place in the mutual fund organisation.

Brand heritage → An older and established brand garners more trust.

Performance reliability → Mutual funds with consistent performance increase investor trust.

Organisational prestige → An organisation with a positive reputation gains credibility.

Governance and transparency → Good governance practices enhance trust.

Regulatory compliance → Adherence to regulatory laws boosts investor confidence.

2. Investor Perception (What investors think)

Perceived Competence → Does the investor think that the firm is competent?

Perceived Reliability → Is the firm reliable all the time?

Perceived Value → Is the investment worthy of its price?

Overall Image → How is the reputation of the mutual fund?

3. Investor Attitude (Attitude of Investors)

It describes the emotions and attitude of investors concerning mutual funds.

Preference for funds → Are they positive about mutual funds?

Decisions → Are they confident with their decisions to invest?

Risk-reward assessment → Are they convinced that risks are worthwhile?

4. Investor Knowledge (Awareness level)

This refers to the knowledge level of the investors.

Information accessibility → Availability of information.

Financial literacy → Understanding of financial terms.

Scheme awareness → Types of Mutual Fund schemes available.

Advisor influence → Guidance by an expert or an agent.

5. Relationship between Attitude and Awareness

There is an interrelationship between awareness and attitude.

An increase in awareness leads to positive changes in attitude.

6. Decision Preparation

The stage at which investors prepare themselves for making decisions whether or not to invest.

Attitude towards behaviour → Individual's attitude towards investing

Subjective norm → Influence of friends, family, and society on investor

Perceived behavioural control → Ease or difficulty in investing

Investment intention → Intention to invest.

7. Behavioural Outcomes (Final behaviour)

This indicates what investors really do.

Investment decision made → Are they going to invest or not?

Investment amount and frequency → How much they invest and how often

Retentive behaviour → Are they going to retain that kind of investment?

Recommendation → Are they going to recommend others for that kind of investment?

8. Socioeconomic Moderators (Environmental influences)

They influence the entire process of the model.

Income → Greater income level → Higher ability to invest

Level of Education → Higher education level → Greater understanding

Age → Age differences determine behavioural differences

Occupation → Occupational differences influence investments

Tolerance to risk → Differences in risk-taking

Financial objectives → Investment for saving/retirement/profit making

Influence of family → Family influences decision-making

Residence → Differences between urban and rural investors.

3.1 Trust as the Foundational Dimension

Trust in SBI Mutual Funds is deeply embedded in SBI's institutional legacy as the largest public sector bank in India, not solely an individual psychological construct. Three pillars backing this trust: (i) government backing, which provides implicit sovereign trust; (ii) corporate governance, including fiduciary responsibility and SEBI compliance; and (iii) a long-standing market reputation built up over decades of consistent service. The resulting institutional trust creates a disposition toward investment that operates even in environments that have low literacy or awareness.

3.2 Perception as a Mediating Construct

At the intersection of objective product features and subjective evaluations, investor perception is formed. A wide variety of scheme choices (equity, debt, and hybrid), the perceived safety of capital, ease of onboarding, and the transparency of fee structures and NAV disclosures all contribute to SBI Mutual Funds' favourable perception profile. Perception is followed by trust: investors that have trust in a business tend to view its products more favourably, even if there is limited product knowledge.

3.3 Theory of Planned Behaviour as the Behavioural Bridge

The Theory of Planned Behaviour highlights the interconnection between perception and action. Investment intentions and subsequent behaviours can be influenced by a range of

subjective norms, including the perspectives of family, peer groups, and financial advisors. Additionally, the attitude towards investing in SBI Mutual Funds is shaped by factors such as perception and trust. Perceived behavioural control, which encompasses financial capacity, platform accessibility, and procedural ease, also plays a crucial role. This framework effectively captures both the cognitive and social dimensions of the investment decision-making process.

3.4 Socio-Economic Factors as Moderators

The moderating variables such as age, income, and education affect how perception and trust translate into investment decisions. Older investors may put more importance on institutional reputation, as they usually associate SBI with long-standing reliability. Younger investors are aware of platform user experience and service efficiency since they grew up in a digital environment. Greater financial literacy is linked to higher education levels, which in turn strengthens trust and sharpens perception of risk-return trade-offs. While lower-income people may rely more on the safety perception associated with SBI's government backing, higher income levels improve both the capacity and willingness to invest.

4. Methodology

4.1 Research Approach

The study uses a conceptual-analytical structure grounded in qualitative approach. Instead of generating fresh empirical data, the paper combines and re-analyses existing literature and theoretical models to create an integrated framework for understanding how SBI Mutual Funds impact investor trust and perception.

4.2 The Trust Premium and Halo Effect

The exploratory analysis of the institutional dynamics emphasises the importance of what is referred to as the "SBI Trust Premium". The case of SBI Mutual Funds is different because of the reputational asymmetry resulting from the mutual

funds' association with the largest public sector bank in India, while private sector mutual funds mainly depend on reputation and experience, which in turn are based on performance record and technology experience. This reputational premium depends on the halo effect; that means the fund management process is given credibility by the highly reputable SBI brand.

Operations even if investors don't know much about how funds are managed. The implication

is behavioural: investors who see SBI Mutual Funds as a "sovereign proxy", like government bonds or fixed deposits, show what could be called "safety moat" behaviour, where short-term underperformance is fine as long as the perception of institutional safety stays the same. This aligns more closely with behavioural finance models that emphasise reference-point dependence and loss aversion, rather than traditional monetary assumptions of performance-maximising rational agents.

4.3 Trust-Perception Pathway Analysis

A conceptual map for the trust-behaviour connection will lead us to the existence of three investor types depending on their levels of trust and awareness:

- 1) High Trust & High Awareness Investors: Investors with high levels of financial literacy who can be expected to be old and have trust in institutions along with knowledge of products. They are expected to have diversified portfolio of SBI funds.
- 2) High Trust & Low Awareness Investors: This is one large group of investors, mostly semi-urban and rural, which invests in SBI funds based on their sense of security due to the brand name without having adequate knowledge about how those funds work. It is the easiest target for the Safety Moat Effect.
- 3) Low Trust & High Awareness Investors: This group of investors tends to be younger and compares SBI funds with other private and international funds available. In this case, factors like performance data, digital interface usability, and service responsiveness become important for building trust.

4.4 Digital Transformation and Trust Recalibration

The emergence of digital mutual funds via applications of SBI itself, registered distributors under AMFI, and fintech intermediaries has created newer vectors of trust that coexist with the prevailing institutional trust environment. Digital trust depends on factors like system reliability, data security, algorithmic transparency, and responsiveness in handling customer complaints. According to Rafina et al. (2024), technology perception and complaints management play a vital role in digital banking acceptance and can be extrapolated to apply to digital mutual funds.

SBI Mutual Funds will benefit from the digital revolution by leveraging institutional trust among new investors through easy access through digital platforms and building confidence among old investors through real-time reporting of NAVs, dashboard performance analysis and dispute resolution mechanisms. If there is any failure in digital services, reputation trust will be lost faster than the impact of poor performance in the conventional modes of investment.

4.5 Socioeconomic Segmentation and Moderating Effects

Exploratory study on socioeconomic variables identifies varied trust-investment behavior relationships among different demographic groups. For the older segment of investors (investors aged 45 years and above), there is a strong relationship between institutional trust and investment behavior. This is because of the historical reputation of SBI that plays a key role in decision making. The middle-age segment of investors (investors aged between 30-45) uses institutional trust along with performance evaluation for making decisions.

This is because of increased financial literacy among middle-aged investors and the competitive environment. Education acts as a moderator for the awareness-perception relationship because educated investors perceive transparency signals better than less educated ones. Similarly, income acts as a moderator for the behavioural outcome. High income investors

use multiple types of SBI investment schemes while lower income investors go for safer investment schemes like liquid schemes and monthly income plans.

5. Findings and Discussion

It can be seen from the findings that institutional reputation and credibility of governance are the major precursors of investor trust in SBI Mutual Funds, both through cognition (based on awareness) and affect (based on trust). Cognition about fund features, charges, and modes of investment helps in increasing behavioural control and thus enhances the intention to invest in line with the theory of planned behaviour.

This study's identification of Trust Premium and Halo Effect provides a theoretical insight into understanding the reason behind how SBI Mutual Funds are able to attract investors despite competition and short-run performance issues. The significance of the study lies in its ability to distinguish itself from performance-based studies on mutual funds by focusing on institutional trust from the perspective of behavioural finance. Age is an important socio-economic moderator of trust building in a predictable yet under-researched way. While older customers value consistency provided by SBI, younger customers communication is much more effective for reinforcing trust than mass communication.

SBI needs to keep its establishment trust competitive in face of digital transformation by serving customers reliably, securely storing their data, and being responsive to them. SBI's safety moat secured by the government does not naturally occur in digital channels and must be created intentionally through providing positive digital experiences to customers.

6. Conclusion and Future Research Directions

This conceptual document establishes that the most important organizing construct in developing a framework of investment behaviour towards SBI Mutual Funds is trust. Based on this, institutional reputation, investor awareness, transparency, and socioeconomic variables serve to shape the multi-layered overall perception structure for mutual fund participation. The three primary theoretical contributions identified in this paper are: (1) the identification and conceptual foundation of the SBI Trust Premium, along with its behavioural impact; (2) an archetype approach to categorizing investors as a function of their level of trust and investor awareness; and (3) a discussion regarding how the digital transformation generates new forms of trust which have different impacts than those created by historically established institutional returns.

The following paths can be considered as a future direction of research. First of all, large scale empirical study can be performed with the help of mixed methodology, which means performing surveys with the help of Likert-type scales along with econometric analysis of behaviour. With this approach, the suggested connections can be tested in practice in various regions and different social groups of investors. Second, one may perform longitudinal study, which means tracing the changes in perception and trust during changing market situation to find out how institutional trust manifests itself during periods of poor results of mutual funds, and also to create database regarding institutional trust under changes in regulation. Third, controlled experiment similar to behavioural economy experiments can be performed to find out what exactly causes the Halo Effect during investors' decision making. Finally, comparative analysis can be conducted for state sponsored mutual funds (SBI, UTI, LIC) and similar mutual funds from private sector.

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