

Brand Trust and Investor Confidence in Mutual Funds: A Study of Perceptions Among AMC Staff and Mutual Fund Distributors

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Abstract –

Trust plays a central role in how people choose mutual funds, especially in a market as crowded and complex as India's. This study explores how the reputation of an Asset Management Company (AMC) shapes investor confidence, based on insights from those who work closest to investors: Mutual Fund Distributors (MFDs) and AMC sales professionals. A survey of 36 experienced respondents reveals that well-known AMCs enjoy a clear trust advantage, making their funds easier to recommend and reducing the effort required to reassure clients. However, the findings also show that strong branding alone is not enough to retain investors in the long run—consistent performance and the quality of the distributor-client relationship matter even more. The study highlights how smaller and newer AMCs can build credibility by focusing on transparency, sustained performance, and deeper engagement with distributors. Overall, the research shows that while brand reputation helps open the door, long-term trust must be earned continuously through results and relationships.

Key Words: Asset Management Company (AMC), Mutual Fund trust, Performance-Trust Relationship, Perceived Credibility, Mutual Fund Distributor (MFD)

INTRODUCTION

In today's financial landscape, trust and reputation are just as important to investors as performance and returns. This is especially true for retail investors, who often find financial products complex, intangible, and difficult to assess on their own. Unlike physical goods—where quality can be evaluated directly—investment products depend heavily on the credibility of the institution managing them. As a result, the reputation of an Asset Management Company (AMC) becomes a crucial factor in shaping investor comfort and confidence. A well-established brand not only signals stability and professionalism but also helps reduce the perceived risks associated with investing.

The Indian mutual fund industry illustrates this dynamic particularly well. Over the past two decades, the industry has expanded rapidly, becoming one of the most significant avenues for channelling household savings into capital markets. As of July 2025, India hosts 53 AMCs managing a combined AUM of

over ₹75.36 lakh crore, alongside more than 22 crore investor folios. This growth has brought with it an explosion of choice: across these fund houses, investors can choose from more than 1,500 open-ended schemes spanning equity, debt, hybrid, thematic, and index categories. While this variety is beneficial, it often leads to confusion—many retail investors struggle to compare schemes, evaluate risks, or judge long-term performance. In such situations, the AMC's brand name becomes a quick and powerful proxy for quality and safety. Within this ecosystem, Mutual Fund Distributors (MFDs) and AMC sales professionals play a pivotal role. MFDs work directly with investors, helping them understand products and guiding their decisions. AMC sales staff, in turn, support distributors by explaining the fund house's strengths, processes, and offerings. Because these intermediaries act as the bridge between investors and fund houses, their perceptions of brand reputation deeply influence the ease with which funds are recommended and accepted. A strong AMC brand often makes recommendations smoother, while a lesser-known name may require more explanation, reassurance, and effort.

Brand reputation in the mutual fund industry therefore goes far beyond marketing. It encapsulates trust built through regulatory compliance, governance quality, fund performance, service standards, and the consistency with which investors have been treated over time. Established AMCs benefit from this accumulated goodwill, whereas newer or smaller AMCs often face the challenge of earning credibility and overcoming investor hesitation.

This study explores how AMC brand reputation shapes investor confidence by drawing on the experiences of those who interact with investors daily—AMC staff and MFDs. Their insights help build a clearer understanding of how branding influences fund recommendations, client trust, and the competitive dynamics between large and emerging AMCs in the Indian mutual fund industry.

Objectives of the Study

1. To examine the importance of AMC brand reputation in influencing investor decisions and trust.
2. To analyze whether large, established AMCs enjoy an advantage over smaller/newer AMCs in terms of investor acceptance.

3. To evaluate if brand reputation reduces distributor effort and client hesitation in recommending mutual funds.
4. To identify key factors and strategies that help smaller AMCs build credibility and investor confidence.

Research Methodology

1. Research Design

The study has been designed as a descriptive field survey. The objective was to capture perceptions regarding the role of AMC brand reputation in building investor confidence, as observed by two categories of market intermediaries. A structured questionnaire formed the core of the research tool, enabling systematic collection of primary data. Responses were analyzed using simple statistical techniques to identify common patterns and differences across respondent groups. The descriptive nature of the design makes it appropriate for understanding trends and opinions without attempting to establish causal relationships.

2. Sample and Respondents

The survey targeted two major groups who interact closely with investors in the mutual fund industry: A) AMC Staff – professionals employed in the sales and distribution departments of Asset Management Companies. Their perspective reflects how brand reputation assists in promoting schemes and building long-term inflows. B) Mutual Fund Distributors (MFDs) – independent distributors and advisors who directly recommend funds to investors. Their feedback highlights client behavior, hesitation, and reliance on AMC branding.

A total of 36 respondents were surveyed, including 18 AMC staff and 18 MFDs. The selection of respondents was based on convenience and accessibility, as well as the willingness of individuals to participate. The sample was therefore one of judgmental and convenience sampling, appropriate for exploratory, perception-based studies of this kind. While not statistically representative of the entire population, the responses provide meaningful insights into prevailing industry perceptions.

3. Research Instrument

The research instrument was a structured questionnaire designed to capture both common and category-specific views. It was divided into two main sections: A) Common Section – answered by all respondents, covering questions on the importance of brand reputation, investor trust, advertising/media presence, brand influence on retention, and strategies for smaller

AMCs.

B) Category-Specific Add-Ons – tailored to each group: AMC Add-On: focused on distributor hesitation, inflows into flagship schemes, and whether large AMCs enjoy lasting advantages purely due to brand trust.

MFD Add-On: included questions on approximate AUM handled, allocation to top AMCs, client hesitation with smaller AMCs, and the role of commissions or margins in recommendations.

Most questions used Likert-type scales (Strongly Agree to Strongly Disagree, Always to Never, etc.), allowing respondents to indicate intensity of opinion. Multiple-choice and categorical questions were also included to capture specific practices and experiences. This design ensured that the instrument was both structured and flexible enough to reflect the diversity of views.

4. Data Collection and Analysis

Primary data was collected through hand-filled questionnaires administered to the two categories of respondents. All responses were subsequently compiled and tabulated in a systematic manner to ensure consistency. For analysis, the responses were coded and converted into numerical form where applicable (e.g., Likert scale values) to enable quantification. The study employed descriptive statistical tools such as frequency distributions and percentage analysis to interpret the data. The results have been presented through bar charts, pie charts, and comparative graphs to provide a clear visual understanding of the findings. This method not only highlights the overall distribution of responses but also facilitates comparison between AMC staff and MFD perceptions. To make the charts, Microsoft Excel has been used.

Data Analysis

The responses collected from AMC staff and Mutual Fund Distributors (MFDs) have been compiled and analyzed to evaluate the objectives of this study. The analysis is presented in three parts:

- Common Section – responses to questions asked to both AMC staff and MFDs.
- AMC-Specific Section – responses unique to AMC representatives.
- MFD-Specific Section – responses unique to distributors and advisors.

Most questions were structured on a Likert scale (e.g., Strongly Agree to Strongly Disagree), along with categorical and multiple-choice questions. For clarity, the data has been converted into percentages and represented through bar charts and pie charts. Each chart is followed by an interpretation, highlighting patterns and implications for investor confidence.

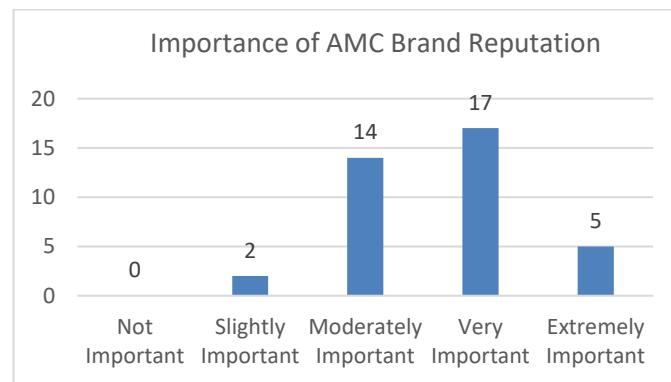
Profile of Respondents

A total of 36 responses were collected for this study, comprising 18 Mutual Fund Distributors (MFDs) and 18 AMC staff members. The AMC respondents represented diverse designations, ranging from Junior Relationship Managers to Regional Heads – Sales and Vice Presidents – Sales, thereby reflecting views from both junior and senior levels of the sales hierarchy.

The survey sample was also highly experienced in the mutual fund industry. Out of the 36 respondents, 28 individuals had more than 10 years of experience, 5 had between 6–10 years, 1 had 2–5 years, and only 2 respondents had less than 2 years of experience. This indicates that the findings are drawn largely from seasoned professionals with long-term exposure to investor behavior, distribution practices, and AMC brand dynamics.

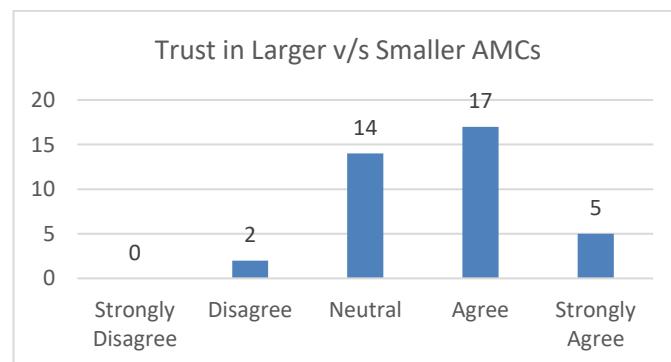
Common Questionnaire: 36 respondents each question

Data 1: Importance of AMC Brand Reputation in Influencing Investor decisions



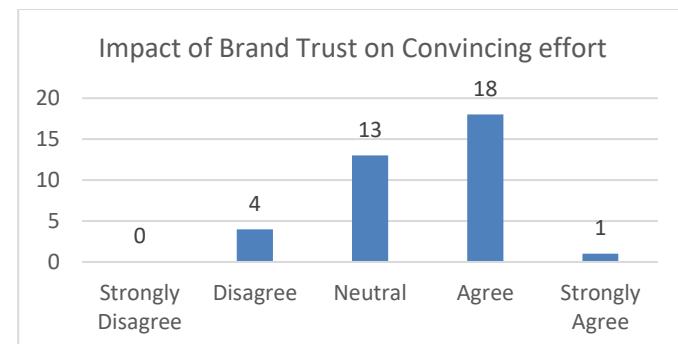
The responses show that AMC brand reputation is widely considered significant in influencing investor choices. Nearly 47% rated it as very important, and 39% as moderately important, while only one respondent saw it as slightly important. None rated it as unimportant. Overall, this indicates that brand equity is strongly associated with investor decision-making in mutual funds.

Data 2: Trust in Larger AMCs (ICICI, HDFC etc.) compared to smaller AMCs (Helios, Samco etc.)



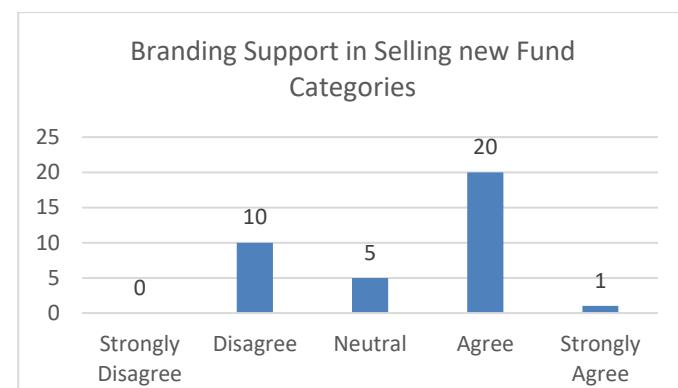
The majority of respondents felt that investors show higher trust in large, established AMCs such as HDFC, ICICI, and SBI compared to newer names like Helios or Samco. 50% agreed and 25% strongly agreed with this view, while 19% remained neutral. Only a small fraction (5.6%) disagreed, and none strongly disagreed. This indicates a strong consensus that brand reputation gives established AMCs a clear edge in gaining investor confidence over smaller players.

Data 3: Impact of Brand Trust on Convincing efforts

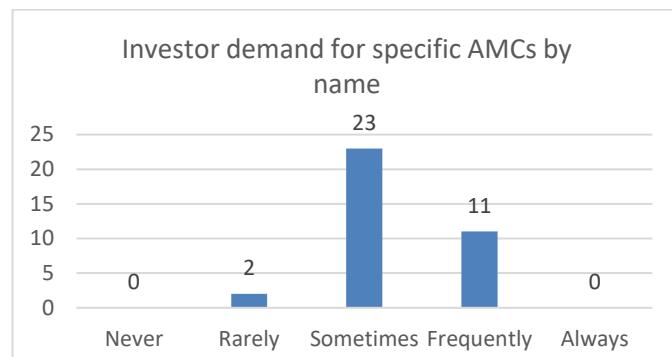


Most respondents agreed that brand trust reduces the amount of effort required to convince investors when recommending or positioning a fund. 50% agreed and 2.8% strongly agreed, while another 36% stayed neutral, suggesting they may see brand trust as helpful but not decisive. Only 11% disagreed, and none strongly disagreed. Overall, the results show that strong AMC branding generally makes the sales and recommendation process easier for intermediaries.

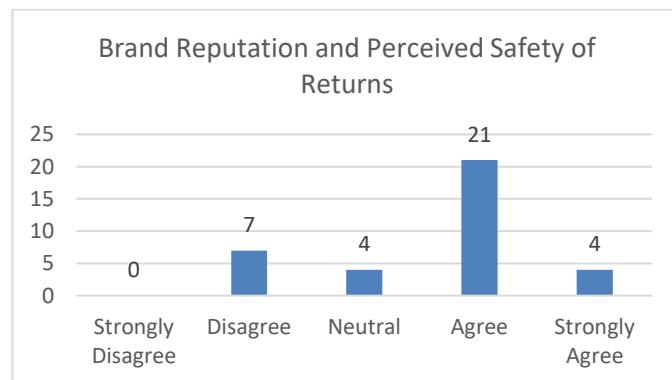
Data 4: Branding Support in selling new categories like Multi-Asset, Fund of Funds, Sectoral Funds, Multi-Factor Funds etc.



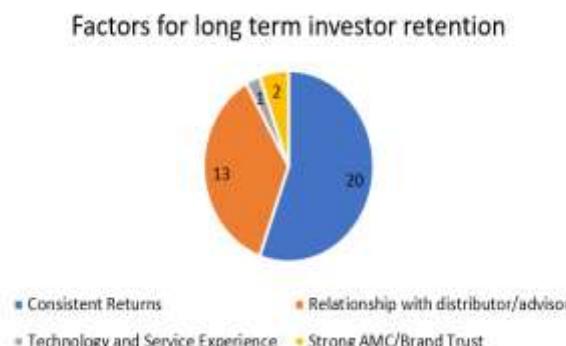
A majority of respondents agreed that new categories like Multi Asset, FoFs, and sectoral funds are easier to sell when backed by a strong AMC brand. Over 55% agreed and 2.8% strongly agreed, while 27.8% disagreed and 13.9% remained neutral. This shows that while most intermediaries believe branding helps reduce resistance to newer product types, a notable minority feel investor acceptance depends on other factors such as performance or distributor explanation.

Data 5: Investor asking for mutual funds from specific AMCs


The majority of respondents reported that investors do ask for funds from specific AMCs by name, though not always. About 64% indicated this happens sometimes, while 31% said it occurs frequently. Only a small minority (5.6%) felt it happens rarely, and none said it never or always happens. These results suggest that while brand recognition influences investor requests, it is not the sole driver of fund selection.

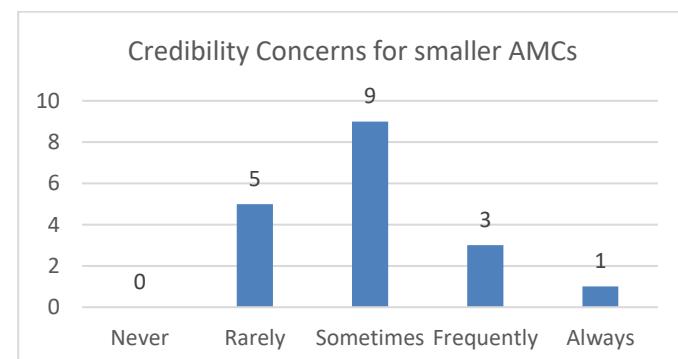
Data 6: Brand Reputation correlation with safety


Most respondents agreed that investors associate AMC brand reputation with the safety and stability of returns. Out of 36 responses, 21 (58%) agreed and 4 (11%) strongly agreed, while 7 (19%) disagreed and 4 (11%) remained neutral. None strongly disagreed, showing broad consensus on the role of branding in reducing perceived risk. This highlights that trust in a fund house often goes beyond performance to include a sense of security attached to its brand.

Data 7: Important factors for long term investor retention


The majority of respondents (20 out of 36, or 56%) identified consistent returns as the most important factor for retaining investors over the long term. 13 respondents (36%) highlighted the relationship with distributors or advisors, underlining the importance of personal trust. Only 2 respondents chose strong AMC branding, and just 1 respondent cited technology and service. These results suggest that while branding influences initial confidence, long-term loyalty is primarily driven by performance and distributor relationships.

MFD Specific Questionnaire: 18 Respondents per Question

Chart 1: Credibility concerns regarding smaller/newer AMCs


Half of the distributors (9 out of 18) reported that investors sometimes question the credibility of smaller AMCs compared to established ones. Five respondents (28%) felt this happens rarely, while three (17%) observed it fairly often and one (6%) said it occurs very often. No one reported that such doubts never occur. These responses show that while credibility concerns are not constant, they remain a noticeable barrier for smaller AMCs seeking investor trust.

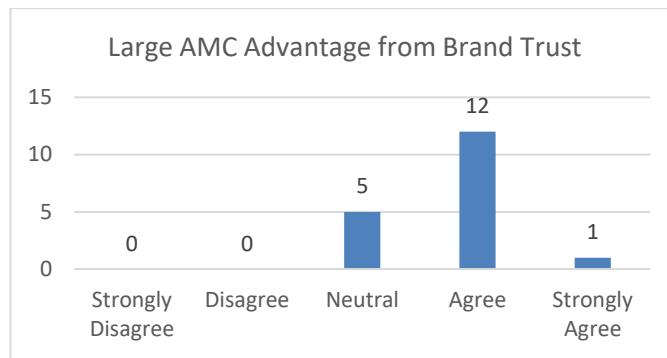
AMC Staff Specific Questionnaire: 18 Respondents per Question

Chart 1: Inflow drivers into flagship schemes
Drivers of Inflows into Large-AMC Flagship Schemes


When asked what primarily drives inflows into large AMC flagship schemes, half of the respondents (9 of 18) cited past performance track record as the key factor. Strong brand name and wide distributor network each received four votes, showing that brand strength and reach also play notable supporting

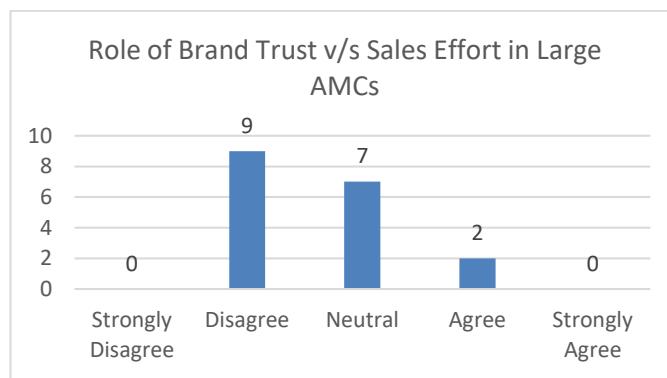
roles. Only one respondent mentioned aggressive marketing as the main driver. This indicates that while branding matters, consistent performance and distribution power remain the strongest pull factors for large AMCs.

Chart 2: Large AMC Advantage resulting out of brand image



A clear majority of AMC respondents felt that large fund houses enjoy a lasting sales growth advantage purely because of their brand trust. Twelve of 18 (67%) agreed, and one (6%) strongly agreed, while five (28%) remained neutral and none disagreed. The absence of any negative responses underscores a strong consensus that brand reputation delivers sustained commercial benefits. This finding reinforces the study's central theme that brand trust continues to be a powerful driver of market dominance for established AMCs.

Chart 3: Brand Image reducing selling efforts



AMC staff largely disagreed that brand trust alone brings in distributor inflows without active pitching by relationship managers. Nine respondents (50%) disagreed and one strongly disagreed, while seven (39%) remained neutral. Only two respondents (11%) agreed, and none strongly agreed. This suggests that even for established AMCs, brand reputation does not eliminate the need for active sales engagement.

Findings

This field survey examined how the brand name of an Asset Management Company (AMC) affects investor confidence and related sales practices. Responses were collected from 36 industry participants, comprising 18 mutual fund distributors (MFDs) and 18 AMC sales professionals holding positions ranging from Relationship Manager to Vice President–Sales.

The combined insights from these two stakeholder groups provide a balanced understanding of how brand reputation influences investor trust, distributor behavior, and the competitive dynamics of large versus small fund houses.

Objective 1: Importance of AMC Brand Reputation in Influencing Investor Confidence

Both distributors and AMC staff strongly agreed that brand reputation plays a critical role in shaping investor decisions. Most respondents rated the importance of brand name at the upper end of the scale, with distributors frequently observing investors who specifically request schemes from well-known AMCs. In addition to name recognition, investors were widely perceived to associate a strong brand with greater safety, reliability, and stability of returns, demonstrating that a recognized AMC name provides reassurance even when product details are complex. This reinforces the proposition that brand equity directly enhances investor comfort and confidence in mutual fund investments.

Objective 2: Trust Advantage of Large AMCs over Smaller/Newer AMCs

The data showed a clear though not absolute trust advantage for large, established AMCs. AMC staff reported that distributors exhibit some degree of hesitation when recommending funds from smaller or newer AMCs, and distributors themselves confirmed that investors often require extra explanations and reassurance before accepting schemes from such fund houses. While a sizeable share of respondents remained neutral, indicating that resistance is not universal, the majority acknowledged that brand familiarity along with performance track record provides a continuing sales edge to large AMCs. This pattern highlights the structural barrier that smaller players must overcome to achieve parity in investor trust.

Objective 3: Role of Brand Reputation in Easing Sales Effort

Both respondent groups agreed that strong branding reduces the effort required to persuade investors, particularly when presenting flagship schemes of established AMCs. Distributors noted that a recognized brand often shortens the client discussion and lowers the need for extensive convincing. However, AMC staff largely disagreed that brand strength alone guarantees inflows without active pitching by relationship managers, underscoring that sales engagement and

relationship building remain essential even for top-tier fund houses.

Alongside branding, factors such as past performance track record and the strength of distributor relationships were repeatedly identified as key drivers of investment inflows.

Objective 4: Strategies for Smaller or Newer AMCs to Build Trust and Acceptance

The survey highlighted several actionable measures that smaller AMCs can adopt to compete with established brands. Across responses, consistent fund performance emerged as the single most important factor for gaining investor confidence, closely followed by strengthening distributor and advisor engagement. Other strategies such as greater transparency and disclosure, launching unique or innovative products, and targeted brand campaigns or advertising were also viewed as useful, though secondary to performance and distributor relationships. Less emphasis was placed on technology upgrades, expense-ratio reductions, or short-term performance as primary trust builders.

These insights can guide AMCs of all sizes in aligning their business strategies with the expectations of both distributors and investors in an increasingly competitive marketplace.

References

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Conclusions

The survey results confirm that brand reputation continues to play a decisive role in India's mutual fund market, shaping both investor confidence and the sales strategies of industry participants.

While investors often view established AMCs as safer and more reliable, the study shows that brand name alone does not guarantee success. Performance track record, distributor relationships, and transparent communication remain indispensable in converting investor trust into long-term inflows.

For large AMCs, the findings highlight that brand equity provides a measurable sales advantage, but active pitching by sales teams and relationship managers remains necessary to sustain growth. For smaller or newer fund houses, the responses offer a clear roadmap: consistent fund performance, strong engagement with distributors, and a reputation for transparency are the most effective levers to build credibility and compete with established players.

While marketing campaigns and innovative products can add value, they cannot substitute for trust built through sustained results and reliable service.

Overall, the study illustrates that in a rapidly expanding mutual fund industry, brand strength acts as an initial gateway to investor confidence, but enduring success depends on a combination of performance, relationships, and openness.