

Understanding the Past Behavioral Biases on Mutual Fund Investment Intentions: The Moderating Role of Knowledge Using the Theory of Planned Behavior

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The purpose of this paper is to investigate the applicability of the Planned Behavior Theory (TPB) in analyzing the behavioral intention of individuals to invest in the Mutual Fund. The research builds by taking into account of past behavioral biases (PBB) play a role in influencing individuals' behavioral investment intentions, which builds upon the TPB model. In addition, the knowledge element is introduced as a moderator function to test its significance. Structural equations modeling (SEM) are used to evaluate the research model. Data was collected and then analyzed from 236 individuals in India through a survey. The results found attitude, subjective norms, perceived behavioral control, past behavioral biases positively influence the intention to invest in mutual funds. The knowledge moderates the relationship between the attitude, subjective norms, perceived behavioral control, past behavioral biases and the intention to invest. The study suggests that investors define their investment demand and evaluate whether their assets can be increased by investing in mutual funds. After the first stage of decision-making, investors shift to knowledge search from various sources, such as input from their friends and family, newspaper or magazine facts, and from their past experiences. After gathering the information, investors evaluate all the potential alternatives and select an option. The research provided many insights to fund managers, practitioners and marketer.

Keywords: Knowledge, Mutual Fund, Past Behavioral Bias, Theory of Planned Behavior