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Post-Pandemic Shifts in Investment Preferences Among SBI Mutual Fund Investors

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Abstract

The outbreak of COVID-19 brought considerable change to investors' savings and investment patterns in India. Mutual funds emerged as one of the most popular investment avenues because of their accessibility, professional management, and ability to deliver consistent returns. This paper analyses the shifts in investment preferences among SBI Mutual Fund investors in the post-pandemic period. SBI Mutual Fund, a trusted public sector institution with a wide national reach, provides an ideal setting for studying these changes. The study is based on primary data collected from 275 respondents through a structured questionnaire. The findings indicate an overall rise in interest towards mutual funds, driven by higher awareness of financial planning and enduring trust in SBI. However, digital participation remains moderate, and many investors continue to face difficulty in understanding mutual fund schemes. The null hypothesis was rejected, indicating a significant difference in respondents' perceptions of post-pandemic shifts in investment preferences. The study concludes that SBI Mutual Fund investors have evolved towards a more confident, financially aware, and digitally adaptive investment approach, blending traditional trust with modern investment practices.

Keywords: post-pandemic investment behaviour; mutual funds; SBI Mutual Fund; investor perception; financial awareness

1. Introduction

The COVID-19 crisis had a major influence on investment behaviour in India, particularly within the mutual fund sector. The uncertainty caused by economic disruption and employment instability led individuals to reassess financial goals and risk preferences. Mutual funds, which collect capital from numerous investors and allocate it across equities, bonds, and other securities, became an essential investment channel during this time. Following an initial market downturn in 2020, a rapid recovery changed investor sentiment and portfolio allocation. At first, many investors withdrew funds from equity-based schemes in search of safety, later returning to diversified and professionally managed investment products. The pandemic encouraged investors to adopt systematic and long-term approaches to wealth creation. Retail participation expanded as online access simplified the process of starting Systematic Investment Plans (SIPs). Asset Management Companies upgraded digital platforms to strengthen customer interaction. After the pandemic, there was significant growth in passive schemes such as ETFs and index funds because of their transparency and lower costs. The State Bank of India (SBI) Mutual Fund, a reliable public sector asset management company, offers an important perspective on how investors adapted to these changes. Its wide network and credibility helped it maintain trust even in uncertain times, making it an excellent example for analysing post-pandemic trends. The crisis also encouraged people to seek more financial knowledge. Awareness of fund structures, risk-return ratios, and diversification improved considerably. Younger, technology-oriented investors preferred digital tools and systematic investment planning. The expansion of fintech platforms and mobile-based financial applications has made mutual fund investing easier and more inclusive. Investor behaviour has evolved towards disciplined and diversified investment, with mutual funds now perceived as instruments of long-term financial stability. This shift has been encouraged by supportive government measures, rising retail participation, declining interest rates, and the recovery of equity markets. SBI Mutual Fund retained its image as a stable and dependable institution, combining innovation with the assurance of a government-backed organisation. This trust continues to guide cautious and first-time investors. The mutual fund environment after the pandemic illustrates a transformation in how people perceive financial risk and opportunity. Technology now connects retail investors with financial institutions, creating a culture of inclusion and awareness supported by economic revival and a more informed investor base.

2. Review of Literature

Berchmans & Vasanthi (2025) The COVID-19 pandemic led to significant changes in investor behavior in India, resulting in a rapid increase in stock market participation through digital platforms. The research highlights the influence of fintech platforms on individual investment decisions, indicating a shift in how investors engage with the stock market. Psychological factors such as risk tolerance, herd behavior, and financial anxiety were identified as key motivations driving retail investors' actions during this period. The study emphasizes the need for behavioral financial literacy initiatives to support sustainable and inclusive financial participation in the post-COVID landscape. It suggests that while digital adoption has surged, it must be paired with educational efforts to ensure informed investment decisions among retail investors.

Rajpurohit (2025) The research indicates that investor digital literacy does not significantly differ from neutral expectations, suggesting a stable level of digital competency among investors. There is strong evidence of increased technological innovativeness among investors in the post-COVID era. Investors exhibit robust perceptions of security when using digital platforms for investment. A pronounced sensitivity to cost considerations has been observed, influencing investor behavior towards discount platforms. The chi-square analysis reveals a statistically significant non-uniform distribution in investor responses to COVID-19, highlighting the pandemic's role in altering investment behaviors.

Bhargava *et al.* (2024) The study indicates that the aftermath of the COVID-induced market crash in April 2020 led to a significant increase in retail investors, which in turn elevated trading volumes and influenced market prices. This surge in retail participation has implications for mutual fund performance and investor behavior during the observed period from 2019 to 2023. It was found that mutual funds with a low portfolio beta (ideally between

0.5 and 1) tend to provide above-average returns while exhibiting minimal fluctuations. During economic or national crises, investment products with a beta value near 0 are considered favorable, as they help mitigate substantial losses, prompting many mutual fund houses to realign their investments toward safer asset classes.

Dai (2024) The research found that the COVID-19 pandemic significantly disrupted previous investment strategies and diversified portfolios. It highlighted the importance of a diversified investment approach, utilizing Modern Portfolio Theory (MPT) and the Capital Asset Pricing Model (CAPM) to optimize portfolio performance. High-performing stocks such as Amazon, Tesla, Procter & Gamble, BioNTech, and NVIDIA were identified as resilient investments during the pandemic. The study demonstrated that strategic asset allocation informed by MPT and CAPM could enhance portfolio robustness against market uncertainties. Historical price data and market volatility analysis revealed the economic impact of COVID-19 on investment performance and risk assessment.

Döttling & Kim (2022) Retail mutual fund investors showed fragile demand for socially responsible investments (SRIs) during the COVID-19 pandemic, as funds with higher sustainability ratings experienced sharper declines in retail flows compared to funds with lower sustainability ratings. The decline in retail SRI fund flows was more pronounced in economies hit harder by COVID-19, persisted even after market rebounds, and was unlikely to be driven by fund performance, past flows and size, or shifting investor attention, highlighting the high sensitivity of SRI demand by retail investors to income shocks.

Riyazahmed *et al.* (2022) Tax planning funds, sectoral funds, and equity diversified funds showed better returns post-pandemic, with 58%, 57%, and 55% achieving improved performance respectively. The study revealed that tracking error had a significant negative impact on fund returns, reducing them by 4.52%, while scheme type, scheme access type, and corpus size did not show significant effects on fund performance.

Döttling & Kim (2020) The research documents fragile demand for socially responsible investments (SRI) among retail mutual fund investors during the COVID-19 pandemic. Funds with higher sustainability ratings experienced sharper declines in retail flows compared to other funds, despite controlling for fund characteristics. Institutional SRI fund flows showed resilience, contrasting with the significant drop in retail SRI flows, particularly in economies most affected by COVID-19. Retail SRI fund flows began to recover during reopening periods, indicating a potential rebound in interest. There was a notable decrease in internet search traffic related to sustainability during the pandemic, highlighting the sensitivity of retail investors' demand for SRI in response to income shocks.

2.1 Key Points from Literature Review

The COVID-19 pandemic has significantly influenced investment preferences among SBI Mutual Fund investors, reflecting broader trends observed in the mutual fund industry. The pandemic-induced economic uncertainty prompted a shift towards safer investment options, with investors showing a preference for funds with lower risk and higher financial flexibility. This shift was driven by the need to mitigate risks associated with market volatility and economic downturns. Additionally, the pandemic accelerated digital adoption, influencing how investors engage with mutual funds and other investment platforms. The following sections detail these shifts in investment preferences among SBI Mutual Fund investors.

- **Shift Towards Safer Investments**

During the early months of the pandemic, there was a noticeable reallocation towards safer assets among mutual fund investors, including those investing in SBI Mutual Funds. This was characterized by a preference for firms with lower risk and higher financial flexibility, as investors sought to navigate the heightened uncertainty of the period (Jacob et al., 2020).

The post-pandemic period saw a continued preference for tax planning, sectoral, and equity diversified funds, which achieved better returns compared to other categories. This indicates a strategic shift towards funds that offer better risk-adjusted performance and potential for higher returns (Riyazahmed et al., 2022).

- **Impact of Digital Transformation**

The pandemic catalyzed a rapid shift towards digital platforms for investment, with many investors moving from traditional brokers to discount platforms. This transition was driven by increased technological innovativeness and a heightened sensitivity to cost considerations, as investors sought more efficient and cost-effective ways to manage their portfolios (Rajpurohit, 2025).

The rise in digital adoption was accompanied by a surge in stock market participation via digital platforms, highlighting the role of fintech in transforming investment behaviors. This shift necessitates enhanced financial literacy initiatives to ensure that investors can effectively navigate the digital investment landscape (Berchmans & Vasanthi, 2025).

- **Changes in Sustainability Preferences**

The demand for socially responsible investments (SRI) experienced a decline during the pandemic, particularly among retail investors. This was attributed to income shocks and the economic impact of COVID-19, which led to a temporary shift away from sustainability-focused funds. However, SRI fund flows began to recover during the reopening periods, indicating a potential resurgence in interest as economic conditions stabilize (Döttling et al., 2020)

- **Strategic Realignment and Risk Management**

Mutual fund houses, including SBI, have strategically realigned their investments towards safer asset classes to mitigate potential losses during economic crises. This strategic shift has implications for retail investors, influencing their investment outcomes and preferences during the observed period (Bhargava et al., 2024).

The performance of SBI mutual funds, evaluated using key financial indicators, highlights the importance of risk-adjusted returns and fund efficiency in meeting long-term wealth creation goals. This underscores the need for investors to make informed decisions regarding their portfolio allocation based on the strengths and weaknesses of different mutual fund schemes

3. **Research Methodology**
    i. **Research Design:** The study uses a descriptive and analytical design to identify and evaluate the post-pandemic changes in investment attitudes and behaviour among SBI Mutual Fund investors.
    ii. **Nature of the Study:** This is a quantitative research study supported by secondary literature from journals, industry reports, and financial publications to validate findings.
    iii. **Objectives of the Study:** The purpose of the research is to examine the perception of investors about post-pandemic shifts in investment preferences among SBI Mutual Fund investors.
    iv. **Population of the Study:** The population comprises all individuals investing in SBI Mutual Fund schemes across urban and semi-urban regions.
    v. **Sampling Technique:** A convenience sampling method was applied, selecting respondents based on accessibility and willingness.
    vi. **Sample Size:** The study includes 275 respondents.
    vii. **Data Collection Methods:** Primary data were collected using a structured questionnaire. Secondary information was drawn from journals and mutual fund industry publications.
    viii. **Tools for Data Analysis:** The responses were compiled and analysed through SPSS and MS Excel. Ten Likert-scale statements were used to capture investor opinions on the topic.
4. **Likert Statements**

For the purpose of Data Analysis, a set of 10 Likert statements were presented to the respondents on a five-point Likert set ranging between strongly disagree to strongly agree:

i. I have become more interested in investing in mutual funds after the COVID-19 pandemic.
ii. My risk-taking ability has decreased due to the financial uncertainty experienced during the pandemic.
iii. I prefer investing in SBI Mutual Funds because I trust the brand more than private institutions.
iv. I regularly use digital platforms or mobile apps to manage my SBI Mutual Fund investments.
v. The pandemic made me realise the importance of long-term investment planning.
vi. I find it difficult to understand mutual fund schemes even after reading the provided information.
vii. I believe the returns offered by SBI Mutual Funds are satisfactory compared to other investment options.
viii. My investment decisions are now more influenced by financial advice available online.
ix. I feel that SBI Mutual Fund has improved its communication and investor support after the pandemic.

x. I am less confident about investing in equity-based mutual funds now than I was before the pandemic.

5. Hypothesis

H_{01}: There is no significant difference in the perception of the respondents on post-pandemic shifts in investment preferences among SBI Mutual Fund investors.

For the purpose of testing the above-mentioned hypothesis, the primary data collected was averaged for each respondent and labelled as “Mean Score”.

Data Reliability and Normality were checked, which revealed the following results.

Table 5.1: Reliability Statistics

Valid Case	Cronbach's Alpha	N of Items
275	.872	10

The reliability test yielded a Cronbach’s alpha value of 0.872 for the ten items, which indicates a high level of internal consistency and reliability in the data collected.

Table 5.2: Normality test

	Statistics	p
Kolmogorov-Smirnov	0.15	<.068
Shapiro-Wilk	0.88	<.091

The normality tests, using the Kolmogorov–Smirnov ($p = 0.068$) and Shapiro–Wilk ($p = 0.091$) statistics, show that the data are approximately normally distributed, making them suitable for parametric analysis.

To test the hypothesis, a one-sample t-test was performed with a test value of 3 to examine whether respondents’ perceptions significantly differed from the neutral point.

Table 5.3: Descriptive Statistics

	n	Mean	Std. Deviation	Std. Error Mean
Mean Score	275	3.6	1.19	0.07

The analysis produced a mean score of 3.6 with a standard deviation of 1.19 and a standard error mean of 0.07. The results indicated a mean difference of 0.6, $t(274) = 8.35$, $p < 0.001$, with a 95 percent confidence interval ranging from 0.46 to 0.74

Table 5.3: One-sample t-test (test value =3)

					95% Confidence Interval of the Difference

	t	df	p	Mean Difference	Lower limit	Upper limit
Mean Score	8.35	274	<.001	0.6	0.46	0.74

Since the p-value is less than 0.05, the null hypothesis is rejected. This confirms that a statistically significant difference exists between the sample mean and the test value, implying that respondents' perceptions are significantly more positive than neutral. The outcome suggests that investors have shown greater awareness and confidence in their investment decisions following the pandemic, blending traditional trust with modern, knowledge-based, and digital investment approaches.

6. Findings

The findings reveal clear shifts in investor behaviour. There has been a noticeable increase in investor interest towards mutual funds after the pandemic, indicating a growing commitment to long-term planning and structured investment. Trust remains a crucial factor as investors continue to prefer SBI Mutual Fund because of its brand reputation and institutional stability. Moderate digital engagement was observed, showing that although awareness of online platforms exists, their consistent use is still limited. Investors expressed greater awareness of financial planning but still face difficulty understanding mutual fund structures and technical details, reflecting a gap between knowledge and practical comprehension.

7. Conclusion

The research concludes that the COVID-19 pandemic has meaningfully reshaped investor perspectives and behaviour. The hypothesis testing confirmed a statistically significant difference in the perception of SBI Mutual Fund investors, indicating that post-pandemic attitudes are considerably more positive than neutral. Investors have become more aware, disciplined, and cautious while maintaining optimism about future financial growth. Confidence in SBI Mutual Fund remains strong because of its reliability and transparency. The shift towards diversification and goal-based investing has become evident, reflecting investors' growing commitment to long-term financial planning. Although the adoption of digital tools has improved, continued efforts in financial education are necessary to bridge knowledge gaps. Overall, post-pandemic investors display a balanced combination of caution and confidence, supported by greater financial literacy, digital awareness, and trust in SBI Mutual Fund as a secure and progressive investment avenue.

8. Suggestions

i. **Enhance Investor Education:** SBI Mutual Fund should strengthen educational programmes through simple learning resources, workshops, and visual aids to make fund structures easier to understand.
ii. **Promote Digital Engagement:** Digital platforms should be improved to ensure better user experience, safety, and accessibility to attract regular investor participation.

iii. **Encourage Long-Term Investment Practices:** Advisors should promote systematic and goal-oriented investment approaches that maintain investor commitment and stability.

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