

A STUDY ON AWARENESS OF MUTUAL FUNDS AMONG PROSPECTIVE TEACHERS

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Abstract

In the present era of financial diversification, mutual funds have become a preferred investment option due to their accessibility, professional management, and potential for better returns. However, awareness and understanding of mutual funds remain limited among certain segments of the population, including prospective teachers. This study aims to assess the level of awareness regarding mutual funds among individuals currently enrolled in teacher education programs. A descriptive research design was adopted, and data was collected through a structured questionnaire consisting of multiple-choice questions. The study focused on evaluating respondents' knowledge of mutual fund basics, types, risks, and sources of financial information. The findings revealed that while some participants had a basic understanding of mutual funds, many lacked clarity on key concepts and investment mechanisms. The study highlights the need to integrate financial literacy components into teacher training curricula to prepare future educators for better financial decision-making and to promote awareness among future generations. The results can serve as a basis for designing targeted financial education initiatives for prospective teachers.

Keywords: *Financial Education, Investment Awareness, Mutual Funds, Personal Finance, Prospective Teachers.*

Introduction

In the current financial landscape, managing personal finances wisely has become increasingly important. One of the most accessible and professionally managed investment options available today is the mutual fund. A mutual fund is a pooled investment vehicle that collects money from multiple investors and invests it in a diversified portfolio of assets such as stocks, bonds, or other securities. These funds are managed by qualified fund managers who aim to generate returns for investors while minimizing risks through diversification. Mutual funds come in various types—such as equity funds, debt funds, hybrid funds, and index funds—catering to different risk appetites and financial goals. They also offer flexible investment options like lump sum or Systematic Investment Plans (SIPs), making them attractive to both new and experienced investors.

Despite these advantages, awareness and understanding of mutual funds remain limited among certain sections of society. Prospective teachers, who are currently undergoing professional training to enter the field of education, form one such group. As future educators, their level of financial awareness is crucial—not only for managing their own finances but also for serving as role models and potential sources of financial

knowledge for the students they will teach. However, financial education is often overlooked in teacher training programs, which may lead to a lack of exposure to important investment tools like mutual funds. This study aims to assess the awareness and understanding of mutual funds among prospective teachers using a structured questionnaire comprising multiple-choice questions.

Statement of The Problem

Despite the growing popularity and accessibility of mutual funds as an investment option, awareness and understanding of their functioning remain limited among many individuals, particularly students in teacher education programs. Prospective teachers, who are future educators, often lack exposure to essential financial concepts, including mutual funds, due to the absence of financial education in their curriculum. This lack of awareness can hinder their ability to make informed financial decisions and affect their role in promoting financial literacy among future generations. As financial planning becomes increasingly important, understanding how well-informed teacher trainees are about mutual funds is crucial. This study addresses the problem of insufficient awareness and knowledge about mutual funds among prospective teachers by assessing their familiarity with mutual fund types, risks, and benefits. Identifying this gap will help highlight the need for incorporating financial education into teacher training programs and guide efforts to improve financial literacy in the education sector.

Scope of the Study

This study is limited to assessing the awareness and basic understanding of mutual funds among prospective teachers enrolled in teacher education programs such as B.Ed. or equivalent courses. The study focuses on evaluating their knowledge of mutual fund types, benefits, risks, and modes of investment through a structured questionnaire containing multiple-choice questions. It also examines the sources from which participants receive financial information. The geographical scope is confined to Thiagarajar College of Preceptors (Aided), Madurai, Tamil Nadu, India and the respondents are selected through convenience sampling. The study is purely descriptive and does not cover actual investment behaviour or financial performance. It aims to highlight existing knowledge gaps and the need for financial education within teacher training programs. The results may not be generalised beyond the selected sample but can provide useful insights for improving financial literacy among future educators.

Objectives of the Study

- To assess the level of awareness about mutual funds among prospective teachers.
- To examine the knowledge of different types of mutual funds, their benefits, and associated risks.
- To study the demographic characteristics of prospective teachers.

- To highlight the need for incorporating financial literacy into teacher education programs.

Literature Review

- **Sharma and Kumari (2023)** conducted a study to examine the level of awareness and investment knowledge among young adults, with a special focus on mutual funds. The researchers found that although mutual funds are gaining visibility through advertisements and digital platforms, many individuals still struggle to understand their structure, types, and associated risks. The study noted that most respondents relied on informal sources such as peers and social media for financial information. This limited understanding often leads to confusion and hesitation in making investment decisions. The study emphasized the role of structured financial education in enhancing mutual fund literacy. It concluded that formal education systems must play a larger role in equipping young people with essential financial knowledge.
- **Ramesh and Thomas (2022)** focused on assessing mutual fund awareness among teacher trainees enrolled in education programs. The findings revealed that while most of the participants were aware of basic financial tools like savings accounts and fixed deposits, their understanding of mutual funds was quite limited. Many respondents had misconceptions about the risks and returns associated with mutual funds. The study also highlighted that teacher education curricula generally do not include financial education, leaving future teachers unprepared to make informed financial choices. This lack of awareness not only affects their personal financial decisions but also limits their ability to pass on financial knowledge to their students. The researchers recommended integrating financial literacy components into teacher training programs.
- **Patel (2021)** explored the key factors influencing investment preferences among educated youth, with particular reference to mutual funds. The study showed that while interest in investment was growing, actual awareness about how mutual funds work was insufficient. Many participants expressed confusion regarding fund types, SIPs, and NAVs. Influences such as peers, advertisements, and digital media were found to play a major role in shaping their perceptions. However, the absence of proper guidance or formal financial education often led to uncertainty and avoidance of mutual fund investments. The study recommended increased awareness campaigns and workshops at the college level to improve understanding and confidence in mutual fund investments.
- **Jain and Singh (2020)** conducted a study on mutual fund awareness among undergraduate students from different academic backgrounds. The research indicated that while students had a generally positive attitude toward mutual fund

investments, their actual knowledge was limited. Most participants lacked clarity on the types of mutual funds, associated risks, and long-term benefits. The study observed that students from commerce backgrounds were slightly more informed, while those from non-commerce streams showed minimal awareness. It also found that very few had received any formal training or exposure to financial topics during their studies. The authors emphasized the importance of integrating financial literacy sessions into college education to bridge this gap.

- **Nair and Pillai (2020)** conducted a regional study in South India to understand the level of financial literacy among college students, particularly in relation to mutual fund investments. The research found that although students were familiar with the term "mutual fund," few had detailed knowledge of its functioning, types, or long-term benefits. Most respondents viewed mutual funds as complex and risky, which discouraged them from investing. Additionally, the study revealed that financial education was rarely part of their academic curriculum, limiting their ability to make informed decisions. Peer influence and online advertisements were the primary sources of information, which were often inadequate. The authors emphasized the importance of incorporating structured financial education into undergraduate courses to improve financial behavior and investment decisions.
- **Mehta and Roy (2019)** examined investor behaviour and perception regarding mutual fund investments across different age groups. The study identified several key barriers to mutual fund participation, including lack of awareness, low trust in financial institutions, and overdependence on family or friends for investment advice. It was found that many individuals perceived mutual funds as risky or confusing due to poor understanding of their structure. The study highlighted that even educated individuals often avoided mutual funds due to misconceptions and fear of loss. It concluded that targeted financial education initiatives and simplified investment tools could enhance participation and build confidence among potential investors.

Research Methodology

The present research is descriptive in nature and adopted a survey strategy. The study was conducted among prospective teachers pursuing teacher education in Thiagarajar College of Preceptors in Madurai, Tamil Nadu, India. The sampling method used was convenient sampling, allowing easy access to respondents within the selected institution. The final sample included 62 students, falling within the age group of 20 to 30 years. Data was collected through both primary and secondary sources. Primary data was obtained using a structured questionnaire, which included sections related to the demographic profile of the respondents and multiple-choice questions designed to assess their awareness of mutual funds, knowledge of different types of mutual funds, perceived risks, and sources

of information. Secondary data was gathered from journals, books, and credible websites to provide background information and support the interpretation of the primary data.

Analysis and Interpretation

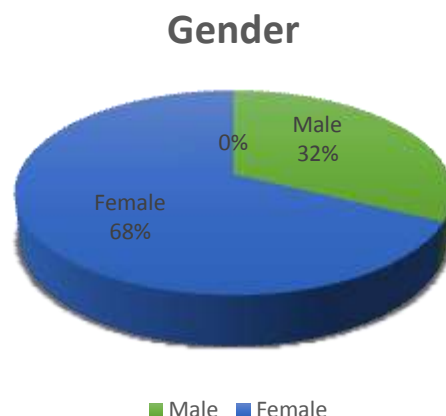


Figure 1.1 Gender of the Respondents

The study sample consisted of 62 respondents, of which 68% were female and 32% were male. This shows a higher participation of female students in teacher education programs, which is consistent with broader trends observed in the education sector. The dominance of female respondents in the sample provides insight into the gender composition of prospective teachers. Since gender can often influence financial decision-making, awareness levels, and investment preferences, this distribution is relevant when analyzing responses related to mutual fund knowledge and interest.

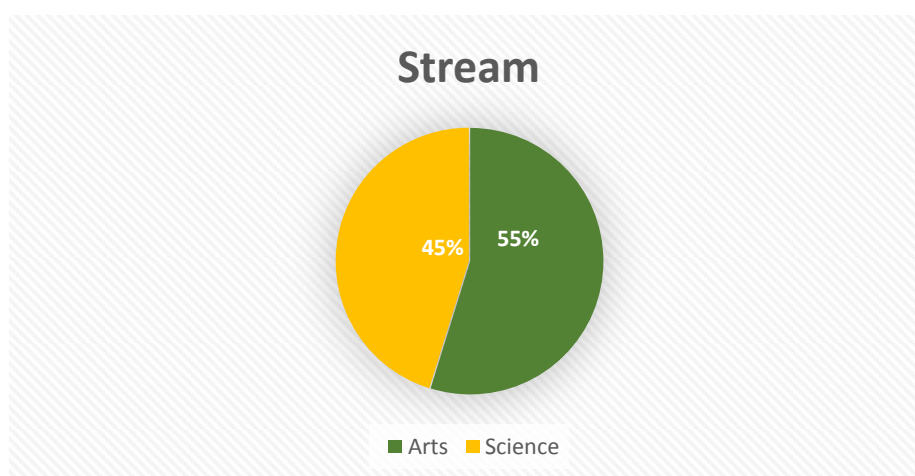


Figure 1.2 Streams of the Respondents

Figure 1.2. shows that 55% were from the Arts stream and 45% were from the Science stream. This indicates a slightly higher representation of Arts students in the study. The inclusion of both streams allows for a comparative understanding of mutual fund awareness across different academic backgrounds. The higher proportion of Arts students is

significant, as many Arts courses include subjects related to economics, commerce, or basic financial studies. This academic background may provide Arts students with better exposure to financial concepts, including mutual funds, compared to their Science counterparts. As a result, their responses may reflect a relatively higher level of awareness and understanding of investment-related topics. The stream-wise distribution helps in analyzing how academic exposure influences financial literacy among prospective teachers.

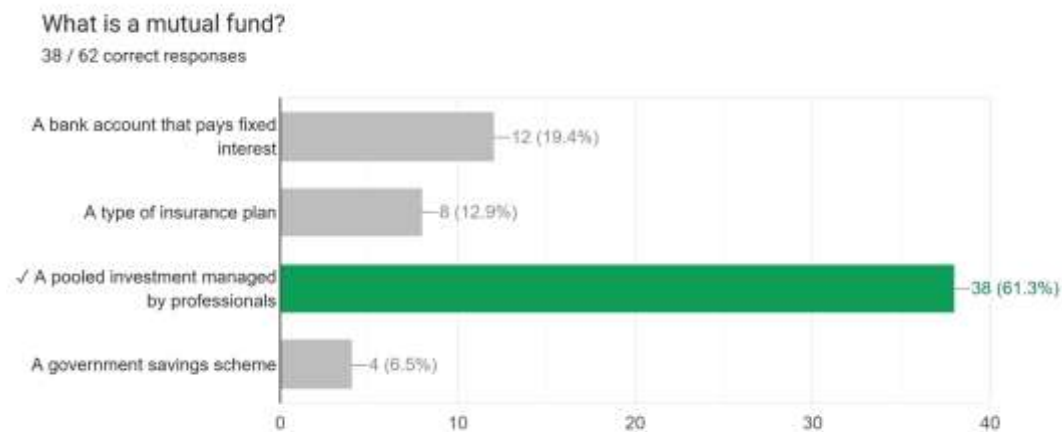


Figure 1.3 Distribution of Responses to “What is a Mutual Fund?”

Figure 1.3 reveals that 61.3% of the respondents were able to correctly identify what a mutual fund is, indicating a moderate level of basic financial awareness among the prospective teachers surveyed. This suggests that while a majority possess foundational knowledge of the concept, a significant portion still lacks clarity or holds misconceptions. The results highlight the need for improved financial literacy initiatives, especially in educational institutions, to ensure that future educators are well-equipped with essential investment knowledge.

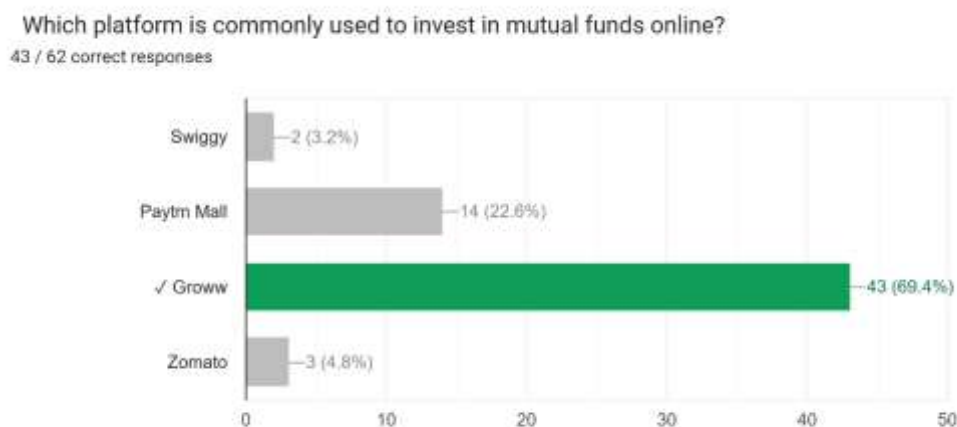


Figure 1.4 Awareness on Digital Applications

The data shows that 69.4% of the respondents correctly identified the commonly used online platform for investing in mutual funds. This indicates a relatively strong awareness among prospective teachers regarding the digital tools and applications available for mutual fund investments. It reflects the growing familiarity with fintech platforms and the digital shift in investment practices, especially among younger, tech-savvy individuals. However, the remaining percentage suggests that there is still room for enhancing digital financial literacy and ensuring that all prospective investors are well-informed about secure and reliable online investment options.

Awareness Score Interpretation

To assess the level of awareness among prospective teachers regarding mutual funds, a scoring system was used, with a maximum of 10 points assigned based on correct responses to awareness-related questions. The summary statistics and corresponding distribution are presented below:



- **Average Score:** 6.21 out of 10
- **Median Score:** 7 out of 10
- **Range:** 0 to 10 points

The distribution of total points scored by respondents reveals notable variation in awareness levels. As illustrated in the chart, the **highest number of respondents scored a full 10 points**, indicating that a considerable segment of the sample possesses a **strong understanding of mutual funds**. However, the presence of scores across the entire range—from 0 to 10—indicates a **broad spectrum of awareness**.

The **mean score** of 6.21, paired with a **median score** of 7, suggests a **slightly left-skewed distribution**. This implies that although a number of respondents demonstrated high awareness, the average was slightly lowered by a group of participants who scored in the lower range (particularly 1 and 2 points). This skewness points to the existence of **gaps in financial knowledge** among a subset of the group.

Furthermore, the diversity in scores reflects that while many teacher trainees are relatively informed about mutual funds, **a significant portion lacks sufficient**

understanding, especially concerning key concepts, types, and benefits of mutual fund investments. This highlights the need for **targeted financial literacy initiatives** within teacher education programs to ensure a more consistent and informed future teaching community.

Findings

- 55 % of respondents were female, while 45% were male.
- 43.55% of the participants were aged between 21–25 years.
- 67.74% of the respondents had heard about mutual funds, whereas 32.26% had not.
- 38.71% became aware of mutual funds through social media, followed by 25.81% from friends or family, and 22.58% through advertisements.
- 58.06% had never invested in mutual funds, while 41.94% had some experience investing.
- 35.48% of respondents agreed that mutual funds offer good returns, while 22.58% were unsure.
- 45.16% said they were aware of SIP (Systematic Investment Plan), while the rest were not.
- 40.32% believed mutual funds are riskier compared to fixed deposits, while 29.03% were neutral on the risk perception.

Suggestions & Recommendations

- As future earners, prospective teachers should be guided on how to align their long-term financial goals with suitable mutual fund schemes for wealth creation and security
- Basic investment concepts, including mutual funds, should be integrated into the curriculum of teacher training programs to enhance financial awareness among future educators.
- Colleges should organize regular seminars or workshops in collaboration with financial institutions to educate students about mutual fund investments and related risks.
- Students should be motivated to start small but consistent investments through Systematic Investment Plans (SIPs) to develop financial discipline from an early stage.

Conclusion

The study reveals that while a considerable number of prospective teachers possess basic awareness of mutual funds, there remains a noticeable gap in deeper understanding and practical investment knowledge. As future educators, enhancing their financial literacy is crucial—not only for their own financial well-being but also to enable them to guide the

next generation more effectively. The findings highlight the importance of early exposure to investment concepts, particularly within academic settings. Strengthening awareness through structured learning, workshops, and peer engagement can help build a financially informed teaching community capable of making sound financial decisions and promoting the same among their future students.

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