

## Digital Investment Platforms and Wealth Maximization through Mutual Funds among Young Investors

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Received: 26/04/2026

Accepted: 01/06/2026

Published: 13/06/2026

**Abstract:** The rapid proliferation of digital investment platforms has fundamentally transformed the landscape of personal finance, enabling young investors to participate in capital markets with unprecedented ease and affordability. This paper examines the relationship between digital investment platforms and wealth maximization through mutual funds among young investors in India, with a specific focus on investors aged 18–35. India's growing digitally-savvy youth population presents a compelling opportunity for inclusive financial market participation; however, behavioural biases, financial literacy deficits, and platform trust concerns continue to limit optimal investment outcomes. Drawing exclusively on secondary data sources including SEBI reports, AMFI data, academic literature, and national financial inclusion surveys, this study analyses platform adoption patterns, mutual fund investment behaviour, and wealth creation potential among young investors. The findings reveal that while digital platforms have significantly lowered entry barriers, sustained wealth maximization requires improved financial literacy, goal-based investment strategies, and stronger regulatory safeguards. The study recommends integrated policy interventions combining investor education, platform transparency, and fintech innovation to harness the full wealth-building potential of young India's investment capacity.

**Keywords:** Digital investment platforms, mutual funds, young investors, wealth maximization, financial literacy, fintech, India.

**Cite this article:** Kurle, P. V. & Rawal, L. R. (2026). Digital Investment Platforms and Wealth Maximization through Mutual Funds among Young Investors. *MRS Journal of Accounting and Business Management*, 3(6),26-30.

### Introduction

Wealth creation has always been a fundamental aspiration of individuals across generations. However, the channels, instruments, and intermediaries facilitating this process have evolved considerably over time. In contemporary India, the convergence of affordable smartphones, widespread internet access, and sophisticated financial technology has given rise to a new generation of digital investment platforms that have democratized access to capital markets. Young Indians, aged between 18 and 35, represent the fastest-growing cohort of retail investors, drawn into the investment ecosystem by the simplicity and accessibility of platforms such as Zerodha, Groww, Paytm Money, ET Money, Coin by Zerodha, and INDmoney.

Mutual funds, in particular, have emerged as the preferred investment vehicle for young investors seeking a balance between risk and return. The systematic investment plan (SIP) mechanism, which enables periodic investments of small amounts, has proven especially popular among millennials and Generation Z investors who may not possess large lump-sum capital. According to the Association of Mutual Funds in India (AMFI, 2024), the total number of SIP accounts in India crossed 80 million in 2024, with a significant proportion originating from investors below the age of 35. This dramatic growth reflects both the increasing financial aspirations of India's youth and the transformative role of digital platforms in lowering investment barriers.

Despite this growth, the relationship between digital platform adoption and actual wealth maximization among young investors remains complex and underexplored. Many young investors exhibit short-term thinking, susceptibility to market volatility, and inadequate understanding of compounding benefits and tax implications. Moreover, the proliferation of investment platforms has also introduced concerns regarding data privacy, mis-selling, and platform reliability. Understanding how young investors engage with digital platforms and mutual funds, and whether such engagement translates into meaningful long-term wealth creation, is therefore a question of both academic and policy significance.

### Background of Study

India's financial landscape has undergone a profound structural transformation over the past decade. The Jan Dhan Yojana, Aadhaar-based digital identity infrastructure, and the Unified Payments Interface (UPI) collectively laid the groundwork for digital financial inclusion at scale. The COVID-19 pandemic further accelerated digital adoption, with millions of first-time investors entering capital markets through mobile-based platforms during the lockdown period. The Securities and Exchange Board of India (SEBI) reported a sharp surge in new demat account openings between 2020 and 2023, with young urban and semi-urban investors constituting the majority of new entrants.

Mutual funds, regulated by SEBI and distributed through AMFI-registered intermediaries, have grown from a niche institutional product to a mainstream retail investment instrument. Assets under management (AUM) of India's mutual fund industry crossed Rs. 50 trillion in 2023, reflecting the expanding participation of retail investors. The rise of direct plan mutual funds and zero-commission digital platforms has made it possible for young investors to invest without intermediary costs, significantly improving the net return potential. However, the proliferation of investment choices, platform gamification features, and the influence of social media investment communities have also introduced new behavioural risks, including herd investing, overtrading, and overconfidence bias among young investors.

In this context, examining the intersection of digital platform design, investor behaviour, mutual fund selection, and long-term wealth outcomes becomes essential for developing evidence-based interventions that strengthen the financial well-being of India's young population.

### Scope and Significance of Study

The present study focuses on the role of digital investment platforms in facilitating mutual fund investments among young investors in India, with particular emphasis on wealth maximization outcomes. The scope encompasses an analysis of platform adoption trends, mutual fund category preferences, SIP behaviour, financial literacy levels, and behavioural investment patterns among investors aged 18–35. The study draws on secondary data from SEBI annual reports, AMFI monthly data, financial inclusion surveys, academic research publications, and institutional studies by organizations such as the National Institute of Securities Markets (NISM), World Bank, and OECD.

The significance of this study lies in its potential to contribute to three important domains. First, it advances academic understanding of the fintech-investment nexus in an emerging market context. Second, it provides actionable insights for platform designers, financial advisors, and regulatory bodies seeking to improve investment outcomes for young retail investors. Third, it highlights structural gaps in financial literacy and investor protection frameworks that require targeted policy interventions. By identifying the conditions under which digital platform engagement translates into sustainable wealth creation, the study aims to bridge the gap between platform adoption and meaningful financial outcomes for India's young investors.

### Objectives of the Study

- To examine the growth and adoption patterns of digital investment platforms among young investors in India.
- To assess the mutual fund investment behaviour and category preferences of young investors using digital platforms.
- To analyse the relationship between digital platform features and long-term wealth maximization outcomes.
- To identify behavioural, literacy, and structural barriers limiting optimal investment decisions among young investors.
- To recommend policy and platform-level interventions for enhancing wealth creation outcomes among young mutual fund investors.

## Review of Literature

Existing scholarship on digital investment platforms and mutual fund behaviour among young investors spans multiple disciplines including finance, behavioural economics, and information systems. Gupta and Sharma (2021) examined the adoption of mobile investment applications in India and found that ease of use, perceived security, and social influence were the primary determinants of platform adoption among millennials. Their study emphasized that while platform usability drives initial adoption, long-term engagement depends on the quality of investment outcomes and personalized financial guidance. Similarly, Bhushan and Medury (2013) established that financial literacy significantly influences the mutual fund investment decisions of young investors, with higher literacy levels correlating positively with diversified, goal-oriented portfolio construction.

Kumar and Vikraman (2012) analysed the investment awareness and preferences of young retail investors and found that tax benefits, brand reputation of fund houses, and peer recommendations were the dominant factors influencing mutual fund selection. However, awareness of fund categories, expense ratios, and risk-adjusted return metrics remained low among a significant proportion of young investors. This finding is consistent with SEBI's Investor Survey (2022), which revealed that while platform access had improved substantially, financial decision-making quality had not kept pace with platform adoption growth.

Behavioural perspectives on young investor decision-making have been explored by Thaler and Sunstein (2008), whose nudge theory framework has been widely applied to digital financial product design. Research by Statman (2019) on behavioural portfolio theory highlights that young investors are particularly susceptible to mental accounting errors, loss aversion, and overconfidence, which can significantly undermine long-term wealth accumulation. At the platform design level, studies have identified that features such as goal visualization tools, SIP calculators, automated rebalancing, and portfolio health alerts can effectively counter behavioural biases and promote disciplined long-term investing.

International evidence also supports the positive relationship between fintech platform adoption and household wealth accumulation. Philippon (2016) demonstrated that financial technology can substantially reduce intermediation costs, thereby improving net returns for retail investors. However, the author cautioned that regulatory frameworks must evolve concurrently to prevent platform-driven mis-selling, data exploitation, and systemic concentration risks. In the Indian context, Karmakar and Singh (2022) found that SIP-based mutual fund investments through digital platforms generated significantly superior long-term wealth outcomes compared to traditional lump-sum approaches, particularly in equity-oriented fund categories. The study underscored the importance of investment duration and consistency as critical determinants of wealth maximization.

## Research Methodology

**Nature of the Study:** The study is descriptive and analytical in nature, based exclusively on secondary data. The descriptive approach is employed to systematically document trends, patterns, and outcomes related to digital investment platform usage and mutual fund investment behaviour among young investors in India. The analytical approach enables critical

examination of the relationship between platform adoption, financial literacy, investment behaviour, and wealth outcomes. No primary data collection methods such as surveys, interviews, or experiments are employed.

**Research Design:** The research adopts a desk-based secondary research design appropriate for examining macro-level investment trends, platform growth patterns, and policy effectiveness in the digital finance ecosystem. This design facilitates evidence synthesis from multiple credible sources to construct a comprehensive understanding of the digital investment landscape for young mutual fund investors in India.

**Sources of Data**

- SEBI Annual Reports and Investor Surveys (2020–2024)
- AMFI Monthly and Annual Data on Mutual Fund Industry
- National Institute of Securities Markets (NISM) Publications
- RBI Reports on Financial Inclusion and Digital Payments
- Peer-reviewed academic journals in finance, fintech, and behavioural economics
- World Bank and OECD reports on digital financial inclusion
- Reports from fintech associations and institutional websites

**Method of Data Collection:** Data were collected through systematic literature review using academic databases, government portals, SEBI and AMFI websites, and institutional repositories. Search terms such as digital investment platforms, mutual fund behaviour, young investors, SIP, fintech, financial literacy, and wealth maximization were used to identify relevant studies and reports. Sources were screened for credibility, relevance, and recency.

**Method of Data Analysis:** Qualitative content analysis and thematic synthesis were employed to analyse collected data. Information from multiple sources was compared, triangulated, and synthesized to identify recurring themes, investment patterns, behavioural challenges, and policy gaps. Quantitative data from SEBI, AMFI, and financial inclusion reports were used to contextualise and support qualitative findings.

**Discussion and Analysis**

The analysis adopts an integrated theoretical framework drawing on Financial Behaviour Theory, Diffusion of Innovation Theory, and the Wealth Accumulation Model to examine how digital investment platforms influence mutual fund investment behaviour and long-term wealth outcomes among young investors. Financial Behaviour Theory highlights the role of cognitive biases, emotions, and social influences in shaping investment decisions, while Diffusion of Innovation Theory explains how platform characteristics such as relative advantage, trialability, and compatibility drive adoption among different investor segments. The Wealth Accumulation Model emphasizes the compounding effect of consistent, long-term investments as the primary driver of wealth creation, underscoring the importance of investment discipline and duration over market timing.

Secondary data analysis reveals a strong upward trend in mutual fund SIP adoption through digital platforms among young investors. AMFI data indicate that equity mutual fund inflows through SIPs exceeded Rs. 18,000 crore per month in 2024, with first-time investors primarily concentrated in the 18–35 age group. Digital platforms have played a pivotal role in this growth by reducing minimum investment thresholds, eliminating paper-based KYC processes, enabling seamless UPI-based payment integration, and providing intuitive portfolio tracking interfaces. However, analysis also reveals significant heterogeneity in investment quality, with many young investors concentrated in high-risk small-cap funds and sectoral funds driven by recent performance data rather than long-term strategic allocation.

**Table 1: Thematic Analysis of Challenges Affecting Wealth Maximization Among Young Mutual Fund Investors**

Theme	Key Challenge	Description	Implications for Wealth Maximization
Financial Literacy	Low investment knowledge	Many young investors lack understanding of fund categories, NAV, expense ratios, and risk-return trade-offs.	Suboptimal fund selection and premature SIP discontinuation.
Behavioural Biases	Herding and recency bias	Young investors tend to chase recent top performers and follow social media investment trends without fundamental analysis.	Portfolio concentration in overvalued funds, reduced diversification.
Investment Horizon	Short-termism and SIP discontinuation	A significant proportion of SIPs are discontinued within 12–18 months, particularly during market downturns.	Loss of compounding benefits, reduced long-term wealth accumulation.
Platform Trust	Data privacy and mis-selling concerns	Concerns regarding personal data usage and algorithmically driven product recommendations affect platform trust.	Investor hesitation and underutilization of advanced platform features.

Digital Divide	Unequal digital access	Semi-urban and rural young investors face connectivity barriers, limiting access to sophisticated digital investment platforms.	Geographic inequality in investment participation and wealth creation opportunities.
Regulatory Awareness	Low awareness of SEBI guidelines	Many young investors are unaware of grievance redressal mechanisms, SEBI investor protection provisions, and taxation rules for mutual funds.	Vulnerability to mis-selling and sub-optimal tax planning, reducing net investment returns.

**Interpretation:** The thematic analysis reveals that barriers to wealth maximization among young mutual fund investors are multi-dimensional, encompassing knowledge deficits, behavioural vulnerabilities, structural inequalities, and regulatory gaps. Platform design innovations alone are insufficient to address these challenges; coordinated interventions spanning financial education, regulatory strengthening, and inclusive digital infrastructure development are necessary for translating platform adoption into sustained wealth creation.

Analysis of platform features across leading Indian digital investment platforms reveals significant variation in the quality of investor support tools. While all major platforms offer SIP initiation and portfolio tracking, only a minority provide goal-based investment planning, tax-loss harvesting recommendations, and risk profiling tools calibrated to investor life stage. Research evidence suggests that platforms incorporating behavioural nudges — such as projected corpus visualizations, SIP pause rather than cancel options, and inflation-adjusted goal tracking — generate significantly better investor retention and long-term wealth outcomes. The integration of robo-advisory features, while growing, remains underutilized by young investors due to low awareness and trust concerns.

**Policy Implications and Recommendations**

The study identifies several policy and institutional measures critical for enhancing wealth maximization outcomes among young mutual fund investors using digital platforms. First, SEBI and AMFI should mandate the integration of investor suitability assessment tools and risk profiling questionnaires within all registered digital investment platforms, ensuring that fund recommendations are aligned with investor age, income, risk

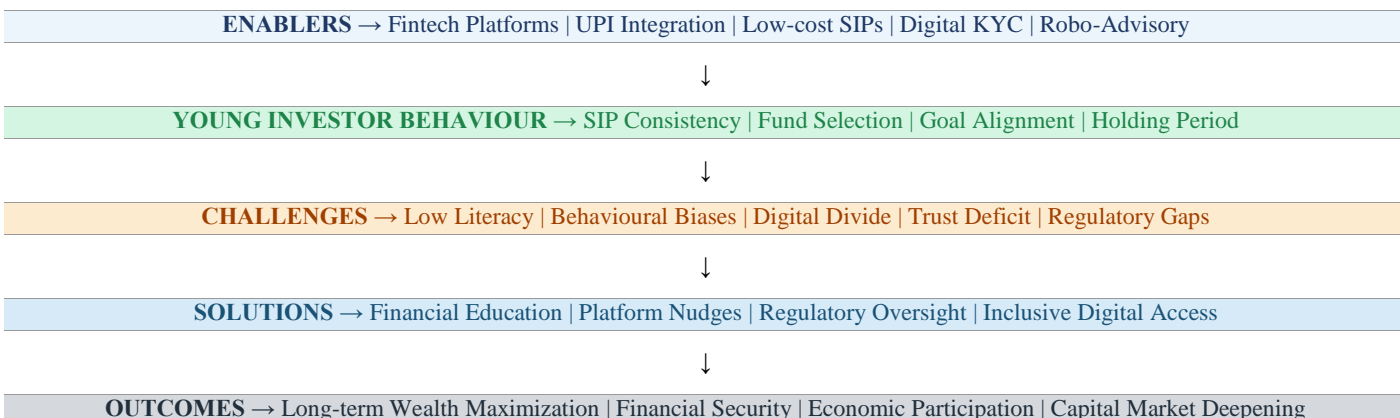
tolerance, and financial goals. This regulatory requirement would reduce incidences of mis-selling and promote goal-based portfolio construction.

Second, a nationally coordinated financial literacy programme specifically targeting young investors should be developed in partnership with educational institutions, fintech companies, and regulatory bodies. Drawing lessons from internationally successful models such as the UK's Money and Pensions Service and Australia's MoneySmart programme, such initiatives should integrate mutual fund education into undergraduate curricula, promote simulation-based learning tools, and leverage social media platforms trusted by young investors for disseminating evidence-based investment guidance.

Third, digital investment platforms should be required to develop and display standardized, plain-language disclosure documents covering fund risk ratings, historical return comparisons, expense ratios, and tax implications. Simplified information architecture reduces cognitive overload and enables more informed investment decisions. Additionally, platforms should be incentivized to develop offline-compatible investment tools and vernacular-language interfaces to bridge geographic and linguistic barriers to investment participation.

Finally, SEBI should consider establishing a dedicated fintech investor protection framework that addresses data privacy concerns, algorithmic recommendation transparency, and grievance redressal timelines specific to digital investment platforms. Strengthening regulatory oversight in the digital investment space is essential for building the long-term investor trust necessary to sustain SIP continuity and support compound wealth accumulation among India's young investor base.

**Figure 1: Digital Platform–Mutual Fund–Wealth Maximization Framework for Young Investors**



The framework illustrates the end-to-end pathway through which digital investment platforms influence mutual fund investment behaviour and wealth maximization outcomes for young investors. Enabling conditions — including affordable digital infrastructure, simplified regulatory processes, and accessible fintech tools — lower entry barriers and drive platform adoption. However, the quality of wealth maximization outcomes is ultimately determined by the consistency and quality of investment behaviour, which in turn depends on financial literacy, platform support features, and regulatory safeguards. Targeted interventions at each stage of this pathway create a reinforcing cycle of improved investment behaviour, better wealth outcomes, and deeper capital market participation.

## Conclusion

This study concludes that digital investment platforms have played a transformative role in expanding mutual fund access and participation among young investors in India. The significant growth in SIP adoption, declining average investment ticket sizes, and increasing geographic reach of digital platforms reflect a genuine democratization of investment opportunity. However, platform access alone is an insufficient predictor of wealth maximization. The quality of investment outcomes among young investors is critically shaped by financial literacy levels, investment horizon, behavioural discipline, and the quality of platform support tools.

The persistence of behavioural biases, low regulatory awareness, and geographic digital divides continues to limit the wealth-building potential of a significant proportion of young investors. Addressing these challenges requires a comprehensive, multi-stakeholder approach that integrates financial literacy education within formal academic curricula, mandates investor-centric platform design standards, and strengthens regulatory frameworks governing digital investment platforms. Moreover, the enormous untapped potential of semi-urban and rural young investors necessitates targeted interventions in vernacular communication, offline-capable platform tools, and community-based financial guidance networks.

Ultimately, converting India's digital investment revolution into a genuine engine of youth wealth maximization requires aligning platform innovation with investor education, behavioural support, and robust regulatory oversight. When these elements are effectively integrated, digital investment platforms and mutual funds together hold the potential to transform the financial futures of millions of young Indians, contributing meaningfully to both individual prosperity and the long-term deepening of India's capital markets.

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