UNIVERSITY OF CAPE COAST

PERCEPTION OF INVESTORS TOWARDS MUTUAL FUNDS IN THE SEKONDI-TAKORADI METROPOLIS: A CASE OF DATABANK FINANCIAL SERVICE LIMITED

SAMUEL GAMELI ADUSU

2018

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BY

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Dissertation submitted to the Department of Business Studies, College of Distance Education, University of Cape Coast, in partial fulfilment of the requirements for the award of Master of Business Administration degree in Accounting

SEPTEMBER 2018

DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature: ……………………… Date: …………………….

Name: Samuel Gameli Adusu

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature: ………………………… Date: ………………….

Name: Ms. Peace Yawo Ametepi

ABSTRACT

The purpose of the study was to investigate investors` perception towards mutual funds with reference to Databank Financial Services Limited within the Sekondi-Takoradi Metropolis (STM). Descriptive survey design was adopted for the study. The Yamane`s sampling technique was used to select the 367 respondents who were investors of the bank. Questionnaire was used to collect the data. The data were analysed using both descriptive and inferential statistics. The study revealed that safety of the principal, ease of liquidation and return on investment are the most important factors that investors consider before they make investment in mutual funds. Also, it reveals that the majority of the respondents were males and were of middle age hence had sufficient energy to take on extra activities to enable them to earn additional income for investment in mutual fund. Clearly, most of the respondents are also married with dependents ranging from four to six and critical socio-demographic factors which influence investors` decision to select mutual fund as an investment options include marital status, educational level, training and education on mutual funds, family size, access to addition income sources and financial literacy. The study recommends that the benefits of mutual fund investment must be highlighted to attract more investors. The is the need to redesign mutual fund products to suit diverse investors or the general public for it to be more attractive in order to entice them to invest in mutual fund. Investors should be encouraged to seek additional income, such as engaging in personal entrepreneurship ventures, and farming in order to generate additional income.

KEY WORDS

Databank Financial Services Limited

Investors` Perception

Mutual Funds

ACKNOWLEDGEMENTS

I am happy to take this opportunity to express my gratitude to those who have been helpful to me in completing this project. My deepest appreciation goes to my supervisor, Ms. Peace Yawo Ametepi, for her guidance towards the completion of this dissertation and for making constructive criticisms and invaluable suggestions that have made it possible for this work to be completed. Madam, I say thank you and may your doors always be opened to all. I also thank the owners/managers of the various branches of the Databank Financial Service Limited that gave me the permission to use their organization in my study.

Furthermore, my heartfelt gratitude goes to Mr. Francis Cudjoe Adusu, and all my friends whose encouragement motivated me to make the dissertation a success, I say thank you. However, I am entirely responsible for any errors and omissions that may be found in this dissertation. Finally, I wish to thank all those who helped in diverse ways to make the writing of this dissertation a reality.

DEDICATION

I dedicate this research work to my daughter, Alfreda Fafali Gameli Adusu.

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LIST OF ACRONYMS

MF	Mutual Fund
STM	Sekondi-Takoradi Metropolis
LR	Logistic Regression
RoI	Return on Investment
WAM	Weighted Average Maturity
BoG	Bank of Ghana
GSE	Ghana Stock Exchange
SEC	Stock Exchange Commission
US	United States
NIB	National Investment Bank
NTHC	National Trust Holding Corporation
NTH	National Trust Holding

CHAPTER ONE

INTRODUCTION

Development of every nation undoubtedly rests on the heels of efficient performance of its financial sector, providing sufficient investment capital for various productive activities in the economy. Ghana`s financial sector has undergone several reforms, the latest one been the 2018 banking sector reform which saw several banks been consolidated, merged or collapsed due to inability to meet the minimum capital requirements. Mutual Funds undoubtedly provide substantial amounts of investment funds in every economy. A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities such as stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional money managers, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus. Mutual funds give small or individual investors access to professionally managed portfolios of equities, bonds and other securities. Each shareholder, therefore, participates proportionally in the gains or losses of the fund.

Ippolito (1992) states that an investor is ready to invest in those funds or schemes which have resulted in good rewards and most investors are attracted by those funds or schemes that are performing better over the worst. Goetzman (1997) opined that investor’s psychology affects mutual fund selection for investment, thus, knowing the perception of investors towards mutual funds is crucial to every economy.

Background to the Study

Many investors want to diversify their holdings in order to limit their exposure to risk. However, most individual investors cannot afford the fees and commissions necessary to take large positions in a number of individual securities. Mutual funds (MF) are investment vehicles that pool money from many different investors to increase their buying power and diversify their holdings (Hirshleifer, 2011). This allows investors to add a substantial number of securities to their portfolio for a much lower price than purchasing each security individually. The Mutual Funds usually invest their funds in equities, bonds, debentures; call money etc., depending on the objectives and terms of scheme floated by MF. Nowadays there is MF which even invests in gold or other asset classes. Investing in a mutual fund can be a lot easier than buying and selling individual stocks and bonds on your own. Investors can sell their shares when they want (Mathew, 2011).

Investing in a mutual fund implies that money is managed by finance professionals. Investors who do not have the time or skill to manage their own portfolio do invest in mutual funds. By investing in mutual funds, investors gain the services of professional fund managers, which would otherwise be costly for an individual investor (Patra & Dash, 2014).

Mutual funds provide the benefit of diversification across different sectors and companies. Mutual funds widen investments across various industries and asset classes. Thus, by investing in a mutual fund, investors gain from the benefits of diversification and asset allocation, without investing a large amount of money that would be required to build an individual portfolio (Kim, & Nofsinger, 2007).

Mutual funds are usually very liquid investments. Unless they have a pre-specified lock-in period, the money is available to investors anytime they want subject to exit load, if any. Normally funds take a couple of days for returning money to investors. Since they are well integrated with the banking system, most funds can transfer the money directly to the investor's bank account (Hirshleifer, 2011).

Investors can benefit from the convenience and flexibility offered by mutual funds to invest in a wide range of schemes. The option of systematic (at regular intervals) investment and withdrawal is also offered to investors in most open-ended schemes. Depending on investor's inclinations and convenience an investor can invest or withdraw funds (Dash, 2014).

Due to economies of scale, mutual funds pay lower transaction costs. The benefits are passed on to mutual fund investors, which may not be enjoyed by an individual who enters the market directly. Funds provide investors with updated information pertaining to the markets and schemes through factsheets, offer documents, annual reports etc (Hirshleifer, 2011).

In Ghana, mutual funds must be registered with the Securities and Exchange Commission, overseen by a board of directors or board of trustees, and managed by a Registered Investment Management Firm or Advisor. Mutual funds in Ghana are subject to an extensive and detailed regulatory regime set forth in Securities Industry Law 1993(P.N.D.C.L 333) and the Unit Trusts and Mutual Funds Regulations (L.I 1695).

Ghana has a relatively young mutual fund industry. The first mutual fund was introduced in Ghana by Databank Group in 1996 with a product called the Epack. Originally designed as an investment club, it was later transformed into a mutual fund. Mutual fund industry has a 20-year history in Ghana and its size has increased substantially over the years (Amudhan, Poornima & Senthilkumar, 2016)

The biggest risk of investing in a mutual fund is one of underperformance. When an investor decides to invest in a particular asset class, he typically expects to get the return that the benchmark of the asset provides. For example, if someone is investing in large-cap equity stocks, he/she would expect to make at least as much return (with similar risk) as a benchmark index. Mutual funds try to maximise the returns on the funds invested through them but all of the funds cannot succeed and outperform each other or the benchmark. Hence, some of them under-perform the benchmark.

Mutual fund operators in Ghana have been very influential in the development of the capital markets. They provide advisory services; serve as placement agents and brokers to private clients, government and other companies. Mutual Funds have been widely acclaimed as an effectual way for investing in the financial markets in low cost and low risk manner. Risk features in mutual funds can be silenced by diversifying the investment across different types of securities which is seen as a key strategic player in an individual's investment.

Studies by (Atmaramani, 2012; Cumby, Robert, & Glen, 2015; Thomas, 2007), have shown that investment performance offers enough potential for capital growth and investment income. Investment decisions are done by portfolio managers on behalf of mutual fund unit holders. Mutual funds have been seen as a long-term investment opportunity. Many investments companies are operating in the Ghanaian financial market, thus conducting an assessment study is very essential and useful for prospective investors and investors to make informed decision regarding their choice and selection of mutual fund.

A research showed that the mutual fund industry is larger in countries with resilient rules and regulation; coupled with educated and wealthier population rand a prevalent well-defined pension contribution plans (Khorana, 2005). Recently, there has been an expansion trend of the mutual fund companies both in the smaller and bigger private sector. Mutual funds products in the Ghanaian capital market due to growth and developments have ascertained to be part of tools in creating meaningful investment growth in the capital market. In this regard, it is very essential to closely monitor and assess the perception of investors towards mutual funds (Khorana, 2005).

A mutual fund offers investors the rewards of proficient management and portfolio diversification. Smaller investors have the flexibility to pool their assets with other investors, granting them access to opportunities that may otherwise be unavailable to them. (BlackRock Investments, 2010). Different investors with common investment objectives pool their money and investors would get mutual fund units or shares for the sum contributed to the pool on a proportionate basis. The money that is collected is invested into shares, debentures and other securities. Fund managers would realize gains or losses, and collects dividend or interest income. The capital gain/loss from the investments would be passed on to the investors in proportion of the number of units or shares held by them.

Problem Statement

According to Yeboah, (2009), Mutual funds are dynamic financial institutions, which play a crucial role in the economy by mobilising savings and investing them in the capital market, thus establishing the link between savings and capital markets. The benefits of mutual funds for both the company handling the product and the one patronising the product are gradually being recognised as more investors in the private sector have increased investment in mutual funds schemes, especially in advanced countries. Rao (2011) asserted that the mutual fund which was once an obscured financial instrument is now part of our daily lives.

Ghana`s Financial Sector has seen a significant increase in the number of financial institutions with most of them being involved in mutual fund investments. Ghanaians are however, said not to be active in investments and savings, which could help them in various ways in the future (Lavine, 2002). However, the establishment of a mutual funds named “EPACK” by Databank in October 1996 marked the evolution of the Ghanaian mutual fund industry. The primary objective at that time was to attract the small investors and it was made possible through the collective efforts of the Databank group. Barely five years after existence of the first mutual fund, and knowing the importance of mutual funds in boosting small savings in the economy, was legislation to regulate the operations of mutual funds in Ghana passed into law in November 2001. This unit trust and mutual fund regulations (Legislation Instrument, 1695) provides, among other things, guidelines for registration and operations of mutual funds in Ghana. The year 2002 witnessed the licensing of the first mutual fund in

Ghana by the Securities and Exchange Commission after the passage of the unit trust and mutual funds regulations (L.I 1695) in 2001.

The mutual fund in Ghana has developed as one of the investment avenues in Ghana's financial market. The growth of the mutual funds industry in Ghana has been remarkable since its formal inception in 2002. According to the annual reports of Ghana's Securities and Exchange Commission (SEC), the number of mutual funds licensed by the commission rose from 3 in 2002 to 18 in 2012. The net assets value (NAV) also increased from Ghana Cedis (GH¢) 1.1 million in 2002 to GH¢172.8 million in 2012, (SEC, 2012). Despite the growth and absolute size, in relation to its population and economic potential, Ghana's mutual fund market is still substantially behind international comparisons. With the inhabitants of 24 million, less than one percent of Ghanaian population holds mutual funds (Yeboah, 2009). Wholly involvement of the masses in investing in mutual funds would be of a great boost as their numbers and amounts invested would lead to an overall increment in the size and net asset value, hence increasing the investable funds in the country and eliminating the issues of idle funds in the economy. In view of the size of the financial market and the prominent role of individual investors, a sound knowledge of the perceptions of investors towards mutual fund investment is of substantial economic importance to the financial sector and the economy at large; hence, this study evaluates the perceptions of investors towards mutual fund investment in the Sekondi-Takoradi Metropolis of Ghana, with reference to Databank Financial Service Limited in the Sekondi-Takoradi Metropolis of Ghana.

Purpose of the Study

The main purpose of the study is to assess the perceptions of investors towards mutual funds at the Databank Financial Services Limited in the Sekondi-Takoradi Metropolis.

Research Objectives

Specifically, this study sought to:

a. examine investors views toward Mutual fund of databank;
b. identify factors which influence their investment in mutual funds.
c. analyse investors level of satisfaction on the investment of MF of Databank;
d. examine problems faced by investors of mutual fund.

Research Questions

In order to arrive at the objectives above, the following research questions were set to guide the study;

1. What are the views of investors about mutual fund?
2. What are the factors considered by investors before they invest in MF?
3. What is the level of satisfaction on the investment of MF? and
4. What are the problems faced by the mutual fund investors?

Significance of the Study

The findings from this study provides insight and serves as a valuable source of reference for decision makers in the mutual funds company who have interest in the perceptions of investors towards mutual funds in Ghana. The ability to assess mutual funds at the Data bank financial services limited in the Sekondi-Takoradi Metropolis enhance critical decision-making at the strategic level of most mutual fund companies to ensure effective allocation and optimization of scarce resources meeting investors' expectations.

Academically, this study served as a valuable source of reference for future academicians and researchers who might show interest in pursuing research in the field of mutual fund in Ghana. Finally, the study throws more light on how investors perceive MF as well as educate the MF companies on they are perceived by their investors.

Delimitation of the Study

The study was limited to the Data bank financial services limited in the Sekondi–Takoradi Metropolis only although there are other mutual funds in other metropolises. As a result of this, it will be difficult to assess the perceptions of other investors towards mutual funds in other metropolises.

Limitation of the Study

The study will assess the perceptions of investors towards mutual funds within the terrain of Sekondi-Takoradi. The research will be constrained with the reluctance of respondents to give their response to issues during data collection. In addition, adequate access to literature might appear to be also difficult to the researcher. A study of this nature ought to be very detailed and extensive but in view of this, the researcher was limited in time due to the demand to complete the work within a short time. Moreover, accuracy of the study was quite limited due to some bias of respondents.

Organisation of the Study

The study is structured into five chapters as follows: Chapter one is concerned with the background of the study, statement of the problem, purpose of the study, research objectives, research question, and significance of the study, delimitation of the study, limitation of the study and organization of the study. Chapter two consists of the literature review, which gives an in-depth academic analysis of the problem correlation with theoretical, empirical review and conceptual framework that elaborate on the study, by depicting what other schools of thoughts have emerged with on the topic of study. Chapter three is focused on the methodology; how the research was conducted in the field and the gathering of data. It explains how the problem was investigated. Chapter Four will present the results of the study which will include interpretation and discussion of the findings. Chapter Five summarizes the study, draws conclusions and offers recommendations for further research.

CHAPTER TWO

LITERATURE REVIEW

Introduction

The fundamental purpose for reviewing literature is to understand the subject area of the present study and pinpoint research gaps to be addressed in the future studies (Lose, Nxopo, Maziriri & Madinga, 2016). This chapter presents a review of the related literature to the subject under study; "perception of investors towards mutual funds in the Sekondi-Takoradi Metropolis". The research extracted information from several sources both electronic and written thought to be closely related to the topic and concepts under study. In the process of reviewing literature in the field of the study, the study derived topics in this chapter from the objectives of the study.

This chapter looked at context of mutual fund, investor perception, challenges of mutual fund investment, Attribution Theory, the Theory of Choice, the Prospect Theory and the theoretical framework on Behaviourial Finance since the study is anchored on formation of values, attitudes, affinity and perception for mutual funds by investors.

Theoretical Review

A theoretical review refers to the examining of the theories that a researcher chooses to guide him/her in his/her research. Thus, a theoretical framework is the application of a theory, or a set of concepts drawn from one and the same theory, to offer an explanation of an event, or shed some light on a particular phenomenon or research problem. It refers to the set of theories that could be applied to a given research problem, deductively.

This section explains the theories underpinning this study and model the issues or assumptions guiding the study. Specifically, the attribution theory, the theory of choice and the prospect theory are used in this study and are explained in this section, since the study is about consumer decision making in situation containing risk. Basically, theoretical review explains the theories behind the modelling of the study.

Attribution Theory

This theory is one of the products of cognitive psychology. According to this theory, schema has its influence in determining how people interpret new information based on their preexisting beliefs. According to Geva and Mintz (1997), schemata is a working hypothesis about some aspect of the environment and may be a concept of the self (self schema), other individuals (person schema), groups (role schema), or sequences of the events in the environment (scripts). Once schema is formed, people would tend to resist the change. Another important element of this theory is heuristics. These are the rules people use to test their schemata and to process the information. Because of the use of heuristics, cognitive biases occur and this finally results into attribution errors. This is mean to say that, investors` preexisting beliefs and knowledge about mutual funds affects their perceptions towards it.

Theory of Choice

According to Stein and Welch (1997), the fundamental assumptions of psychological theories are realistic in the sense that they accord empirical evidence, although some questions arise with respect to how well psychological theories travel from the laboratory to the real world.

The Theory of Choice states that all humans do is behave; that almost all behaviour is chosen; and that humans are driven by a desire to satisfy their five basic needs. Theory of Choice is based on internal control psychology, rather than external motivation by rewards and punishment. It contends that humans always have some capacity to exercise control in their lives by making choices. Humans are always motivated by what they want at that moment. Choice Theory emphasizes the importance of building and maintaining positive relationships with others. It also looks to working collaboratively to develop a shared vision to pursue common goals. This brings in the concept of mutual funds, since it it better for individual investors to come together under the concept of mutual fund to put their little investment funds together to accummulate bigger interests or returns and diversify risk as well.

Prospect Theory

Prospect theory is a behavioral model that shows how people decide between alternatives that involve risk and uncertainty. It demonstrates that people think in terms of expected utility relative to a reference point rather than absolute outcomes. Prospect theory was developed by framing risky choices and indicates that people are loss-averse; since individuals dislike losses more than equivalent gains, they are more willing to take risks to avoid a loss. Due to the biased weighting of probabilities and loss aversion, the theory leads to loss or gain patterns in relation to risk. Prospect theory has been applied in diverse economic settings, such as consumption choice, labor supply, and insurance (Barberis, 2013).

In cognitive psychology, prospect theory describes the way people choose between probabilistic alternatives that involve risk, where the probabilities of outcomes are uncertain. It emphasized that people make decisions based on the potential value of losses and gains rather than the final outcome, and that people evaluate these losses and gains using some heuristics.

The prospect theory was created in 1979 and developed in 1992 by Daniel Kahneman and Amos Tversky (1992) as a psychologically more accurate description of decision making, compared to the expected utility theory. In the original formulation, the term prospect referred to a lottery.

Per the prospect theory, investors willingly remain in a risky stock position, hoping the price will bounce back. Investors (gamblers) on a losing streak will behave in a similar fashion, doubling up bets in a bid to recoup what's already been lost. So, despite the investors` rational desire to get a return for the risks taken, the investors tend to value something they own higher than the price they would normally be prepared to pay for it. Also, investors might choose to hold their losers and sell their winners because they may believe that today's losers may soon outperform today's winners. Investors often make the mistake of chasing market action by investing in stocks or funds which garner the most attention. Kahneman & Tversky, (1979) noted that, money flows into high-performance mutual funds more rapidly than money flows out from funds that are underperforming.

Conceptual Review

Conceptual framework explains the interrelationship among variables. It essentially represents an 'integrated' way of looking at the problem (Liehr and Smith 1999). Thus, a conceptual review may be defined as an end result of bringing together a number of related concepts to explain or predict a given event, or give a broader understanding of the phenomenon of interest or simply, of a research problem. The process of arriving at a conceptual framework is akin to an inductive process whereby small individual pieces (in this case, concepts) are joined together to tell a bigger map of possible relationships.

This section specifically, this section looks at the concept of mutual fund, and the conceptual model of Sweeney et al., (1999) on the role of perceived risk in the value-quality relationship.

Evolution of Mutual Funds

Mutual fund got to be prevalent in 1980s and 90s when mutual fund hit record highs and investors saw mind boggling returns. Moreover, the thought of pooling resources for investment purposes has been around for long time. Here we take a gander at advancement of this speculation vehicle, from its starting in the Netherlands in the eighteenth century to its present status as a developing, universal industry with fund holding representing trillions of dollars in the United State alone. Student of history are dubious of the inception of investment funds; some refer to the closed-end investment organizations dispatched in the Netherlands in 1822 by King William I as the first mutual funds, while different focuses to Dutch dealer named Adriaan van Ketwich whose investment trust made in 1774 may have given the King the thought. Ketwich most likely hypothesized that enhancement would expand the claim of investment to investors with insignificant capital. The name of Ketwich's store, Eendragt Maakt Magt, means "unity creates strength (Kosowski, 2011).

Mutual funds incorporated an investment fund dispatched in Switzerland in 1849, which was trailed by comparable vehicle made in Scotland in the 1880s (Keswani & Stolin, 2008). The thought of pooling assets and spreading risk using close-end investment soon flourished in Great Britain and France, making it route to the United State in the 1890s. The Boston Personal property Trust, framed in 1893, was the initially close-end fund in the U.S. the formation of the Alexander Fund in 1907 was a vital stride in the development toward what we know as the cutting-edge mutual fund. The Alexander Fund included semi-yearly issues and permitted investors to make withdrawals on interest (Wu, 2010).

The production of the Massachusetts Investors Trust in Boston, Massachusetts, proclaimed the landing of the cutting-edge common fund in 1924. The fund opened up to the world in1982, in the long run producing the shared reserve firm referred to today as MFS speculation administration. State road Investors trust was the mangers of the Massachusetts speculators Trust. Later, state road investors began to claim funds in 1924 with Richard Paine, Richard Saltonstall and Paul Cabot in charge. Saltonstall was likewise associated with Scudder, Stevens and Clark, an outfit that would dispatch the first mutual fund in 1928 (Moskowitz, 2002).

An earth-shattering year in the historical backdrop of the mutual fund, 1982 likewise saw the dispatch of the Wellington Fund, which was the mutual fund to incorporate stock and bonds, instead of direct merchant bank style of investment in business and exchange. Creation of Securities and Exchange Commission (SEC), the section of the securities Act of 1933 and the authorization of the securities trade Act of 1934 put set up shields to ensure investors; mutual funds were needed to enlist with the SEC and to give disclosure in the form of prospectus. The investment company Act of 1940 set up an extra regulation that obliged more disclosure and tried to minimize conflict of interest (Cooper, Gulen, & Rau, 2005).

The mutual fund industry kept on growing. Toward the start of the 1950s, the quantity of open-end trusts bested 100. In 1954, the monetary business defeated their 1929 peak, and the mutual fund industry started to develop vigorously, including somewhere in the range of 50 new funds throughout the decade. The 1960s saw the ascent of forceful growth funds, with more than 100 new funds build up and billions of dollars in new resource inflows (Gottesman & Morey, 2006).

Regardless of the 2003 mutual fund scandals and the worldwide financial crisis of 2008-2009, the story of mutual fund is long away from being done. There has been a stupendous development in the mutual fund industry and as a result, it represents a lot of private areas reserve funds and net inflows of trading in risky financial resources. A report in the US demonstrated that the mutual fund held $8.9 trillion total worth toward the end of 2005 financial year over an aggregate around 8500 trusts (invested company institute, 2006) in fact, the industry is as yet developing (Han & Kumar, 2009).

In US there are more than 10,000 mutual funds, and if one records for all share classes of comparable funds, fund possessions are measured in the trillions of dollars. In spite of the dispatch of discrete records, trade exchanged funds and other contending product, the mutual fund industry stays solid and fund ownership keeps on growing.

An extensive and systematic study of 152 mutual funds conducted by Huang, Sialm and Zhang, (2011) found that mutual fund schemes earned an average annual return of 12.4 percent, while their composite benchmark earned a return of 12.6 percent while negative 20 basis points were their alpha. The industry did not suggest an overall result of inefficiency. There was not a strong relationship of funds return by comparing turnover and expenses categorically. Issues relating to investment policy and portfolio turnover rate performance of mutual funds and it influence on the stock markets were analysed by Irwin and Brown, (2005). They found out that mutual funds had a significant influence on the price movement in the stock market. Their outcome was that, averagely, funds would not perform better than the composite markets and there was no persistent relationship between portfolio turnover and fund performance.

Characteristic line for relating expected rate of return of a fund to the rate of return of a suitable market average was used by Treynor (1965). By taking investment risk into account, he coined fund performance. Portfolio-possibility line was used to relate expected return to the portfolio owner`s risk preference to further deal with a portfolio.

Moreover, 34 mutual funds were evaluated for the period 1944-1963. Significantly, reward to inconsistency for each scheme was ranging from

0.43 to 0.78. There was inverse relationship with expense ratio with fund performance with correlation coefficient of 0.0505. Furthermore, good performance was associated with low expense ratio (Barber & Odean, 2000). Performance of 57 fund managers in terms of their market timing abilities was evaluated by Treynor and Mazuy (2006) and found that, fund managers had not successfully outguessed the market. The results suggested that, investors were totally dependent on the up and downs in the market. Fund Managers' ability to identify under-priced industries and companies brings improvement in rates of return (Treynor & Mazuy (2006).

Mutual Funds in Ghana

During President I.K Acheampong's regime in 1974, Ghana had no clear distinguishing features between that of a bank and an investment company. Bank of Ghana was in control of virtually all government assets both real and financial. There was therefore the need for an institution that will take care of all government investment undertakings. Such an institution was to act as a custodian for government holdings or shares in other organizations since this responsibility was beyond that of central bank (Ahiable, 2009).

The National Investment Bank (NIB) at that time, undertook the service of both depository and non-depository activities. Due to the absence of a stock exchange, NIB acted both as primarily and secondary market for stock exchange. NIB was later tasked with the duty of establishing an investment company that conforms to international standards. One that will manage government investment portfolios, manage the register of Government institutions, hold in trust all government holdings in other organizations, render advisory services to government in terms of undertaking financial or investment projects and finally to act more or less like stock exchange (Ahiable, 2009).

NTHC limited (formerly known as National Trust Holding) was established in May, 1976 under the auspices of National Investment Bank limited and incorporated under the Ghana's company's code 1963 (ACT 179). It was mainly established to act as a tool for creating stock exchange in Ghana and therefore began soon after its incorporation in 1979. It was authorized to operate as a National Mutual Fund in that same year. From 1979, NTHC acted as trustees, holding and managing government interest and equity in companies. Most of these companies are currently being diversified. NTHC transacted business with investors, individuals, government agencies, private and public companies, associations and institutions. After the establishment of Ghana Stock Exchange in 1990, the National Trust Holdings Company ceased to act as a stock exchange. It later became a company known as NTHC Limited operated as a normal investment company under the regulation of SEC, most of which were partially adopted from that of Europe and the United States (Ahiable, 2009). Currently Ghana has over 22 mutual funds to its credit.

Different Types of Funds

Mutual funds in Ghana can be differentiated on the basis of their structure. These are open-end or closed-end mutual funds. The difference between the two depends on the flexibility of sale and purchase of fund units. The open ended has a greater flexibility in the purchase and sale of its shares as compared to the close ended mutual funds. Investors have several options of investing their monies in Ghana, including depository institutions such as banks, savings and loans companies and credit unions; but investing in mutual fund gives investors partial ownership while depository institutions represent a form of credit. Investors therefore share the gains and losses in mutual funds whereas deposit institutions offer only interest on the amount deposited.

It is important to know that each mutual fund has distinctive risk and rewards. By and large, the higher the potential return, the higher the risk of loss. Albeit a few funds are less risky than others, all funds have some level of risk; it's never conceivable to broaden away all risk. This is a certainty for all projected investment. That is to say that every fund has a predetermined investment objective that tailors the fund's assets, inception of investments, and investment methods. At the principal level, there are three types of mutual funds: Equity funds, fixed income funds and Money market funds. These are briefly explained below.

Equity funds: An equity fund is a mutual fund that invests principally in stocks. It can be actively or passively (index fund) managed. Equity funds are also known as stock funds. Stock mutual funds are principally categorized according to company size, the investment style of the holdings in the portfolio and geography (Simkovic, 2011).

Fixed income: Fixed income refers to any type of investment under which the borrower or issuer is obliged to make payments of a fixed amount on a fixed schedule. For example, the borrower may have to pay interest at a fixed rate once a year, and to repay the principal amount on maturity (Simkovic, 2011). Fixed income securities can be contrasted with equity securities – often referred to as stocks and shares that create no obligation to pay dividends or any other form of income. In order for a company to grow its business, it often must raise money for example, to finance an acquisition; to buy equipment or land; or to invest in new product development. The terms on which investors will finance the company will depend on the risk profile of the company (Simkovic, 2011).

Money market funds: it seeks to limit exposure to losses due to credit, market, and liquidity risks. Money market funds in the United States are regulated by the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940. Rule 2a-7 of the act restricts the quality, maturity and diversity of investments by money market funds. Under this act, a money fund mainly buys the highest rated debt, which matures in under 13 months (Murphy, 2009). The portfolio must maintain a weighted average maturity (WAM) of 60 days or less and not invest more than 5% in any one issuer, except for government securities and repurchase agreements. Unlike most other financial instruments, money market funds seek to maintain a stable value of $1 per share. Funds are able to pay dividends to investors. Securities in which money markets may invest include commercial paper, repurchase agreements, short-term bonds and other money funds. Money market securities must be highly liquid and of the highest quality (Murphy, 2009).

Conceptual Model

Based on the subject under study and the literature consulted for this study, the conceptual model proposed by Sweeney et al. (1999) was adopted to guide the research. The model shows the relationship between perceived relative price, perceived product quality and perceived risk and all have a direct influence on consumer perceived product value. In addition to the direct relationships mentioned above, the interrelationships between perceived relative price and perceived product quality, as well as between perceived product quality and perceived risk have been included in the model. It is believed that these relationships may also influence perceived product value and ultimately purchase intention and or decision to invest into mutual fund.

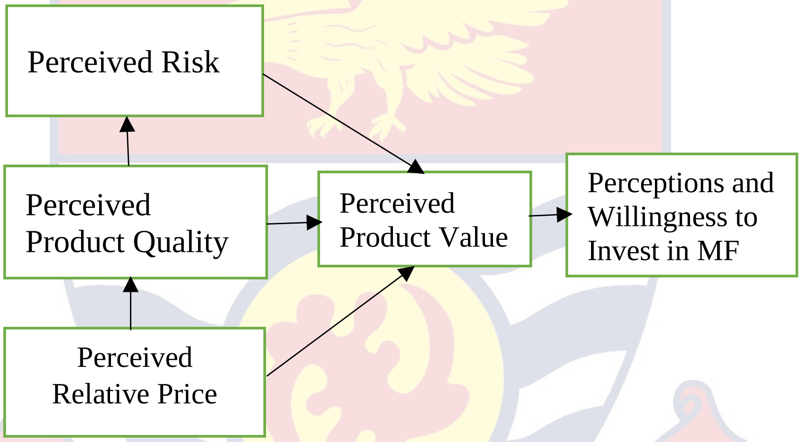

Figure 1: Conceptual Model
Source: Sweeney et al. (1999)

Empirical Review

Empirical review of literature is concentrating on previous research results or findings that the researcher wants to study, compare, and cite to construct reliability, validity, correlations, and strength of relationship between past study`s constructs and the current one. Empirical literature review details previous empirical studies (not theoretical analysis) that have been done on the topic or concepts under study, by other researchers and the findings that emerged. Here, the key issues are the problems focused upon, the methodology adopted and the key findings and conclusions.

This section presents empirical reviews on mutual fund awareness and perception of investors, factors influencing mutual fund investment decisions, challenge or problems of mutual fund investment, and investor satisfaction and confidence in mutual funds.

Mutual Fund Awareness and Perception of Investors

In a study by Singh and Jha (2009), conducted to examine the awareness and acceptability of mutual funds, it was found out that, consumers prefer mutual funds due to the return potential, liquidity and safety; and they were not totally aware of the systematic investment plan. The investors also considered various factors before investing in mutual funds. Also, in a study of mutual funds as an investment option for personal finance of college teachers at Bangalore, Nandanan and Thomas (2013) observed that the majority of the teaching community preferred traditional investment products such as fixed deposit as opposed to the modern products like mutual funds. The main reason for this, according to the study, is the minimal knowledge teachers have with respect to mutual funds. These studies revealed that investors' knowledge level on mutual fund investment is low and those who invest in mutual funds do so simply because of the high level of return promised. This, together with improved returns, indicates that there is a high possibility of investors investing in mutual funds

Sunder (2008) conducted a survey to get an in-depth view of the operations of private sector mutual fund with special reference to Kothari

Pioneer. The survey noted that knowledge about mutual fund concept was unsatisfactory during that time in small cities like Visakapatanam. It also suggested that agents can help to catalyse mutual fund culture, open-ended options are much popular than any other schemes, asset management company's brand is chief consideration to invest in mutual fund.

Singh (2012) conducted an empirical study of Indian investors and observed that most of the respondents do not have much awareness of the various functions of mutual funds and they are confused regarding investment in mutual funds. The study found that some demographic factors like gender, income and level of education have a significant impact on the attitude towards mutual funds. On the contrary, age and occupation have not been found to influence the investor's attitude. The study noticed that return potential and liquidity have been perceived to be the most lucrative benefits of investment in mutual funds; and this is followed by flexibility, transparency and affordability. Similarly, Sundar (1998) conducted a survey to acquire an insight into the mutual fund operations of private institutions with special reference to Kothari Pioneer. The survey revealed that: awareness about the mutual fund concept was poor during that time in small cities; agents play a vital role in spreading the mutual fund culture; open-end schemes were much preferred then; age and income are the two important determinants in the selection of the fund; and brand image and return are the prime considerations when investing in any mutual fund. Singh (2004) observed that middle class salaried investors and professionals preferred to have disclosure of the net asset value on a day-to-day basis and wanted to invest in funds in order to get a higher tax rebate.

The study further observed that small investors perceived mutual funds to be a better investment alternative and less risky.

More recently, Awunyo-Victor et. al., (2015) conducted a study to investigate factors influencing teachers' mutual fund investment decision using second cycle institution teachers in the Kumasi metropolis with 252 respondents. They found out that the majority of the respondents were males and were of middle age hence had sufficient energy to take on extra activities to enable them to earn additional income for investment in mutual fund. Most of the respondents were also married with dependents. In addition, the study found out that, a large proportion of the teachers are aware of mutual fund as an investment option and the major source of their information about mutual fund investment is through advertisement made by mutual fund companies.

Factors Influencing Mutual Fund Investment Decisions

Investors commonly perform investment analysis by making use of fundamental analysis, technical analysis and judgment. Investment decisions are often supported by decision tools. It is assumed that information structure and the factors in the market systematically influence individuals' investment decisions as well as market outcomes. Investor market behaviour derives from psychological principles of decision making to explain why people buy or sell stocks.

In Awunyo-Victor et al., (2015), they noted that critical factors which influence teachers' decision to select mutual fund as an investment options include marital status, family size, access to addition income sources and financial literacy. However, a study by Nandanan and Thomas (2013) revealed that financial knowledge did not influence teachers' investment decisions when it came to mutual funds as an investment option.

The existence of the spouse effect on the husband's and wife's decision to participate and invest in retirement funds was examined by Sherman and Sung (1998). The study found that one spouse's participation in a retirement plan significantly affects the other spouse's decision to invest in a retirement fund.

The impact of demographic factors on the investment decision of investors was examined by Jain and Mandot (2012) in Rajasthan. Basically, the study tested the relation between the investor's marital status and the level of investment risk they have taken using correlation analysis. The result revealed a negative correlation between the two variables. In the study of mutual fund as an investment option, Kumar et al. (2014) concluded that income plays a significant role in the choice to invest in a mutual fund. Also, Diouf et al. (2012) explored factors that influence social investors from Desjardins Fund and found that only one socio-demographic variable (household size) was significant in the presence of variables like age, gender, education and occupation. Whenever the household size increases by one member, the holding of a Societerre portfolio decreases by 0.27 (Diouf et al., 2012). However, Wilcox (2003) performed a conjoint experiment into mutual fund decision making, which showed that investors place substantial emphasis on past returns.

A study by Kalaiselvi, (2016) was on investors' perception towards and recent development and progress of Mutual Fund investments in Coimbatore city, India, under the broad area of service marketing. In the broad concept of service marketing it exclusively concentrates on the marketing of financial service, mutual funds. With the wider concept of the various functions of service marketing, product awareness, brand preferences, and investor`s satisfaction are the specific areas of the study.

Another study by Ramakrishna (2015) aimed to investigate perception of investor towards mutual funds with an objective to explore the important aspects of Mutual Funds affecting the perception of investors and also to examine the difference of perception of large and small investors on the basis of explored factors. Data for the study were collected form 136 sample respondents residing in Bhubaneswar City of Odisha using a structured questionnaire and analysed by exploratory factor analysis and t-test. As a result of factor analysis three factor namely investment, return and future were explored and through t-test it was proved that there is a difference of perception among the small and large investors with respect to 'return' and 'future' aspects of mutual fund.

In this study by Jagongo, Grinblatt, Titman & Wermers, (2014), data was analyzed using frequencies, mean scores, standard deviations, percentages, Friedman's test and Factor analysis techniques. The researcher confirmed that there seems to be a certain degree of correlation between the factors that behavioural finance theory and previous empirical evidence identify as the for the average equity investor. The researcher found out that the most important factors that influence individual investment decisions were: reputation of the firm, firm's status in industry, expected corporate earnings, profit and condition of statement, past performance of firm`s stock, price per share, feeling on the economy and expected dividend by investors.

Rajeswari and Rama (2001) as cited in Rao (2011) conducted an empirical study on factors influencing the mutual fund/scheme selection by retail investors. The results of the study revealed that, among product qualities, the most important factor was performance of the fund followed by brand name of scheme. Among sponsor related factors, the most importance factor was expertise of the sponsor to manage money; and in customer services, the most importance factors were disclosure on investment objective and the methods and periodicity of valuation in advertisements.

Donner and Oxenstierna (2007) in their thesis conducted on the factors that investors value while choosing mutual funds on the Swedish market found that company related factors such as reputation and availability are more valued by inexperienced investors because they lack necessary knowledge about complex financial products. But experienced investors value fund specific attributes and demands a good presence of the company in the market in order to recognise it.

Rao (2011) conducted a study on 'analysis of individual investor behaviour towards mutual fund scheme'. In this study, the author presents mutual fund investor awareness and adoption of different schemes with educational level. The research findings showed that increased levels of education is linked with greater risk tolerance.

The research findings by Nagy and Obenberger, (2004) which examined factors influencing investor behaviour, suggested that classical wealth maximization criteria are important to investors, even though investors employ diverse criteria when choosing stocks. Contemporary concerns such as local or international operations, environmental track record and the firm's ethical posture appear to be given only cursory consideration. The recommendations of brokerage houses, individual stock brokers, family members and co-workers go largely unheeded. Many individual investors discount the benefits of valuation models when evaluating stocks.

Dash (2013) carried out a survey with an objective to understand the behavioural aspects of the investors towards equity and mutual funds investment portfolio. The survey revealed that the salaried an d self-employed formed the major investors in mutual fund primarily due to tax concessions. UTI and SBI schemes were popular in that part of the country then and other funds had not proved to be a big hit during the time when survey was done.

Jambodekar (2006) conducted his study to size-up the direction of mutual funds in investors and to identify factors that influence mutual fund investment decision. The study observed that open-ended scheme is most favoured among other things and that income schemes and open-ended schemes are preferred over closed- ended and growth schemes. Newspapers are used as information source; safety of principal amount and investor services are priority points for investing in mutual funds.

Dash (2014) used data from nearly 2000 mutual fund investors and found that women take less risk than men in their mutual fund investments. Atmaramani (2012) shows that risk and investment experience tend to indicate a positive correlation. Past experience of successful investment increases investor tolerance of risk. Mathew (2011) explored whether a single page supplemental information disclosure impacts investors fund evaluations and investment intentions. Results indicated that while investors continue to place too much emphasis on prior performance, the provision of supplemental information, particularly in a graphical format, interacts with performance and investment knowledge to influence perceptions and evaluations of mutual funds.

Investors Level of Satisfaction on the Investment of Mutual Funds

Customer satisfaction is the key for any service organization, only satisfied investors will stay invested with the organization and recommend others to invest in particular scheme or fund. Another reason why mutual fund is so particular about investor satisfaction is that investor life time value to the organization is very crucial. The organizations of the "new economy" seemed to determine the future of business expectations and their perceptions of actual performance can be done by making use of the SERVQUAL scale of Zeithaml, Berry and Parasuraman (2013). This scale has been developed for the service sector. It has five generic dimensions or factors:

Tangibles: Physical facilities, equipment and appearance of personnel

Reliability: Ability to perform the promised service dependably and accurately

Responsiveness: Willingness to help customers and provide prompt service

Assurance (including competence, courtesy, credibility and security): Knowledge and courtesy of employees and their ability to inspire trust and confidence

Empathy (including access, communication, understanding the customer): Caring, Individual attention the firm provides its customers. In the SERVQUAL instrument, 22 statements measure the performance across these five dimensions. For each statement the expectation and the experience of a customer is determined (Robert & Glen, 2015).

SERVQUAL dimensions in relation to mutual funds

Tangibles

Aspects in the tangibles factor are 'has up to date equipment', 'physical facilities are visual appealing' and 'materials are visually appealing'. These aspects are important in-service products like mutual funds as there is not much face-to-face contact between the investor and mutual fund directly, since these products are normally delivered through intermediaries like brokers. Therefore, the need to have well maintained broker's office trained and informed employees in broker outfits functioning. Investor may redeem from the good scheme of a particular fund because of uninformed broker (Zeithaml, Parasuraman & Berry, 2013).

Reliability

Some of the aspects in the reliability factor have to do with 'doing what is promised' and 'doing it at the promised time'. Although many mutual funds beliefs that investors redeem their investments and go to some other funds because of performance alone, but performance is just one of the factors. There are many other factors such as convenience to invest and redemptions (Zeithaml, Parasuraman & Berry, 2013).

Responsiveness

One of the aspects in the responsiveness factor is ‘gives prompt service’. The amount of time it takes to process the application form for investments, sending redemption warrants are key factor determining the responsiveness. Some of the other areas in which service promptness are expected in the areas of receiving dividend warrants in time, electronic clearing facility or direct credit facility of dividend and redemptions (Zeithaml, Parasuraman & Berry, 2013).

Assurance

One of the aspects in the assurance factor is ‘knowledge to answer questions. Investor expect to find everything they want from a mutual fund. Investors are so particular about safety, returns and liquidity on their investments, if anyone is lagging, they withdraw investments form the fund (Zeithaml, Parasuraman & Berry, 2013).

Empathy

In the dimension of empathy, most of the investor contact point is intermediaries, so training to intermediaries on various aspects are very essential, also employees in investor service centres should have greater responsibility in understanding investors. Customer friendliness in all aspects is very useful for retaining the investors within the fund (Zeithaml, Parasuraman & Berry, 2013).

Challenges or Problem of Mutual Fund Investment

Mutual fund investment provides various opportunities to investors but they have to face some problems/challenges as it is not possible that fund managers always make profits (Ambrose & Mutswenje, 2014). Some of these problems include:

No guarantees: Portfolio management provides diversification benefits but no investment is risk free. If the entire stock market declines in value, the value of mutual fund shares also go down and it is possible that investors may lose their entire investment.

Management risk: Mutual funds are managed through fund's manager; it means investors depend on fund's manager to make the right decision regarding fund's portfolio. But if manager does not perform well, there is risk of investment made.

Fees and commission: All funds charge fee for day to day expenses. Investors have to pay fees as a percentage of value of his investments, irrespective of performance of the fund. Some funds also charge sales commissions to compensate brokers, financial consultants and planners.

Dilution: Although diversification reduces the amount of risk involved in investing in mutual funds, it can be also a disadvantage due to dilution. For example: if a single security doubles in value then mutual fund itself would not double in value as that security is only a part of fund's holding.

Investor education: The efforts taken by the industry are showing the results. The media is also making a fair share of contribution. Today we have news channels running shows for mutual funds, wherein fundamentals of investing in mutual funds are explained. Still there is need of professional help.

Technology backbone: Funds have introduced technological innovations such as transactions through the internet. The internet revolution in our country is yet to penetrate to the grass root levels. Usage of internet in our country is low compared to developed countries.

Trading limitations: Although mutual funds are highly liquid in nature, most of mutual funds cannot be bought or sold in the middle of the trading day. They can be sold by the investor only at the end of the day, after calculation of current value of their holdings.

Loss of control: The managers of mutual funds make all of the decisions about which securities are to buy and sell and what to do so. This makes it difficult for the investor who tries to manage their portfolio. They loss their control as they are dependent on fund managers when invest in a mutual fund.

Chapter Summary

This chapter began by introducing the theories adapted and used in the study. Then presented the conceptual views of relevance to this study and later explained the conceptual model of Sweeney et al., (1999) on the role of perceived risk in the value-quality relationship. The chapter also provided the empirical justification for the factors influencing investment in mutual funds, challenges of mutual fund investment and the perception of investors towards mutual funds. Finally, the chapter provided the empirical justification for the study.

CHAPTER THREE

RESEARCH METHODS

Introduction

Most of the individual investors are finding it difficult to identify and diversify their investment across different portfolios. This is due to lack of complete knowledge about investment principles or due to lack of skills needed to play actively with the complex system of taking quick decision for proper handling of portfolios. To cope up with these difficulties, the investors are turning to specialized institutions like Mutual Funds. Mutual funds are financial intermediaries, which collect the savings of investors and invest them in a large and well-diversified portfolio of securities such as money market instruments, corporate and Government bonds and equity shares of joint stock companies. This facilitates to take the full benefits of diversification. Further, varieties of schemes of mutual funds throw opportunities to suit to the varied requirements of different investors. The present study focuses on the past studies conducted by various academicians, researchers to know the investor's perception towards mutual funds investment.

This chapter looks at the systematic procedures used to explain the investors` perception towards mutual fund investment. Precisely, this chapter presents detailed discussion on the research paradigm, research design, research approach, definition, sources and measurement of variables, and justifications, validity of the instruments used, and methods of data processing and analysis. It explains the various scientific methods used in achieving the objectives of this study.

Research Paradigm

Research paradigm reflects the philosophy of a scientific research and the scientific approach that is considered most appropriate to the purpose, context and focus of the research task (Hallebone & Priest 2008). This study is in line with the positivism research paradigm. Proponents of the positivism research paradigm posit that the positivist approach to scientific research involves researching into an observable social reality and finally making law-like generalizations as done by the physical and natural scientists. This implies that the use of positivism paradigm of research involves the collection of data on the variables, analysing data by the use of statistical test of significance and affirming or rejecting hypotheses to make generalizations. According to Hallebone and Priest, (2008), positivism paradigm of research produces generalizable findings which are normally reported quantitatively, and also provides for the possibility of making predictions and assumptions about general phenomena.

Justifying the above, positivism paradigm allows for theories and findings be generalized at a larger degree, with which the data for the same issue with different social context can be collected. It gives room to generalize a research finding when it has been replicated on many different populations and subpopulations (Johnson & Onwuegbuzie,2007). The precision of the parsimony also helps make it useful for studying large number of people or variables, therefore saves time (Cohen et al., 2007). Quantitative data paves a way to further scientific research, hence provides objective information that researchers can use to make scientific assumptions. (Johnson,2014). Furthermore, positivism paradigm is widely used for its reliability advantage.

This study adopted the positivism paradigm of research because this study involved the collection of data on investors of Databank Financial Service Limited, analysis of the data to establish relationships and effects by using statistical test of significance, and finally making decisions as to accept or reject hypotheses to establish the perception of investors of Databank Financial Services Limited towards mutual fund investment in Sekondi-Takoradi Metropolis of Ghana.

Research Design

Saunders et al, (2012) noted that, research design can be either exploratory, descriptive or explanatory. A research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data (Dutton, 2014). The research questions, the aim and the objectives of the study thus influence the selection of the research design (Brink, 1999). The purpose of the research design, as stated by Burns and Grove (2001), is to achieve greater control of the study and to improve the validity of the study by examining the research problem.

Empirical studies that seeks to establish and explain cause and effect relationships between variables may be termed as descriptive (Saunders et al, 2012). Descriptive research places more emphasis on studying a situation to explain the relationships between variables. This study employed descriptive research design to explain or describe the relationship between investors` perception and investment in mutual funds of Databank

Financial Services Limited. Thus, the study deems the design appropriate for the study as it allows for investigation of the perception of investors towards mutual funds of Databank in the area of study.

Research Approach

There are three main approaches to research and they are, the quantitative research approach, the qualitative research approach and the mixed research approach (Creswell, 2014). Saunders et al, (2012) postulate that the positivism research paradigm makes use of the quantitative research approach and thus the quantitative research approach was adopted for this study. Creswell (2014) explained that the quantitative research approach comprises the examination of relationships among variables to test objective theories. Since the testing of the relationships among variables requires the use of statistical procedures, the data should be measured quantitatively. Quantitative researchers at all points in time, deduce a set of hypotheses, derive models based on the set of hypotheses and finally generalize and replicate findings (Creswell, 2014). Per this position, one can clearly see that, quantitative researchers seek to search for causal explanations so that it could be used for predictions.

From the foregoing argument, this study employed the quantitative approach because hypotheses were deduced from theories, and models were constructed based on these deduced hypotheses. Per the above and for the fact that quantitative research approach makes use of statistical analysis, the study adopted descriptive and inferential statistics (specifically, correlation, and regression) to analyse and interpret the data to answer the research questions which were set to guide the this to realize its objectives.

Study Population

Specifying the population that is targeted for the study is crucial as it helps researchers to make decisions on sampling and resources to use (Orodho, 2008). Population refers to all members of real or hypothetical set of people, events or objects which a researcher wishes to generalize the results of the study (Borg & Gall, 1989). Issahaku et al., (2013) also opined that, population is the sum of all members, elements or cases about which a researcher wishes to draw conclusions. In this study, the target population consists of all customers of Databank Financial Services Limited, Sekondi-Takoradi Metropolis branch, Takoradi. At the time of conducting this study, the total customers of Databank Financial Services Limited stood at 4,467.

Study Area

Sekondi-Takoradi Metropolitan Assembly (STMA) is established by law under LI 1928. The Metropolis is the administrative and political capital of the Western Region of Ghana and is bounded on the east by Shama District, on the west by Ahanta West District, on the North by Mporhor Wassa East District and to the South by the Gulf of Guinea. Sekondi-Takoradi Metropolis covers a land area of 219km^2 with Sekondi as the administrative headquarters. The Metropolis is located on the south-western of Ghana, about 242km west of Accra, the capital city of Ghana. It is also approximately 280 kilometres from the La Cote d'voire border in the west.

Sekondi-Takoradi is easily the most highly developed in the region. Indeed, it is the third largest Metropolis in the whole of Ghana. The population of the Metropolis according to 2010 population and housing census stands at 559,548 with 273,436 males and 286,112 females. Sekondi-Takoradi, a city comprising the twin cities of Sekondi and Takoradi. Sekondi-Takoradi is the region's largest city and an industrial and commercial centre. The chief industries in Sekondi-Takoradi are timber, cocoa processing, plywood, shipbuilding, its harbour and railway repair, and recently, sweet crude oil and crude oil. The fundamental job in Sekondi-Takoradi is fishing. Sekondi-Takoradi lies on the main railway lines to Kumasi and Accra.

Sampling and Sampling Procedure

A sample is a small population. Any statement made about the sample should also be true of the population, (Mugenda & Mugenda 2003). In this study, the sample was selected in two stages, the first of which was the purposive selection of Databank Financial Services Limited branches within the Metropolis, which happens to be one at the time this study is being conducted. As such only one branch of the bank (Databank, SSNIT Building, Takoradi) was purposively selected for the study. The second stage of the sampling involved a simple random sampling to select the respondents. The number of respondents was estimated using estimation method given by Yamane (1967) as:

$$n=\frac{N}{1+N(e)^2}$$

where n is the sample size; e = error level (thus, e = 1 – confidence level) and N is the estimated total population of the target group. Assuming 95% confidence level, e = 0.05. The sample size of 367 was calculated based on a sample frame of 4467 investors for the Databank Financial Services Limited, Takoradi. This is represented in Table 1.

From the foregoing argument and in an attempt to do a delightful and diligent work that would not only serve academic needs of the researcher but also to create a piece that will make impacts on industry practices, policies of stakeholders and government departments, and economist, the research employed both purposive sampling and simple random sampling. The simple random sampling technique was used because it gives each member of the population an equal chance of being selected for the study.

Table 1: *Study Population and Sample*

Status of the Respondent	Population	Sample
Investors	4467	367
Total	4467	367

Source: Field survey, Adusu (2018)

Data Collection Instrument

Questionnaires were the main tool that was used for the primary data collection. The use of questionnaire enabled the study to obtain more accurate information with respect to answering the research questions and deciding on whether to accept or reject the research hypothesis and this is in line with the proponent that, "questionnaires permits wider coverage for a minimum expense both in money and effort" (Osuala, 2001). The questionnaires were designed by the researcher using the research objectives as a guiding light and some insights from the literature reviewed in chapter two. The questionnaires were structured, containing only closed-ended questions. The closed ended questions provided options for respondents to choose from carefully constructed answers that were provided in the form of multiple choice, tailored towards the realization of the research objectives. The structured technique helped to keep the study focused on its primary objectives.

The questionnaires were divided into sections based on the objectives of the study. Retrieval rate of questionnaires administered was 100 percent. This means that, the researchers made sure that all questionnaires distributed were answered and returned for use in realizing its purpose. This was possible because the researcher cooperated with the respondents to fill and return the questionnaires.

Another tool that was used for data collection was interviews. However, this only served as a guide to the selected respondents to do the right thing in answering the questions on the questionnaires. Here the research explains some of the terms that seems unfamiliar to the respondents to enable them understand and select appropriate answers as applicable to them.

Data Collection Procedures

Data was collected by using a survey method with questionnaires which was hand-delivered to respondents at the Databank financial services limited in the Sekondi-Takoradi Metropolis. This method was chosen because of its suitability. In addition, it was an inexpensive method and useful considering the literacy level of the respondents. One month was used to collect the data for the study. The researcher visited the Databank hall every morning (9:00am-12:30pm) to meet some investors who came to do business. This continued every morning to the afternoon until the end of the one month as scheduled. On average, the researcher gets 20 respondents each day.

Before the questionnaires were filled and collected, the participants were addressed by the researcher in which he dully informed the respondents of the purpose of the research and vividly explained the questionnaires to enable them provide the right information needed to arrive at the objectives of the study. They were given ample time to complete the questionnaire. This procedure was appropriate since it was easier for the workers to complete the questionnaire and return it to the researcher without any hustle.

Reliability of Instrument

Reliability refers to the extent to which the questionnaire test yields the same results on repeated applications (Durheim, 1999). It means the degree of dependability of a measuring instrument. The research tools were tested for their reliability, which was meant to find out if they were capable to bring out the required information. Mugenda and Mugenda (2003) define reliability as a measure of the degree to which an instrument yields consistent results or data after repeated trials. The Cronbach alpha was used to estimate the reliability of the questionnaire to be .946. The value of the reliability co-efficient is good if is above 0.70 (Fraenkel & Norman, 2003).

Data Processing and Analysis

Primary data from the field was edited to eliminate errors that may have been made by respondents. Coding was done to translate question responses into specific categories. Coding was done to organize and reduce research data into manageable summaries. Quantitative data was analysed using descriptive statistics. Statistical Package for Social Sciences (SPSS), version 25, was used to process the data. Descriptive statistics such as frequencies, mean, standard deviations and percentages were used to describe the data while inferential statistics referred to as Chi Square, regression and correlation were used to check the relationship between dependent and independent variables. The analysed data was presented in form of tables, pie-charts and bar-graphs where applicable.

Specifically, descriptive statistics such as frequency tables and percentages were used to present the socio-economic characteristics of the respondents. Kendall's coefficient of concordance (W) analysis was used to rank the items identified as challenges faced by the respondents with regards to investing in mutual funds. The degree of agreement of the rankings by the respondents was then measured. W ranges from 0 to 1.

Following random utility theory, the respondents are assumed to optimise their utility for their choices to invest in mutual funds. As a result, their decision of investing in mutual funds can be explained by personal or demographic factors, institutional factors and other environmental factors.

Data and Variable Description

Age is assumed to have a relationship with maturity hence respondents who are of a higher age are more likely to invest in mutual fund. It is therefore hypothesised that age of the respondent is positively related to the probability of investing in mutual fund. This variable (AGE) is specified as the age of the respondent in years as at the time of the survey.

Female are more risk averse compared to their male counterparts. Hence, the gender of the respondent is expected to influence investment in mutual fund. This variable (GEN) is specified as a dummy variable which takes a value of 1 if the respondent is a male and 0 if the respondent is a female.

Marital status is also likely to affect investment decision by investors in mutual fund. When an investor is married, it can have positive and negative impact on his investment in mutual funds. Married investor whose spouse is gainfully employed will have more to invest since the spouse will be of help by providing certain necessities to reduce the expenditure of the investor. But when the spouse is not gainfully employed, it means the investor have a lot of expenditure to make, hence reducing his available fund for investment. Being single too may means the investor has less responsibilities, will have more to invest in mutual fund. This variable (MSt) is specified as a dummy variable that tale the value of 1 if the respondent is married and 0 if not.

The more educated an individual is, the better he or she may understand investment and be able to take an appropriate decision as to the type of investment he/she should engage in. Educational level of the respondent is, therefore, expected to have a positive relationship with the respondent's decision to invest in mutual fund. The variable educational level (EDU) is specified as the level a respondent has attain in formal education.

Family or household size has an effect on the proportion of income consumed and the proportion left for investment. As family size increases, expenditure on food and other household needs also increases. Higher expenditure tends to limit the respondent's ability to invest. Therefore, family size is expected to have a negative effect on investment in mutual fund. This variable family size (Fsi) is specified as the number of individuals within a household who are taken care of by the respondent.

The income level of the respondent is expected to influence the amount of surplus available for investment. Therefore, it is assumed that respondents with a higher income are more likely to invest in mutual fund. This variable income (INC) is specified as the respondent's income from his/her primary or major occupation in GH¢.

Financial literacy (FiL) is specified as the respondent's education and training on finance and investment activities. This variable is expected to influence their investment decision. Therefore, respondents who are financially literate are more likely to invest in mutual fund. The financial literacy variable (FiL) is specified as a dummy variable, which takes the value of 1 if the respondent is educated on finance and investment, and 0 if otherwise.

Some people engage in other income generating activities. Those are in other income generating activities are more likely to have excess income for investment. It is to be expected that respondents who are engaged in other income generating activities are more likely to invest in mutual fund. The variable other income generating activities (OLA) is specified as a dummy variable which takes the value of 1 if the respondent generates other secondary income, and 0 if otherwise.

The distance to the point of transaction or the office of the mutual fund company has an implication for transaction costs. Thus, respondents who are closer to the mutual fund company are more likely to invest in mutual fund. This variable location (LOC) is specified as distance from the respondent's residence to the mutual fund company in kilometres (km). It is hypothesised that the closer an investor is to the mutual fund company, the easier and more convenience it is to invest in mutual fund.

Education or specific training on mutual fund investment is likely to influence the respondent's decision to invest in mutual fund. Some managers of mutual fund organise training for their prospective clients where they educate them on mutual fund management. It is expected that those who have access to training facilitated by mutual fund companies will invest mutual fund. This variable, training (Train) is specified as a dummy variable which takes a value of 1 if the respondent is trained and 0 if otherwise.

Respondents' perception of the operational modalities (MOD) of the mutual fund companies with respect to timeliness of executing their operational activities is expected to influence respondents' decision to invest in mutual fund. This variable is specified as a dummy variable which takes value of 1 if the respondents perceive the companies' operation as satisfactory and 0 if otherwise.

Empirical Model Specification

The empirical model is specified as:

$$Y_i = \alpha+\beta_1 AGE+ \beta_2 GEN+ \beta_3 EDU+ \beta_4 Fsi+ \beta_5 INC+ \beta_6 FiL+ \beta_7 OLA- \beta_8 LOC+ \beta_9 Train+ \beta_{10} MOD+ \beta_{11} MSt+\varepsilon \quad \ldots\ldots\ldots (1)$$

- Y_i represents Investment in mutual fund
- α represent the constant
- β denotes the coefficients
- ε denotes the error terms

The dependent variable Y is investment in mutual fund.

Table 2 depicts the expected sign of the independent variables based on theoretical and empirical literature discussed in chapter 2.

Table 2: *A priori expected signs of the independent variables*

Variables	**Expected Signs**
	Empirical Model 1
AGE	+
GEN	Ambiguous
EDU	+
Fsi	-
INC	+
FiL	Ambiguous
OLA	Ambiguous
LOC	+
Train	Ambiguous
MSt	Ambiguous
MOD	Ambiguous

Source: Field data, Adusu (2018)

Note: Variables specified as "Ambiguous" are dummy variables

Ethical Considerations

The issue of ethics is an important consideration in research that involves human subjects. It refers to appropriate behaviour of a researcher relative to the norms of society (Best & Kahn, 2012). The researcher, research subjects, and clients of the research were protected from any adverse consequences of the study by following laid down rules and procedures of ethics in research. The study considered ethical factors in a number of ways. Ethical issues that were catered for in this study included right to privacy, voluntary participation, no harm to participants, anonymity and confidentiality, deception and scientific misconduct.

To gather data from the sampled individuals, the researcher first submitted a copy of the proposal for this study and the self-designed instrument to the assigned supervisor for review. This was done to ensure that the research participants, the university community, and the country at large are protected. Based on the guidelines of the University, the researcher ensured that all ethical requirements such as academic honesty, plagiarism, and acknowledgement of copyrighted materials used were addressed. Furthermore, permissions were sought from the owners/managers of the organisation (Databank Financial Services Limited) used in this study.

The consents of the respondents were sought individually using the questionnaire (See Appendix A). Respondents were informed about the purpose of the research and what objective it sought to achieve. The instructions and questions were read to them and clarifications were made where needed. The privacy and consent of respondents were also negotiated and respected in the study. All these were done to ensure and secure the consent of the respondents.

After the researcher was sure that the respondents understood the content very well, the questionnaires were administered. The respondents were thoroughly informed before commencing the research, and they were properly treated throughout the research. Respondents were encouraged to feel free and air their views as objectively as possible and that they had the liberty to choose whether to participate or not. They also had the option to withdraw their consent at any time and without any form of adverse consequence. They were assured that the information they provided will be used solely for research purpose and nothing else.

Chapter Summary

This chapter presented the research methods employed in conducting the study. It examined the research paradigm, study area, the research design, sample and sampling procedures, instrumentation, method for data collection, data processing and analysis, model specification, and variable description**.** The study is largely based on positivism research paradigm and used a quantitative research approach. The study also employed the descriptive research design as it seeks to explain the perception of investors towards mutual fund investment within the Sekondi-Takoradi Metropolis of Ghana. For the fact that this study employed the quantitative approach, questionnaires were used to solicit primary data from the field after which the data were entered into Structural Equation Model (SEM) for analysis.

It is imperative to note that the study included 450 customers out of the total of 4,467 customers of the Databank Financial Services Limited branch within the Sekondi-Takoradi Metropolis of Ghana. Also, the study was limited to the only one branch of the Databank Financial Services Limited within the Sekondi-Takoradi Metropolis of Ghana which is only one of the several branches of the bank. Again, obtaining information from the respondents was interrupted by the busy working environments and the fear of disclosure of sensitive or unauthorized information. Despite these limitations, the reliability of the instrument was not affected.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This study seeks to assess the perception of investors towards mutual funds within the Sekondi-Takoradi Metropolis of Ghana. The study employed the positivism paradigm of research and the quantitative research approach and descriptive research design to arrive at the objectives.

This chapter presents the results of the study. The chapter first presents background characteristics, investors' views toward mutual fund, factors considered by investors before making investment in MF, investors' level of satisfaction on investment of MF as well as the problem faced by the mutual fund investors. The chapter finally presents the baseline model estimation and discusses the results thereafter.

Background Characteristics of Respondents

The background characteristics of the respondents from whom data was collected for the analysis are being presented in Table 3. As indicated in Table 3, 134 respondents representing 37% of the total number of respondents had their ages below 30 years; 113 respondents representing 31% of the total number of respondents had their ages ranging from 31 to 40 years; 78 respondents representing 21% of the total number of respondents had their ages ranging from 41 to 50 years; and 34 respondents representing 9% of the total number of respondents had their ages ranging from 51 to 60 years, whilst 8 respondents representing 2% of the total respondents aged 60 and above. This implies that most of the respondents are middle aged hence had the energy to work and earn more money to enable them to invest, especially in mutual funds.

From Table 3, there were 195 males constituting 53% of the total number of respondents while there were 172 females constituting 47% of the total number of respondents. The majority of the respondents were males implying that there were more male investors at the Databank Financial Services Limited, Takoradi than females.

In all 8% of the total number of respondents attained basic level of formal education; 22% of the total number of respondents have attained secondary level of formal education; 26% of the total number of respondents have attained post-secondary level of formal education; while 44% of the total number of respondents have attained a university level of formal education. It can be inferred that most of the respondents have attain a tertiary level of education. Hence it is expected that with the high level of education they should appreciate issues on investment, particularly mutual fund investment, if they are exposed to these investment options.

The marital status of the respondents was also examined and about 53% of the total number of respondents are married while 47% are single. This result is interesting. As the majority of the respondents were married this may have positive or negative implications for mutual fund investment depending on whether their spouse is gainfully employed or not. On one hand, a respondent whose spouse is gainfully employed may contribute to housekeeping costs, hence will free some of the respondent’s earnings to be used for investment, consequently having a positive effect on mutual funds investment. On the other hand, those who are married but their spouses are unemployed may spend most of their earnings taking care of their spouse and dependents hence have a reduced amount of saving available for investment, thereby having a negative effect on their investment in mutual funds.

Table 3: *Background Characteristics of the Respondents*

Variables	Frequency	Percentage
Age Bracket		
Below 30	134	37
31-40 years	113	31
41-50 years	78	21
51-60 years	34	9
60+ years	8	2
Total	367	100
Gender		
Male	195	53
Female	172	47
Total	367	100
Educational Level		
Basic	28	8
Secondary	82	22
Post-Secondary	95	26
University	162	44
Total	367	100
Marital Status		
Single	174	47
Married	193	53
Total	367	100
Level of Income (GH¢)		
Less than 500	6	2
501-1000	175	48
1001-1500	112	30
1501-2000	46	12
2001-2500	18	5

Greater than 2500	10	3
Total	367	100
Number of Dependents		
None	42	11
1-3	87	24
4-6	204	56
7-10	22	6
More than 10	12	3
Total	367	100
Engagement in other Income Generating activities		
Yes	216	59
No	151	41
Total	367	100

Source: Field data, Adusu (2018)

The next item was the income level of the respondents. From the result as presented in Table 3, about 2% of the total number of respondents earned below Gh¢ 500; 175 respondents representing 48% of the total number of respondents earned a monthly income ranging from Gh¢501 to 1,000; 112 respondents representing 30% of the total number of respondents earned from Gh¢1,001 to 1,500 monthly; 46 respondents representing 12% of the total number of respondents earned from Gh¢1,501 to 2,000 as their monthly income; 18 respondents representing 5% of the total number of respondents earned from Gh¢2,001 to 2,500 as their monthly income whilst 10 respondents representing 3% earned incomes greater than Gh¢2500 per month.

The number of dependents of a respondent was hypothesized to affect mutual fund investment. From Table 3, about 42 respondents representing 11% of the total respondents do not have any dependents; 87 respondents representing 24% of the total number of respondents had from one to three dependents; 204 respondents representing 56% of the total number of respondents had four to six dependents; 22 respondents representing 6% of the total respondents had between seven to ten dependents; and 12 respondents representing 3% of the total number of respondents had more than ten dependents. It could be inferred that that, aside from spending his or her monthly income on himself/herself, respondents had an average of three other persons to take care of which would therefore reduce the respondent's ability to invest in mutual fund. Supplementary income or secondary income generating activities or venture was also assessed. From Table 3, 216 respondents representing 59% of the total number of respondents had other sources of income aside their monthly income or engage in other income generating activities; while 151 respondents representing 41% of the total number of respondents had no other source of income other than their monthly income. With the majority (59%) of the respondents having other sources of income, this implies that many of the respondents would probably have much money to invest as much, if not all, and more to spent on their dependents.

Analysis and Discussion Based on the Objectives

Types of Mutual Funds Invested in by Investors

As indicated in Table 4, 38% of the respondents indicated that they invest in M-fund; 25% invest in Epack; 21% invest in B-fund, seven percent invest in Ark-fund while nine percent indicated that they invest in Edl-fund. The results show that most of the investors of the Databank Financial Services Limited invest in M-fund.

Table 4: *Types of Mutual Funds Invested in by Investor*

Means	**Frequency**	**Percentage**
B-fund	79	21
EPack	91	25
M-fund	138	38
Ark-fund	26	7
Edl Fund	33	9
Total	367	100

Source: Field data, Adusu (2018)

Investors' Views toward Mutual Fund of Databank

When respondents were asked if they would consider MF products to be their first choice in their decision to invest, 72 percent of the indicated 'yes' while 28 percent responded 'no'. This suggests that the majority of the investors would consider investing in mutual funds than any other investment products. It also indicates that knowledge about MF is high among respondents. On the contrary, Sunder (2008) found that knowledge about mutual fund concept was unsatisfactory in small cities among investors. This is represented in Figure 2.

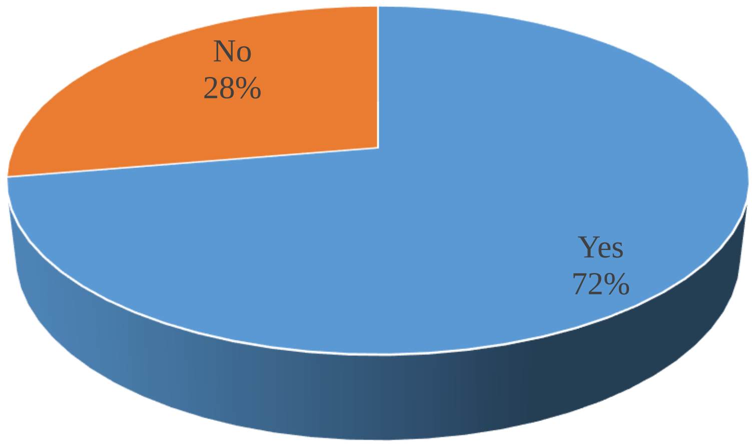

Figure 2: Investors` views towards Mutual Fund of Databank

Source: Field data, Adusu (2018)

Sources of Information about Mutual to Investors

Table 5 presents a multiple response analysis of sources from which the respondents get to know of mutual funds. 26 respondents representing 5% of the total number of respondents were made aware of mutual fund investments through finance seminars and education they attended; 189 respondents representing 33% of the total number of respondents were made aware of mutual funds through their friends and relatives; 122 respondents representing 22% of the total number of respondents were made aware of mutual funds through financial advisors and consultants; 71 respondents representing 13% of the total number of respondents were made aware of mutual funds through media advertisements; 98 of the respondents representing 17% of the total respondents were also made aware of mutual funds through mutual fund agents and 58 of the respondent representing 10% of the total number of respondents were made aware of mutual funds through walk-in-enquiries. Clearly, the majority (33%) of the respondents were made aware of mutual funds through referrals.

Table 5: *Sources of Information about the Funds*

Sources	**Frequency**	**Percentage**
Financial Advisors and Consultants	122	22
Media Advertisement	71	13
Friends and Relatives	189	33
Finance Seminars and Education	26	5
Mutual Fund Agents	98	17
Walk-in-enquiry	58	10
Total	564	100

Source: Field data, Adusu (2018)

Overall Experience with Selected Mutual Funds

With respect to the experience respondents have with their selected mutual funds, the respondents were asked to use a four-Likert scale to rank their level of satisfaction with their chosen mutual fund. As indicated in Figure 3, little more than half among them (55.7%) stated they are highly satisfied; 29 percent reported satisfied while nine percent and six percent indicated dissatisfied and highly dissatisfied respectively. The results in Figure 8 suggest that investors in the Sekondi-Takoradi Metropolis are very much satisfied with the services provided by the Databank with regards to their investment in mutual funds.

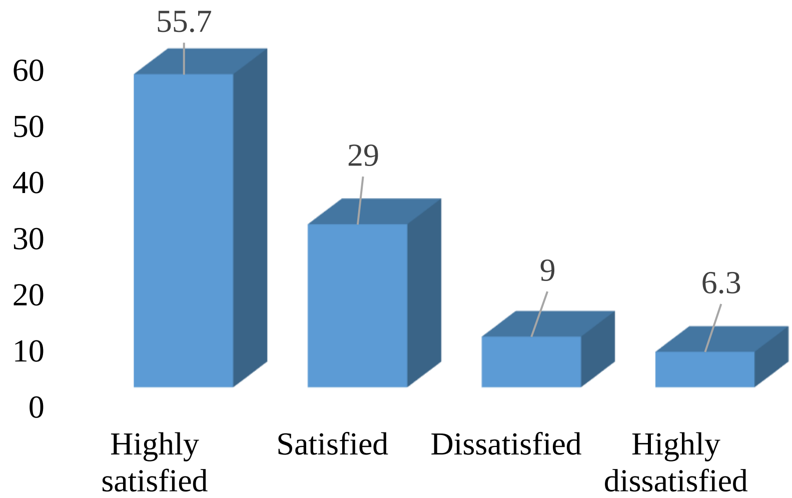

Figure 3: Overall Experience with Selected Mutual Fund

Source: Field data, Adusu (2018)

Factors Considered by Investors before Making Investment in MF

This variable was also a multiple response variable and was treated as such. As presented in Table 6, 122 of the respondents representing 14% of the total respondents reported that one of the many factors that they consider before making decision to invest in MF is the brand image. 71 of the respondents representing eight percent stated that they consider the sufficiency of information on the fund before they invest in MF. 189 of the respondents representing 21% indicated that they consider the ease of liquidity of the fund; a whopping 213 of the respondents representing 24% mentioned safety of the principal as the main factor that they look out for when making the decision to invest in mutual fund; and 298 of the respondents representing 33% of the total respondents said they consider the rate of return before making investment in MF. The results reveal that return on investment is the main factor that investors consider before they make investment in mutual funds in the Sekondi-Takoradi Metropolis.

Table 6: *Factors considered before choosing Mutual Funds for Investment*

Factors Considered for Choosing MFs	**Frequency**	**Percentage**
Brand Image	122	14
Sufficient Information on the Fund	71	8
Easy to liquidate	189	21
Safety of the Principal	213	24
Rate of Return	298	33
Total	893	100

Source: Field data, Adusu (2018)

Things to Consider before Investing in Mutual Funds

Table 7 presents the multiple response variable results on the things to consider before investing a mutual fund. According to the results as presented in Table 7, respondents think about certain things about MF before they go ahead to invest in it. The results in Table 7 show that 44 percent of the respondents would want to know the environmental track record about mutual fund before they invest in it; 28 percent want to know about account information; ten percent like to know the safety of principal amount and investor services before they invest in MF; ten percent said they would want to know about market characteristics and individual risk profiles whilst eight percent reported that they do not care to know about any of the above if they want to invest in mutual fund. It appears that, investors in the Sekondi-Takoradi Metropolis would like to know more about the environmental track record and account information of the mutual fund they want to invest in. On the contrary, Jambodekar (2006) found that newspapers are used as information source, safety of principal amount and investor services are priority points for investing in mutual funds. Notwithstanding, Jianakoplos and Bernasek, (2008) found that the entire wherewithal and infrastructure, investors espouse some avenues after analysing different factors which are influenced by environment.

Table 7: *Things to Consider before Investing in Mutual Funds*

Factors	**Frequency**	**Percentage**
Market characteristics/individual risk profiles	83	10
Account information	232	28
Environmental track record	358	44
Safety of principal amount and investor services	86	10
None of the above	63	8
Total	822	100

Source: Field data, Adusu (2018)

The Impact of Knowledge about Mutual Fund

The results in Table 4 displays data on what respondents think have impact on their decisions to invest in MF at the databank financial services limited. Majority of the selected investors (71%) reported that the ‘knowledge of ‘neutral’ information’ whilst 14.7 percent and 13.3 percent of the respondents stated investment expertise and consultation with advisors respectively. This implies that investors consider ‘knowledge of ‘neutral’ information’ as the main factor that has much more impact on their decisions to invest in mutual funds at the databank financial services limited in the Sekondi-Takoradi Metropolis. Similarly, Niranjan et al., (2005) revealed that factors such as investment expertise, knowledge of ‘neutral’ information, and consultation with advisors` impact on mutual fund investment decision of investors.

Table 8: *Impact of Knowledge about Mutual Fund*

Variables	**Frequency**	**Percentage**
Investment expertise	88	14.7
Knowledge of ‘neutral’ information	225	70.7
Consultation with advisors	87	13.3
Total	400	100

Source: Field data, Adusu (2018)

Problem Faced by the Mutual Fund Investors in Investing in MF

The study identified five main problems or challenges that influence mutual fund investment by the respondents. These are inadequate education on mutual fund investment, cumbersome operational modalities, high commissions and fees, investment liquidation bureaucracies and, delays and perceived risk and irregular update on the investment. The respondents were asked to rank these constraints and the result of the ranking is presented in Table 9. The F-tests for degree of agreement or concordance (W) between the rankings of the constraints or problems with regards to mutual fund investment by the respondents is 79.63% which is fairly high. The study revealed that the most important constraint faced by the respondents with regards to investing in mutual fund is inadequate education followed by cumbersome operational modalities, investment liquidation difficulties, high commissions and fees and the perceived risk and irregular updates on the investment.

Table 9: *Ranking of Problems Identified by the Respondents with Regards to Investment in Mutual Funds*

Problems Identified (Constraints)	**Ranking**
Inadequate education	1
Cumbersome operational modalities	2
Investment liquidation bureaucracies	3
High commissions and fees	4
Perceived risk and irregular update on the investment	5
Total observations	367
Coefficient of Concordance (W)	79.63%

Source: Field data, Adusu (2018)

How Investors Background Characteristics Influence Mutual Fund Investment Decisions

The study used logistic regression model to assess the influence or impact of investors background characteristics on mutual fund investment. The result is presented in Table 10. From Table 10 it is evident that the model is significant at 1% indicating that the logistic regression model was significant and a Pseudo R^2 of 0.893 and an LR Chi^2 (11) of 79.89 shows that the independent variables used are good predictors of the dependent variable. The results indicate that, out of the eight independent variables, four were found to have a significant relationship with the probability of investing in mutual funds. The odds of the independent variables representing marital status, household size, access to other source of income, educational level, training and education on mutual funds, and financial literacy were found to be significant. This result corroborates with the findings of Awunyo-Vitor et al., (2015) when they studied the factors that influence teachers` decision to invest in mutual funds.

Table 10: *Empirical Model Estimation; Logistic Regression Estimate of the Impact of Background Characteristics of Investors on their Investment Decisions*

Independent Variable	**Odd Ratio**	**Z-Statistics**	**P-Values**
Age	0.489	1.778	0.139
Gender	1.137	1.287	0.119
Marital Status	1.669*	1.998	0.097
Educational Level	1.116***	0.569	0.000
Monthly Income Size	0.991	-0.668	0.689
Family Size (Dependents)	1.889***	-3.218	0.004
Financial Literacy	2.559***	3.989	0.822
Other Sources of Income	1.993***	3.089	0.533
Operational Modalities	0.779***	1.433	0.008
Training & Education on MF	0.989***	1.005	0.633
Location	0.397	0.357	0.001
Diagnostics			
LR $Chi^2(11)$	79.89		
Pro> Chi^2	0.000		
Log likelihood	-389.608		
Pseudo R^2	0.893		
Number of Observations	367		

Source: Field data, Adusu (2018)

Note: *** denotes significant at 1%, ** represents significant at 5% and * represents significant at 10%.

The results show that respondents who are not married had a reduced odds decision to invest in mutual fund compared with married ones. This may be due to the fact that married investors may combine resources together to be able to make investment in mutual fund. Moreover, married investors may be concerned about their children's future and unplanned expenses; hence they may be more interested in investing in mutual fund to provide funds to support their future expenses. This finding corroborates with the findings of Sherman and Sung (1998) when they found that one spouse's participation in a retirement plan significantly affects the other spouse's decision to invest in a retirement fund. However, it does not conform with the findings of Jain and Mandot (2012) in Rajasthan when they tested the relation between the investor's marital status and the level of investment risks, they have taken using correlation analysis and had a negative correlation between the two variables.

Respondents with larger households had a reduced odds decision to invest in mutual fund compared with their counterparts with a smaller household size. Investors with a larger household size were about two times less likely to invest in mutual fund compared with those with a smaller household size. This may be attributed to the fact that investors with a larger family size may have higher demands on their earnings and hence have very little left for investment in mutual fund. This result is in line with the findings of Diouf et al., (2012) when they explored factors that influence social investors from Desjardins Fund and found that household size was significant in the presence of variables like age, gender, education and occupation.

Investors who had access to additional sources of income had an increased odds decision to invest in mutual fund compared with those do not have access to additional sources of income. They are about two times more likely to invest in mutual fund than those who do not have access to income apart from their monthly income. This implies that the latter (those with other sources of income) may have more disposable income to be able to undertake investment in mutual fund. This finding is in agreement with the results of Kumar et al., (2014) when they concluded that income plays a significant role in the choice to invest in a mutual fund.

Also, investors with higher level of financial literacy had increased odds decision to invest in mutual fund compared with those is lower level of financial literacy. Respondents who are financially literate are about two times more likely to invest in mutual fund. This might be due to the fact that those who have financial education know the benefit they stand to gain by investing in mutual fund hence would make the effort to invest in mutual fund. This result corroborates with the findings of Rao (2011) when conducted a study on 'analysis of individual investor behaviour towards mutual fund scheme' and showed that increased levels of education is linked with greater risk tolerance. However, this result is not in agreement with Nandanan and Thomas (2013) when they revealed that financial knowledge did not influence teachers' investment decisions when it came to mutual funds as an investment option.

Chapter Summary

The chapter began by presenting a descriptive analysis of the background characteristics of the respondents. The descriptive analysis reveals that the majority of the mutual fund investors at Databank Financial Services Limited are young and energetic men and women below the age of 40 years, and attain university level of formal education. Also, it reveals that majority of the investors are married with family size or dependents ranging from four to six and having a monthly income between Gh¢5001 to Gh¢1000. Moreover, it shows that the majority of the investors have others sources of income to supplement their regular monthly income, hence having more for investment in mutual fund.

After that, the chapter presented further descriptive analysis of the variables used in the study under the objectives guiding this study. These descriptive analyses were on the sources of information to investors on mutual fund, investors` perception of views towards mutual funds, types of mutual fund available at Databank Financial Services Limited, the experience of the investors with respect to their selected mutual funds, among others.

The chapter went on further to discuss the factors that influence investors decision to invest in a particular mutual funds. From the discussions, it is evident in data that brand image, ease of liquidation and rate of return are the key factors that influence investment decision for the investors. The chapter also discussed the problems or constraints of the investors when investing in mutual funds. The discussions revealed that the key problem is inadequate education. The study finally employed the Logistic Regression Model to estimate the baseline model to ensure the robustness of the analysis and discussions presented in this chapter.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Introduction

Energetic economy reflects the health of the nation and its regular growth consolidates its universal economic participation which has multiple impacts due to which stock market changes day by day (Acharya & Das, 2017). There are many internal and external factors which influence the performance of the stock market particularly "risk and return, which ultimately caste deep impact on the perception of the investors to invest. According to Acharya Krishna Kavitha and Das Kishore Kumar, (2017), Economic growth has increased the savings and astonishingly explored the participation of investor in stock market which added a new dimension and explored the potential of the financial sector which has grown many fold and require regular flow of financial resources to meet the desired economic pace which is possible with efficient and effective securities market. Investors in general have appetite to invest in that instrument which may generate maximum return with minimum risk.

To avail the advantage of economic growth, large number of hybrid financial product came into existence and Mutual Fund is one of them. Industrialization reflects nations self-sufficiency's which is a herculean task and requires judicious approach to justify factors involve. It can be possible by adopting balance economy structure which largely depends upon sound financial health of the nation and its economy. To cater the universal economic and political competition, government has to play parental role in money supply which is possible through sound earning and social saving of the investor and their risk-taking psychology.

Generally, decisions about investment are quite crucial for an investor as they are influenced by many factors and have considerations like company goodwill, government policies, economics of sales and the trend in a particular sector, economic and social environment tract record, risk and return, level of earning of the individual, his educational background, marital status and other demographic variables. On this backdrop, this study analysed the perception of investors towards the investment in mutual funds at Databank Financial Services Limited in the Takoradi Metropolis of Ghana. The study also examined the factors that influence investors investment decisions and the constraints or problems faced by the investors when investing in mutual fund.

This chapter presents the major finding obtained from the analysis of the topic under study. The chapter also presents a summary of the findings, conclusions and recommendations as well as suggestions for further research.

Summary of the Research

The main purpose of the study was to assess the perceptions of investors towards mutual funds at the Databank Financial Services Limited in the Sekondi-Takoradi Metropolis. Literature suggested the numerous means through which or several factors that could spur up investment in mutual funds and assesses investors views towards mutual funds. Of course, several determinants of investment decision in mutual funds were identified, just to mention but few was the work by Awunyo-Victor et. al.,

(2015) who tried to pinpoint the key factors responsible for influencing teachers` decision to invest mutual funds.

The literature review provided supporting theories as well as empirical justification on the investors` perception and factors that influence the investors` decision to invest in mutual funds. Specifically, the attribution theory, the theory of choice, the prospect theory and the theoretical framework on behaviourial finance were examined since the study is anchored on formation of values, attitudes, affinity and perception for mutual funds by investors. The empirical review noted that there is inconclusiveness of findings on the factors influencing the investment decision by the investors in mutual funds. This study however interacted the investors` background characteristics with the investment in mutual funds, to hypothesize that investors background characteristics influence the investment decision of investors in mutual funds.

This study employed the positivism research paradigm and the quantitative research approach. The study also used the descriptive research design to estimate the model used in the study. Furthermore, the study used only 367 out of the 4467 investors of the Databank Financial Services Limited at the time that this study is being conducted using the Yamane`s (1967) sample formula. In addition, the study developed one baseline empirical model. The model specification sought to establish the effect of investors` background characteristics on the investors` investment rate in mutual funds. The study employed the Logistic Regression Model to estimate the model.

Summary of Findings

The study produces several insightful and significant results that have great implications for the financial sector of the economy, especially mutual fund institutions, economies and policy makers across the globe. In the current study, it was found that the majority of the investors of mutual funds would consider investing in mutual funds than any other investment products. Moreover, a greater proportion of the selected investors became aware of mutual fund through financial advisors or agents. In addition, investors in the Sekondi-Takoradi Metropolis are very much satisfied with the services provided by the Databank with regards to their investment in mutual funds.

Further findings revealed that safety of the principal, ease of liquidation and return on investment are the most important factors that investors consider before they make investment in mutual funds in the Sekondi-Takoradi Metropolis. Even so, the investors of mutual funds in the Sekondi-Takoradi Metropolis would like to know more about the environmental track record and account information of the mutual fund they want to invest in. Again, it was found that ‘knowledge of ‘neutral’ information’ is one other factor the has a lot more impact on investors decisions to invest in mutual funds at the Databank Financial Services Limited in the Sekondi-Takoradi Metropolis.

Additional findings show that, investors are of the view that databank has the ability to perform the services they promised them as investors, dependably and accurately in the Sekondi-Takoradi Metropolis is satisfactory. Furthermore, majority of the investors are satisfied with the fact that Databank Financial Service Limited has the willingness to help their customers/investors and provide them prompt services in the Sekondi-Takoradi Metropolis. to make things better, it was found that the care and individual attention provided by The Databank Financial Service Limited in the Sekondi-Takoradi is satisfactory.

Finally, the study found that, some of the problems encountered by investors include management risk, no guarantees and fees and commission. These were the main problems that were indicated by investors as confronting them with respect to their investment in mutual funds at the Databank Financial Services Limited in the Sekondi-Takoradi Metropolis.

Conclusions

Based on the objectives of this study in line with the main findings, the following conclusions were made. Even though there are several investment products, the investors of mutual funds would consider investing in mutual funds than any other investment products. This is due to the credible source of information about the MF through financial advisors or agents and the good experience they have with the Databank Financial Services Limited in the Sekondi-Takoradi Metropolis.

The very main factors that are considered by investors of mutual funds before they go ahead to invest are return on investment, safety of the principal, and ease of liquidation.

Also, from the results of the study, it can be concluded that the majority of the respondents were males and were of middle age hence had sufficient energy to take on extra activities to enable them to earn additional income for investment in mutual fund. Clearly, most of the respondents are also married with dependents ranging from four to six. In addition, a large proportion of the respondents became aware of mutual fund as an investment option and the major source of their information about mutual fund investment is through friends and relatives and financial advisors and consultants. Finally, critical socio-demographic factors which influence investors` decision to select mutual fund as an investment options include marital status, educational level, training and education on mutual funds, family size, access to addition income sources and financial literacy

Recommendations

Based on the objectives of this study in line with the main findings and the conclusions, the following recommendations are made for actions to be taken: The management of Databank Financial Services Limited in the Sekondi-Takoradi Metropolis should consider strengthening its advertisement channels (radio, print media among others.) of spreading information. This will ensure reaching more investors.

The study also recommends that the benefits of mutual fund investment must be highlighted to attract more investors. The mutual fund investment firms should redesign mutual fund products to suit diverse investors or the general public for it to be more attractive in order to entice them to invest in mutual fund. Furthermore, investors should be encouraged to seek additional income, for example, engage in personal entrepreneurship ventures, personal selling, backyard gardening and farming in order to generate additional income to encourage them to undertake additional investment.

Finally, management of Databank Financial Services Limited should do well to work on or put measures in place to minimise the problems encountered by investors in doing business with them. This will open up investors willingness to invest in mutual funds at the Databank Financial Services Limited in the Sekondi-Takoradi Metropolis.

Suggestion for Further Research

The following related areas can be researched on to add up to the knowledge of what this study has achieved. First, there is the need to carry out a comparative evaluation of the performance of various mutual funds in Ghana, considering other institutions offering such services. Also, it might be useful to study the impact of the rapid growth of technology on the performance of mutual fund companies in Ghana. This will help reveal the performance of the individual mutual fund companies in the presence of technology and how these technologies influence the firms` performance and returns to the investors. Lastly, further research should be carried out to examine the influence of stock market fluctuation on performance of mutual fund companies using content analysis.

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APPENDIX

UNIVERSITY OF CAPE COAST

COLLEGE OF HUMANITIES AND LEGAL STUDIES

SCHOOL OF BUSINESS

QUESTIONNAIRE

I am currently a postgraduate student conducting a study on the perceptions of investors towards mutual funds at the Databank Financial Services Limited. Your response is important to determine the success of this survey. This survey will be used purposely for academic. Your cooperation in making this study success is most appreciated.

Thank you.

Background Information

1. Sex
   a. Male
   b. Female
2. Age
   a. <30 years [ ]
   b. 31-40 years [ ]
   c. 41-50 years [ ]
   d. 51-60 years [ ]
   e. >60 years [ ]
3. Marital Status
   a. Single [ ]
   b. Married [ ]
   c. Separated [ ]
   d. Divorced [ ]
   e. Widowed [ ]
4. Level of Education
   a. Basic [ ]
   b. Secondary [ ]
   c. Post-Secondary [ ]
   d. University [ ]
5. Monthly Household Income
   a. < GHC500 [ ]
   b. GHC501-1000 [ ]
   c. GHC1001-1500 [ ]
   d. GHC1501-2000 [ ]
   e. GHC2001-2500 [ ]
   f. >GHC2500 [ ]
6. What is your household size
   a. None
   b. 1-3

c. 4-6
d. 7-10
e. Above 10

7. Do you have other sources of income?
   a. Yes
   b. No
8. Which Mutual fund have you invested?
   a. Epack
   b. M-fund
   c. B-fund
   d. Edl-fund
   e. Ark-fund

INVESTOR'S VIEWS TOWARD MUTUAL FUND

9. Would you consider MF products to be your first choice when you want to invest?
   a. Yes [ ]
   b. No [ ]
10. How do you collect information about the funds? [*you may tick more than one option*]
    a. Media advertisement
    b. Finance seminars and education
    c. Friends and Relatives
    d. Mutual fund agents
    e. Financial Advisors and consultants
    f. Walk –in enquiry
11. What is your overall experience with the selected mutual fund?
    a. Highly satisfied
    b. Satisfied
    c. Dissatisfied
    d. Highly dissatisfied

FACTORS CONSIDERED BY INVESTORS BEFORE MAKING INVESTMENT IN MF [you may choose more than one option if necessary]

12. Which of the following is your key reason for investing in Mutual funds?
    a. Rate of Return
    b. Safety of principal
    c. Easy to liquidate
    d. Sufficient information on fund
    e. Brand image
13. Which of these about MF will you consider before investing in it?
    a. Market characteristics and individual risk profiles
    b. Account information
    c. Environmental track record
    d. Safety of principal amount and investor services
    e. None of the above
14. Which of these has impact on your MF investment decision?

a. Investment expertise
b. Knowledge of 'neutral' information
c. Consultation with advisors

INVESTORS LEVEL OF SATISFACTION ON THE INVESTMENT OF MF

This section is related to investors' level of satisfaction on MF investment. Please read each statement carefully and indicate your level of agreement/disagreement by ticking the appropriate number. Please give **ONLY ONE** response to each statement.

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

15	Physical facilities, equipment and appearance of personnel	1	2	3	4	5
16	Ability to perform the promised service dependably and accurately	1	2	3	4	5
17	Willingness to help customers and provide prompt service	1	2	3	4	5
18	Knowledge/courtesy of staff and ability to inspire trust/confidence	1	2	3	4	5
19	Care and individual attention the firm provides its customers.	1	2	3	4	5

THE PROBLEM FACED BY THE MUTUAL FUND INVESTORS

This section is also related to the problems faced by the MF investors. Please read each statement carefully and rank by ticking the appropriate number. Please give **ONLY ONE** response to each statement.

First	Second	Third	Forth	Fifth
1	2	3	4	5

20	Inadequate education	1	2	3	4	5
21	Cumbersome operational modalities	1	2	3	4	5
22	Investment liquidation bureaucracies	1	2	3	4	5
23	High commissions and fees	1	2	3	4	5
24	Perceived risk and irregular update on the investment	1	2	3	4	5

Thank you