

Study of Impact of Social Media Marketing on Growth of Financial Services with Special Reference to Mutual Industry

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Abstract

Looking at the kind of pace at which technology implementation is taking place in almost all the economic sectors, be it Banking, Manufacturing, IT, Pharmaceuticals, Agriculture and so on one day, it will wholly replace the human interface. In the swiftly changing digitalisation world, we can point out that innovators, followers & laggards, which slow down their speed, are more likely to be exposed to the risk of getting out of the race and are most likely to let out. Considering financial services, Social Media Usage (SMU) development for customer attraction and engagement has opened the doors for a vast world of possibilities. Still, It also threatens people who miss the opportunity to take advantage of it. Looking at the statistics of the Indian population having exposure to the equity markets, it's just a tiny proportion of the total population, rounding to only 18%. Social Media has played a pivotal role in increasing the awareness of Indian investors about the various financial services, especially Equity Market-related products such as Mutual Funds, to be precise. Social Media has served as an essential marketing tool to the various Financial Services for penetrating their products in the urban areas and the rural areas. This research is looking at the impact of rapid change in social media on the Indian mutual fund industry. This research suggests that Financial Service Providers or the Asset Management Company (AMU) should be conscious of enhancing their business by developing the capabilities and competencies related to Social Media Usage and having a solid intention to use these tools.

Keywords: Social Media, AMC, Mutual Fund

1. Introduction

The future of the financial services industry is being influenced by financial technology (FinTech). Because of digitalization, financial services are more profitable, productive, and capable of rising to the next level. Disruptive developments are triggering big changes in a number of industries. It has changed the face of the planet because any time a new disruptive technology is launched; It either destroys existing products or causes a significant change in the way existing industries operate. New technologies such as robotics, big data, virtual reality, artificial intelligence, and block chain, according to a PWC study, have the ability to disrupt industries around the world, and asset management firms will see a disruptive shift in the way they currently work. AMCs have already begun to integrate it into their analysis, marketing, and operations. They've experienced the advantages of early adaptation. But there's still a lot of work to be done that could alter the mutual fund industry's entire operations.

The origins of mutual funds can be traced back to a Dutch merchant named Adriaan Van Ketwich in 1774. With the passing of time, technical advances assisted human society in achieving new heights and creating revolutionary goods. Adriaan Van Ketwich's concept was widely adopted by Europeans in the 1880s, and they produced revolutionary mutual fund versions. Mutual funds first attracted the attention of the world in 1980, thanks to their outstanding results. Since then, the mutual fund industry has grown in popularity among the general public. and fund houses can use modern creative strategies to make it more popular and appropriate to the masses.

It still amazes us how much untapped mutual fund marketing there is online. This is due to a number of factors. And the financial sector's strict regulatory standards have probably slowed things down a little. The challenges online are never-ending, but the "service" of financial services is constantly evolving. Fund marketing, for whatever reason, has been reluctant to shift from the tried-and-true to the cutting-edge of digital marketing. When it comes to online sales and marketing, the tried and tested – the so-called old school – still holds true in many respects.

For example, the word "above the fold" used to refer to material visible above the newspaper's literal fold – the top half of a page. This was the most critical material for a newspaper, as it determined revenue. In web design, the word "over the fold" is still used.

It's the stuff that we can see without having to scroll down your phone.

In this category, the problem with digital marketing is assessing success. How do you know if anyone would invest in the fund after visiting website? Furthermore, performance can come from everywhere. A high-speed internet connection and a laptop, smart phone, or tablet is everything you need. You can use both at times. An investor can conduct research on a computer before picking up his or her phone, tapping an app, and making a purchase through their brokerage app. It is frequently a do-it-yourself project. Traditionally, mutual funds were sold through a network of distributors located throughout the world. An impediment was a lack of trained distributors with sufficient product awareness. The problem was exacerbated by a lack of investor understanding. All is now accessible at the touch of a button and at any time.

It's crucial to seize the opportunity online. While the internet has changed investors' preferences, certain aspects remain the same. When buying mutual funds or other investment instruments online, there is often some trepidation. Fear of losing money in the stock market, financial illiteracy, too many fund options, mistrust of distributors, or forceful selling are all factors.

As a mutual fund company, you can turn all of the above disadvantages to your advantage by cultivating confidence and proactively resolving the numerous anxieties and barriers to purchase. This is the age of digital marketing, so you'll need to use it carefully and to the fullest extent possible to achieve success in both fields. It's crucial to differentiate high-quality traffic from low-quality traffic if you want to succeed.

2. Literature Review

Franco et al. (2016) wanted to know why people join social networks and whether this type of network has an effect on SMEs' success in a Portuguese inland area. A quantitative study was conducted using a questionnaire that was sent via e-mail to the owners-managers or CEOs of the eighty-six SMEs that participate in social networks. The main findings revealed that the most popular social network among SMEs is Facebook., based on a multiple linear regression. These small businesses use social media to reach a greater number of potential buyers and to access low-cost marketing resources. Furthermore, SMEs who use social media improve both their financial and non-financial results.

In a similar vein, **Tajvidi and Karami (2017)** investigated the impact of social media on organisational success in the hotel industry in the United Kingdom (UK), using data from a mail survey of 384 hotels in the UK. SEM findings revealed a positive and important relationship between SMU and firm results. Working with social media for bookings and promotions has a positive and important impact on the overall success of the organisations studied.

Consequently, **Okari (2017)** investigated Kenya's SMU participants' performance across the country by conducting a census on the thirteen licenced DMI Kenya entities from 2014 to 2016. The research shows that microfinance institutions perform much better in increasing revenues, and SMU has a significant effect on that.

Abdullah et al. (2008) used quantitative reasoning to research Fintech adoption and mutual fund understanding. They found that age has no effect on achievement, nor is it a hindrance to performance, nor does it hinder it. When selecting mutual funds, we found that relationship-based criteria and performance are both predictors of mutual fund success. The study concluded that investors place the most importance on the performance variable rather than any other fund features. Several surveys found that educated people use Internet banking and mutual fund services more frequently than those with lower education levels. In her research, Alexandra Andhov concluded that financial technology is at an early stage of development, largely dependent on increasing computing power, advanced algorithms, and vast storage amounts. Travelling the continentals have been a challenging barrier for the EU to break down for international investors, and hence they've struggled to produce a welcoming and trusting atmosphere. With the arrival of fintech, according to the writer, the EU will have more people taking more significant advantage of a cooperative environment and will therefore be better positioned to develop a trusting climate, which has always been a problem for the EU.

Foster, Francescucci, and West (2010) claim that there are numerous forms of social media, which classifies Individuals according to their overall presence in social media, media platforms, self-published works self-disclosure (Foster, Francescucci, and West, 2010). Wikipedia is a notable example of social media platforms that concentrate on reaching only a few people and lacking media diversity. The information is written by many people from around the globe who collaborate online on a non-copyrighted and non-protected website. Anyone with internet access to the publication online will write an article (Wikipedia, 2011). The critical feature is both text and media; it allows visitors to

comment on both (Foster, Francescucci and West, 2010). Blogs are the most widely used online form of personal publishing.

All permalinks and trackbacks are blog-specific, and all trackbacks are distinct from other sites (Brady, 2005). The sites with the most media content and most social media sites. Facebook and Instagram like and comments try to imitate real-time interactions such as photo, video, text, and social (Foster, Francescucci and West, 2010).

Tamrakar (2016) found that social media performance is closely related to financial performance. more than two hundred businesses specialising in the one commodity, which spanned ten different sectors A recent study concluded that social media sentiment reflects stock prices. This time the researcher conducted a study to determine how social media metrics affect cash flows in a company. A multivariate time-series regression and a cross-based model revealed no correlation between social networking and cash flow. Reflects

3. Objectives:

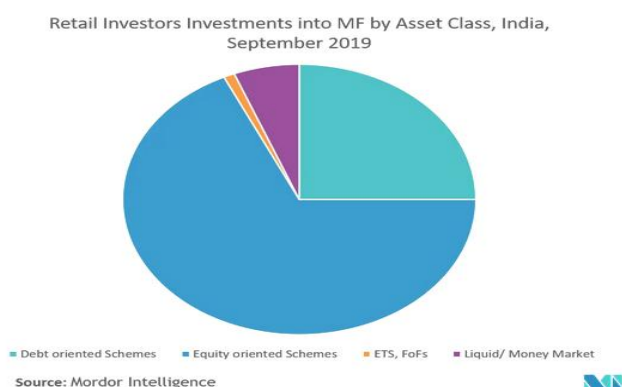
1. Research current Mutual Fund Market growth patterns in India.
2. To examine the effect of social media on the mutual fund industry's growth.

4. Growth of the Indian Mutual Fund Industry

As of May 31st, 2020, the AUM in the India Mutual Fund Industry is 24.55 trillion INR. In a decade (2010-2020), India's AUM increased fourfold, with another fourfold increase expected by 2025. In September 2019, equity AUMs accounted for 42.1 per cent of AUMs, while debt focused schemes accounted for 28.8 per cent of AUMs and liquid/money market accounted for 23.3 per cent. Increased data rates and increased digital penetration, and government targeting of smart cities encourage the shift of asset share to smaller cities and towns. The power of digital penetration in India is demonstrated by increased retail contribution through SIPs. The total number of folios as of May 31, 2020 was 91 million, with the retail segment accounting for most of the investment at INR 80.3 million.

4.1 Growing base of individual investors, with increasing ticket size:

Given increased awareness, financial inclusion, and enhanced access to banking platforms, the industry has seen increased participation from households in recent years. Between March 2014 and June 2019, the industry added 44.2 million folios. Individual investors (retail & HNI) accounted for nearly all of the increase in folios, with a CAGR of 15.5 percent over the period. In March 2014, their total ticket size was 102,000 INR, and in June 2019, it was 169,000 INR. Individual investors put 57.4 percent of their AUM into equity-oriented funds as of June 2019, while institutional investors favored the fixed-income category (debt and liquid/money market), which accounted for 77.2 percent of their assets. Due to increased financial sophistication and digital penetration, SIP vehicles are primarily powered by institutional investors.

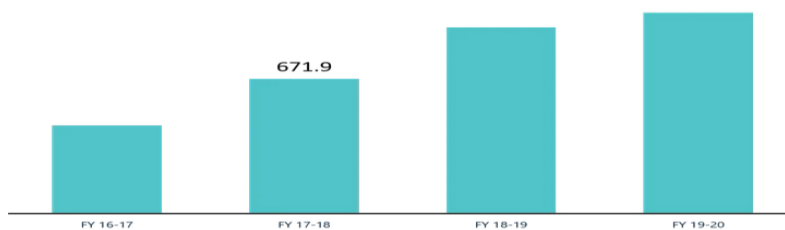


Despite market uncertainty, systematic investment plans have a steady uptrend as new institutional investors join the market. The total number of SIP accounts has risen from 10 million in April 2016 to 27.3 million in June 2019. SIPs taken by investors with a long-term investment horizon have more substantial returns and significantly reduce negative returns.

As of May 2020, nearly 32 million SIP accounts exist, from which investors can regularly invest in Indian Mutual Fund Schemes. The monthly payment amount for a SIP may be as low as Rs 500. SIPs are becoming increasingly common among Indian mutual fund investors because they allow for

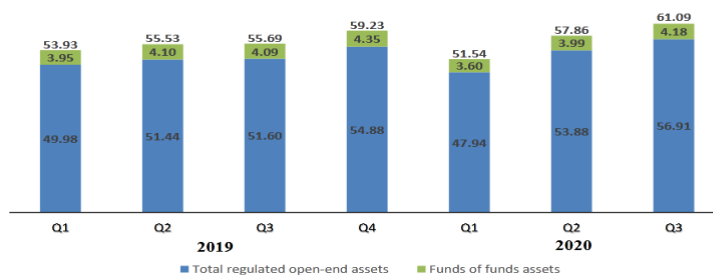
rupee cost averaging and investing in a disciplined manner without having to worry about market fluctuations or market timing.

SIP Contribution in Billion INR to AUM of MF Industry, India, FY 17- FY 20



Source :Modor Intelligence

Worldwide Assets of Regulated Open-End Funds (Trillions of US dollars, end of quarter



Note: Regulated open-end funds include mutual funds, exchange-traded funds, and institutional funds.

Source: International Investment Funds Association (IIFA), Third Quarter 2020

4.2 Social Media Measurement:

According to a study, 96 percent of intermediaries use emerging technology to connect with and reach out to their customers. However, this programme is limited to individual investors.

AMCs rarely provide training to their salespeople about how to use digital resources.

Corporate blogging is only done on a sporadic basis. Online reputation management (ORM) aid are rarely used. Webinars are common among large AMCs, but they are rarely used by small and medium-sized AMCs. Significant growth in most AMCs is in the early stages of utilising either Search Engine Marketing (SEM) or data analytics.

The top five social marketing measurement metrics, according to are:

1. Quantity (size of conversion)
2. Get in touch with (message dissemination)
3. Participation (people taking part in the discussion)
4. Persuasion (a person's influence on others) in addition
5. Proportion of the vote (a percentage of the industry's overall conversation)

The following are several considerations to consider when measuring mobile and social media:

- a. A mobile-friendly, SEO-optimized website
- b. A dedicated mobile app for performing financial transactions
- b. Facebook factors: Dedicated Facebook page, photo, event, and video sections, number and rate of messages, hashtags, likes, and followers, and links to specific financial resources.
- c. Twitter variables: dedicated Twitter username, tweet rate and count, followers, likes, and lists.
- d. YouTube channel: dedicated channel, subscribers, and video posts
- e. Instagram: Accounts, messages, and followers dedicated to the platform
- f. Linked In: Dedicated page and number of followers
- g. WhatsApp assistance/transactions

Since modern consumers are difficult to persuade, influence, and maintain, both active and passive Social Media Marketing (SMM) techniques should be employed Scope, community, structure, and governance are the four dimensions of strategic SMM architecture. Indian AMCs primarily engage in one-way contact with stakeholders and serve primarily as defenders in terms of reach. They are, however, rapidly moving towards modernism by adopting an accessible and versatile SMM community. The Hierarchical SMM system is used by Indian AMCs.

SMM roles are delegated to corporate affairs or public relations departments, but the Autocracy model of SMM governance persists within the company.

[34] conducted a study of 168 marketing executives in the financial services sector. It was concluded that the use of realistic social media platforms contributes to better economic policies, influences proper planning, and offers market analytics responses. To balance reach and interaction, marketers should combine clear, insightful content with brand and personality-related content.

Mutual funds employ social media for their marketing efforts because of the following:

1. To make people more conscious of the commodity.
2. A simple investment procedure
3. To increase brand recognition (by posting greeting messages during festivals)
4. During the introduction of new products, such as the New Fund Offer (NFO)

Based on the factors discussed, the following points are made:

1. The participation of Indian investors is increasing in the tech start-up scene.

1. They are intellectually curious and let others influence their views.
2. Traditional sales and distribution networks are losing influence and effect as consumers tend to purchase direct plans.
3. Modern marketing principles are used by only a few big and top fund houses, as well as a few smaller ones, although many smaller fund houses ignore them.
4. The use of social media by the top AMCs includes L&T, PPFAS, and SBI, all of which utilise it extensively.
5. Some old-timers like JM MF and newcomers like YES MF and Quant MF are among the AMCs with low social media use.
6. The most widely used social media platform is Facebook. Instagram is seldom used for marketing purposes. Customer service via WhatsApp is just now catching up.
7. The Indian mutual fund industry uses social media marketing on a par with the rest of the world.
8. Social networking platforms can be used by AMCs of all sizes to develop a media plan.

They will steadily increase their reach out to investors by disseminating knowledge at regular intervals. Securing current investors' loyalty will transform them into supporters, allowing AMCs to expand their business in an inorganic way. It's a standard strategy to utilise dedicated social media teams and budgetary resources. CRM tool incorporation will aid in delivering a better customer experience and reducing divisive advocacy.

4.3 How Mutual Fund Houses Can Use Digital to Increase Awareness and Interest in Mutual Fund Products

a) Making Use of Social Media

Every mutual fund company has a social media page where they regularly post content. But how much of an impact does it have on the ultimate goal of raising awareness and interest?

If a mutual fund needs two types of customers, we should look for:

1. You've heard of mutual funds but aren't sure which fund or product to invest in.
2. You've heard of mutual funds as an investment option, but you're not sure why you should invest in them.

The best way to address this issue is to simplify the financial jargon that appears to be the industry standard in the mutual fund industry. A fixed deposit clearly states that on maturity, you will receive a 6% fixed interest rate. There is nothing difficult to grasp. When it comes to mutual fund advertising, however, the term "outperforming the index" is commonly used.

As many customers know, "benchmarking index" is a familiar term to you?"

The key to effective messaging is to convey everything you want to say in 7 seconds or less. Communicating in a clear and understandable way on social media should be a priority. Also, in addition to meeting a number of financial needs, the expectations, you must produce content that is engaging and entertaining.

Longer videos and complex charts and graphs should be avoided. The trick is to think like a consumer while making an investment or saving decision. What criteria does she use to choose an investment product, and why does she do so? Often, talk to him or her in the language that he or

she likes. Segment each consumer segment's pain points and attack them in a fun, engaging, and meaningful way that is easy to understand.

b) Search Engine Optimisation

Google is where people find you, and Facebook is where they communicate with you. This has been the standard of online behaviour in recent years. A well-thought-out SEO strategy has resulted in many websites reaping the rewards of customer acquisition. Unfortunately, most mutual fund firms don't pay attention to search engine optimization. Using keywords, site design, and improved content will increase twofold the amount of traffic for mutual fund firms.

c) Blogs

One of the most effective inbound marketing tools is corporate blogs. Blogs assist consumers in being more aware and making more informed decisions. Every mutual fund company should use content marketing to raise awareness and generate interest. We must assume that because of the informational nature of content on Google, blogs assist in content discovery, too. Keep in mind how much content you will need to produce for six weeks.

d) Online Reputation Management

More than 60% of shoppers conduct their buying research online, according to Google. These findings demonstrate the necessity for brands to have a multi-pronged approach to online reputation as well as a strategy for influencing customers when they aren't actively looking to buy. What a great idea! What about using Twitter, Facebook, and Quora, to learn about mutual funds, and then responding with relevant feedback? They will open up to it.

e) Sign up for Emails

Should you let them go if you're consciously putting out content on a weekly basis and can push traffic to your content online? Invite them to sign up for your Mutual Fund Education weekly newsletters. When there is no responsibility, people enjoy exploring and reading for free. You will get frequent visitors to your blog via consistent blogs and email updates, who will then continue to AIDA steps 3 and 4, which are about desire and action.

f) Display Campaigns and Retargeting

If you can get people to visit your website and read your posts, you've succeeded in raising awareness. Consider using Google Display Network and Facebook Display Campaigns to remarket the goods. It will increase brand recognition and encourage visitors to return to your website. When someone begins to engage with your content on a regular basis, it is a good indicator that you can elicit desire and action.

g) Webinars

Many sellers and marketers believe that good communication is the art of salesmanship. There are no better ways to communicate with people on the web than via webinars, after all. By making mutual funds appear more open and trustworthy to potential investors, it would boost the investors' confidence in them. As far as consumer issues go, webinars are wonderful. Establishing your financial trustworthiness and your clients will purchase from you. What do you think the customers will do if you always beat your competition?

h) Bridging the online and offline world

Brands overlook this because they regard digital and conventional offline marketing as different entities. Why would you have two separate tactics to target the same person if your client is a single person? Several new age distributors have had a lot of success with financial planning road shows and seminars. People who have signed up for your email list will be invited to your seminars. This will be more targeted; you will have the opportunity to engage one-on-one with your customer, increasing the likelihood of a transaction.

5. Findings:

Overall what we can say that the Indian mutual fund industry's use of social media is still in its infancy. Mutual Fund Industry we will have to take many strong & concrete steps in order to use Social Media for marketing of their products. As more consumers turn to online and digital purchases, there is a greater opportunity for marketing to take place online. The power of YWN (Youth, Women, and Netizens) is gaining traction. The three degrees of O-zone effects would be Own, Others, and Outers. Advocacy is critical in the marketing of Indian financial products and services, especially mutual funds. Investors and regulators are on the lookout for low-cost (low expense ratio)

mutual fund schemes. Customer service and post-sale assistance will be provided first by chat bots. Smartphone's are a godsend when it comes to interaction marketing. In the Mutual Fund industry, SEO and SMM are both in their infancy.

6. Conclusion:

The market is made up of new and late adopters, trailblazers, and laggards, with the latter under threat of extinction. New technologies such as social media offer many opportunities, but present a challenge to those who do not embrace them properly.

While it is important for a company to have an active social media strategy, how many in the industry actually implement this with the intent of getting their stakeholders involved and driving their success? There's no arguing that being used to interact with customers via social media and other forms of digital communication is no longer uncommon, but the effectiveness of these companies' approaches must be questioned. Despite the overall progress made by larger financial services firms, it's clear that smaller disruptors are more skilled and efficient than incumbents.

Over the past several years, many financial institutions have discovered that digital communication is much more difficult than creating a social media account, sharing a digital savings account, and depositing money is difficult. These organisations just don't see social media as a presence; they want to be part of people's conversations (and, in turn, produce a commercial benefit). Today's audience is always seeking out substantial evidence, such as how a business is caring and concerned about the community. If financial institutions want to continue to play a dominant role in the media landscape, they must adapt their social media efforts to the shifts in demographics.

Increasingly, therefore has become vital for businesses that have an impact on people's lives and on the communities where they are situated, especially in sectors like financial services that play a major role in people's finances.

Using images for social media is a good practise to get people to begin. Visual content has 40 times the probability of being shared on social media than any other type of content, according to a recent study conducted by HubSpot.

Connecting with your customers via social media is important. It could also highlight how the customer weathered adversity, helped a business or individual, or had a significant impact on their lives and their town. You must speak to the issues that are important to your customers in order to reflect the values of your organisation.

In order to be successful in courting Mutual Fund Houses and other financial services, social media needs to be social. It works well for those who spend the most money and worse for those who spend the least. The purpose of these programmes should be to serve customers by presenting the company's values in a relevant light, and show that those values in personable ways to people in the financial sector.

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