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Research Article

Youth Investment Preferences and the Shift from Bank Deposits to Mutual Funds: An Empirical Study in the Context of India @2047

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Abstract

Transforming household savings into profitable financial instruments is a strategic priority for India's goal of becoming a developed nation by 2047. Youth investors now prefer mutual funds over traditional bank fixed deposits. This study focuses on how financial awareness, risk-return perceptions, liquidity needs, tax efficiency, and digital platforms drive this change among young investors. This paper, rooted in the PhD study 'A Study of The Role of Digital Media in Creating Awareness Among Youth Investors', transitions between investment trends, from bank fixed deposit to emerging long-term wealth creator options, mutual funds, among Youth. The primary data used in the study were gathered from young investors using a structured questionnaire. To determine the factors influencing investment preference, descriptive statistics, correlation analysis, and multiple regression techniques were used to analyse the gathered data. The results show that youth investors' preference for mutual funds is strongly influenced by higher expected returns, the advantages of diversification, the flexibility of Systematic Investment Plans (SIPs), and the ease of investing through digital platforms. This preference is further reinforced by increased financial literacy and exposure to digital investor education programs. On the other hand, young investors find bank fixed deposits less appealing as long-term investment options because they believe they offer lower real returns, little room for growth, and insufficient inflation protection. The survey also emphasises the revolutionary power of fintech innovations, mobile investing apps, and online advisory content in moulding informed investment decisions among young people. Mutual fund investments help to create long-term wealth, promote financial inclusion, and expand capital markets, all of which are essential goals of the India @2047 development strategy. The study provides valuable policy insights for regulators, financial institutions, and asset management firms looking to improve digital financial literacy, create youth-centric investment products, and effectively channel household savings into market-linked instruments to support India's long-term economic goals.

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1. INTRODUCTION

The strategic significance of transferring household savings into profitable and growth-oriented financial instruments is highlighted by India's goal of becoming a developed country by 2047. Long-term economic development is generally acknowledged to depend on effective capital formation, the expansion of financial markets, and improved financial inclusion. Due to guaranteed returns, capital safety, and low perceived risk, bank fixed deposits have historically been the preferred savings option for Indian households. However, investment behaviour has changed significantly in recent years, especially among young investors, with mutual funds becoming a more popular substitute for traditional bank deposits. The youth investor, which includes Millennials (born between 1981 and 1996) and Generation Z (born between 1997 and 2012), has a higher level of risk tolerance, financial awareness, and familiarity with digital financial services. The swift growth of fintech platforms, mobile investment apps, and online advisory services has made it possible for more people to participate in capital markets by drastically lowering transaction costs and informational barriers. Mutual funds are appealing instruments for long-term wealth creation because they provide diversification, liquidity, tax efficiency, and superior inflation-adjusted return potential, particularly through Systematic Investment Plans (SIPs). Through organised digital investor education programs and online awareness campaigns, institutional initiatives by regulators and market intermediaries like SEBI, BSE, NSE, and asset management firms have further increased investor participation. In contrast, bank fixed deposits are increasingly perceived by youth investors as offering lower real returns and limited growth potential, particularly in an inflationary environment. Understanding this changing investment choice is crucial, since youth investors will influence future savings behaviour and capital market depth in India. This study empirically investigates the determinants influencing young investors' preference for mutual funds over bank fixed deposits, with a particular emphasis on financial understanding, risk-return perception, and digital media influence, thereby helping to policy formation associated with India @2047.

RESEARCH GAP

Although many studies have examined investment behaviour and financial literacy, very few have compared how youth in India choose between bank fixed deposits and mutual funds. Most existing research looks at these options separately, which means the reasons behind the growing shift in youth investment preferences are not clearly understood. At the same time, even though fintech and digital finance have received increasing attention, there is limited empirical evidence showing how digital media, mobile investment apps, and online investor education influence young people's investment awareness and participation. Millennials and Generation Z investors, despite their rising importance in India's financial markets, are also underrepresented in research studies. Furthermore, earlier

studies have not adequately used advanced statistical methods to examine how digital engagement, financial awareness, and investment decisions are connected. Finally, very few studies link youth investment behaviour with broader national goals such as capital market growth and financial inclusion. This study addresses these gaps by analysing youth investment preferences in a digital context and aligning them with India's development vision for 2047.

Conceptual Framework and Theoretical Anchoring

In order to analyse young people's investment preferences in India, this study uses an interdisciplinary conceptual framework that draws from development economics, behavioural finance, financial sociology, and digital media studies. Digital media is seen as a socio-economic space where youth investors learn, analyse, and negotiate financial knowledge, norms, and risk perceptions rather than just a technological tool.

The study's main theoretical underpinning is investment awareness. It refers to the collection and dissemination of investment-related knowledge, trust, and shared norms that allow for educated financial decision-making. Bonding investing knowledge grows among young investors as a result of social relationships, familial influence, and digitally mediated communities. Exposure to broader financial ecosystems such as online investment forums, broking platforms, business news sites, and financial influencers helps to bridge the gap in investment awareness. Linking investment knowledge connects young people to official financial institutions and regulators, including as mutual fund companies, stock exchanges (BSE and NSE), SEBI, and fintech-enabled platforms.

The movement in youth preference from bank fixed deposits to mutual funds reflects changing views regarding risk, liquidity, and long-term wealth generation. This transformation is aided by increased digital accessibility and simplified investment methods, particularly Systematic Investment Plans (SIPs), which lower entry barriers and promote disciplined investing. Digital investing applications and SEBI-led investor awareness efforts serve as inclusive financial ecosystems, increasing market participation and transparency. The framework, which aligns with India's objective of becoming a developed nation by 2047, sees young participation in capital markets as a critical driver of productive savings mobilisation, financial inclusion, and long-term economic progress.

2. REVIEW OF LITERATURE

Scholarly research on the Role of Digital Media in creating awareness among youth investors presents a clear and forward-looking picture of upcoming investment trends. Numerous studies indicate that youth preferences are changing with the help of digitalisation and technical advancement. Here, some review indicates an indicative picture. Such as Gupta M. *et al.* (2025) [7] in their study "Equity Mutual Funds: Transforming India's Savings Landscape," investigate the transformation of India's savings environment through equity mutual funds,

pointing to a significant shift in retail investor behaviour towards equities-oriented assets. Using machine learning techniques, the study identified financial inclusion (as measured by the increase of demat accounts), fixed deposit interest rates, and business confidence as the most important predictors of equity mutual fund flows. As the same way Chadha S. (2025)^[4], in her article “India's investing awakening: SIPs, Gen Z and the ₹300-lakh-crore MF dream” examines India's emerging retail investment shift, which is fuelled by Systematic Investment Plans (SIPs), digital adoption, and increased engagement from Gen Z and millennial investors Referring to the ‘How India Invests 2025’ research, mutual fund assets under administration are projected to reach ₹300 lakh crore by 2035, with household mutual fund penetration predicted to increase to 20%. The growth is mostly driven by investors from outside the top 30 cities, higher long-term SIP holdings, and more female involvement. The report identifies a clear change from a savings-oriented to an investment-first mindset, aided by fintech platforms and increased financial awareness, presenting youth-led retail investing as a stabilising force in India's capital markets.

Therefore, emerging literature recognises the potential of digital media to maintain its role in investment awareness, particularly among youth investors. Studies suggest that digital media plays a significant role in deciding Youth Investment Preferences. Most analyses have been done on investment behaviour and financial literacy; not much has been done to compare the preferences of young people in India between bank fixed deposits and mutual funds. This paper addresses this gap by integrating perspectives on growing Digital Media exposure and its influence on Youth investment preferences within the specific context of India's 2047 vision.

3. METHODOLOGICAL ORIENTATION

This paper draws from my larger doctoral research project called “A Study of The Role of Digital Media in Creating Awareness among Youth Investors.” The research included surveys, interviews, and observations. We collected data from youth investors of different ages and socio-economic backgrounds to examine how they are getting awareness by digital media and how it is being useful in their investment decisions.

In this paper, we focus on interpreting and developing ideas rather than only presenting statistics. We synthesise the findings to identify patterns and insights that could inform digital media role and youth investors investment behaviours. During the research, we adhered to strict ethical guidelines, including obtaining informed consent, maintaining confidentiality, and respecting Investors privacy.

4. FINDINGS AND INTERPRETIVE INSIGHTS

The study's findings show that digital media and fintech platforms have become crucial to the investment habits of youth investors. The widespread use of investing apps, business news websites, and social media platforms has enhanced financial

awareness, risk understanding, and confidence in making investment decisions. Just as screen time and digital interaction can be distracting in family settings, indiscriminate intake of investment material may lead to confusion or error among youth. However, facts show that young investors are not passive consumers of digital information.

Many actively use several platforms, cross-check information, and participate in online groups, demonstrating an increasing “digital investment literacy”. They strategically use Systematic Investment Plans (SIPs), mobile apps, and advisory content to make informed decisions while balancing risk and rewards. These patterns indicate that the shift from bank deposits to mutual funds is fuelled by digital access, financial awareness, and active participation. With credible information, digital platforms may assist youth in converting their savings into investments, hence boosting India @2047's goals.

Three Transformative Pathways for India @2047

India's progress toward becoming a developed nation by 2047 requires a decisive shift in how household savings are deployed. The increasing inclination of youth toward mutual funds signals a transition from low-yield, deposit-based savings to an investment-driven approach focused on long-term wealth creation and inflation-adjusted returns. This shift is being accelerated by digital financial ecosystems, including fintech platforms, mobile investment applications, SIP-based products, and widespread digital investor education initiatives, which together have made capital market participation more accessible and inclusive for young investors.

As youth participation in mutual funds expands, domestic capital markets are strengthened through stable and long-term investment flows, reducing reliance on volatile foreign capital. A digitally informed and financially aware youth investor base, therefore, emerges as a key driver of market depth, economic resilience, and sustainable growth, aligning individual financial decisions with India's broader developmental aspirations under India @2047.

Household Finance: From Savings-Led to Investment-Led

A structural change from low-yield bank deposits to market-linked investment instruments is necessary for India to become a developed economy by 2047. Young people's increasing inclination towards mutual funds is indicative of an investment-led mindset that prioritises long-term capital growth, inflation protection, and wealth creation. Promoting this shift can strengthen domestic financial markets and increase productive capital formation.

Youth Inclusion through Digital Financial Ecosystems

Young Indians' access to financial markets is changing as a result of digital platforms, fintech apps, and online investor education programs. Digital onboarding, SIP-based investing, and mobile apps lower entry barriers and increase participation. Enhancing digital investor education via SEBI, stock exchanges, and broker platforms can greatly increase young

people's participation in informed investing, promoting inclusive growth under India @2047.

Capital Market Deepening and Economic Resilience Driven by Youth

By offering steady, long-term funds and lowering reliance on volatile foreign capital, young investors' active participation in mutual funds enhances domestic capital markets. Youth investors are important stakeholders in India's path to sustainable economic prosperity by 2047 because they boost market resilience, encourage entrepreneurship, and match household savings with national development priorities.

POLICY IMPLICATIONS AND RECOMMENDATIONS

The increasing preference of youth investors for mutual funds over bank fixed deposits reflects a structural shift in India's household savings from low-yield instruments to market-linked investments. This transition has significant policy implications, as it supports productive capital formation and long-term wealth creation. Policymakers should therefore realign savings and investment policies to encourage participation in capital markets while maintaining strong safeguards for investor protection and financial stability, consistent with the objectives of India @2047.

Digital financial infrastructure has emerged as a key driver of this transformation. Fintech platforms, mobile investment applications, and online advisory services have simplified access to financial markets for young and first-time investors. Strengthening Digital Public Infrastructure (DPI) for investments-through secure, interoperable, and transparent systems-can enhance trust, efficiency, and inclusion, particularly among digitally native youth. Youth-led investment behaviour also contributes to capital market deepening and economic resilience. A broad base of young, long-term mutual fund investors provides stable domestic capital, reduces dependence on volatile foreign inflows, and supports entrepreneurship and innovation. Sustained youth participation is therefore critical to achieving inclusive and resilient growth under the India @2047 vision.

To reinforce these trends, targeted interventions are essential. Financial and investment literacy initiatives should be expanded through coordinated efforts by SEBI, AMFI, educational institutions, and digital platforms, with emphasis on risk-return understanding, SIP-based investing, and long-term financial planning. Regulatory oversight of digital investment platforms and financial influencers should be strengthened to curb misinformation and mis-selling. Additionally, policy incentives such as tax benefits for long-term SIPs, retirement-linked mutual fund products, and goal-based investment schemes can promote disciplined investing. Focused outreach and simplified onboarding for youth in Tier 2, Tier 3, and rural areas will further advance inclusive financial participation.

5. CONCLUSION

India's vision of becoming a developed nation by 2047 requires more than widespread digital adoption; it calls for the purposeful use of digital technologies to strengthen financial literacy and promote long-term investment behaviour among youth. The present study highlights that digital platforms, when used effectively, play a decisive role in transforming young individuals from passive savers into informed and active participants in mutual fund investing.

The growing preference of youth for mutual funds over traditional bank deposits reflects a deeper behavioural shift shaped by digital access, investor education, and simplified investment mechanisms such as Systematic Investment Plans (SIPs). Beyond the pursuit of higher returns, digital media and fintech applications enhance awareness, reduce entry barriers, and foster confidence and discipline in investment decision-making. In this sense, digital platforms serve as enablers of financial capability rather than mere transactional tools.

In the broader context of India @2047, increased youth participation in market-linked investments contributes to financial inclusion, capital market deepening, and sustainable wealth creation. Aligning digital innovation with robust financial education, ethical investment practices, and inclusive regulatory frameworks can help channel household savings into productive uses. Strengthening the financial preparedness of digitally empowered youth will be crucial for building long-term economic resilience and supporting India's developmental trajectory toward 2047.

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