

Available online @ <https://jjem.jnnce.ac.in>
<https://www.doi.org/10.37314/JJEM.SP0412>
 Indexed in International Scientific Indexing (ISI)
 Impact factor: 1.395 for 2021-22
 Published on: 31 May 2025

A career of Mutual Fund Advisor in Financial Service Industry: A Study

Usha S P¹, Dr. Sujith Kumar S H²

¹Lecturer, Department of Commerce, Kamala Nehru Memorial National College for Women, Shivamogga, Research Scholar, Department of MBA, Bapuji Institute of Engineering & Technology, Davanagere, Karnataka

Email: dr.ushaspvtuphd@gmail.com

Ph: 7204993820

²Research Supervisor, Professor and HOD, Department of MBA, Bapuji Institute of Engineering & Technology, Davanagere, Karnataka

shsujith@gmail.com

Ph:9986029529

Abstract

In the present is India. It is necessary to spread the financial awareness and systematic financial investment habit among the traditional investors who are using bank deposits, post office savings accounts, cheat funds, etc and influence them and convince them to consider the modern investment avenues which involves mutual funds and stock market. This work can be done by the mutual fund advisor who act as a link between investors and asset management companies having a good knowledge of investment opportunities especially in mutual funds and can advise the investors about different investment opportunities available in mutual funds, according to their investment objectives and also guide them in completing documentation process. He's mutual fund adviser is indirectly enabling the investor to take informed and matured decisions about investing their hard-earned money. In this regard, the researcher wanted to understand (1) Factors which are influencing a person to choose a career as mutual fund Advisor: (2) Factors considered by a mutual fund adviser before completing the empanelment process with an AMCs and conducted study in Shivamogga District of Karnataka. Judgemental sampling method and Simple Random sampling to collect data from the mutual fund advisors. And found the factors which are more influential for an individual to choose the career of mutual fund advisor in the financial service sector and also Factors considered by him while choosing Asset management companies for completion of Empanelment process.

Keywords: Mutual fund advisor, Asset management company, Empanelment process, Career in financial service industry.

1. Introduction

Mutual fund Advisor is a person who has got licence from the concerned authorities and permitted to guide the investors while they are investing in mutual funds. Usually, mutual fund advisor understands the Risk-taking capacity, investment horizons and financial goals of his investor before providing any investment advice. In return for his advice and successfully persuading the investors

to invest in mutual funds, he receives the commission from mutual fund companies.

In short a mutual fund advisor is a link man between the investors and AMCs,

Who is having a knowledge of ample investment opportunities which are there in mutual funds, who advise the investors about different investment opportunities of mutual funds according to their investment objectives, Guide them in completing their

documentation process by offering his expertise and knowledge. Mutual fund advisor helps the investor to take informed matured decisions about investing their hard-earned money.

Being a mutual fund adviser is considered as a reputed job in the society due to superfluity roles played by the mutual fund advisor. The procedure for becoming mutual fund investment adviser for an individual is explained and well established in the NISM portal. To become the mutual fund advisor, one has to take up NISM Series V-A Mutual Fund Distributors Certification Examination and Finish the CPE (Continuing Professional Education) Training Programme offered by the NISM. After doing this an individual will be getting a certificate from an NISM which is valid for three years. After getting this certificate the individual must choose his distributor and complete the know your distributor (KYD) process with them. This KYD process is made compulsory by the Association of Mutual Funds in India (AMFI) Strengthen the mutual fund financial advisor generation / registration process. Once the KYD process is completed, the individual has to apply for ARN to become licenced mutual fund advisor.

2. Literature review

Chetan et al. (2014): Author has studied about the emerging relationship between Asset management company and Mutual fund Advisors. and opines that, Asset management companies are in need of Mutual fund Advisors for promoting and selling their products. without their supports, AMC's finds it as a Hercules task.

Kapila Pichhai (2016): Author has tried to understand the behavior of mutual fund agents and developed a theoretical framework for the same. and he found that, most of individual are attracted towards career

of mutual fund advisors only if they have knowledge of financial service industry otherwise individuals are de motivated thinking as gambling.

Sundarum, Padmamani et al. (2016): Authors in their paper "Emerging employment opportunities in Financial Sector" studies about career of Mutual Fund Advisor. They says that, Individual with knowledge of financial investment can choose career as MFA (Mutual fund Advisor) as it has a flexible working hours, and can consider it as a additional income to his real earnings.

Zenaid et al.(2017): Author has conducted a study to understand the working environment of the mutual fund advisor and his earnings related issue. And author opines that Asset management companies have to think of improving the trail fees, and upfront fees.

Chakravarti, S. et al (2021): Author has published as report on Empanelment process of Mutual fund Advisor. and explained in detail about the process. it can be considered as a step by step guidance to the individual who is interested in taking up a career as Mutual Fund Advisor in Indian financial Sector and author opines that, New generation individuals can think of this career as it has a good scope and career advancement opportunity.

3. Methodology

Researcher has collected secondary data from reports, newspapers, some topic related articles and web materials. Researcher has contacted Mutual fund advisors in the study area to collect primary data.

Sampling procedure

The researcher has adopted two types of sampling methods namely Judgemental sampling method and Simple Random

sampling to collect data from the mutual fund advisors. Here researcher collected data from the mutual fund advisors in the study area using Simple Random Sampling and he used Judgemental sampling to accommodate only mutual fund advisors who have more than 3 years of experience as a MFA (Mutual Fund Advisor).

Area of Study

The researcher has selected Shivamogga District of Karnataka state as the area of study.

4. Objectives of the study

- To identify the factors influencing an individual to choose the career as Mutual fund Advisor in Financial Service Industry.
- To understand the factors which play significant role in selection of AMC (Asset management Company) by MFA (Mutual fund Advisor) to complete the empanelment process.

5. Hypothesis of the study

Hypothesis 1

H0: There is no significant difference among factors considered by MFA to choose career as Mutual fund Advisor in Financial Service industry

H1: H0: There is a significant difference among factors considered by MFA to choose career as Mutual fund Advisor in Financial Service industry

Hypothesis 2

H0: There is no significant difference among factors which are influencing MFA to choose AMC

H1: There is no significant difference among factors which are influencing MFA to choose AMC

6. Analysis of Observations

The researcher has divided the analysis and observations part in to three sub-sections for the sake of convenience of the readers, namely,

- Understanding the factors which are influencing a person to choose a career as mutual fund Advisor.
- Understanding of factors considered by a mutual fund adviser before completing the empanelment process with an AMCs

Understanding the factors which are influencing a person to choose a career of mutual fund Advisor.

H0: There is no significant difference among factors considered by MFA to choose career as Mutual fund Advisor in Financial Service industry

H1: There is a significant difference among factors considered by MFA to choose career as Mutual fund Advisor in Financial Service industry

The researcher wanted to understand the factors are influencing an individual to choose career of mutual fund advisor in Financial service Industry.

Therefore, he collected the data regarding it and analysed it using the factor analysis. During the factor analysis, the researcher could extract two factors which are responsible for 72.28% of total variance.

Table No: 1

Rotated component matrix

Factors considered by a mutual fund adviser choose a career of	Component
--	-----------

mutual fund Advisor.	1	2
Adjustable work schedule and career path		7.48
Earning potential	7.21	
Easy and transparent path of becoming MFA suggested by AMFI	5.24	
Awareness about MF / Demand in the Market	6.51	
Required Minimum seed funding		7.93
Entrepreneurial opportunities		5.22
Career advancement opportunities		5.01

Table No: 2
Factor 1: Financial Earning Opportunity

Induced variables	Factor Loadings
Earning potential	7.21
Easy and transparent path of becoming MFA suggested by AMFI	5.24
Awareness about MF / Demand in the Market	6.51

Table No: 3
Factor 2: Other opportunities

Induced variables	Factor Loadings
Adjustable work schedule and career path	7.48
Required Minimum seed funding	7.93
Entrepreneurial opportunities	5.22
Career advancement opportunities	5.01

Ranking of Grouped Items related factors which are influencing a person to choose a career as mutual fund Advisor.

For the purpose of ranking, factors which are having factor loadings more than 0.7 is considered.

Table No: 4

Induced variables	Rank
Required Minimum seed funding	I
Adjustable work schedule and career path	II

Earning potential

III

From the above factor analysis, we can say that There is a significant difference among factors considered by MFA to choose career as Mutual fund Advisor in Financial Service industry. So null hypothesis is rejected and Alternate hypothesis is accepted.

Following is the some of the factors which are influencing an individual to choose the career as Mutual fund advisor:

Adjustable work schedule and career path: The person can be an independent financial advisor, or he can also work with and financial institution It is his choice. A person can be part time MF advisor, along with his main profession as he can take the advantage of flexible working hours.

Earning potential: Mutual fund advisor will not be having a fixed salary but he receives commissions-based volume of mutual funds he sells and manages. In this way his earnings are directly proportional to his performance. As popularity of mutual funds are growing in India there is a great opportunity for an individual to earn a good income if he becomes mutual fund advisor. Performance-Based Earnings, Commission-Based Income (it includes trail and upfront commission based on AUM of individual Mutual fund advisors), Incentives and Bonuses Recurring Income from Trail Commission Are the different types of income avenues available for mutual fund advisers in this industry.

Incentives and Bonuses: It can be received from AMC's if sales targets are achieved. It can be in the form of foreign trips gifts which are basically provided by the asset management companies to motivate the mutual fund advisers.

Demand in the Market: Presently, many more people wanted to reap the benefits of stock market through investing in mutual funds but they need a best professional financial advice to choose the suitable mutual fund schemes according to their investment objectives. in this regard, there is a lot more demand for mutual fund advisers in the market.

Minimum seed funding is required: An individual needs to invest a minimum amount which is around ₹2000 to ₹3000 to get the certification and licence from concerned authorities. When compared to other career paths this is a very minimum seed capital required to start any profession.

Entrepreneurial opportunities: This provides the great opportunity for an individual Who wanted to be a entrepreneur or boss of his own. An individual can fulfil his dream of becoming entrepreneur with a minimum investment through this Mutual fund advisor profession.

Career advancement opportunities: As we all know mutual fund industry is establishing itself very well in India at present. This provides an opportunity for an individual to develop along with the industry. Even mutual fund companies are eager to provide training and development sessions to their mutual fund advisers to make them up to date about the present trends and developments.

Understanding of factors considered by a mutual fund adviser before completing the empanelment process with an AMC's

The researcher wanted to understand the factors which are considered by person who is a mutual fund advisor before completing the process of empanelment

with any of the asset management companies. Therefore, he collected the data regarding it and analysed it using the factor analysis. During the factor analysis,

the researcher could extract three factors which are responsible for 63.28% of total variance.

Table No: 5
Rotated component matrix

Factors considered by a mutual fund adviser before completing the empanelment process with an AMC	Component		
	1	2	3
Reward system adopted by AMC to recognize the commitment of MFA	6.48		
Attention given to Competition by AMC		5.21	
Explaining about product risk and incentives to MFA	6.14		
Clarity of incentives and career concern of MFA in AMC	7.51		
Importance given to spread awareness about KYD		6.91	
Providing Supportive Timely Training Programme to MFA		7.21	
A kind of Support that AMC is getting from Banks			6.45
Brand Image of AMC			7.85
Past Performance record of Fund Manager of AMC			7.54

Table No: 6
Factor 1: MFA's career with AMC

Induced variables	Factor Loadings
Reward system adopted by AMC to recognize the commitment of MFA	6.48
Explaining about product risk and incentives to MFA	6.14
Clarity of incentives and career concern of MFA in AMC	7.51

Table No: 7
Factor 2: Indirect support by AMC to MFA

Induced variables	Factor Loadings
Attention given to Competition by AMC	5.21
Importance given to spread awareness about KYD	6.91
Providing Supportive Timely Training Programme to MFA	7.21

Table No: 8
Factor 3: Social Image of AMC

Induced variables	Factor Loadings
-------------------	-----------------

A kind of Support that AMC is getting from Banks	6.45
Brand Image of AMC	7.85
Past Performance record of Fund Manager of AMC	7.54

Ranking of Grouped Items related to factors considered by a mutual fund adviser before completing the empanelment process with an AMCs

For the purpose of ranking, factors which are having factor loadings more than 0.7 is considered.

Table No: 9

Induced variables	Rank
Brand Image of AMC	I
Past Performance record of Fund Manager of AMC	II
Clarity of incentives and career concern of MFA in AMC	III
Providing Supportive Timely Training Programme to MFA	IV

From the above factor analysis, we can say that There is a significant difference among factors which are influencing MFA to choose AMC. So null hypothesis is rejected and Alternate hypothesis is accepted.

past performance record are those factors prioritized by Mutual fund Advisors while deciding about empanelment process with an AMCs

7. Findings

Based on research, the researcher has listed following Findings.

- 1.The objective of the researcher was to understand which factors attracts an individual towards Financial service industry and influence him to take up career as Mutual Fund Advisor, and researcher found that, Adjustable work schedule of this work path, opportunity to become entrepreneur with minimum capital requirement are emerged as most influential factors in this regard.
- 2.The other objective of a researcher to understand, which are factors considered by a mutual fund adviser before completing the empanelment process with an AMCs and found that, Brand image of Asset management Company along with its policy of incentive scheme, training programme, and its

8. Suggestions

As its understood from research, most of the individual are influenced to take up Mutual Fund Advisor Career after considering, Brand image of Asset management Company along with its policy of incentive scheme, training programme, and its past performance record. Asset management company has to be maintain clarity in its Incentive plan and make an efforts to make their Advisors are aware of that plan. As they can be motivated by the clarity in incentive plan.

AMC must provide timely and relevant training to their MFA's (Mutual advisors) as and when there is a new Mutual fund schemes, plans because MFA's are the real reasons behind success and popularity of any scheme and plan of mutual fund. without the support of Mutual fund

Advisor, its Hercules task for Asset management company for selling new plan and scheme.

AMC should make an effort to provide past performance record to Mutual fund Advisors as and when they need it and also educate them to understand the same and enable them to guess the future trends. As this feature help the advisors in convincing the Mutual fund Advisors in convincing their clients

9. Conclusion.

In the concluding remarks, we can say that an individual can consider this mutual fund advisor carrier in financial service industry as a second source of income, As this career can be done along with his profession as it is having flexible working hours. An individual can also enhance his entrepreneurial skill with minimum seed capital. Apart from individual benefits even Financial service industry wanted to spread the awareness about its different financial products among the prospective investors. In this regard Mutual fund advisor can offer help in achieving its objectives.

References

1. Chetan et al. (20014): emerging relationship between Asset management company and Mutual fund Advisors, IJMPTI, Vol. 2, issue 2, 2014. Page 112-124
2. Kapila Pichhai (2016): Financial behavior of mutual fund agents, IJJSMT, vol 4, issue 5, 2016. Page 171-189
3. Sundarum, Padmamani et al. (2016):Emerging employment opportunities in Financial Sector, Journal of Innovative Research, vol 11, issue 11, 2016. Page 134-148
4. Zenaid et al.(2017): The working environment of the mutual fund advisor in India, IJFSR, vol 10, issue 10, 2017. Page 213-121
5. Chakravarti, S. et al (2021):Empanelment process of Mutual- A Guide, Journal of Innovative Research, vol 10, issue 11, 2017. Page 144-158
6. National Institute of Securities Market www.nism.ac.in
7. Association of Mutual Funds in india www.amfiindia.com
8. Sundar Sankaran : Indian Mutual funds handbook 5th edition: A great fall industry professionals and intelligent investors.
9. Vivek k Negi: Mutual funds- A ladder to wealth creation.