State of Mind and Migration of the Mutual Fund Retail Investors - An Impact Study

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Abstract

Mental Accounting describes the cognitive process through which outcomes are perceived and experienced; and involves assignment of activities to specific mental accounts or compartments. The present study deals with role of mental accounting in the experience and expectation network of the retail investors though the understanding of their state of mind. Mental compartmentalisation has been done through positioning matrices. An attempt has been made to identify migration of the retail investors of mutual fund from one mental compartment to another mental compartment. For the purpose of the study, only existing retail investors of mutual fund are considered irrespective of their period of experience in investment in mutual fund. The study was conducted in Guwahati with 412 respondents selected on the basis of snowball sampling. It has been observed that mental accounting influence the migration of investors from one mental compartment to another. The study concluded that state of mind act as an intervening factor in the experience-expectation network of the investors.

Key Words: Past Experience, Future Expectation, Mental Accounting, Migration