



INVESTOR AWARENESS AND INTENTION TO INVEST IN EXCHANGE TRADED FUNDS (ETFs): AN EMPIRICAL INVESTIGATION

Dr. M. Hari Prasad

Associate professor, Department of Business Management, Princeton P.G. College of Management, Ramanthapur, Hyderabad-13.

ABSTRACT

This study examined the relationship between investor awareness (IA) and intention to invest (INT) in Exchange Traded Funds (ETFs) using the Theory of Planned Behavior (TPB) as the underlying framework. The results revealed that investor awareness, attitude towards ETFs (AT), and perceived behavioral control (PBC) significantly predict investment intention. Moreover, attitude and perceived behavioral control moderates the relationship between awareness and intention. The findings makes contribution to behavioral finance literature by integrating awareness into the TPB model and give insights for policymakers and financial institutions to enhance ETF adoption through investor education and confidence-building strategies.

KEYWORDS : Exchange Traded Funds, Investor Awareness, Investment Intention, Theory of Planned Behavior, Behavioral Finance.

INTRODUCTION

Exchange Traded Funds (ETFs) have become an increasingly popular investment option because of characteristics such as flexibility, transparency, and cost efficiency (Chen, 2025). The adoption of ETFs notably depends on investors' awareness and understanding of their characteristics and risks. Inadequate awareness could hinder informed decision-making and limit participation in ETF markets. This research had investigated the relationship between investor awareness and intention to invest in ETFs, thus giving empirical evidence from behavioral finance perspective. There is strong evidence representing the resilience of sustainable funds during the market crash, with ETF returns demonstrating persistence all the way through the period of market downturn and recent pandemic (ElBannan, 2024).

Exchange Traded Funds (ETFs) have gained mounting attention among investors as flexible and cost-efficient instruments that merge the features of mutual funds and equity trading (Liu, 2025; Tari, 2010). Notwithstanding their growing availability, the level of investor awareness concerning ETF structure, benefits, and risks remains uneven, predominantly among retail investors. This study assessed the relationship between investor awareness and intention to invest in ETFs by means of empirical lens thus contributing to the literature on behavioral finance and investment decision-making (Goel & Ahluwalia, 2021). The rapid growth of financial markets and digital trading platforms has made ETFs more reachable to broader investor base (Joshi & Dash, 2024). Investors habitually rely on partial information, peer influence and perceived ease of trading when forming intentions toward ETFs (Guzman et al., 2022). Examining awareness as significant antecedent of investment intention provides insights into how knowledge gaps affect involvement in ETF markets.

Objectives of the study

1. To examine the impact of investor awareness, attitude towards ETFs, and perceived behavioral control on intention to invest in ETFs.
2. To assess the moderating role of attitude towards ETFs in the relationship between investor awareness and intention to invest in ETFs.
3. To evaluate the moderating role of perceived behavioral control in the relationship between investor awareness and intention to invest in ETFs.

Literature Review

Attitude towards ETFs denotes an investor's overall favorable or unfavorable evaluation of investing in ETFs. Within TPB, attitude is the valence outcome of fundamental beliefs about expected benefits and costs; positive beliefs about

diversification, low costs and transparency create favorable attitudes (Meier & Maier, 2023). Nearly 2,000 ETFs currently trade across a wide range of investment categories, providing investors with a cost-efficient means of constructing well-diversified portfolios (Tari, 2010).

Herd behavior is observed across different types of investment vehicles at a subset level, though not necessarily at the aggregate level, and this behavior is typically driven by specific events that affect only those particular asset subsets (Nguyen et al., 2025). The data are analyzed using the generalized method of moments (GMM) panel regression approach. These results carry important implications for ETF investors and market regulators, as heightened stock volatility diminishes the diversification benefits typically associated with ETFs (Esmailpour Moghadam, 2023).

Methodology

A sample of 250 respondents had participated in the web-based survey that comprises individuals who are currently investors or traders in the stock market or mutual funds through any investment platform. Data analysis had been conducted with SPSS and SPSS PROCESS Macro (Model 2) as per moderation analysis technique (Hayes & Little, 2022). Multiple regression analysis had been performed to examine the direct effects of investor awareness (IA), attitude towards ETFs (AT), and perceived behavioral control (PBC) on intention to invest in ETFs (INT). Moderation analysis was further performed to evaluate the moderating roles of attitude towards ETFs and perceived behavioral control on the relationship between investor awareness and investment intention. Such analytical approach supported for comprehensive understanding of both direct and conditional effects inside the TPB-based research framework.

Data Analysis and Results

The sample comprised 250 active investors (N = 250) who met the eligibility criterion of current participation in stock or mutual fund markets. The gender distribution was 150 males (60.0%) and 100 females (40.0%). For Age-group variable, 120 participants (48.0%) were aged 18–30 years, 90 (36.0%) were aged 30–45 years and 40 (16.0%) were above 45 years. With regard to occupation, 138 respondents (55.2%) were salaried employees, 75 (30.0%) were self-employed, and 37 (14.8%) fell into other occupational categories. These demographic figures indicate a predominantly young to middle-aged, professionally active sample suitable for examining ETF awareness and investment intention.

Hypothesis testing

The hypotheses which have been derived during the review of literature have been examined using multiple regression and

moderation analysis. First the below hypothesis are tested and results are shown in Table 1.

H1: Investor awareness has significant impact on intention to invest in ETFs.

H2: Attitude towards ETFs has significant relationship with intention to invest in ETFs.

H3: Perceived behavioral control has significant impact on intention to invest in ETFs.

Table 1. Regression coefficients

Relationship	Beta	SE	t	p
IA INT	0.42	0.08	5.25	< .001
AT INT	0.58	0.09	6.44	< .001
PBC INT	0.36	0.10	3.60	< .001
R ²	0.45			
F (3,246)	66.90*			
Notes: *Significant at p<.001, SE = Standard error Source: Authors own work				

A multiple regression was conducted to examine the impact of investor awareness (IA), attitude towards ETFs (AT), and perceived behavioral control (PBC) on intention to invest in ETFs (INT). It is found that the regression model is significant which explains 45% of the variance in intention ($R^2 = .45$, $F(3, 246) = 66.90$, $p < .001$). Investor awareness has positive significant predictor of intention ($B = 0.42$, $SE = 0.08$, $t = 5.25$, $p < .001$) indicates that higher awareness is associated with greater intention to invest (H1 supported). Attitude toward ETFs had predicted intention to invest in ETFs positively and strongly ($B = 0.58$, $SE = 0.09$, $t = 6.44$, $p < .001$) which depicts more favorable attitudes corresponded with higher intention (H2 supported) and this finding is in line with previous works (Goel & Ahluwalia, 2021; Tenorio-Salgueiro et al., 2025). Perceived behavioral control has shown significant positive effect on intention to invest ($B = 0.36$, $SE = 0.10$, $t = 3.60$, $p < .001$) which depicts that greater perceived control relates to stronger intention to invest in ETFs (H3 supported).

Moderation analysis

The moderating effect of the selected variable between the investor awareness and intention to invest in ETFs have been tested using the SPSS PROCESSES Macros with model 2 and bootstrapped with 5000 samples. The below are the two hypothesis related to moderation analysis and results are shown in Table 2.

H4: Attitude towards ETFs moderates the relationship between investor awareness and intention to invest in ETFs.

H5: Perceive behavioral control moderates the relationship between investor awareness and intention to invest in ETFs.

Table 2. Moderation analysis

Relationship	Beta	SE	t	p
IA → INT	0.35	0.07	5.00	< .001
AT → INT	0.50	0.08	6.25	< .001
PBC → INT	0.30	0.09	3.33	.001
IA*AT (interaction) → INT	0.12	0.05	2.40	.017
IA*PBC (interaction) → INT	0.08	0.04	2.00	.047
Notes: Model comparison: Baseline model $R^2 = .42$; with interaction terms $R^2 = .45$; $\Delta R^2 = .03$, ΔF significant at $p < .05$, SE = Standard error Source: Authors own work				

Moderation analysis using PROCESS (Model 2) had evaluated whether attitude (AT) and perceived behavioral control (PBC) moderate the IA and intention relationship. The model by adding the two interaction terms improved explained variance by $R^2 = .03$ (F significant, $p < .05$).

Investor awareness remained significant positive predictor, $B = 0.35$, $SE = 0.07$, $t = 5.00$, $p < .001$; attitude and perceived behavioral control retained significant main effects (AT: $B = 0.50$, $SE = 0.08$, $t = 6.25$, $p < .001$; PBC: $B = 0.30$, $SE = 0.09$, $t = 3.33$, $p = .001$). The IA*AT interaction was significant, $B = 0.12$, $SE = 0.05$, $t = 2.40$, $p = .017$, representing that the positive effect of awareness on intention is stronger at higher levels of favorable attitude (H4 supported). The IA*PBC interaction was also significant, $B = 0.08$, $SE = 0.04$, $t = 2.00$, $p = .047$, representing that perceived behavioral control amplifies the awareness and intention link (H5 supported).

DISCUSSION AND CONCLUSION

The findings signify that investor awareness, attitude towards ETFs and perceived behavioral control considerably persuade intention to invest in ETFs thus reinforcing the explanatory power of the Theory of Planned Behavior in investment context. Investor awareness emerged as a critical cognitive driver, suggesting that informed investors are more inclined to form positive intentions toward ETF adoption. The notable effect of attitude highlights the role of evaluative judgments in determining investment decisions, whereas perceived behavioral control reflects the importance of self-efficacy and perceived ease of participation in ETF markets.

The study concludes that investor awareness plays essential role in determining intention to invest in Exchange Traded Funds, both directly and through key TPB constructs. Attitude towards ETFs and perceived behavioral control predict intention and reinforce the influence of awareness. These findings highlight the importance of targeted investor education and confidence-building initiatives to promote ETF adoption. This study underscores the significance of behavioral theory in explaining modern investment decisions. Despite its contributions, the study has certain limitations. The use of cross-sectional data restricts causal inference, as changes in awareness or attitudes over time cannot be observed. Future research might adopt longitudinal or experimental designs to capture changes in awareness and intention over time.

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