A study on Robo-Advisory in Action: Case Study Insights of the Mutual Fund Market in India

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Abstract

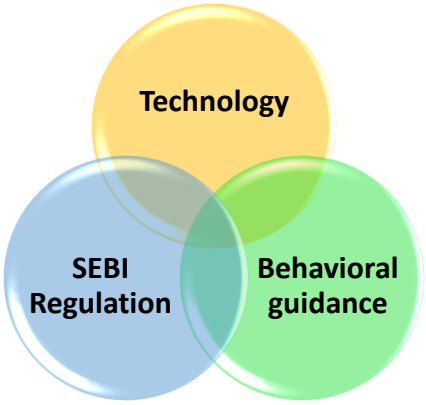
Robo-advisory platforms have changed investment practices worldwide, yet their evolution in India has followed a different path. Unlike U.S. and European markets where robo-advisors role as automated portfolio managers, Indian platforms are mostly execution-focused, intended around direct mutual funds with limited algorithmic depth (PwC India, 2022). This study analyzes six leading Indian platforms—Kuvera, Zerodha Coin, Groww, Paytm Money, and Scripbox. Each platform is assessed using three components: technology, regulation, and behavior guidance. The findings show that automation features are limited, behavioral prompts like SIP defaults and goal-based reminders play a crucial role in encouraging investor adoption (KPMG India, 2023). Regulation plays a critical role in limiting advisory depth, pushing most platforms into execution-only models (SEBI, 2020). This study concludes that India represents a unique "execution plus personalized suggestion" model of robo-advisory, offering suggestion for developing markets where investor education and regulatory safeguards strongly shape fintech innovation.

Keywords: Robo-advisory, mutual funds, behavioral finance, SEBI regulations, fintech

Introduction

Robo-advisory has a significant innovation in India's fintech ecosystem, particularly within the mutual fund industry, where platforms are gradually planned to make investing simple, low-cost, and accessible to retail investors. Unlike traditional wealth managers, Indian robo-advisory platforms primarily operate as execution-focused applications, offering commission-free direct mutual fund investments, systematic investment plan (SIP) setups, and goal-tracking features (PwC India, 2022). The evolution of this model can be attributed to three interconnected components. First, Advanced technology in India has supported the growth of mobile-first, user-friendly investment platforms that emphasize convenience and affordability. Most robo-advisory providers aim to simplify investment

decisions rather than offering complex portfolio optimization tools (KPMG India, 2023). Second, regulation has formed the sector definitively.



Source: Author's work on Robo advisory major components

The Securities and Exchange Board of India (SEBI), through the Investment Adviser (IA) Regulations of 2013 and following modifications in 2020, requires a strict separation between advisory and distribution roles, which discourages the development of hybrid, fully automated robo models and pushes most platforms into execution-only or advisory-lite categories (SEBI, 2020). Third, investor behavior has also influenced the design of robo-advisory services. With a growing base of first-time investors and relatively low financial literacy levels, Indian platforms depend heavily on behavioral prompts such as SIP defaults, goal-based reminders, and fund comparison tools to foster disciplined investing and long-term participation (Bhattacharya et al., 2021). Together, these factors illustrate that India's robo-advisory market follows a distinct "execution plus behavioral prompts" model, reflecting the unique interaction of technology, regulation, and investor psychology in shaping digital investment adoption.

Review of Literature

- Sironi (2016), **"FinTech Innovation: From Robo-Advisors to Goal Based Investing and Gamification"**, aimed to explain how fintech tools, particularly robo-advisors, interrupt traditional wealth management through gamification and digital engagement. The gap identified was the lack of organized considerate of how robo-advisors integrate into financial ecosystems. The study is significant as it laid the basis for robo-advisory. Its key finding was that robo-advisors succeed by combining low-cost digital advice with client engagement tools, and it determined that fintech would redefine advisory models.

- Phoon and Koh (2017), **"Robo-Advisors and Wealth Management"**, examined the role of robo-advisors in contemporary investment services. The study objective was to assess how

automation alters portfolio management and client relations. The research gap was the absence of empirical evidence on robo-advisors' efficiency compared to human advisors. The study found that robo-advisors reduce costs and broaden access but lack the personalization of human advice, concluding that hybrid models may be most effective.

- Jung, Dorner, Glaser, and Morana (2018), **"Robo-Advisory: Digitalization and Automation of Financial Advisory"**, analyzed that how digital technologies transform financial advisory services. The research highlighted the gap in literature connecting robo-advisory with behavioral finance. Findings suggested that robo-advisory increases efficiency and transparency but risks overlooking investor psychology. The conclusion was that successful robo-advisors must integrate behavioral finance elements.

- Bhattacharya, Hackethal, Kaesler, Loos, and Meyer (2021), **"Robo-Advisors: Investing Through Machines"**, explored investor trust in algorithmic advice. The study objective was to test whether machine-led advice reduces human biases. The research gap was the limited knowledge of investor psychology in algorithmic decision-making. The findings revealed that while robo-advisors encourage discipline, investor trust is delicate, and users often override recommendations. The study concluded that behavioral design is critical for adoption.

- Shanmuganathan (2020), **"Artificial Intelligence and Behavioral Finance in Robo-Advisory Services"**, examined how AI influences investor behavior. The aim was to bridge behavioral finance theory with robo-advisory design. The gap identified was the underexplored role of AI nudges in emerging markets. Findings showed that AI-driven nudges improved decision quality but raised ethical concerns. The study concluded that AI should be designed to balance guidance and investor autonomy.

- Kaya (2017), **"The Rise of Robo-Advisors: Threats and Opportunities for the Financial Advisory Profession"**, analyzed robo-advisors as disruptors. The aim was to evaluate their competitive impact on traditional advisors. The gap was the lack of forward-looking studies on employment and skill adaptation. Findings indicated that robo-advisors complement rather than replace advisors, and the conclusion emphasized collaboration between technology and human expertise.

- Bhatia and Singh (2019), **"Robo-Advisors in India: Opportunities and Challenges",** investigated the Indian context of robo-advisory growth. The study designed to analyze

adoption barriers. The research gap was the absence of empirical studies in India. Findings revealed that regulatory uncertainty, low financial literacy, and cultural trust issues slowed implementation. The conclusion was that India needs regulatory clarity and investor education to support robo-advisory.

- PwC India (2022), in its Fintech Landscape Report, explored fintech interruptions, with robo-advisory as a sub-sector. The aim was to map growth trends and challenges. The gap identified was that industry reports often lacked behavioral insights. The report found that Indian robo-advisory is execution-first with limited automation. The conclusion was that scalability depends on regulatory restructuring and hybrid advisory models.

- KPMG India (2023), Fintech in India: Powering Financial Inclusion, examined digital wealth management as part of India's fintech successful. The aim was to assess inclusivity of platforms. The research gap was the under-researched link between robo-advisory and financial inclusion. Findings suggested that SIP nudges help first-time investors enter markets. The conclusion emphasized robo-advisory's potential as a mass financial inclusion tool.

- SEBI (2020), in its Investment Advisers (Amendment) Regulations, did not constitute a conventional study but provided the regulatory framework shaping Indian robo-advisory. The aim was to strengthen investor protection. Findings disclosed that regulations forced platforms to separate advisory and execution, often leading to advisory-lite models. The conclusion was that regulation ensures trust but restricts innovation.

Objectives

- To examine the automation features of India's leading robo-advisory platforms.
- To assess how SEBI regulations influence platform design.
- To analyze behavioral guidance that drive investor engagement.

Research Methodology

This research employs a qualitative case study methodology to examine the operational dynamics and unique attributes of robo-advisory platforms within the Indian mutual fund sector. The case study framework is especially suitable as it facilitates a comprehensive investigation of practical applications in a defined context, thereby allowing the investigator to discern differences in technological implementation, adherence to regulatory standards, and behavioral design across various platforms (Yin, 2018).

Research Design

The present study is organized as a multiple case analysis, in which six important Indian robo-advisory platforms—Kuvera, Zerodha Coin, Groww, ET Money, Paytm Money, and Scrip box were intentionally selected. These platforms collectively account for a substantial portion of India's digital mutual fund sector and embody both execution-centric and advisory-light paradigms. The selection of multiple cases, as opposed to a singular case, significantly strengthens the analytical framework by facilitating comparative evaluations across the various platforms.

Data Sources

The study depends on secondary data, Information was collected from multiple sources including websites, regulatory documents such as SEBI's guidelines, industry reports from consulting firm, Emerald publication journal, Business Line financial newspapers and business magazines

Comparative Analysis of Indian Robo-Advisory Platforms

Kuvera

Kuvera is strong in goal-based investing and stands out for offering multi-asset access, including mutual funds, stocks, US stocks, fixed deposits, EPF, and gold. Its level of automation is limited, as it primarily provides portfolio insights and suggestions but does not extend to full-scale algorithmic rebalancing. Regulatory wise, Kuvera adopts a distributor-driven, execution-oriented approach, eschewing deep advisory roles as per SEBI regulations. Concurrently, it productively employs behavioral nudges in the form of goal calculators, SIP reminders, and performance tracking to inform investors' choices and promote habitual disciplined investing.

Zerodha Coin

Coin by Zerodha positions itself as a pure play platform for direct mutual funds, offering seamless SIP management on a completely fee-free basis. Its automation remains very low, being primarily focused on execution and tracking tools such as absolute returns and XIRR, rather than deeper algorithmic portfolio management. In terms of regulatory posture, the platform is strictly on a distributor model and specifically eschews advisory depth to adhere to SEBI regulations. In terms of behavioral nudges, Coin uses very limited features, focusing primarily on portfolio tracking and reporting, with minimal focus on active reminders or goal-oriented interventions.

Scripbox

Scripbox takes a more international robo-advisor approach, with goal alignment, science-based fund choice, family account consolidation, and regular portfolio review. Its level of automation is

medium to high, with automatic fund choice, regular review, and portfolio rebalancing being key components of the offering. Unlike most peers, Scripbox operates as a SEBI-registered Investment Adviser (IA), thereby adopting a hybrid advisory model and providing more personalized guidance while remaining compliant with regulatory norms. It is particularly strong in behavioral nudges, using goal-setting, rebalancing reminders, and personalized engagement to build investor discipline and trust.

Paytm Money

Paytm Money, leveraging the scale of the Paytm ecosystem, extends access to direct mutual funds, portfolio strategies, and flexible liquid fund withdrawals. Its automation remains basic, focusing on guided strategies without delivering full-scale algorithmic portfolio management. From a regulatory standpoint, the platform works within the distributor model framework, providing advisory services in a "lite" format that are largely free to investors. However, it compensates with strong behavioral nudges, including default SIP setups, tax-saving reminders, and portfolio prompts that encourage regular participation and investment continuity.

Groww

Groww differentiates itself through a broad product suite, spanning mutual funds, stocks, fixed deposits, US stocks, and futures & options, while also allowing users to integrate external investments for a consolidated view. Its automation is higher than most peers, simplifying and automating the investment journey with periodic portfolio analysis and smart suggestions. In line with SEBI's regulatory framework, Groww follows a distributor-led model, avoiding deep advisory functions to remain compliant. At the same time, its behavioral guidance is strong, featuring goal-based investment suggestions, SIP defaults, and fund comparison tools that help investors make more informed and disciplined choices.

Platform	Product Breadth	Automation Depth	Regulatory Model	Behavioral Nudges Strength
Scripbox	Mutual Funds, Stocks, US Stocks	Moderate to High	Registered Investment Advisory (Hybrid)	Very Strong
Groww	Mutual Funds, Stocks, FDs, US Stocks, F&O	Moderate to High	Distributor (Execution and suggestions)	Strong
Kuvera	Mutual Funds. Stocks, US Stocks, FDs, EPF, Gold	Low to Moderate	Distributor (Execution)	Strong

Paytm Money	Mutual Funds, NPS, Liquid Funds	Low to Moderate	Distributor (Execution and lite advisory)	Strong
Zerodha Coin	Direct Mutual Funds only	Very Low	Distributor (Execution-only)	Minimal

Interpretation

India's robo-advisory platforms differ significantly in their strategies occur across products, automation, regulatory stance, and behavioral nudges.

Breadth of Products

Groww and Kuvera have the largest product bouquet, including mutual funds, US stocks, F&O, gold, FDs, and EPF tracking, allowing multi-asset investing. Zerodha Coin remains restricted to direct mutual funds with a narrow focus. Scripbox has a screened wealth suite focusing on scientific selection rather than variety. Paytm Money falls in between, leveraging its ecosystem to provide mutual funds, limited strategies, and liquidity features.

Automation Depth

Scripbox and Groww dominate automation—Scripbox through fund choice, review, and rebalancing, and Groww through streamlined portfolio analysis and integration with the outside world. Kuvera and Paytm Money provide minimal assistance through calculators and techniques, but Zerodha Coin remains the least automated, with only return monitoring.

Regulatory Stance

A majority of platforms (Groww, Kuvera, Paytm Money, Zerodha Coin) are working as distributors or execution-only players to be in line with SEBI norms. Scripbox is the only SEBI-registered investment adviser, allowing deeper advisory services under the regulation and giving it a niche role in the market.

Behavioral Guidance

Scripbox, Groww, Kuvera, and Paytm Money employ investor aids like SIP defaults, tax reminders, and goal reminders to remind users to invest diligently. Zerodha Coin is passiver, keeping in mind only performance tracking—good for experienced investors but less helpful for novices.

The product-segmented Indian robo-advisory market is divided on the basis of automation, regulation, and investor guidance. Groww and Kuvera are the best in diversification, Scripbox

replicates global robo-advisors but with enhanced advisory depth, Paytm Money uses its ecosystem to gain mass reach, and Zerodha Coin targets budget-concerned, solo investors. Overall, India has developed a hybrid model that balances execution with behavioral advice as opposed to pure automation.

Conclusion

The evolution of robo-advisory services in India highlights a market still in its formative but rapidly growing phase. Unlike mature global counterparts, Indian platforms have adapted their models to the realities of SEBI's regulatory environment, low levels of investor awareness, and the predominance of first-time retail investors.

The comparative analysis shows that each platform has carved out a unique positioning:

- Groww and Kuvera have more diversified products, with investors being able to invest in multi-asset portfolios.
- Scripbox is the most similar to international robo-advisors, with a SEBI-registered advisory structure and greater automation.
- Paytm Money uses its reach in the ecosystem to onboard mass investors with low-cost, easy-to-use solutions.
- Zerodha Coin continues to hold a niche in execution-centric, zero-cost direct mutual fund investing.

A common thread throughout these platforms is the use of behavioral nudges—goal-based investing, SIP defaults, and reminders instead of complete automation. This demonstrates the need for nudging Indian investors toward long-term financial discipline in a market where financial literacy and advisory service trust are still in the process of developing.

An entirety, Indian robo-advisory has become a hybrid model and is no longer algorithmic alone but a combination of execution, limited advisory, and behavioral interaction. With growing sophistication among investors and mature regulation, the space can expect to see more automation, more integrated advisory depth, and penetration into newer asset classes, readying robo-advisory to become a mainstream wealth management channel.

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