



A STUDY ON ROBO-ADVISORY SERVICES AND INVESTMENT MANAGEMENT IN SERVICE SECTOR IN INDIA

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ABSTRACT

Robo-advisory services are transforming investment management in India's service sector by combining artificial intelligence, machine learning, data analytics, and automated portfolio management. These digital platforms assess investors' goals, risk tolerance, income, and preferences before recommending suitable investment portfolios. The study examines the role of robo-advisory services in investment management and evaluates their influence on investment decisions, portfolio management, customer satisfaction, and operational efficiency. It also identifies major adoption challenges, including data privacy, cybersecurity, investor awareness, regulatory compliance, and trust. Primary and secondary data support the study, while recommendations focus on technology, investor education, security, and responsible adoption for investors today.

Keywords: Robo-Advisory Services, Investment Management, Artificial Intelligence, Portfolio Management, FinTech

1. INTRODUCTION

Rapid technological development, financial innovation, and changing customer expectations have significantly transformed investment management in India. Financial institutions and service organizations increasingly use digital platforms to provide investment advice, portfolio management, financial planning, and wealth-management services. Among these developments, robo-advisory services have emerged as an important FinTech innovation because they provide automated investment recommendations with limited human intervention. Robo-advisors use artificial intelligence, machine learning, data analytics, algorithms, and financial models to evaluate investor characteristics such as financial goals, income, investment horizon, risk tolerance, and investment preferences. Based on this assessment, they recommend suitable portfolios and may automatically rebalance investments. Such services can provide convenient access to investment management at comparatively lower costs, making them attractive to young investors and individuals entering financial markets. Investment management involves selecting, organizing, monitoring, and controlling investment portfolios to achieve financial objectives. Effective management requires risk assessment, diversification, portfolio monitoring, market evaluation, and informed investment decisions. Robo-advisory platforms support these activities through automated recommendations, continuous monitoring, investment alerts, personalized reports, and systematic

portfolio rebalancing. The Indian service sector includes banking, insurance, financial services, information technology, healthcare, education, hospitality, telecommunications, transportation, retail, consulting, and other professional services. Within this environment, banks, wealth-management firms, brokerage companies, mutual-fund organizations, insurance companies, and FinTech businesses are increasingly incorporating robo-advisory capabilities into digital services. These platforms can improve operational efficiency by reducing manual processes, lowering administrative costs, and enabling organizations to serve a larger customer base. Robo-advisory can also contribute to financial inclusion because lower advisory costs may make professional investment management more accessible to smaller investors. However, adoption remains affected by limited investor awareness, cybersecurity risks, data privacy concerns, technology dependence, regulatory requirements, algorithmic limitations, and uncertainty about automated financial advice. Human advisors remain valuable for complex taxation, retirement, estate, and behavioral-finance decisions, encouraging hybrid advisory models. Therefore, this study examines robo-advisory services and investment management in the Indian service sector, focusing on adoption, investment decisions, portfolio management, customer satisfaction, benefits, challenges, and future development. The study is intended to provide useful insights for financial institutions, investors, FinTech firms, regulators, researchers, and academics seeking effective digital investment management practices. The source study similarly identifies financial planning, customer satisfaction, portfolio management, investment decision-making, operational efficiency, technology adoption, and financial inclusion as important dimensions.

2. REVIEW OF LITERATURE

The literature reviewed in the study indicates that robo-advisory services are becoming an important component of digital investment management. Sharma and Verma (2019) reported that automated platforms improved investment accessibility, reduced advisory costs, and strengthened portfolio management. Kumar (2020) found that artificial intelligence supported personalized recommendations and improved investment decision accuracy and customer satisfaction. Patel and Reddy (2020) emphasized portfolio diversification and risk reduction through automated allocation. Singh (2021) observed stronger acceptance among younger investors, while trust and privacy concerns affected some customer groups. Nair and Joseph (2022) linked robo-advisory with financial goal tracking, retirement planning, wealth management, and investment monitoring. Agarwal and Mehta (2022) highlighted operational efficiency, lower processing costs, and improved service consistency. Rao and Desai (2023) identified personalization and continuous monitoring as benefits, but noted financial-literacy and cybersecurity barriers. Joshi and Kapoor (2023) emphasized technology investment, regulation, security, trust, and skilled personnel. Prakash and Iyer (2024) associated robo-advisory with improved portfolio outcomes and financial planning. Mishra and Gupta (2025) highlighted artificial intelligence, cloud computing, blockchain, predictive analytics, and behavioral finance. Overall, the literature supports technological benefits while identifying adoption barriers. The evidence provides an important foundation for evaluating adoption, benefits, customer responses, and implementation challenges.

These ten reviews are contained in the uploaded literature review.

3. OBJECTIVES OF THE STUDY

1. **To explore** the function of robo-advisory services in investment management with regard to the service industry in India.
2. **To investigate** how financial service companies adopt and use robo-advisory technologies.
3. **To analyze** the influence of robo-advisory services on investing decisions, portfolio management, and customer satisfaction.
4. **To determine** the advantages and disadvantages of implementing robo-advisory services in the Indian service industry.
5. **To suggest** suitable solutions for strengthening robo-advisory services and improving investment management practices.

4. RESEARCH METHODOLOGY

A descriptive research design was adopted to examine robo-advisory services in investment management. Primary data were collected through a structured questionnaire from 100 respondents using convenience sampling. Secondary information was obtained from journals, financial reports, SEBI publications, books, and reliable websites. Percentage analysis was used for systematic interpretation.

4.1 STATISTICAL TOOL

Percentage Analysis

Percentage analysis is the most appropriate statistical tool for this study because the collected responses are categorical and the study primarily measures awareness, service preferences, perceived benefits, investment decisions, customer satisfaction, adoption barriers, and future expectations.

The study also specifies percentage analysis, tabular presentation, bar diagrams, and pie charts for interpreting the questionnaire responses.

5. DATA ANALYSIS AND INTERPRETATION

Table 5.1: Preferred Robo-Advisory Service

Preferred Service	Respondents	Percentage
Portfolio Management	34	34%
Retirement Planning	22	22%
Tax Planning	18	18%
Wealth Management	16	16%
Others	10	10%
Total	100	100%

Analysis: Portfolio management received the highest response, with 34 respondents representing 34% of the total.

Interpretation: Portfolio management is the most preferred robo-advisory service among respondents. This indicates that investors particularly value automated assistance in managing and monitoring their investment portfolios. The source study also identifies portfolio management as the leading preference.

Table 5.2: Robo-Advisory Enhances Investment Choices

Response	Respondents	Percentage
Strongly Agree	22	22%
Agree	45	45%
Neutral	17	17%
Disagree	10	10%
Strongly Disagree	6	6%
Total	100	100%

Analysis: A total of 67% of respondents either strongly agree or agree that robo-advisory services enhance investment choices.

Interpretation: The result indicates a predominantly positive perception of robo-advisory services in investment decision-making. Automated recommendations, continuous portfolio monitoring, and timely financial information can assist investors in making more informed investment choices.

Table 5.3: Main Obstacle to Robo-Advisory Adoption

Main Obstacle	Respondents	Percentage
Data Privacy	30	30%
Trust	24	24%
Digital Skills	20	20%
Regulation	16	16%
Others	10	10%
Total	100	100%

Analysis: Data privacy is the most significant obstacle, reported by 30 respondents or 30% of the sample.

Interpretation: The result shows that data privacy is a major concern affecting wider adoption of robo-advisory services. Trust, digital skills, and regulatory requirements are also important barriers that service providers need to address.

6. RESULTS

1. Robo-advisory services have emerged as an important innovation in investment management in the Indian service sector.
2. The majority of respondents are aware of robo-advisory services and recognize their growing importance.
3. **Portfolio management** is the most preferred robo-advisory service, accounting for **34%** of responses.
4. Personalized investment advice is considered the principal advantage of robo-advisory services.
5. **67%** of respondents agree or strongly agree that robo-advisory services enhance investment choices.
6. Robo-advisory services support continuous portfolio monitoring and automated investment recommendations.
7. Digital investment platforms contribute to improved customer satisfaction through convenient access and lower advisory costs.
8. Data privacy is the most significant obstacle to wider adoption, accounting for **30%** of responses.
9. Trust, digital skills, and regulatory requirements are additional barriers to adoption.
10. Robo-advisory services can improve portfolio efficiency and investment management.
11. Respondents consider robo-advisory services important for the future of investment management.
12. Continued investment in AI, cybersecurity, investor education, and regulatory support can strengthen adoption.

7. SUGGESTIONS

1. Financial institutions should continuously invest in **artificial intelligence, machine learning, predictive analytics, and cloud computing** to improve robo-advisory performance.
2. Organizations should conduct **investor education programmes** covering digital investment platforms, portfolio diversification, financial planning, and robo-advisory services.
3. Strong **cybersecurity systems** should be implemented to protect investment information from unauthorized access and cyber threats.
4. Financial institutions should strengthen **data privacy mechanisms** to improve investor confidence.
5. Robo-advisory providers should maintain transparent operational practices and comply with applicable regulatory requirements.
6. Personalized customer support should be provided alongside automated investment services.
7. Financial institutions should improve the user interface and accessibility of digital investment platforms.
8. Hybrid advisory models combining automated systems with human financial expertise should be considered for complex financial requirements.

9. Cooperation among FinTech companies, banks, wealth-management organizations, and regulatory authorities should be encouraged.
10. Continuous technological innovation should be promoted to improve investment decisions, customer satisfaction, operational efficiency, and financial inclusion.

8. CONCLUSION

Robo-advisory services have become an important component of modern investment management in the Indian service sector. The study demonstrates that the integration of artificial intelligence, machine learning, Big Data Analytics, and digital financial technologies has changed the manner in which investment advice, portfolio management, and financial planning are delivered. The analysis shows that portfolio management is the most preferred robo-advisory service and that a substantial majority of respondents believe these platforms improve investment choices. Automated portfolio monitoring, personalized recommendations, systematic risk assessment, and convenient digital access can support better investment management and enhance customer satisfaction. Robo-advisory services can also reduce advisory costs and increase access to professional investment management, thereby contributing to financial inclusion. However, wider adoption is affected by data privacy concerns, cybersecurity risks, limited investor awareness, trust issues, regulatory requirements, and technological dependence. Addressing these barriers requires continuous technological innovation, strong security systems, investor education, transparent operations, and effective regulatory oversight. Human financial advisors also remain important for complex financial planning, taxation, retirement planning, estate management, and behavioral guidance, making hybrid advisory models particularly relevant. Overall, robo-advisory services are likely to play an increasingly significant role in the future of investment management in India. Effective adoption can strengthen investment decisions, portfolio performance, customer satisfaction, operational efficiency, and competitive advantage.

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