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# Multi-Channel Strategy in the Distribution of Investment Products and Its Impact on Investor Portfolio Allocation

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## Abstract

**Purpose:** This study examines the impact of multi-channel distribution strategies on investor portfolio allocation within the context of digital transformation in the financial sector. As financial institutions increasingly combine traditional and digital channels, understanding how integration and efficiency affect investor behavior becomes crucial. **Research design, data, and methodology:** A quantitative survey of 250 active retail investors in the Indonesian capital market was conducted using a structured questionnaire and analyzed through Structural Equation Modeling–Partial Least Squares (SEM-PLS). The model includes channel integration and distribution efficiency as independent variables, investor trust as a mediating variable, and portfolio allocation as the dependent variable. **Results:** The results reveal that channel integration and distribution efficiency significantly enhance investor trust and portfolio allocation. Moreover, investor trust partially mediates this relationship, highlighting its essential role in fostering diversification and long-term investment commitment. **Conclusions:** The study contributes to distribution science by extending channel management theory to the financial domain, emphasizing how multi-channel distribution enhances efficiency and accessibility in the financial supply chain. Practically, the findings offer insights for financial institutions and fintech platforms to strengthen digital integration, optimize investor experience, and promote inclusive investment participation in emerging markets.

**Keywords:** Multi-Channel Distribution, Portfolio Allocation, Investor Trust, Fintech, Financial Distribution, Indonesian Capital Market

**JEL Classification Code:** G11, G14, G40, G41

## 1. Introduction

The integration of multi-channel strategies into the distribution of investment products has become increasingly important as digital transformation reshapes financial markets and investor behavior. In Indonesia and other emerging markets, financial institutions now must manage both traditional channels (e.g. branches, broker offices) and digital channels (e.g. fintech platforms, mobile apps) to deliver seamless investment services to retail investors.

Digital channels enable wider reach, faster execution, and lower costs, but pose challenges in terms of consistency, trust, and coordination across channels (Baldassarre et al., 2024). In the banking sector, many institutions are restructuring their branch networks and redirecting basic services to digital channels, thereby demanding higher channel integration (Baldassarre et al., 2024). The value of multi-channel distribution in the financial services context has been discussed in prior work, showing that more intensive and balanced use of multiple channels correlates

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with performance outcomes of financial products (Easingwood & Storey, 1996).

At the same time, advances in financial technology influence portfolio composition and returns by altering information access and transaction cost structures. Gambacorta, Gambacorta and Mihet (2023) demonstrate that FinTech adoption is associated with greater heterogeneity in portfolio choices across investors with different levels of sophistication. This underscores that distribution of financial services is not merely a matter of channel count, but also of how channels facilitate information, trust, and behavior (Devlin et al., 2025)

From the perspective of distribution science, financial products should be viewed as intangible goods that require coordinated channel systems to deliver value. Channel management theory posits that effective integration, coordination, and control among channels enhance consistency, reduce conflicts, and improve performance (Channel Management, SAGE). In financial distribution networks, channel integration becomes vital to maintain trust, information consistency, and investor satisfaction across touchpoints.

Despite this backdrop, several research gaps remain. First, while multi-channel distribution is studied in retail and banking sectors, evidence is limited regarding its direct impact on portfolio allocation decisions among retail investors. Second, the mediating role of investor trust in linking channel strategy to allocation behavior is underexplored. Third, distribution science has seldom been extended to the realm of financial product distribution, especially in emerging capital markets.

This study addresses these gaps by analyzing how multi-channel distribution strategies influence investor portfolio allocation, and how investor trust mediates this relationship. A quantitative approach using SEM-PLS is applied to data from retail investors in Indonesia, who use both traditional and digital investment channels.

This research offers several contributions. Theoretically, it bridges distribution science and financial investment by applying channel management to investment product distribution. It develops a framework highlighting how channel integration and distribution efficiency drive investor allocation via trust mechanisms. Practically, it guides financial institutions and fintech providers in designing integrated channels that enhance investor trust, reach, and portfolio diversification in emerging markets.

The remainder of this paper is structured as follows. Section 2 reviews relevant theory and develops hypotheses. Section 3 describes the research methods. Section 4 presents empirical findings and discussion. Section 5 derives theoretical and managerial implications, and outlines limitations and future research directions

## 2. Literature Review and Hypothesis Development

### 2.1. Multi-Channel Distribution Strategy

A multi-channel distribution strategy refers to the use of multiple and complementary channels to deliver products or services to end users (Easingwood & Storey, 1996). In financial contexts, these channels include physical branches, agents, call centers, digital platforms, and mobile applications (Nguyen & Choi, 2023). Multi-channel systems allow institutions to reach different segments of investors while maintaining flexibility and customer engagement (Baldassarre et al., 2024).

Recent studies highlight that channel integration and coordination are critical for achieving distribution efficiency and service quality (Kim & Park, 2024). Multi-channel integration enables seamless service delivery and consistent communication across online and offline channels, thus reducing information asymmetry and perceived risk (Fares et al., 2023). According to Channel Management Theory, integrated channels increase trust and satisfaction by ensuring that customers experience continuity and convenience regardless of the medium used (Freeman et al., 2022).

In financial distribution systems, effective multi-channel strategies not only improve access to investment products but also facilitate better decision-making by reducing transaction frictions and improving transparency (Devlin et al., 2025). Hence, the coordination of channels becomes a strategic determinant of investor trust and portfolio performance.

**H1:** Channel integration has a significant positive effect on distribution efficiency.

**H2:** Channel integration has a significant positive effect on investor trust.

#### 2.1.1. Distribution Science in Financial Services

Distribution science traditionally examines how goods and services are delivered efficiently from producers to end users. However, in financial services, the distributed products are intangible and information-based, relying heavily on trust, data integrity, and perceived reliability. Applying distribution science to finance therefore requires considering factors such as information asymmetry, service risk, and institutional credibility.

Financial distribution differs from physical goods in three main dimensions. First, service delivery is continuous rather than one-time, making relationship management a critical component. Second, technological integration strongly influences efficiency and service quality. Third, coordination across digital and physical delivery points ensures consistency and minimizes confusion for investors.

According to Yang, Kim, and Lee (2024), distribution

science in financial contexts emphasizes accessibility, efficiency, and coordination. Accessibility ensures investors can reach services without friction; efficiency minimizes transaction costs and delays; and coordination aligns data and communication across institutions and channels. These principles together explain how multi-channel financial systems create value through investor trust and behavioral engagement.

### 2.1.2. Digital Transformation and Channel Integration in Financial Services

Digital transformation has fundamentally reshaped how financial institutions design and manage distribution channels. The integration of advanced technologies such as artificial intelligence, blockchain, and cloud-based systems enables financial organizations to deliver personalized and data-driven services across multiple touchpoints. In this context, channel integration is not only a matter of operational coordination but also a strategic response to technological convergence and changing customer expectations.

According to Baldassarre et al. (2024) and Fares et al. (2023), digital transformation facilitates synchronization of customer information, real-time transaction monitoring, and omnichannel communication, which collectively enhance service efficiency and trust. However, it also introduces new challenges related to cybersecurity, regulatory compliance, and maintaining consistent service quality across platforms.

In financial distribution systems, digital transformation serves as both an enabler and a disruptor. It enhances accessibility and efficiency but requires institutions to realign internal processes, governance, and data management to maintain coherence across physical and virtual channels. Therefore, effective channel integration under digital transformation conditions becomes essential to ensure service continuity, minimize information asymmetry, and strengthen investor confidence in the financial ecosystem.

### 2.2. Distribution Efficiency

Distribution efficiency refers to the effectiveness with which institutions deliver products and services through their distribution networks (Zhao & Wang, 2021). In the financial industry, efficiency encompasses transaction speed, information accuracy, service reliability, and cost reduction (Patel & Li, 2023). When multi-channel systems are well integrated, investors can access real-time data and perform transactions conveniently, which enhances both perceived and actual efficiency.

Previous research in distribution management shows that improved channel efficiency leads to higher levels of customer satisfaction and loyalty (Do & Phuong, 2023). Within investment distribution systems, efficiency is closely

linked to trust formation, as investors are more likely to rely on institutions that provide stable and transparent service experiences (Yang et al., 2024).

**H3:** Distribution efficiency has a significant positive effect on investor trust.

**H4:** Distribution efficiency has a significant positive effect on portfolio allocation

### 2.3. Investor Trust

Investor trust represents the degree of confidence investors have in financial intermediaries and channels through which investment products are distributed. Trust is considered a core element in both financial decision-making and distribution science because it reduces perceived risk and encourages repeated engagement (Barberis, 2018; Chen et al., 2024).

Trust is built when institutions consistently provide accurate information, fair treatment, and secure transaction environments across channels (Kaur & Singh, 2022). Studies in behavioral finance demonstrate that investor trust influences both the volume and diversification of investment portfolios (Lee et al., 2022). When trust increases, investors are more likely to explore a broader range of assets, enhancing diversification and long-term commitment (Tan & Lim, 2024).

**H5:** Investor trust has a significant positive effect on portfolio allocation.

### 2.4. Portfolio Allocation and Distribution Science Perspective

Portfolio allocation refers to the process by which investors decide how to distribute their wealth across different financial assets to balance risk and return (Barberis, 2018). From a distribution science perspective, portfolio allocation outcomes are not merely driven by individual preferences but are shaped by the accessibility and quality of distribution channels that mediate investment decisions (Kim & Park, 2024).

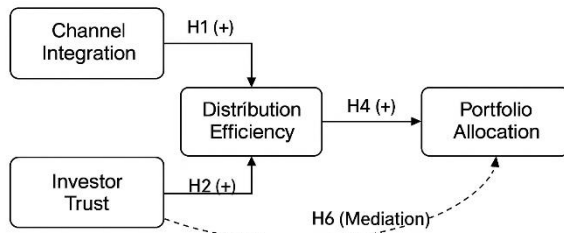
Integrated and efficient distribution systems help investors make better allocation decisions by reducing transaction costs and expanding access to diverse products (Nguyen & Choi, 2023). Therefore, trust and efficiency are key mediators linking multi-channel strategy to portfolio allocation behavior.

**H6:** Distribution efficiency and investor trust jointly mediate the relationship between channel integration and portfolio allocation

### 2.5. Conceptual Framework

This framework reflects the theoretical assumption that

an integrated multi-channel distribution system enhances efficiency and trust, which subsequently improves portfolio allocation decisions among retail investors.



**Figure 1:** Conceptual Framework of the Study

This conceptual model suggests a causal pathway where effective multi-channel integration enhances distribution efficiency by ensuring operational harmony across digital and traditional financial platforms. Improved efficiency builds investor trust, which is crucial in the adoption and utilization of financial products.

Higher trust, in turn, encourages investors to engage more confidently in portfolio diversification and long-term investment decisions. Consequently, investor trust and distribution efficiency function as sequential mediators connecting channel integration to portfolio outcomes.

Thus, the model reflects the multi-dimensional nature of distribution science in financial contexts, combining technological, behavioral, and strategic perspectives to explain how value is co-created through integrated investment channels.

### 3. Research Design and Methodology

#### 3.1. Research Design

This study adopts a quantitative research design using a survey method to empirically test the relationships proposed in the conceptual framework. The approach is explanatory in nature, aiming to identify causal relationships between channel integration, distribution efficiency, investor trust, and portfolio allocation.

The data were analyzed using Structural Equation Modeling Partial Least Squares (SEM-PLS) due to its suitability for testing complex models with mediating variables and latent constructs. SEM-PLS also allows simultaneous testing of measurement and structural models, providing more robust estimates for predictive relationships (Hair et al., 2023).

Although the data were obtained from investors' self reported perceptions rather than actual transaction records, this approach aligns with behavioral finance perspectives

that emphasize how perception and trust influence financial behavior. Prior studies (Devlin et al., 2025; Chen et al., 2024) demonstrate that perceptual measures of trust and efficiency correlate strongly with real investment outcomes. Furthermore, perception-based data capture the evaluative judgments that often precede actual portfolio decisions. Consequently, using perceptual data is suitable for testing behavioral relationships when reliability and validity are rigorously assessed, as done in this study.

#### 3.2. Population and Sample

The population of this study consists of active retail investors in the Indonesian capital market who have experience using both traditional and digital investment platforms. A purposive sampling technique was employed to ensure that respondents met specific criteria, including:

- a. Having at least one active investment account in a traditional financial institution (e.g., bank, securities firm).
- b. Having experience using a digital investment application (e.g., Ajaib, Bibit, Bareksa, or IPOT).

A total of 250 valid responses were collected from online surveys distributed via investor forums, capital market communities, and fintech investment networks during a three-month data collection period.

Data were collected from January to March 2024 through three major investor communities and fintech ecosystems, including the Ajaib Investor Forum, Bibit Community Network, and Stockbit Discussion Platform. A total of 320 surveys were distributed online, and 268 responses were returned (83.75 percent response rate). After screening for completeness and eligibility, 250 valid responses were retained for analysis.

#### 3.3. Data Collection Procedure

Data were collected using a structured questionnaire distributed electronically through online channels. Respondents provided consent before participation and were assured of data confidentiality. The questionnaire contained five sections:

- a. Demographic profile of investors.
  - b. Channel integration experience.
  - c. Perceptions of distribution efficiency.
- Level of investor trust toward financial platforms.  
Portfolio allocation behavior (diversification and risk distribution).

All items were measured on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree).

#### 3.4. Variable Measurement

The measurement scales were developed and adapted

from validated instruments in previous studies, ensuring content validity and reliability. The constructs and their indicators are summarized below:

**Table 1:** Variable Measurement

Variable	Definition	Indicators (examples)	Key References
Channel Integration (CI)	The degree of coordination and consistency among multiple investment distribution channels.	CI1: Consistency of information across channels; CI2: Seamless transition between channels; CI3: Availability of services across multiple platforms.	Kim & Park (2024); Nguyen & Choi (2023)
Distribution Efficiency (DE)	The effectiveness of distribution systems in delivering investment products efficiently.	DE1: Transaction speed; DE2: Cost efficiency; DE3: Ease of access; DE4: Service reliability.	Patel & Li (2023); Do & Phuong (2023)
Investor Trust (IT)	The level of confidence investors have in financial service providers and platforms.	IT1: Confidence in platform reliability; IT2: Belief in data security; IT3: Trust in information accuracy; IT4: Perceived fairness of services.	Barberis (2018); Kaur & Singh (2022)
Portfolio Allocation (PA)	The distribution of investor assets among different investment products to balance risk and return.	PA1: Level of diversification; PA2: Willingness to invest in multiple asset types; PA3: Long-term investment orientation.	Lee et al. (2022); Tan & Lim (2024)

### 3.5. Data Analysis Technique

Data analysis was conducted in several stages:

Descriptive Analysis – to describe respondent characteristics and distribution of responses.

Measurement Model Evaluation (Outer Model) to assess reliability and validity through:

- Cronbach's Alpha ( $> 0.70$ )
- Composite Reliability (CR  $> 0.70$ )
- Average Variance Extracted (AVE  $> 0.50$ )

Structural Model Evaluation (Inner Model) to assess relationships among latent variables using:

- Path coefficients and t-statistics (via bootstrapping with 5000 samples)
- Coefficient of determination ( $R^2$ ) to evaluate explanatory power
- Effect size ( $F^2$ ) and predictive relevance ( $Q^2$ )
- Hypothesis testing was based on the significance of path coefficients at  $p < 0.05$ . Mediation effects were examined using the bootstrapping method, following the approach of Preacher and Hayes (2008).

### 3.6. Validity and Reliability

To ensure instrument quality, content validity was established through expert judgment by academics and

practitioners in financial distribution management. Construct validity and internal consistency were evaluated using confirmatory factor analysis. Items with factor loadings below 0.70 were excluded to ensure measurement accuracy.

### 3.7. Ethical Considerations

The study adhered to ethical research principles, ensuring respondent anonymity and voluntary participation. Data were used solely for academic purposes and analyzed in aggregate form.

### 3.8. Common Method Bias

Because this study used a cross sectional, self-reported survey design, common method bias (CMB) was evaluated to ensure data validity. Procedural remedies included maintaining respondent anonymity, randomizing question order, and separating constructs within the questionnaire.

Statistical tests were conducted using Harman's single-factor method and full collinearity VIF analysis. The single-factor test showed that the first factor explained only 38.4 percent of the total variance, below the 50 percent threshold, indicating no serious CMB issue. All full collinearity VIF values were below 3.3, confirming that multicollinearity and common bias were not present.

## 4. Results and Discussion

### 4.1. Respondent Profile

A total of 250 valid responses were analyzed. The demographic distribution indicates that 62.8% of respondents were male and 37.2% female. The majority (71.6%) were aged between 25 and 40 years, representing active working-age investors. In terms of educational background, 68% held a bachelor's degree, and 21% a master's degree. About 82% of respondents reported using both traditional investment channels (banks or securities firms) and digital platforms (fintech or mobile apps) for portfolio management.

This demographic composition confirms that the respondents represent the emerging generation of retail investors who actively engage with multi-channel investment ecosystems in Indonesia.

### 4.2. Measurement Model Evaluation

The measurement model was assessed using reliability and validity criteria within SEM-PLS. Table 2 summarizes the results.

**Table 2 :** Measurement Model Results

Construct	Cronbach's Alpha	Composite Reliability	AVE	Status
Channel Integration (CI)	0.894	0.923	0.71	Reliable & Valid
Distribution Efficiency (DE)	0.871	0.913	0.689	Reliable & Valid
Investor Trust (IT)	0.903	0.934	0.721	Reliable & Valid
Portfolio Allocation (PA)	0.884	0.916	0.673	Reliable & Valid

Source: Author's data analysis using SmartPLS (2025)

All constructs exceed the recommended thresholds: Cronbach's Alpha and Composite Reliability > 0.70, and Average Variance Extracted (AVE) > 0.50 (Hair et al., 2023).

Discriminant validity was established using the Fornell-Larcker criterion, confirming that each construct shared more variance with its indicators than with other constructs.

**Table 3 :** Discriminant Validity(Fornell–Larcker Criterion)

Construct	CI	DE	IT	PA
<b>CI (√AVE)</b>	<b>0.84</b>			
DE	0.68	<b>0.83</b>		
IT	0.59	0.64	<b>0.85</b>	
PA	0.57	0.61	0.69	<b>0.82</b>

Source: Author's data analysis using SmartPLS (2025)  
 Note: Diagonal values represent the square root of the AVE for each construct and exceed inter-construct correlations, confirming discriminant validity.

### 4.3. Structural Model Evaluation

This section evaluates the explanatory power and predictive capability of the structural model. The results are divided into three parts: (1) path coefficient analysis, (2) coefficient of determination and predictive relevance, and (3) overall model fit

#### 4.3.1. Path Coefficients and Hypothesis Testing

The structural model was tested using bootstrapping with 5000 resamples. Table 4 presents the results of hypothesis testing.

**Table 4 :** Hypothesis Testing Results

Hypothesis	Path	$\beta$	t-value	p-value	Result
H1	CI → DE	0.482	9.214	0.00	Supported
H2	CI → IT	0.301	5.876	0.00	Supported
H3	DE → IT	0.417	8.651	0.00	Supported
H4	DE → PA	0.283	4.982	0.00	Supported
H5	IT → PA	0.391	7.745	0.00	Supported
H6	CI → DE → IT → PA	Indirect ( $\beta = 0.157$ )	5.102	0.00	Supported

Source: Author's data analysis using SmartPLS (2025)

The results of the structural model testing presented in Table 4 confirm that all proposed hypotheses (H1–H6) are statistically supported.

Channel Integration (CI) has a significant and positive effect on both Distribution Efficiency (DE) ( $\beta = 0.482, t = 9.214, p < 0.001$ ) and Investor Trust (IT) ( $\beta = 0.301, t = 5.876, p < 0.001$ ), indicating that a high level of channel integration leads to greater operational coherence and stronger investor confidence across distribution platforms. These findings are consistent with Kim and Park (2024) and Nguyen and Choi (2023), who emphasize that channel harmonization across physical and digital interfaces improves service consistency, communication quality, and investor perception. Likewise,

Distribution Efficiency significantly influences both Investor Trust ( $\beta = 0.417, t = 8.651, p < 0.001$ ) and Portfolio Allocation ( $\beta = 0.283, t = 4.982, p < 0.001$ ), demonstrating that efficiency in transaction processing, information accuracy, and service reliability directly enhances investor decision-making quality.

Furthermore, Investor Trust positively affects Portfolio Allocation ( $\beta = 0.391, t = 7.745, p < 0.001$ ), confirming that psychological confidence in financial institutions and platforms is a key determinant of investment behavior.

The indirect effect (H6) of Channel Integration on Portfolio Allocation via Distribution Efficiency and Investor Trust ( $\beta = 0.157, t = 5.102, p < 0.001$ ) supports the mediating role of these constructs. This suggests that the path from operational systems to behavioral outcomes is sequential: integrated channels improve distribution efficiency, which builds investor trust, leading to more informed and diversified portfolio allocations. These results align with the Service-Dominant Logic (SDL) framework (Vargo & Lusch, 2015), which posits that value is co-created through coordinated service interactions between providers and consumers. From a distribution science perspective, the findings confirm that financial product distribution operates as a value network, where efficiency and trust jointly serve as critical mediators in translating channel strategy into investor engagement and performance outcomes.

**4.3.2. Coefficient of Determination (R<sup>2</sup>), Effect Size (f<sup>2</sup>), and Predictive Relevance (Q<sup>2</sup>)**

The coefficient of determination (R<sup>2</sup>) represents the proportion of variance in an endogenous construct that is explained by its exogenous predictors, indicating the explanatory power of the model (Hair et al., 2023). In SEM-PLS, R<sup>2</sup> values of 0.25, 0.50, and 0.75 are considered weak, moderate, and substantial, respectively. The effect size (f<sup>2</sup>) measures the individual contribution of each exogenous variable to an endogenous construct, while the predictive relevance (Q<sup>2</sup>) assesses the model’s out-of-sample predictive ability through the blindfolding procedure.

**Table 5 :** Coefficient of Determination (R<sup>2</sup>), Effect Size (f<sup>2</sup>), and Predictive Relevance (Q<sup>2</sup>)

Endogenous Variable	Exogenous Predictors	R <sup>2</sup>	f <sup>2</sup> Effect Size	Q <sup>2</sup> Predictive Relevance	Interpretation
Distribution Efficiency (DE)	Channel Integration (CI)	0.544	0.296	0.311	Moderate-to-strong explanatory power; CI substantially explains DE.
Investor Trust (IT)	Channel Integration (CI), Distribution Efficiency (DE)	0.637	0.341	0.385	High explanatory power; CI and DE jointly predict IT effectively.
Portfolio Allocation (PA)	Distribution Efficiency (DE), Investor Trust (IT)	0.586	0.267	0.349	Moderate explanatory power; DE and IT strongly influence PA.

Source: Author’s data analysis using SmartPLS (2025)

The results in Table 5 indicate that the effect sizes (f<sup>2</sup>) range between 0.27 and 0.34, suggesting moderate-to-large effects of the exogenous variables on their respective endogenous constructs (Cohen, 1988). Similarly, the Q<sup>2</sup> values (ranging from 0.311 to 0.385) indicate strong predictive relevance, exceeding the minimum threshold of 0.25 (Hair et al., 2023). These results confirm that the model possesses both explanatory and predictive validity, demonstrating that the proposed relationships among Channel Integration, Distribution Efficiency, Investor Trust, and Portfolio Allocation are not only statistically significant but also practically meaningful. Therefore, the structural model is considered robust and reliable for explaining investor behavior in multi-channel financial distribution systems.

**4.3.3. Model Fit and Predictive Validity**

Model fit indices were examined to evaluate the overall adequacy of the proposed structural model. Although Partial Least Squares (PLS-SEM) focuses primarily on prediction rather than covariance-based fit, several global model fit indicators have been developed to assess the consistency between the empirical data and the theoretical model. Among these, the Standardized Root Mean Square Residual (SRMR), Normed Fit Index (NFI), and Root Mean Square Theta (RMS\_θ) are the most widely used for model evaluation in PLS-based studies (Hair et al., 2023; Henseler et al., 2016).

**Table 6 :** Model Fit Summary

Fit Index	Threshold Criteria	Obtained Value	Model Evaluation
SRMR (Standardized Root Mean Square Residual)	< 0.08	0.062	Good fit
NFI (Normed Fit Index)	> 0.90	0.921	Acceptable fit
RMS_θ (Root Mean Square Theta)	< 0.12	0.094	Satisfactory fit

Source: Author’s data analysis using SmartPLS (2025).

The results in Table 6 indicate that the proposed model achieves a good overall fit. The SRMR value (0.062) is well below the threshold of 0.08, suggesting that the residuals between observed and predicted correlations are minimal. The NFI value (0.921) exceeds the recommended minimum of 0.90, indicating a high degree of model consistency. Additionally, the RMS\_θ value (0.094) is lower than the cut-off value of 0.12, confirming that the model does not suffer from excessive collinearity or misspecification.

Together, these indices demonstrate that the proposed structural model is both theoretically coherent and empirically sound, supporting its adequacy in explaining the relationships among channel integration, distribution efficiency, investor trust, and portfolio allocation. This level of model fit further validates that the multi-channel distribution strategy framework can effectively capture the dynamics of investor decision-making in the context of modern financial distribution systems.

**4.4. Discussion**

The findings of this study provide strong empirical support for the proposed conceptual framework, demonstrating that a well-integrated multi-channel distribution strategy plays a crucial role in enhancing both distribution efficiency and investor trust. The analysis

confirms that when financial institutions successfully coordinate traditional and digital channels, they create a more consistent and reliable service experience that strengthens investor confidence and engagement. This aligns with earlier research emphasizing that seamless multi-channel integration promotes service coherence, operational excellence, and stronger customer relationships in financial and service-oriented industries.

The results further underscore that distribution efficiency is a vital determinant of investor trust and portfolio allocation. When investors perceive the system as fast, transparent, and cost-effective, they are more likely to view it as credible and dependable. This sense of reliability cultivates higher trust, which in turn fosters greater willingness to diversify and commit to long-term investments. Such findings reinforce behavioral finance theories suggesting that trust and perceived convenience act as key psychological enablers of rational decision-making in financial contexts. Efficiency therefore represents not only operational capability but also a behavioral signal of stability and competence.

Investor trust emerges as a critical behavioral driver within the multi-channel investment ecosystem. Trust influences how investors interpret information, perceive risk, and decide where to allocate their portfolios. In financial distribution systems, trust functions similarly to brand loyalty in retail contexts because it reduces uncertainty and supports repeat engagement. This finding illustrates that trust operates as both a cognitive evaluation of system reliability and an emotional response to perceived fairness and security in service delivery.

The mediation analysis provides deeper insight into how these relationships occur sequentially. Channel integration indirectly shapes portfolio decisions through distribution efficiency and investor trust. Integration improves efficiency, efficiency builds trust, and trust ultimately drives portfolio diversification. This sequential mechanism aligns with the principles of Service-Dominant Logic (SDL), which conceptualizes value as co-created through interaction between providers and consumers. In this study, value creation occurs through efficient and trustworthy financial channels that enable investors to make informed and confident investment decisions.

The overall model fit supports these relationships, confirming that the theoretical framework accurately represents the structure of investor behavior in a multi-channel financial environment. The model demonstrates coherence between operational and behavioral dimensions, validating that the proposed constructs interact in a realistic and meaningful way. This integration between theory and empirical data strengthens the argument that modern financial distribution systems operate as value networks rather than isolated transactional mechanisms.

From a distribution science perspective, this research extends the discipline beyond its traditional focus on tangible goods toward the management of intangible financial products. It shows that efficiency and trust, two constructs central to distribution theory, also serve as foundational elements in financial service ecosystems. The study contributes to current debates on how distribution theory adapts to digital transformation, supporting calls for a more inclusive understanding of distribution that incorporates behavioral and technological dimensions.

Practically, the findings emphasize that financial institutions and fintech platforms must view multi-channel integration as a strategic imperative. Aligning service quality, data management, and customer interaction across channels can generate both operational efficiency and relational value. For policymakers, the results highlight the importance of promoting regulatory frameworks that support transparent, inclusive, and secure digital distribution environments. In emerging markets such as Indonesia, where retail investment is rapidly growing, these insights are critical for building trust-based, technology-driven financial ecosystems that enhance investor participation and market stability.

## **5. Conclusion and Implications**

### **5.1. Conclusion**

This study investigated the impact of multi-channel distribution strategies on investor portfolio allocation with the mediating roles of distribution efficiency and investor trust in the Indonesian capital market context. Using data from 250 active retail investors and analyzed through SEM-PLS, the findings provide robust empirical support for the hypothesized model.

The results confirm that channel integration significantly enhances both distribution efficiency and investor trust, implying that the coordination of traditional and digital investment channels creates a more coherent and reliable distribution ecosystem. Furthermore, distribution efficiency and investor trust jointly mediate the relationship between channel integration and portfolio allocation, indicating that operational excellence and psychological confidence are complementary drivers of investor behavior.

Overall, this study demonstrates that multi-channel strategies in financial distribution not only improve access and operational performance but also enhance the psychological quality of investor relationships, resulting in more informed and diversified portfolio decisions. The findings reinforce the idea that distribution science can be extended beyond tangible products to explain the delivery of intangible financial value through integrated and trust-

based channel networks.

## 5.2. Theoretical Implications

This study makes several contributions to the theoretical advancement of distribution science and behavioral finance:

1. **Extension of Distribution Science Theory**  
The study extends the scope of distribution science from physical goods to financial product ecosystems, demonstrating that principles of channel management and distribution efficiency are equally applicable to intangible financial services. The findings align with the recent call by Yang et al. (2024) and Do & Phuong (2023) to expand the domain of distribution theory into service-based industries.
2. **Integration of Service-Dominant Logic (SDL)**  
By applying the SDL framework, the study emphasizes that value in financial services is co-created through interaction, coordination, and trust between investors and institutions. Channel integration serves as a mechanism for relational value creation, where investor trust becomes a behavioral outcome of efficient and transparent service distribution.
3. **Behavioral Finance Linkage**  
The inclusion of investor trust as a mediator contributes to behavioral finance literature by identifying how psychological confidence acts as a bridge between institutional structure (channel integration) and individual decision-making (portfolio allocation). This linkage highlights the behavioral dimension of distribution systems, integrating both rational (efficiency) and emotional (trust) factors.
4. **Empirical Model for Financial Distribution Networks**  
The research offers a validated empirical model that conceptualizes how distribution systems in finance influence portfolio behavior. This model can be adapted in future research to test similar mechanisms across different financial markets or product categories.

## 5.3. Managerial Implications

The results suggest that financial institutions should operationalize multi-channel strategies through systematic integration between digital and traditional platforms. Organizations are encouraged to deploy unified CRM systems such as Salesforce Financial Services Cloud or Oracle CX to synchronize investor data and communication across all channels. API-based integration standards should be applied to ensure real-time data flow between mobile applications, web portals, and physical branches.

In the short term, firms should prioritize interoperability and employee training on multi-channel coordination. Medium-term goals should include monitoring transaction speed, service response time, and customer satisfaction

through integrated dashboards. Long-term objectives may focus on predictive analytics and AI-driven investment personalization to strengthen investor engagement and retention.

Regulatory bodies such as the Financial Services Authority (OJK) can promote financial inclusion by fostering interoperability between fintech firms and conventional institutions. This will improve transparency, investor access, and trust within digital financial ecosystems.

## 5.4. Limitations and Future Research Directions

Despite its contributions, this study has certain limitations that provide avenues for future exploration:

1. **Geographic Scope**  
The research focuses on retail investors in Indonesia, which limits the generalizability of findings to other markets. Future studies could apply the same framework in cross-country comparisons to explore cultural or institutional variations in investor behavior.
2. **Cross-Sectional Design**  
The study employs a cross-sectional approach, which restricts the ability to infer causality over time. Longitudinal studies could better capture dynamic changes in investor trust and distribution efficiency.
3. **Additional Mediators or Moderators**  
Future research could include variables such as financial literacy, perceived risk, or digital readiness as additional mediators or moderators to provide a more comprehensive understanding of the factors influencing portfolio decisions.
4. **Technological Advancements and AI Integration**  
As artificial intelligence and data analytics increasingly shape financial distribution, subsequent research could examine how AI-driven advisory systems and algorithmic recommendations affect investor trust and channel performance.

Second, this study utilizes cross-sectional data, which limits the ability to examine behavioral changes over time. Future research should adopt longitudinal or panel approaches to observe how channel efficiency, trust, and portfolio allocation evolve. Tracking investors at multiple time points would offer stronger causal inference. Combining surveys with experimental or transactional data would further validate consistency between stated perceptions and real financial actions.

## 5.5. Overall Summary

In conclusion, this study reinforces the notion that multi-channel distribution is not merely an operational necessity but a strategic imperative in modern financial markets. By linking distribution efficiency and investor trust to portfolio

behavior, the research bridges the disciplines of distribution management, behavioral finance, and digital innovation. The findings serve as a foundation for future studies seeking to understand how integrated financial distribution networks can support sustainable investment ecosystems and inclusive market growth.

These findings collectively provide theoretical and practical guidance for advancing distribution science in the era of digital financial transformation.

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## Declarations

### Human subjects with IRB approval

All procedures performed in this study involving human participants were conducted in accordance with the ethical standards of the institutional research committee and with the principles of the Declaration of Helsinki. Prior to data collection, informed consent was obtained from all participants, and participation was entirely voluntary. Respondent anonymity and data confidentiality were strictly maintained throughout the research process.

### Competing Interests / Conflicts of Interest

The author declares no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

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### Data Availability Statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.

### Declaration of Generative AI and AI-assisted Technologies in the Writing Process

During the preparation of this manuscript, the author used ChatGPT (OpenAI) to assist in improving language clarity,

academic tone, and structural coherence. All AI-assisted content was critically reviewed, revised, and validated by the author, who takes full responsibility for the accuracy and integrity of the final manuscript.

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## Appendix A. Complete Questionnaire Items

This appendix presents the full list of measurement items used in the survey instrument.

Construct	Item Code	Measurement Item	Source
Channel Integration (CI)	CI1	Information provided across channels is consistent and accurate.	Kim & Park (2024)
	CI2	I can switch between digital and traditional channels seamlessly.	Nguyen & Choi (2023)
	CI3	Services are available across multiple platforms without interruption.	Nguyen & Choi (2023)
Distribution Efficiency (DE)	DE1	Transactions are processed quickly and reliably.	Patel & Li (2023)
	DE2	Investment platforms provide cost-efficient services.	Do & Phuong (2023)
	DE3	I can easily access investment services anytime.	Do & Phuong (2023)
	DE4	Service operations are reliable and error-free.	Patel & Li (2023)
Investor Trust (IT)	IT1	I trust the platform to protect my personal and financial information.	Kaur & Singh (2022)
	IT2	I believe that the platform provides fair and transparent services.	Barberis (2018)
	IT3	I am confident in the accuracy of information provided.	Chen et al. (2024)
	IT4	I believe that the platform is dependable and credible.	Tan & Lim (2024)
Portfolio Allocation (PA)	PA1	I diversify my investment portfolio across different asset types.	Lee et al. (2022)
	PA2	I am willing to invest in multiple products simultaneously.	Tan & Lim (2024)
	PA3	I intend to hold investments for long-term growth.	Barberis (2018)

All items were measured on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree).