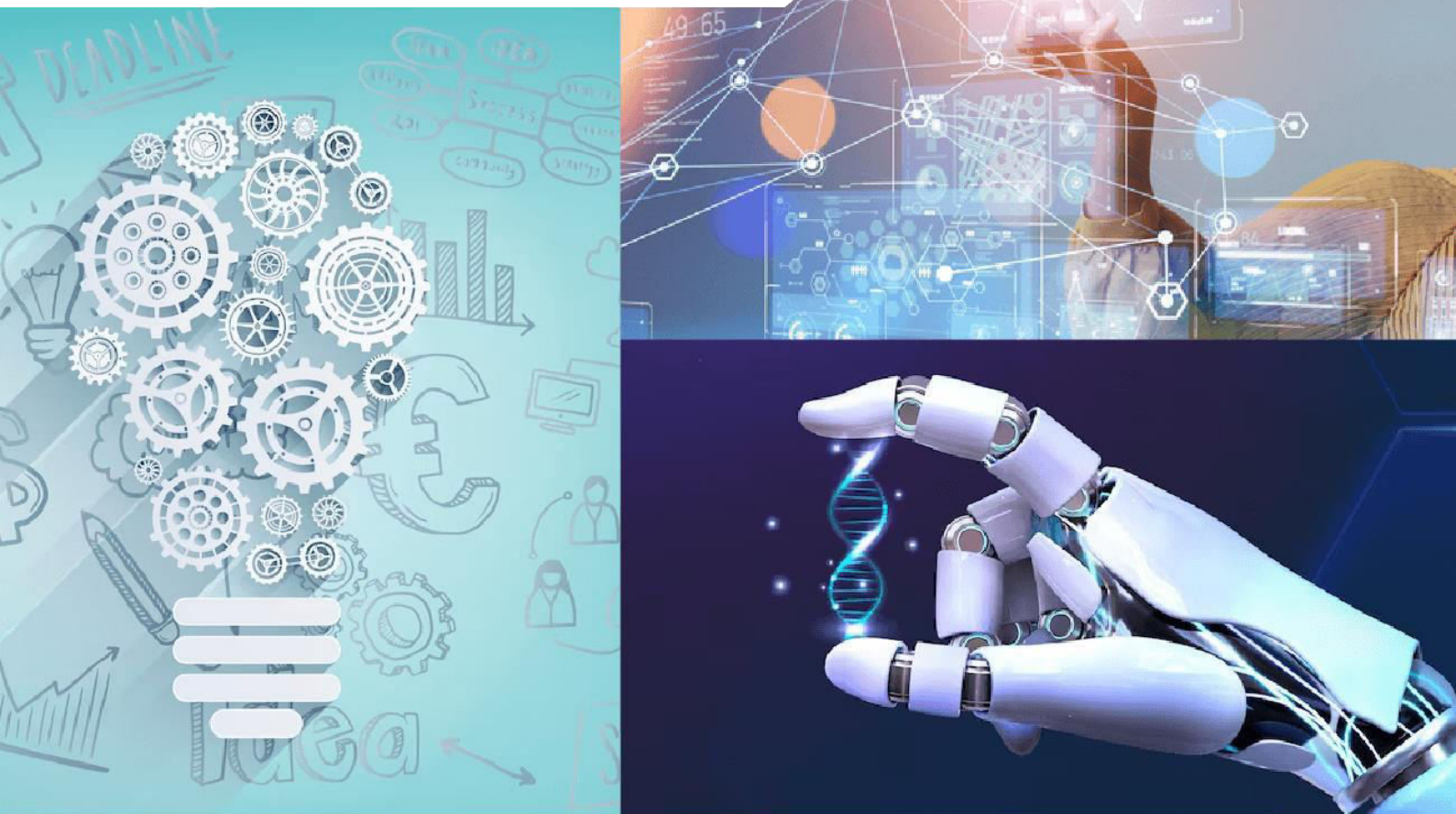




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An Empirical Investigation of Investor Perception, Behaviour, and Participation in Systematic Investment Plans

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Rationale: Systematic Investment Plans have become a popular investment option due to their simplicity and long term benefits. However, despite increased awareness and digital accessibility, many individuals still do not actively invest. This indicates a gap between awareness and actual investment behaviour. Therefore, this study aims to examine how investor perception, financial awareness, behavioural factors, and demographic characteristics influence SIP participation.

ABSTRACT: This study examines investor perception, behavioural factors, financial awareness, and demographic influences on participation in Systematic Investment Plans. Primary data was collected from 104 respondents using a structured questionnaire and analyzed using descriptive statistics, t test, and chi square test. The findings reveal that investor perception and financial awareness significantly influence SIP participation, while behavioural factors show no significant impact. Income is identified as the only significant demographic variable affecting investment behaviour. The study highlights a gap between awareness and actual investment and emphasizes the need to improve financial literacy and investor perception.

KEYWORDS: Systematic Investment Plan, Investor Behaviour, Financial Awareness, Mutual Funds, Investment Decision

I. INTRODUCTION

In today's economic climate marked by inflation, market volatility, and income insecurity, individual investment decisions have become increasingly important as traditional options like fixed and recurrent deposits fail to generate real returns. This has led investors to shift toward market-linked instruments with higher growth potential, particularly mutual funds and Systematic Investment Plans (SIPs), which enable regular fixed investments, promote disciplined saving, and offer benefits like compounding and rupee cost averaging while reducing market timing risk—making them especially suitable for first-time investors and salaried individuals. Over the past decade, India's mutual fund industry has expanded due to digitalization, regulatory support, and awareness campaigns such as “Mutual Funds Sahi Hai,” yet SIP participation remains uneven as many individuals are still hesitant to invest. Investment behavior is influenced not only by rational factors but also by perception, financial literacy, and demographic characteristics, with higher awareness and positive perceptions of affordability, safety, and returns encouraging participation; therefore, this study aims to examine the impact of investor perception, behavioral factors, financial awareness, and demographics on SIP adoption.

II. REVIEW OF LITERATURE

R. (2025) investigated how awareness and applicability influenced Indian Generation Z students' perceptions of the advantages of Systematic Investment Plans (SIPs). The study discovered that financial literacy and perceived relevance have a major impact on SIP investment behaviours using a structured questionnaire and quantitative analysis. The results show that raising awareness and proving usefulness can increase young investors' adoption of SIPs and encourage disciplined investing practices (R, 2025).

Shrestha and Bhatta (2024) conducted research to identify the determinants of Systematic Investment Plan (SIP) investment behaviours among young investors in Nepal by using correlation and regression analysis. The results revealed that financial freedom is the strongest determinant of investment behaviours among young investors in Nepal, followed by awareness level and investment objectives. Risk tolerance and investment behaviours also showed relatively low predictive power. This research highlights the importance of financial freedom and awareness in promoting systematic investment behaviours (Shrestha & Bhatta, 2024).

Mamatha and Sujay (2025) investigated the effect of investor behaviour and risk tolerance in adopting Systematic Investment Plans through structural equation modelling. The study revealed that disciplined investor behaviour and risk tolerance have a significant positive effect on the adoption of Systematic Investment Plans. Risk tolerance also acts as a moderator between investor behaviour and Systematic Investment Plans. This study revealed the role of behavioural finance in promoting systematic investment behaviour Mamatha and Sujay (2025).

Kulkarni, Iyengar, and Afaq (2023) conducted research on investor awareness and decision-making, focusing on mutual funds and Systematic Investment Plans (SIPs), based on primary data collected through questionnaires. The research highlighted that financial knowledge, communication channels, and investor preferences play a crucial role in investor decisions regarding mutual fund investments. It also underscored the importance of financial knowledge and investor education in relation to informed decision-making and responsible investment behaviours among investors (Kulkarni et al., 2023).

Khanum and Smarans (2024) in their research explored the effect of Systematic Investment Plan (SIP) awareness on investors' decisions among IT employees in Bengaluru using a questionnaire method to collect primary data. The research concluded that investors are aware of SIP investments but lack awareness about its working. Demographic factors like age, income levels, and education play an important role in SIP investors. The research concluded that mutual fund investors' decisions can be improved through an increase in awareness and financial knowledge (Khanum & Smarans, 2024).

An empirical research article written by Aggarwal (2024) focused on investors' preferences for mutual fund investments through the SIP mode. The author conducted a survey and found that investors prefer SIP mode for mutual fund investments due to the advantages of disciplined savings, cost-effectiveness, and minimizing risk. Financial literacy, savings habits, and the growth of the middle-income segment of society have been recognized as crucial factors for encouraging SIP mode and mutual fund investments Aggarwal (2024).

In a similar context, an article published by Preety, Tyag, and Vaish (2024) discussed the investor perception on systematic investment plans in India using a survey method among SIP investors in Meerut, Uttar Pradesh. The article revealed that investors' decisions in SIPs were affected by investor behaviours, demographic factors, and personal perspectives among investors in India. The article emphasizes the importance of understanding investors' perception in mutual fund investments through systematic investment plans (Preety et al., 2024).

The level of awareness about SIP investment by investors, particularly in the Navsari region, was examined by Patel (2021) using descriptive research. The research found that investors invest in SIPs due to various reasons, including high returns, safety, affordability, tax benefits, and ease of investment. The research indicates that the level of awareness about SIP investments is an important factor that influences investment decisions by investors, thereby encouraging them to invest in mutual funds (Patel, 2021).

Raghu, Murthy, and Mandala's study (2025) focused on the impact of psychological factors on investors' decision-making behaviour in the context of investments. The study shows that the behavioural aspects of risk perception, emotions, and financial attitudes have a considerable impact on financial decision-making. The study also shows that financial decision-making is not entirely rational but rather influenced by various psychological biases and perceptions of investors. The study contributes to the field of financial behaviour by explaining the impact of psychological factors on financial decision-making (Raghu et al., 2025).

The research by Gayathiri, Ragavan, Sridhar, & Abinaya (2025) focused on the digitally driven investment in mutual funds from behavioral and perceptual perspectives. This research highlights the importance of digital access and financial literacy, which has motivated investors to invest in mutual funds. This research emphasizes the importance of risk-taking capacity, financial literacy, and professional guidance while investing. This research indicates the role of digital access and investor financial literacy in promoting investment in mutual funds (Gayathiri et al., 2025).

Research Objectives

1. To investigate how investors view mutual fund systematic investment plans.
2. To examine the behavioral elements that affect investors' choices to make SIP investments.
3. To gauge retail investors' degree of financial literacy and comprehension of SIP investments.
4. To assess the connection between SIP investment behavior and demographic characteristics.

Research Gap

- Lack of Integrated Analysis: Most research looks at perception, behavior, awareness, and demographics in isolation, providing little information about how these factors work together to influence SIP investing choices.
- Gap Between Awareness and Investment: There is a gap between knowledge and action because many investors do not actively engage despite increased awareness and digital access. Research to date has not established a clear connection between awareness and perception and regular SIP involvement.

III. RESEARCH METHODOLOGY

- The study follows a descriptive and analytical design using primary data collected through a structured questionnaire.
- It adopts a quantitative, cross-sectional approach with 104 responses from retail investors (both investors and non-investors).
- The questionnaire includes close-ended and Likert scale questions to measure perception, behaviour, awareness, and demographics.
- Descriptive statistics, Independent Samples t-test, and Chi-square test are used for data analysis.
- These techniques help test hypotheses and understand factors influencing SIP investment behaviour.

Hypotheses of the Study

- H₀₁: Investor perception has no significant impact on SIP investment behaviour.
 H₁₁: Investor perception has a significant impact on SIP investment behaviour.
 H₀₂: Behavioural factors have no significant impact on SIP adoption.
 H₁₂: Behavioural factors have a significant impact on SIP adoption.
 H₀₃: Financial awareness has no significant relationship with SIP participation.
 H₁₃: Financial awareness has a significant relationship with SIP participation.
 H₀₄: Demographic factors have no significant relationship with SIP investment behaviour.
 H₁₄: Demographic factors have a significant relationship with SIP investment behaviour.

IV. VARIABLES OF THE STUDY**Dependent Variable**

SIP investment behavior, which is determined by whether the respondent is presently making investments in Systematic Investment Plans, is the study's dependent variable. This variable shows how many investors really participate in SIPs.

Independent Variables

- Investor Perception
- Behavioural Factors
- Financial Awareness
- Demographic Variables

Interpretation and Analysis

Descriptive	Age	Gender	Education	Occupation	Income (₹)
N	104	104	104	104	104
Mean	2.25	1.37	2.62	3.26	2.41
Median	2	1	3	3	2
Standard deviation	1.33	0.484	0.816	1.64	1.61

Table 1: Descriptive Statistics of Demographic Variables

Young, well-educated respondents with a balanced gender distribution and a variety of jobs make up the majority of the sample. The majority are middle-class, which makes them diversified and appropriate for examining SIP investment behavior.



Figure 1: SIP Investment Participation among Respondents

According to the data, 37.5% of respondents actively participate in SIPs, compared to 62.5% who do not. There is a gap between awareness and action since many people shun SIPs while being aware of them because they have little information, are afraid of the risks, or prefer traditional savings.

						95% Confidence Interval	
	Statistic	df	p	Mean difference	SE difference	Lower	Upper
SIP is a safe investment option.	2.51	102	0.014	0.41	0.163	0.0862	0.734
SIP provides stable long-term returns.	3.83	102	< .001	0.605	0.158	0.292	0.918
SIP reduces investment risk through systematic investing.	3.54	102	< .001	0.523	0.148	0.2302	0.816
SIP is affordable and convenient.	3.02	102	0.003	0.472	0.156	0.1618	0.782
SIP is suitable for long-term wealth creation.	2.19	102	0.031	0.379	0.173	0.0359	0.723

Table 3: Independent Samples T-Test for Investor Perception toward SIP

Perception has a considerable influence on SIP behavior, as evidenced by the t-test, which reveals significant differences between SIP investors and non-investors in all perception parameters ($p < 0.05$), with investors holding more positive views on safety, returns, risk reduction, affordability, and long-term benefits.

						95% Confidence Interval	
	Statistic	df	p	Mean difference	SE difference	Lower	Upper
I understand how SIP works.	3.71	102	< .001	0.651	0.175	0.3032	0.999
I am aware of the tax benefits of SIP investments.	4.36	102	< .001	0.713	0.163	0.3885	1.037
I understand rupee-	4.28	102	< .001	0.79	0.185	0.4235	1.156

cost averaging.							
I regularly seek financial information before investing.	1.68	102	0.096	0.287	0.171	-0.0514	0.626
I feel confident in making SIP investment decisions.	4.29	102	< .001	0.733	0.171	0.3941	1.073

Table 4: Independent Samples T-Test for Financial Awareness toward SIP

SIP investors exhibit greater financial awareness than non-investors, particularly when it comes to SIP understanding, tax advantages, and rupee cost averaging, underscoring awareness as a crucial component of participation.

	Are you currently investing in SIP?		
Income (₹)	Yes	No	Total
Below 25,000	11	35	46
25,000–50,000	4	17	21
50,001–75,000	3	5	8
75,001–1,00,000	5	1	6
Above 1,00,000	16	7	23
Total	39	65	104
χ^2 Tests			
	Value	df	p
χ^2	22.1	4	< .001
N	104		

Table 5: Chi-Square Test of Association between Income and SIP Investment Participation

Income and SIP membership are significantly correlated, according to the chi-square test ($p < 0.05$). While lower-income groups exhibit lesser involvement, higher-income respondents are more likely to invest in SIPs. This suggests that investment behavior is significantly influenced by income.

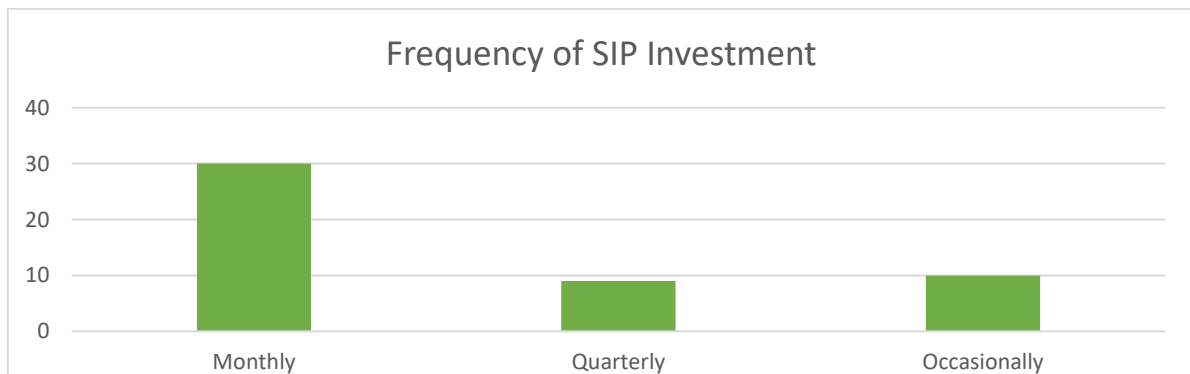


Figure 2: Frequency of SIP Investment

Monthly contributions are preferred by the majority of SIP investors (61.2%), indicating a disciplined strategy consistent with regular income. Quarterly investments account for 18.4%, while 20.4% invest occasionally. In general, the most popular choice is methodical and consistent investing.

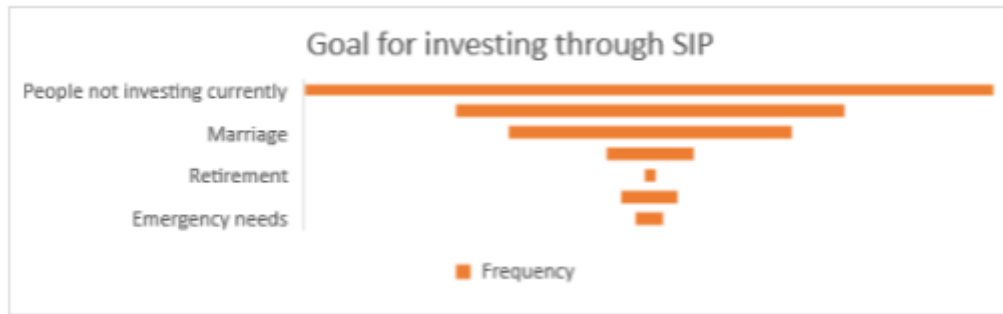


Figure 3: Goal for Investing through SIP

According to the research, 44.2% of respondents do not make SIP investments. Among investors, the main goals are children's education (25%) and marriage (18.3%), while other goals like housing, future savings, emergencies, and retirement are less common. This implies that rather than long-term planning, SIP investments are primarily motivated by particular life goals.

V. RECOMMENDATIONS

- To improve investor knowledge, financial institutions should concentrate on raising awareness of SIP through workshops, educational programs, and digital campaigns.
- To lessen uncertainty among prospective investors, information about SIP features, advantages, and procedures should be made clear and easy to understand.
- Flexible investment plans and reasonably priced SIP solutions should be promoted in order to target middle-class and lower-class populations.
- To increase the accessibility, convenience, and transparency of SIP investments, digital platforms and mobile applications should be improved.
- Long-term financial planning and goal-based investing should be prioritized over short-term profits by financial advisors.
- To boost investor confidence, awareness efforts should dispel myths about risk and market volatility.
- Depending on their age, income, and financial objectives, various demographic groups can receive tailored investment advice.

VI. CONCLUSION

The study emphasizes that financial literacy and investor perception are important variables affecting retail investors' engagement in SIPs. SIPs are more likely to be invested in by those who believe they are secure, reasonably priced, and appropriate for building long-term wealth, and more awareness of their features and tax advantages boosts confidence. While more wealth encourages adoption, behavioral characteristics like discipline and risk tolerance have little effect. Other demographics are less important. Since many aware respondents do not invest, there is a disconnect between awareness and real investment. SIP usage can be increased and disciplined investing encouraged by strengthening positive impressions, increasing accessibility, and improving financial knowledge.

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