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Systematic Investment Plan (SIP) Adoption in Mutual Funds: A Review of Literature

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Abstract

Systematic Investment Plans (SIPs) have become one of the most preferred options for investing in mutual funds, due to their cost-effectiveness, disciplined investment strategy, benefit of rupee cost averaging, and potential for long-term wealth accumulation. The current study reviews the existing literature published between 2016 and 2026 on SIP adoption and investment behaviours in mutual funds. A total of 20 research articles were chosen from different academic journals, conference proceedings, and thesis. The studies that were reviewed were assessed based on their objectives, sample sizes, examined variables, research methodologies, statistical methods, and significant findings. The review indicates that factors such as investor awareness, financial literacy, professional management, risk perception, anticipated returns, convenience, and social influences are key determinants in the adoption of SIPs. Investment decisions are also significantly influenced by behavioral characteristics like present bias, herding behavior, and loss aversion. The study also identifies important obstacles such as lack of trust, financial limitations, market risk concerns, and ignorance. The review identifies several research gaps, especially with relation to social media influence, digital investing platforms, behavioral biases. The results give a thorough insight of SIP investment behavior and suggest future lines of inquiry for mutual fund investment decision-making.

***Keywords**: Systematic Investment Plan (SIP), Mutual Funds, Investor Behaviour, Behavioural Finance, SIP Adoption, Investment Decision.*

Introduction

Savings and investment play essential role in attaining both economic expansion and financial stability. Individuals invest a percentage of their income in various investment vehicles such as fixed deposits, gold, real estate, public provident funds, insurance schemes, pension plans, and mutual funds with the goal of generating wealth and ensuring future financial security. Mutual funds have become one of the most popular investment vehicles among these options because of their expert management, advantages of diversification, liquidity, and their ability to produce long-term profits. (Alhorani, 2019). The Systematic investing Plan (SIP) is one of the most popular investment strategies in the mutual fund sector.

SIP investments have grown rapidly in recent years due to number of factors, including the demand for long-term asset accumulation, greater retail investor engagement, digital investing platforms, and increased understanding of financial planning.

A Systematic Investment Plan (SIP) is a investment strategy in which investors contribute a specified amount on a regular basis, often monthly. SIPs encourage disciplined investing, decrease the stress of investing huge sums of money, and allow for participation in capital markets with relatively small amounts (Gupta, 2019). SIPs make mutual fund investing more accessible to people of all income levels and financial understanding by allowing them to make periodic investments.

The idea of rupee cost averaging is one of the main benefits of SIP investing. By making consistent purchases regardless of market conditions, investors average the cost of acquisition over time by buying more units at low prices and fewer units at high prices. This strategy aids in reducing the risks related to short-term market volatility and market timing. SIPs also give investors access to the power of compounding, which produces additional returns from reinvested earnings and may eventually result in significant wealth creation (Sharma & Joshi, 2023).

Objectives

- To review existing literature related to SIP adoption in mutual funds.
- To understand the research methodology adopted by researchers to conduct research on SIP adoption.
- To identify the sample size taken for research by the existing studies.
- To identify research gaps for future studies.

Methodology

The current research focuses on a systematic review of the existing literature concerning Systematic Investment Plans (SIPs) in mutual funds. Relevant research papers, theses, conference proceedings, and journal articles were gathered from various academic databases and platforms, including Google Scholar, ResearchGate, Management Science Letters, Journal of Critical Reviews, International Journal of Scientific Research, along with other peer-reviewed journals.

A total of 20 studies published between 2016 and 2026 were chosen for review based on their relevance to SIP investment behavior, investor awareness, and factors impacting SIP adoption. The selected studies were analysed according to key parameters such as research objectives, sample size, variables investigated, research methodology, statistical methods employed, and significant findings. The literature was organized and scrutinized to pinpoint the key elements that affect SIP investment choices, including factors such as behavioral influences, financial aspects, institutional elements, social considerations, and obstacles to SIP implementation.

The outcomes of this review provide a thorough insight into SIP investment behavior and suggest directions for future studies in the area of mutual fund investments.

Review of Literature

A literature review is a text of a scholarly paper, that summarizes the current knowledge on a certain subject, encompassing theoretical and methodological contributions as well as substantive discoveries. The empirical studies conducted earlier on SIP adoption have been and presented in Table I.

Table 1: Review of Literature

S. No	Author	Research Objective	Sample Size	Variables	Research Methodology	Finding
1	Grewal & Gupta (2016)	To study the importance of source of information and behaviour of mutual fund investors toward SIPs.	100	Sources of Information	Survey, t- test analysis	Investors strongly prefer equity growth schemes through SIPs, with 99% of respondents utilizing SIP as their primary investment. While mutual fund company history, bankers and chartered accountants as the most authentic and important sources for decision-making. Additionally, investors shows a high desire to get more knowledge of SIPs
2	Amudha (2018)	To identify level of	200	SIP Awareness,	Descriptive Statistics,	Investors were moderately aware of SIP. Monthly

		awareness and preferences of investors toward SIP		demographic profile, investor preference, satisfaction	percentage analysis and chi-square test	investment, flexibility and low entry amount attracted investors. Satisfaction was influenced by return expectations, convenience, and risk perception. income, occupation, education affected SIP preference
3	Jangid & Bansal (2018)	To analyse the various factors affecting decision of investors in the adoption of mutual funds.	200	risk reduction, diversification, professional management, liquidity, tax benefit, expert knowledge, SEBI regulation, low brokerage, capital appreciation etc.	Descriptive study, frequency analysis, factor analysis, KMO, Bartlett's test, Cronbach's Alpha.	Most important factor which affects investment decision was professional management, then easy access, less risk, attractive future planning, safety, expert knowledge, limited liability, and tax/liquidity/capital appreciation benefits also affect investment decision
4	Alhorani (2019)	To identify the various factors which influence investors' decisions to invest in mutual funds.	200	Professional Management, easy access, less risky, benefit of economy of scale, attractive plan for future, limited liability with trustable regulatory body etc	KMO and Bartlett's Test, Cronbach's Alpha	discovered that investors' willingness to adopt mutual funds is greatly influenced by professional management, diversity, safety, liquidity, tax advantages, and cheap transaction costs. The most significant factor among these factors was professional management, suggesting that investors prefer mutual funds due to their experienced financial management.
5	Nithya & Sasirekha (2019)	To examine investors' awareness and factors influencing SIP investment	125	Socio-economic factors, Risk perception, expected return, cost of investment.	Descriptive, Factor Analysis, and ANOVA.	investors are primarily motivated by returns, safety, and capital appreciation, identifying websites as the most influential information source.
6	Arora (2020)	To examine awareness and factors influencing SIP investments	200	Investor awareness, influencing factors, and SIP investment decision	Descriptive study, percentage analysis, correlation, and regression	Investor awareness significantly influenced SIP adoption. safety, tax benefits, regular savings habit, and long-term wealth creation are key driving factors. Financial literacy and income level effects on SIP participation. Lack of awareness and fear of market risk were major

						barriers.
7	Aurora (2020)	The study aims is to find out the factors that motivate investors to invest in systematic investment plan and the problem they face in this scheme.	100	Demographic factors, Awareness, SIP Investment Amount, SIP Scheme Type (Equity, Debt, Hybrid)	SPSS-20 and Ms-Excel, bivariate and univariate test	investors are encouraged to make systematic investing plans since they offer a higher return at a lower risk. The survey also found that one of the biggest obstacles to the program for investors is the operational platform and understanding.
8	Dominic, Dominic & Akhila (2023)	To study level of awareness and factors influencing SIP among salaried employees	106	Awareness level, Factors influencing SIP investment, income, savings behaviour, investment preference	Descriptive study, ANOVA with SPSS	Salaried employees preferred SIPs due to affordability, disciplined investment, and convenience. Monthly income, financial goals, and risk tolerance were major determinants. Wealth creation and retirement planning were the top reasons for SIP adoption.
9	Sharma & Joshi (2023)	To evaluate the level of awareness and factors influencing investment through systematic plans in mutual funds among persons living in North Ahmedabad.	100	Investment objective and style, Time horizon, AMC track record, Risk tolerance, Goodwill of MF companies	SPSS 20 using statistical technique frequency analysis (like percentage analysis, mean, median, S.E. of mean, S.E. of Skewness, Kurtosis, mode, standard deviation, Range and Sum total)	long-term goals, particularly retirement planning, appearing as the top investment priority. Investment objectives, time horizon, AMC goodwill, fund manager experience, and perceived risk-return trade-offs are the most important factors influencing investment decisions.
10	Jagtap (2024)	examines investor behaviour towards (SIP) in mutual funds (MF) and the factors that encourage investors to invest in the SIP	200	Professional Management, Safety and Security, Return Potential, Liquidity, Tax Benefits, Diversification, Convenience/Ease of Investment, Risk Perception	Karl Pearson correlation coefficient (r) matrix and regression model	found that gender and education show a negative relationship with investment in SIP, indicating that these variables have an insignificant negative correlation. Income has positive relationship with investment in SIP, which means there is a significant positive correlation among the variables.

11	Preety et al. (2024)	To determine the level of awareness of SIP among investors and examine factors influencing investor decisions to use SIP	400	Demographic factors, Awareness of SIP, safety, high returns, tax benefits, regular income.	Descriptive statistics, Percentage analysis, Frequency analysis	founds that the majority of investors are married, male, between the ages of 26 and 40, and have advanced degrees. Safety is the main goal of investing, and most people express high satisfaction with SIP returns after investing for fewer than five years. In general, investors view SIP favourably as a secure and dependable investment option; they frequently rely on bank and internet resources for information.
12	Deepavarshini & Sanjana (2025	To assess SIP awareness, attitude of investors and non-investors toward SIPs, and to identify factors influencing SIP investment decisions, also analysing the relation between demographics and SIP awareness.	70	demographic variables, awareness, source of awareness, SIP knowledge	Descriptive study	62.9% respondents were aware of SIP, but only 31.4% had invested. Friends/family were the main awareness source (65.7%). Major barriers were lack of awareness, lack of trust, and low income. SIP was perceived as a safe and disciplined investment for long-term goals such as retirement, education, and wealth creation.
13	Infanta & Janarthan (2025)	to assess the level of awareness of using SIPs,and to look into variables influencing investors' decision to invest in SIPs, and assess the degree of awareness regarding SIPs in mutual funds.	100	SIP awareness, compounding, flexibility, discipline, diversity; demographic variables risk concern, lack of awareness, financial restrictions, lack of trust.	Percentage analysis and Chi-square test.	68% had heard of SIP. Financial limitations (33%), ignorance (32%), fear of market risk (19%), and lack of trust (16%) were the main obstacles. Age showed no significant correlation with perceived SIP while education had a significant impact on reasons not to contribute. The most prized SIP benefit was compounding.
14	Sujay & Mamatha (2025)	To identify and validate the key behavioural drivers influencing the adoption	285	Perceived value, ease of use, trust, financial benefits	SEM, factor analysis, variance analysis	Financial benefits and perceived value significantly drive SIP adoption

		of SIPs among mutual fund investors				
15	Savale & Bhardwaj (2025)	To identify the dominant cognitive biases affecting SIP and SWP adoption and discontinuation decisions	500	Cognitive biases (Loss aversion, herding behavior, and present bias), investor psychology	Descriptive Statistics, regression	Cognitive biases (loss aversion, herding, and present bias) considerably raise the probability of SIP/SWP termination and lower long-term financial results.
16	Sehgal and Sharma (2025)	to ascertain how customers react to the availability of SIPs offered by banks.	108	Trust, Convenience, Effective communication, Favourable financial terms, presence of expert knowledge, Related financial services, presence of shifting fund preferences, assurance of return	factor analysis, multiple regression, and correlation, all carried out using the SPSS	reveals that several factors, such as competitive products, effective communication, safety, fulfilment of emergency needs, addressing financial requirements, delivering quality services, adapting to changing fund preferences, and achieving satisfactory returns influence investors' to invest in SIP through banks.
17	Nikam, V. D. (2025)	to examine the impact of SIPs on young professionals, focusing on significant behavioral drivers such as awareness, risk tolerance, investment objectives, and their pursuit of financial freedom.	210	awareness, risk tolerance, investment objectives	SPSS and Excel	indicates that demographic parameters such as age, income, education, and occupation, as well as investors' risk perception and ease of investing, have a considerable impact on SIP investment behaviour. Furthermore, social influence and recommendations have a significant impact on investors' decisions
18	Samanta et al. (2025)	To analyse investor awareness, behaviour and satisfaction	205	Awareness, Financial literacy, risk perception, Investor	Descriptive and Quantitative, Linear Regression and ANOVA	Investors perceive SIP as disciplined and low risk investment. Regular income, ease of access and market volatility influence investor’s preference

		with SIP returns		satisfaction		
19	Thangrajan et al. (2025)	To assess how awareness of SIPs influences investment choices of IT employees	112	Demographic factors, awareness	exploratory and descriptive methodologies, SPSS, ANOVA tests AMOS Software, Exploratory Factor analysis	show that while IT employees are aware of SIPs, their understanding about SIP is limited. Awareness significantly impacts investment decisions, highlighting the need for better information dissemination about SIPs and their benefits.
20	Bhandari & Attar (2026)	To examine post-pandemic shifts in retail investor behavior and adoption of SIP in semi-urban India.	384	Demographic factors, post-pandemic sentiment, SIP adoption	Descriptive research, Percentage analysis, Chi-Square, and Friedman test.	bank-sponsored funds are most preferred due to brand trust; SIP is the preferred vehicle for 57% of respondents due to automated investment

Analysis of the Study

After reviewing the literature on Systematic Investment Plans (SIPs) from 2016 to 2026, it was revealed that multiple factors such as institutional, financial, behavioral, and demographic factors affect SIP investing decisions. The main factors influencing SIP adoption were consistently found in the evaluated research to be investor knowledge, financial literacy, professional management, risk perception, projected returns, convenience, and social impact.

The majority of studies found that awareness and financial literacy increased investors' willingness to invest in SIPs. Benefits like as diversification, liquidity, disciplined investing, compounding, and long-term wealth growth were identified as important motivators. Investor preference for SIPs is further increased by professional management and simplicity of investment. The literature also reveals that SIP participation is influenced by demographic factors such age, income, occupation, and education. Investment decisions are also influenced by behavioral characteristics such as risk perception, herding behavior, and loss aversion. Another significant factor in promoting SIP investments is social influence from friends, family, and financial advisors.

Overall, the studies indicate that although SIP use and awareness have grown over time, obstacles like lack of knowledge, financial limitations, apprehension about market volatility, and mistrust still prevent broader involvement.

Table II: Factors Affecting SIP Investment Decisions

Investor Related Factors	Awareness, Demographics, Financial Literacy, Risk Tolerance, Investment Objectives, Expected Return, Investment Experience
Behavioural Factors	Loss Aversion, Herding Behaviour, Present Bias, Risk Perception
Financial Factors	Wealth Creation, Tax Benefits, Liquidity, Diversification, Compounding Benefits
Institutional Factors	Professional Management, Fund Performance, AMC Reputation, Regulatory Protection
Social Factors	Family Influence, Friends' Recommendations, Financial Advisors, Social Interaction
Barriers	Lack of Awareness, Fear of Market Risk Lack of Trust, Financial Constraints

Table III: Classification of Studies Based on Sample Size

Sample Size	Number of studies	Percentage (%)
Below 100	1	5%
100-199	8	40%
200-299	8	40%
300-399	1	5%
400 and above	2	10%
Total	20	100%

Table IV: Statistical Techniques Used

Technique	
Descriptive Statistics	Amudha (2018), Arora (2020), Dominic et al. (2023), Deepavarshini & Sanjana (2025), Bhandari & Attar (2026), Thangrajan et al. (2025), Samanta et al. (2025), Savale & Bhardwaj (2025),Jangid & Bansal (2018), Nithya & Sasirekha (2019)
Factor Analysis	Jangid & Bansal (2018), Nithya & Sasirekha (2019), Sharma et al. (2023), Thangarajan et al. (2025), Sehgal and Sharma (2025), Sujay & Mamatha (2025)
Percentage analysis	Bhandari & Attar (2026), Infanta & Janarthan (2025), Preety et al. (2024)
frequency analysis	Sharma & Joshi (2025),Preety et al. (2024)
Correlation Analysis	Jagtap (2024), Sehgal & Sharma (2025)
Regression Analysis	Arora (2020), Jagtap (2024), Savale & Bhardwaj (2025), Samanta et al. (2025), Sehgal and Sharma (2025)
ANOVA	Amudha (2018), Dominic et al. (2023), Samanta et al. (2025), Thangrajan et al. (2025)
SEM	Sujay & Mamatha (2025)
T-test	Grewal & Gupta (2016)
Chi-Square Test	Amudha (2018), Infanta & Janarthan (2025), Bhandari & Attar (2026)
Friedman test	Bhandari & Attar (2026)
KMO and Bartlett's Test	Jangid & Bansal (2018), Alhorani (2019)
bivariate and univariate test	Aurora (2020)
Cronbach’s Alpha	Jangid & Bansal (2018), Alhorani (2019)

Research Gap

Despite the growing body of literature on SIP investing behavior from 2016 to 2026, numerous crucial gaps remain unresolved. The majority of research has been limited to particular geographic areas and used small sample sizes (between 100 and 300 respondents). Additionally, the frequent use of descriptive and basic statistical techniques limits the applicability of the findings to a broader population.

Behavioural factors such as mental accounting, overconfidence, anchoring, and regret aversion remain little investigated, since most research continue to regard investors as rational.

Furthermore, despite the increasing popularity of SIP among investors, the impact of social media, fintech apps, and digital investment platforms on SIP investment decisions has not been sufficiently investigated.

Further, most of the research has concentrated on urban investors, leaving semi-urban and rural investors' investment practices mostly unstudied. Lastly, most previous research has focused on specific factors influencing SIP adoption separately. In order to provide a comprehensive knowledge of SIP investment decisions, very limited studies have integrated investor awareness, social influence, financial literacy, institutional factors and behavioural biases within a single conceptual framework.

Conclusion

The study concludes that despite the increasing volume of research, current studies tend to be constrained by limited sample sizes, geographical focus, and an emphasis on individual factors in isolation. Moreover, topics such as behavioral biases, digital investment platforms, and investment behavior among semi-urban and rural investors are still inadequately researched. As a result, forthcoming studies should utilize holistic and integrated models that incorporate financial, behavioral, social, and institutional elements to gain a deeper insight into SIP investment behavior in a changing investment landscape.

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