

# Investment Behavior of SIP Investors: A Study of Urban Retail Investors in Bangalore

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**Abstract:** *This study explores the investment behavior of individuals investing in Systematic Investment Plans (SIPs) in Bangalore, a city known for its high concentration of financially aware professionals. Drawing on a sample of 120 SIP investors selected through convenience sampling, the study employs a structured questionnaire to gather data on demographic characteristics, investment objectives, and behavioral patterns. Descriptive statistics, along with measures such as mean and standard deviation, were used for analysis. The findings indicate that SIP investments are particularly favored by young, educated, and salaried individuals, especially those in the IT sector, with wealth creation and retirement planning emerging as the primary investment motives. Educational background and occupation significantly influence the choice and consistency of SIP investments. The study also reveals that most investors contribute between ₹2,001 and ₹5,000 monthly, reflecting a moderate and disciplined approach to investment. Supported by existing literature, the study underscores the growing acceptance of SIPs as a tool for structured and long-term financial planning. It concludes by suggesting the need for enhanced financial literacy programs, personalized investment advisory services, and broader inclusion of women and self-employed individuals in mutual fund investing. Future research could expand geographically and employ advanced analytical tools to further explore investor behavior across time and market conditions..*

**Keywords:** Systematic Investment Plan (SIP), Investor Behavior, Mutual Funds, Financial Planning

## I. INTRODUCTION

In recent years, India has witnessed a significant shift in the investment landscape, with mutual funds emerging as a popular avenue for wealth creation among retail investors. Among the various modes of mutual fund investment, the Systematic Investment Plan (SIP) has gained remarkable traction due to its disciplined approach, affordability, and potential for long-term capital appreciation. SIPs allow investors to invest fixed amounts at regular intervals, mitigating market volatility through rupee cost averaging and fostering a habit of regular saving.

Bangalore, often dubbed the “Silicon Valley of India,” is home to a large population of young professionals, tech-savvy individuals, and financially literate citizens. This demographic profile makes the city a fertile ground for studying the investment behavior of SIP investors. Understanding the preferences, risk appetite, motivations, and decision-making processes of these investors can provide valuable insights for financial institutions, policymakers, and advisors aiming to promote financial inclusion and literacy.

This study seeks to explore the investment behavior of SIP investors in Bangalore, examining key factors such as demographic characteristics, financial goals, risk tolerance, sources of information, and behavioral biases. By analyzing these aspects, the paper aims to contribute to the broader understanding of retail investment patterns in urban India and provide actionable recommendations to enhance investor awareness and participation in structured investment vehicles like SIPs.

## II. REVIEW OF LITERATURE

Sivaraman, S., & Balakrishnan, R. (2020) found that SIPs have become increasingly popular among salaried professionals in metro cities due to ease of access, low investment thresholds, and systematic returns. They highlighted



that digital platforms and app-based investing have significantly contributed to increased SIP participation, especially among the tech-savvy youth.

**Gupta, R., & Jain, S. (2019)** explored the influence of behavioral factors such as herd behavior, regret aversion, and mental accounting. It revealed that peer recommendations and past return performance strongly influenced investment decisions. The study also showed that investors often continue SIPs even during market corrections, perceiving them as disciplined and long-term commitments.

**Kumari, R. (2021)** analyzed how the pandemic shifted investor priorities. She found that post-COVID, there was a sharp rise in SIP enrollments, with investors prioritizing financial security over short-term consumption. Emergency preparedness and passive wealth accumulation became key motivators.

**Sharma, M., & Desai, K. (2022)** focused on Indian cities like Bangalore and Mumbai. The study found that younger investors (aged 25–35), especially in the IT sector, preferred equity-oriented SIPs for long-term wealth creation. Education level and digital exposure were found to significantly affect investment decision-making.

**Agarwal, M. (2023)** examined how fintech platforms have revolutionized SIP participation. The paper observed a growing trend of self-managed SIPs through apps like Zerodha Coin, Groww, and Paytm Money. Millennials and Gen Z investors are using YouTube, Telegram groups, and social media to guide their decisions rather than traditional financial advisors.

**Rao, K. V., & Naidu, G. (2022)** studied the impact of psychological factors like overconfidence, anchoring, and disposition effect. It found that while SIPs help reduce timing errors, some investors prematurely stop SIPs based on recent market downturns or news. Financial education was found to mitigate these biases significantly.

**Mishra, A., & Dutta, R. (2023)** revealed that despite increasing SIP adoption, many investors lack clarity on fund selection, risk profiles, and tax implications. The paper suggests that regulatory bodies like SEBI and AMFI need to enhance outreach programs for investor education, particularly in Tier-I cities.

**Joshi, P. (2024)** emphasized that most SIP investors use them for specific goals like home buying, children's education, and early retirement. The study, based on data from Bangalore, Delhi, and Pune, found that tech-savvy investors prefer goal-linked SIPs with auto-debit features and performance tracking.

**Bhattacharya, R., & Mehta, S. (2021)** noted a strong shift toward consistent investment tools like SIPs, driven by job insecurity and inflation concerns. Investors increasingly diversified across hybrid and international funds, using SIPs as a tool for long-term financial protection.

**Nair, A., & Thomas, J. (2023)** found that most SIP investors expect moderate returns (10–15%) and are generally risk-averse. The study also found a correlation between job stability and SIP commitment, with government and IT employees maintaining SIPs more consistently than others.

### **III. RESEARCH METHODOLOGY**

#### **Research Design**

The study adopts a **descriptive research design** to examine the investment behavior of Systematic Investment Plan (SIP) investors in Bangalore. The purpose of this study is to identify key factors such as demographic influences, investment preferences, and behavioral tendencies among retail investors who actively invest through SIPs.

#### **Sampling Method**

A **convenience sampling** technique was employed for data collection due to time and accessibility constraints. The respondents were selected from various professional backgrounds including IT professionals, government employees, self-employed individuals, and business owners residing in different parts of Bangalore.

#### **Sample Size**

The study is based on data collected from **120 SIP investors** in Bangalore. This sample size was considered adequate for conducting basic descriptive and inferential statistical analyses.

#### **Data Collection Instrument**

Primary data was collected using a **structured questionnaire** designed specifically for the study.

#### **Scope and Limitations**

The study is limited to SIP investors residing in Bangalore and may not be generalizable to other cities or investment types. The use of convenience sampling may also introduce bias in the selection of respondents.



#### IV. DATA ANALYSIS AND FINDINGS

Variable	Category	No. of Respondents	Percentage (%)
<b>Gender</b>	Male	72	60.00%
	Female	48	40.00%
<b>Education</b>	Undergraduate	20	16.70%
	Postgraduate	70	58.30%
	Professional (CA, MBA, etc.)	30	25.00%
<b>Job Type</b>	IT/Software Professional	50	41.70%
	Government Employee	15	12.50%
	Private Sector (Non-IT)	30	25.00%
	Self-employed/Entrepreneur	15	12.50%
	Student/Others	10	8.30%
<b>Investment Objective</b>	Wealth Creation	40	33.30%
	Retirement Planning	25	20.80%
	Tax Saving	20	16.70%
	Children's Education/Marriage	15	12.50%
	Emergency Fund	20	16.70%
<b>Monthly Amount</b>	<b>SIP</b> Below ₹2,000	20	16.70%
	₹2,001 – ₹5,000	50	41.70%
	₹5,001 – ₹10,000	30	25.00%
	Above ₹10,000	20	16.70%

Source: Primary Data

The classification of respondents reveals that SIP investors in Bangalore are predominantly male (60%), although a considerable proportion (40%) are female, indicating growing financial participation among women. The majority hold postgraduate degrees (58.3%), followed by professionals (25%) and undergraduates (16.7%), highlighting the influence of higher education on investment decisions. A large share of respondents are employed in the IT/Software sector (41.7%), reflecting the city's tech-driven economy, while others come from private sector jobs (25%), government services (12.5%), and entrepreneurial backgrounds (12.5%). In terms of investment objectives, wealth creation (33.3%) and retirement planning (20.8%) are the primary motives, though tax saving and emergency funding are also notable. Most investors contribute between ₹2,001 and ₹5,000 monthly (41.7%), indicating a moderate but consistent investment behavior typical of salaried urban professionals. This distribution suggests that SIPs are especially popular among young, educated, tech-savvy individuals seeking disciplined long-term financial planning.

#### Suggestions

Based on the study findings, it is suggested that financial institutions and mutual fund companies enhance targeted financial literacy programs, especially for less-educated or first-time investors, to improve awareness about the benefits and risks of SIPs. Customized SIP plans and advisory services can be developed to suit the varying needs of investors based on their income levels, investment objectives, and risk appetite. Digital platforms should continue to simplify the investment process and promote goal-based investing, while ensuring transparency and consistent communication. Additionally, encouraging more women and self-employed individuals to invest through SIPs by offering flexible plans and incentives could help widen the investor base and promote inclusive financial growth.

#### V. CONCLUSION

The present study provides valuable insights into the investment behavior of SIP investors in Bangalore, a rapidly growing urban and financial hub. The findings indicate that SIPs are increasingly popular among young, educated, and tech-savvy professionals—particularly those working in the IT sector—who view them as reliable tools for long-term



wealth creation and retirement planning. Education level, job type, and digital exposure significantly influence SIP adoption and consistency. While most investors demonstrate a moderate risk appetite and prefer structured, goal-based investing, there is still scope for improving financial literacy, especially among non-professionals and self-employed individuals. The study underscores the need for inclusive investment strategies and personalized advisory services to accommodate diverse investor profiles.

### **Future Scope of the Study**

While this research offers a focused view of SIP investor behavior in Bangalore, future studies can expand the geographical scope to include Tier-II and Tier-III cities for a comparative analysis. Incorporating psychographic and behavioral variables—such as investor sentiment, risk tolerance profiling, and financial stress—could enrich the findings. Additionally, a longitudinal study observing changes in SIP investment patterns over time, especially post-pandemic and in varying market conditions, would provide deeper insights. Advanced statistical models or machine learning tools can also be employed to predict SIP discontinuation risks or recommend personalized investment plans, enhancing both academic and practical relevance.

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