# INVESTORS' PREFERENCE TOWARDS SYSTEMATIC INVESTMENT PLAN (SIP) IN KATHMANDU VALLEY

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial fulfilment of the requirements for the Master's Degree


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# Certification of Authorship

I certify that the work in this thesis entitled "**Investors' Preference Towards Systematic Investment Plan (SIP) in Kathmandu Valley**" has not previously been submitted for a degree nor has it been submitted as part of requirement for a degree except as fully acknowledged with in the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the reference section of the thesis.

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## Report of Research Committee

Mr**.** Bishal Shrestha has defended research proposal entitled **"Investors' Preference Towards Systematic Investment Plan (SIP) in Kathmandu Valley"** successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestion and guidelines of supervisor Arun Neupane and Dr. Dipak Mahat submit the thesis for evaluation and viva-voce examination.

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# Approval Sheet

We, the undersigned, have examined the thesis entitled **"Investors' Preference Towards Systematic Investment Plan (SIP) in Kathmandu Valley "** by Bishal Shrestha a candidate for the degree of Master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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Bishal Shrestha

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# Abbreviations

| | | |
|---|---|---|
| ANOVA | : | Analysis of Variance |
| CAPM | : | Capital Asset Pricing Model |
| Div | : | Diversification |
| DV | : | Dependent Variable |
| EOI | : | Ease of Investment |
| EUT | : | Expected Utility Theory |
| IDM | : | Investment Decision Making |
| IVs | : | Independent Variables |
| Liq | : | Liquidity |
| Max. | : | Maximum |
| Min. | : | Minimum |
| MPT | : | Modern Portfolio Theory |
| PM | : | Professional Management |
| RP | : | Return Perception |
| Sd | : | Standard Deviation |
| SEBON | : | Securities Board of Nepal |
| SIPs | : | Systematic Investment Plans |
| SPSS | : | Statistical Package for the Social Sciences |

# Abstract

This study investigates the factors influencing investment decisions regarding Systematic Investment Plans (SIPs) among investors in Kathmandu Valley. The primary objective is to assess the awareness and key determinants affecting investors' preferences for SIP schemes. The factors are Professional Management, Ease of Investment, Return Perception, Diversification, and Liquidity. A descriptive and explanatory research design is employed, utilizing a structured questionnaire as the primary data collection instrument. A total of 384 questionnaires were distributed, resulting in 360 valid response. The data analysis involves both correlation and regression analyses to identify the relationships and predictive capabilities of the independent variables concerning the dependent variable, Investment Decision. The correlation analysis reveals significant positive relationships among all independent variables and the Investment Decision, with Professional Management demonstrating the strongest association. The regression analysis indicates that the model explains approximately 73.8% of the variance in investment decisions, confirming the collective influence of the identified factors. Coefficient analysis further highlights Professional Management as the most influential predictor, followed by Ease of Investment, Return Perception, Diversification, and Liquidity. The findings suggest that Professional Management and Ease of Investment are the most influential factors in investors' decisions to engage with SIPs. The study concludes that enhancing the professional management of funds and simplifying investment processes can significantly attract more investors to SIPs in Kathmandu Valley, providing valuable insights for financial institutions and policymakers.



**Keywords:** *Systematic Investment Plans, Mutual Funds, Professional Management, Ease of Investment, Return Perception, Diversification, and Liquidity*

# CHAPTER - I
# INTRODUCTION

## 1.1 Background of the Study

Nepal's mutual fund industry, especially in the Kathmandu Valley, has seen remarkable growth since the 1990s. The introduction of NCM Mutual Fund 2050 by the Nepal Industrial Development Corporation (NIDC) in 1993 marked the beginning of formal collective investment schemes in the country (Niraula et al., 2023). Over the years, the industry has expanded with the launch of various funds aimed at meeting diverse investment needs. This growth has been driven by a regulatory framework established by the Securities Board of Nepal (SEBON), which focuses on enhancing investor protection and ensuring greater transparency in the industry (Kandel, 2020).

Systematic Investment Plans (SIPs) have gained popularity within Nepal's mutual fund market as a convenient option for investors. By allowing individuals to invest small amounts regularly, SIPs lower the barrier for entry and encourage disciplined investing. This method also reduces the impact of market fluctuations through rupee cost averaging (Bajracharya & Mathema, 2018). However, despite these advantages, awareness of SIPs and mutual funds in general remains limited among Nepalese investors, with many continuing to prefer traditional investments like bank deposits and fixed-income securities due to their perceived safety and steady returns (Dhungel, 2023; Wagle, 2020).

Several key factors shape investor preferences toward Systematic Investment Plans (SIPs) in Kathmandu Valley, including professional management, ease of investment, return perception, diversification, and liquidity. One of the primary advantages of mutual funds is professional management, where investors benefit from the expertise of fund managers who make well-informed decisions on their behalf (Niraula et al., 2023; Kandel, 2020). The simplicity of investing through SIPs, which allows for smaller, regular contributions, also attracts investors who may be reluctant to make large upfront investments (Ghimire, 2023).

One of the primary attractions of mutual funds, including SIPs, is the professional management of investments. Fund managers are skilled professionals with the knowledge and experience to analyze markets, select appropriate securities, and

manage portfolios efficiently. This level of expertise is attractive to investors who may not have the time or expertise to manage their investments on their own (Malla, 2024). The confidence in professional oversight often boosts investor trust, leading to greater participation in SIPs. Research shows that investors frequently consider the reputation and track record of fund managers when deciding on investments, as these factors are linked to better performance (Dhungel, 2023; Shrestha & Shrestha, 2020).

SIPs are structured to make investing easier by enabling individuals to contribute a fixed amount at regular intervals. This system not only simplifies the investment process but also promotes consistent saving habits (Malla, 2024). The ability to set up automatic bank deductions for SIP contributions helps overcome psychological barriers to investing, making it a popular choice for many. Studies suggest that ease of investment plays a major role in influencing investor behavior, particularly for those hesitant to invest large sums initially (Dhungel, 2023; Nag et al., 2022).

The perception of potential returns plays a significant role in influencing investor decisions regarding SIPs. Investors are typically drawn to mutual funds that offer the prospect of higher returns, and their expectations of performance can greatly affect their decision to invest (Malla, 2024; Dhungel, 2023). However, it is important to recognize that while the promise of higher returns is appealing, it is often associated with increased risk. Research shows that investors with a positive outlook on returns are more inclined to invest in SIPs, while those who perceive greater risk may be hesitant (Ul-Hameed et al., 2019; Bhattacharyya et al., 2014). Consequently, fund managers need to effectively communicate the historical performance and risk-adjusted returns of their funds to attract and maintain investor confidence.

Diversification is a key investment strategy that helps reduce risk by distributing investments across a variety of assets. Mutual funds naturally offer this advantage by pooling money from multiple investors to invest in a wide range of securities (-, 2024; Malla, 2024). This is particularly beneficial for individuals who may lack the resources or expertise to build a diversified portfolio on their own. Research suggests that the perceived advantages of diversification play a significant role in shaping investor preferences, as it lessens the negative impact of poor performance from any single investment (Manurung & Sihombing, 2023; Upadhyaya & Chhetri, 2019). As a

result, the diversified exposure offered by SIPs to different asset classes makes them more attractive to investors.

Liquidity, or the ease with which an investment can be converted into cash without major price disruption, is another important factor for investors. In mutual funds, liquidity allows investors to access their money when needed (Malla, 2024; Dhungel, 2023). SIPs generally provide decent liquidity, enabling investors to redeem their units at current market prices. However, investor perceptions of liquidity differ; some may prioritize immediate access to funds, while others are willing to trade some liquidity for potentially higher returns. Research shows that liquidity perceptions significantly affect investment choices, with investors often preferring funds that strike a balance between return potential and ease of access (Sharma, 2024; Kaur & Kaushik, 2016).

In conclusion, the decision making process for investing in SIPs of mutual funds is influenced by a combination of factors, including professional management, ease of investment, return perception, diversification, and liquidity. As the mutual fund industry continues to develop, it is vital to examine the preferences and behaviors of investors in Kathmandu Valley. This study aims to investigate the key factors influencing their decisions regarding SIPs, which will provide valuable insights for fund managers and contribute to the growth of the mutual fund market in Nepal.

### 1.2 Problem Statement

In recent years, the mutual fund industry in Nepal has seen considerable growth, especially in the Kathmandu Valley, where Systematic Investment Plans (SIPs) are becoming an increasingly popular investment choice. Despite this growing interest, there remains a lack of comprehensive understanding regarding the specific factors that drive investors' preferences and decisions about SIPs. This gap in knowledge can impede the effective promotion and adoption of SIPs among potential investors. Investors' views on SIPs are influenced by several key factors, including the expertise of fund managers, the convenience of investment, return expectations, diversification, and liquidity. Professional management is often highlighted as a major benefit of mutual funds, as it reduces the burden of making individual investment decisions and can lead to improved returns (Upadhyaya & Chhetri, 2019). The ease of investment provided by SIPs, which allows for regular and smaller contributions, appeals to those

who might be reluctant to invest large sums of money at once (Sahoo, 2020; Bajracharya, 2018).

Additionally, the potential returns from SIPs are a critical consideration, with investors aiming to maximize financial gains while managing risks. Diversification, a fundamental investment principle, is a significant advantage of mutual funds, including SIPs, as it helps distribute risk across various assets (Rodríguez, 2018; Iraya & Wafula, 2018). Liquidity, or the ease of converting investments into cash, also plays a crucial role in influencing investor preferences, as it affects the overall risk profile and accessibility of the investment (Koch et al., 2016; Foran & O'Sullivan, 2014).

Despite the global rise and acceptance of mutual funds as a viable investment choice, the uptake of Systematic Investment Plans (SIPs) in Nepal remains relatively low. This issue can be attributed to several fundamental challenges impacting investor engagement and satisfaction. One major problem is the widespread lack of awareness and insufficient knowledge among Nepalese investors regarding mutual funds. Research has shown that many perceive mutual funds as complex and risky, leading to a reluctance to invest (Gurung, 2006; Ulak, 2020). This knowledge gap is further compounded by a prevalent fear of financial loss, which discourages potential investors from considering mutual funds despite their potential advantages (Dhungel et al., 2023).

Additionally, traditional investment options such as shares, bonds, and fixed deposits are often preferred by Nepalese investors, reflecting a broader hesitation to adopt new financial products due to unfamiliarity and misconceptions about the benefits of mutual funds (Shrestha & Shrestha, 2020). The promotional activities for mutual funds frequently fall short in delivering clear and convincing information, which hampers effective investor education and engagement (Huhmann & Bhattacharyya, 2004). The research questions guiding this investigation include:

- What factors influence investors' preferences towards Systematic Investment Plans (SIPs) in Kathmandu Valley?

- How do investors in Kathmandu Valley perceive Systematic Investment Plans (SIPs) in terms of their benefits and risks?
- What is the relationship between investors' perceptions of professional management, ease of investment, return perception, diversification, and liquidity, and their investment in SIPs in Kathmandu Valley?
- How do investors' perceptions of professional management, ease of investment, return perception, diversification, and liquidity influence their decisions to invest in SIPs in Kathmandu Valley?

### 1.3 Objectives of the Study

The general objective of this study is to examine the factors influencing investors' preferences towards Systematic Investment Plans (SIPs) in Kathmandu Valley. The specific objectives of the study are:

- To assess the status of investors' perceptions towards systematic investment plans (SIPs) in Kathmandu Valley.
- To analyze the relationship between investors' perceptions and their investment in SIPs in Kathmandu Valley.
- To examine the impact of investors' perceptions on their decisions to invest in SIPs in Kathmandu Valley.

### 1.4 Research Hypothesis

A hypothesis is a testable statement or prediction about the relationship between two or more variables. It is formulated based on existing theories or preliminary observations and aims to be tested through empirical research. The alternative hypotheses are as follows:

Professional management is a critical factor that can enhance investors' trust in mutual funds, including SIPs. Research has demonstrated that skilled fund managers can significantly improve investment outcomes by effectively navigating market complexities and optimizing portfolio returns (Kacperczyk et al., 2014). Furthermore, the perception that professional management adds value is essential for attracting investors who may be cautious due to a lack of investment knowledge or experience (Khanum & Smarans, 2024).

*H1: Professional management significantly influences investors' decisions to invest in Systematic Investment Plans (SIPs) in Kathmandu Valley.*

The simplicity and convenience of investing through SIPs are significant determinants of investor behavior. SIPs facilitate smaller, regular investments, making mutual fund participation more accessible without requiring a large initial investment. This feature is especially attractive to new investors who may be overwhelmed by the prospect of larger investments. Additionally, SIPs can help mitigate market volatility risks through their systematic investment approach, further encouraging investor participation (Khanum & Smarans, 2024).

*H2: Ease of investment significantly influences investors' decisions to invest in Systematic Investment Plans (SIPs) in Kathmandu Valley.*

The expectation of returns is a crucial factor driving investment decisions. Investors are motivated by the potential for high returns, and favorable return expectations can significantly impact their likelihood of investing in mutual funds. For SIPs, the perception of consistent and attractive returns can bolster investor confidence and influence their investment choices, especially when compared to traditional savings options with lower yields (Gharti & Lamsal, 2023).

*H3: Return perception significantly influences investors' decisions to invest in Systematic Investment Plans (SIPs) in Kathmandu Valley.*

Diversification is a fundamental investment strategy that reduces risk by spreading investments across various assets. Research shows that investors are more inclined to invest in mutual funds when they understand the benefits of diversification. SIPs inherently offer diversification benefits, as they allow investors to build their portfolio gradually over time, reducing the impact of market fluctuations on their overall investment (Gharti & Lamsal, 2023).

*H4: Diversification significantly influences investors' decisions to invest in Systematic Investment Plans (SIPs) in Kathmandu Valley.*

Liquidity is a crucial aspect affecting investor preferences. The ability to easily convert investments into cash is highly valued by investors. Studies indicate that mutual funds with higher liquidity tend to attract more investors, as they provide the reassurance that funds can be accessed when needed. For SIPs, the perceived liquidity

of mutual funds can enhance investor confidence, making them a more attractive option compared to less liquid alternatives (Koch et al., 2016).

*H5: Liquidity significantly influences investors' decisions to invest in Systematic Investment Plans (SIPs) in Kathmandu Valley.*

### 1.5 Rationale of the Study

The increasing interest in Systematic Investment Plans (SIPs) in Kathmandu Valley underscores the need to understand the specific factors that drive investor decisions. Despite the growing popularity of SIPs, there is limited research on what influences investors' preferences and decisions in this context. This study aims to bridge this gap by investigating the impact of key factors such as professional management, ease of investment, return perception, diversification, and liquidity on investors' choices. The rationale of this study are:

- The study will offer valuable insights into the specific factors that influence investors' preferences towards SIPs. By identifying these factors, investors can make more informed decisions that align with their financial goals and risk tolerance.
- The findings will assist mutual fund managers in tailoring their strategies to better meet investor needs. Understanding what drives investor preferences can help in designing more attractive and effective SIP offerings.
- The study will contribute to investor education by highlighting the key aspects that affect investment decisions. This knowledge can help in addressing misconceptions and increasing awareness about the benefits of SIPs.
- Insights from the study may inform policymakers and regulatory bodies in crafting policies that support the growth and development of the mutual fund industry in Nepal.
- By identifying and addressing the barriers to SIP adoption, the study will support the expansion of the mutual fund market, potentially leading to increased participation and investment in mutual funds.

### 1.6 Limitations of the Study

The limitations of this study include:

- The study is focused on investors in the Kathmandu Valley, which may limit the generalizability of the findings to other regions of Nepal or different demographic groups.
- The reliance on self-reported data from questionnaires may introduce response biases. Participants may provide socially desirable answers or may not fully disclose their true investment behavior and preferences.
- The study reflects the investment behavior and preferences of participants at a specific point in time. Changes in market conditions, economic factors, or investor sentiment could influence the results over time.
- This study focuses on factors like professional management, ease of investment, return perception, diversification, and liquidity, there may be other influential factors not covered in this research, such as macroeconomic variables or individual financial goals.
- The study assumes a certain level of awareness and accessibility to mutual funds among participants. Variations in financial literacy and access to mutual fund information could affect the accuracy of the findings.
- The study's methodology, including the use of questionnaires and statistical analysis, may have limitations in capturing the full complexity of investor decision making processes and preferences.

# CHAPTER - II
# LITERATURE REVIEW

This chapter reviews the literature relevant to the study, linking it to Chapter I and providing an overview of its organization. It includes a theoretical review to establish the foundational concepts, a conceptual review to explore key ideas, and an empirical review of recent studies and reports. The chapter also highlights identifies gaps in the existing research to justify the need for further investigation.

## 2.1 Theoretical Review

This section reviews key theories related to investment behavior and financial decision-making. It provides a foundation for understanding how factors like professional management, ease of investment, return perception, diversification, and liquidity influence investor preferences for Systematic Investment Plans (SIPs).

### 2.1.1 Theory of Planned Behavior (TPB),

The Theory of Planned Behavior (TPB), developed by Icek Ajzen in 1991, provides a robust framework for understanding the determinants of human behavior. This psychological theory extends the earlier Theory of Reasoned Action by adding perceived behavioral control, reflecting individuals' beliefs about their ability to perform a given behavior (Ajzen, 2004; Armitage & Conner, 2001). TPB posits that behavioral intentions, which are the most significant predictors of actual behavior, are influenced by three key components: attitudes toward the behavior, subjective norms, and perceived behavioral control. Attitudes involve an individual's positive or negative evaluation of the behavior, while subjective norms refer to perceived social pressures related to the behavior. Perceived behavioral control encompasses individuals' beliefs about their capacity to execute the behavior, influenced by personal and external factors (Wetta et al., 2013; Fayed, 2023).

TPB has been effectively applied to various domains to predict and understand behavior. For example, research on consumer behavior has demonstrated that TPB can explain intentions to use e-coupons, where perceived behavioral control and attitudes significantly influence usage intentions (Li & Gong, 2013). Similarly, TPB has been used to explore academic dishonesty among students, highlighting how

motivations and behavioral intentions are shaped by both external pressures and personal attitudes (Kang et al., 2006).

### 2.1.2 Modern Portfolio Theory (MPT)

Modern Portfolio Theory (MPT), introduced by Harry Markowitz in 1952, has fundamentally transformed investment management by providing a systematic approach to portfolio construction. The core principle of MPT is that investors can optimize their portfolios to achieve the highest expected returns for a given level of risk, or conversely, minimize risk for a given level of expected return. This is accomplished through diversification, where combining assets with low correlations reduces the overall risk of the portfolio (Li, 2022; Ying, 2024).

Central to MPT is the concept of the efficient frontier, which delineates the set of optimal portfolios that offer the highest expected return for a specific level of risk. Portfolios on the efficient frontier are considered optimal, while those below it are deemed inefficient as they do not provide sufficient returns for the level of risk undertaken (Evans & Vuuren, 2019; Fays et al., 2018). This concept is derived from mean-variance optimization, where the mean return and variance of asset returns are used to assess and compare portfolio performance (Leone & Ravishankar, 2017; Cai & Liu, 2023).

MPT is closely linked with the Capital Asset Pricing Model (CAPM), which extends MPT by establishing a relationship between an asset's expected return and its systematic risk, as measured by beta. CAPM provides a framework for determining the theoretically appropriate required rate of return on an asset, considering its risk relative to the market (Peake, 2005).

### 2.1.3 Behavioral Finance Theory

A fundamental aspect of behavioral finance is the notion of bounded rationality, which suggests that investors often make decisions that are not in their optimal financial interest due to cognitive constraints and emotional factors (Leković, 2019; Antony, 2019). For example, overconfidence can lead investors to misjudge the risks associated with their investments. This bias may make Systematic Investment Plans (SIPs) particularly appealing, as they offer a structured and disciplined investment

approach, potentially reducing the emotional stress that can come with lump-sum investments (Yang, 2016). Additionally, behavioral portfolio theory posits that investors typically have multiple financial goals, such as retirement savings or educational funding, which makes SIPs an attractive choice for addressing these varied objectives (Antony, 2019).

Moreover, Kahneman and Tversky's Prospect Theory highlights that investors are generally more sensitive to potential losses than to equivalent gains. This tendency towards loss aversion can influence the preference for SIPs, as they allow for incremental investing and risk management over time, which may help lessen the psychological impact of market fluctuations (Li et al., 2021). The concept of mental accounting also plays a role, as investors might separate their SIP contributions from other financial activities, reinforcing their commitment to this investment strategy (Sharma & Kumar, 2019).

The social and cultural context of the Kathmandu Valley also significantly affects investors' preferences. In a region where traditional investment methods are prevalent, SIPs might be seen as a modern and safer option, appealing to risk-averse investors who are cautious about more volatile investment choices (Hou et al., 2017). Additionally, social norms and peer behavior can create a collective preference for SIPs, as individuals tend to follow the investment strategies adopted by their peers, thus reinforcing their own choices (Leković, 2019).

### 2.1.4 Prospect Theory

Prospect Theory, introduced by Daniel Kahneman and Amos Tversky in 1979, represents a pivotal development in understanding decision-making under risk, challenging traditional Expected Utility Theory (EUT). According to Prospect Theory, individuals assess potential losses and gains relative to a reference point rather than in absolute terms. This perspective accounts for behaviors that deviate from EUT, such as loss aversion, where losses have a greater impact on decision-making than equivalent gains. This theory has significantly influenced behavioral economics, offering insights into how psychological factors affect financial decisions (Barberis, 2013; Vis, 2011).

An extension of Prospect Theory, known as Cumulative Prospect Theory (CPT), enhances the model by incorporating a cumulative approach to probabilities, providing a more detailed understanding of risk and uncertainty. CPT maintains the core principles of loss aversion and the S-shaped value function, which indicates diminishing sensitivity to both gains and losses as one moves further from the reference point. Empirical research supports CPT's applicability across various fields, including finance, where it offers a robust alternative to traditional economic models (Jia & Wang, 2020; Tversky & Kahneman, 2016; Uzhga-Rebrov & Grabusts, 2021). The cumulative approach improves the model's descriptive power, making it particularly relevant for financial analysis (Greco & Rindone, 2013; Razo & Gao, 2013).

In practical terms, Prospect Theory helps explain investor behaviors and market anomalies. For example, the theory clarifies phenomena like the disposition effect, where investors are reluctant to sell losing investments while readily realizing gains. This behavior contradicts the predictions of EUT and underscores the role of psychological factors in financial decision-making (Liu et al., 2014; Kaustia, 2010). Integrating Prospect Theory into decision-making frameworks, such as those for investment strategies, demonstrates its practical relevance (Agarwal, 2009; Li & Zhao, 2015).

For instance, in the context of systematic investment plans (SIPs) in mutual funds, Prospect Theory and its cumulative extension offer valuable insights. Investors' preference for SIPs can be attributed to their tendency to manage risk gradually and avoid the emotional impact of market volatility. This aligns with the theory's emphasis on how psychological biases, like loss aversion and mental accounting, shape investment choices. SIPs provide a structured approach to investing that mitigates the psychological stress associated with lump-sum investments and aligns with behavioral finance principles (Sharma & Kumar, 2019). By applying Prospect Theory, stakeholders can better understand and cater to investor behavior in the Kathmandu Valley, where traditional investment practices might make SIPs an appealing modern alternative (Hou et al., 2017).

### 2.1.5 Mutual funds in Nepal

Mutual funds in Nepal have become a key investment option since the introduction of the NCM Mutual Fund 2050 by the Nepal Industrial Development Corporation (NIDC) in 1993. This event marked the start of a structured mutual fund industry in Nepal, which has since progressed under the Mutual Fund Regulation, 2010. This regulation has been instrumental in nurturing the sector, allowing mutual funds to aggregate resources from diverse investors and invest them across a range of assets, including stocks, bonds, and money-market instruments. The goal of mutual funds is to provide attractive returns while managing risk, which makes them a preferred choice for both new and seasoned investors (Niraula et al., 2023; Shrestha & Shrestha, 2020).

Recent research shows an increasing interest in mutual funds among Nepalese investors, signaling a shift from conventional investments such as fixed deposits to more varied and dynamic options. This shift is largely due to the advantages of professional management, diversification, and liquidity that mutual funds offer, which appeal to investors aiming to improve their financial outcomes (Ghimire, 2023; Chaudhary et al., 2021). Despite these benefits, challenges persist, notably in terms of investor awareness and education. Many prospective investors have limited knowledge of mutual funds and often perceive them as passive investment tools. This knowledge gap can discourage investment, underscoring the need for improved financial education initiatives (Dhungel, 2023; Wagle, 2020).

The performance of mutual funds in Nepal has been extensively studied, with research highlighting several factors that affect their success. Factors such as the fund's age, prevailing market conditions, and liquidity levels have been found to influence performance metrics like the Sharpe ratio and overall returns (Gharti & Lamsal, 2023; Ghimire, 2022; Upadhyaya & Chhetri, 2019). Additionally, while mutual funds generally show strong performance in terms of risk-adjusted returns, performance varies across different funds due to differing management strategies and market conditions (Bajracharya, 2022; Shrestha, 2023). As the mutual fund sector evolves, it is vital for fund managers and regulatory bodies to enhance investor education and address the barriers faced by potential investors to promote sustained

growth in this field (Dror et al., 2014; "Drivers of Mutual Fund Pricing of the Nepalese Stock Market", 2023).

### 2.1.6 Strategic Investment Plan (SIP)

The Systematic Investment Plan (SIP) is a strategy for investing in mutual funds where investors contribute a fixed sum on a regular basis, usually monthly. This approach allows individuals to build wealth steadily while reducing the impact of market fluctuations. By consistently investing, individuals benefit from rupee cost averaging purchasing more units when prices are lower and fewer units when prices are higher. This method is particularly advantageous for those who may not have a significant amount of money to invest initially, making it accessible to a wider range of investors. Additionally, SIPs encourage disciplined investing, helping investors maintain a focus on their financial objectives and savings (Bajracharya, 2024; Bhandari, 2024).

In Nepal, the use of SIPs has been steadily increasing, reflecting a growing recognition of mutual funds as a viable investment option. Since the launch of the first mutual fund in 1993, the Nepali mutual fund industry has advanced, with various funds now offering SIP options. Research shows that investors in Kathmandu Metropolitan City view SIPs as a practical and efficient method for mutual fund investment, aligning well with their financial planning and investment goals (Bajracharya, 2024; Bhandari, 2024). However, challenges persist, especially in terms of investor education and awareness. Many potential investors still lack detailed knowledge about mutual funds and SIPs, which can limit their market participation (Dhungel, 2023; Wagle, 2020).

The effectiveness of mutual funds using SIPs in Nepal has been examined, with studies suggesting that these investment plans can produce favorable long-term returns. Key factors influencing the success of SIPs include market conditions, fund management practices, and investor behavior (Ghimire, 2023; Shrestha & Shrestha, 2020). The regulatory framework established by the Securities Board of Nepal (SEBON) has been instrumental in enhancing the credibility and appeal of mutual funds, including SIPs. As the mutual fund sector evolves, it is crucial for stakeholders to enhance investor education and address entry barriers to cultivate a stronger investment culture in Nepal (Ghimire, 2023; Bajracharya, 2024).

### 2.1.7 Investment Decision in Systematic Investment Plans (SIPs)

Investment decision making regarding Systematic Investment Plans (SIPs) in mutual funds is influenced by a range of factors, including risk tolerance, awareness, and the perceived benefits of professional management. SIPs facilitate the regular investment of a fixed amount, helping to reduce the impact of market fluctuations through rupee cost averaging. This approach is particularly attractive to investors who prefer lower-risk investment options (Saini, 2024).

Empirical research demonstrates that many investors view mutual funds, and specifically SIPs, as effective tools for systematic investing. For example, a study in Gujarat found that investors perceive mutual funds as a contemporary investment choice, with a preference for SIPs due to their potential for long-term growth and disciplined investment approach. Similarly, research conducted in Kathmandu revealed that investors are drawn to mutual funds for their potential to deliver high returns with relatively lower risk, making SIPs a favored investment strategy (Bajracharya & Mathema, 2018).

Demographic factors play a crucial role in shaping investment decision making towards SIPs. Research by Samdani (2024) indicates that demographic characteristics, such as age and income level, significantly influence the inclination towards investment strategies, including SIPs. Awareness and understanding of mutual funds and SIPs are also critical in shaping investment behavior. Studies suggest that higher levels of awareness lead to increased participation in mutual funds, particularly through SIPs, as investors gain a better understanding of the benefits these investment strategies offer (Dhungel, 2023; Dhall et al., 2021).

Additionally, the professional management provided by mutual funds is a significant factor influencing investment decisions towards SIPs. For individuals who lack the time or expertise to manage their investments, the professional oversight offered by fund managers presents a substantial advantage (Wu et al., 2018).

### 2.1.8 Professional Management

Professional management is a crucial factor shaping investors' preferences for Systematic Investment Plans (SIPs) in mutual funds. Many investors lack the expertise and time to manage their investments effectively, leading them to depend on

professional fund managers. These managers possess the skills and knowledge necessary to make informed investment decisions. Research indicates that investors prefer mutual funds managed by well-regarded firms with a history of strong performance, as these managers perform in-depth research and analysis to balance risk and optimize returns (Bajracharya & Mathema, 2018; Nag et al., 2022). The perception of professional management boosts investor confidence, making them more likely to opt for SIPs, as they trust that their investments are being handled by experts capable of navigating market complexities (Manurung & Sihombing, 2023; Kandel, 2020).

The relationship between professional management and investment decisions is significant. Investors tend to feel more secure when their funds are managed by experienced professionals, leading to a greater willingness to commit to SIPs. Studies have also shown that funds managed by seasoned professionals often outperform those managed by less experienced individuals, further highlighting the importance of professional management in shaping investors' choices to participate in SIPs (Dhungel, 2023).

### 2.1.9 Ease of Investment

Ease of investment is another key factor attracting investors to SIPs. SIPs allow individuals to invest small, fixed amounts at regular intervals, making it a convenient option for those without large sums of money to invest all at once. This systematic approach helps reduce psychological barriers to investing, as it enables investors to start small and increase their investments gradually. Additionally, the automated nature of SIPs simplifies the process, requiring minimal effort from investors and appealing to those with busy schedules (Dhungel, 2023; Bajracharya, 2018).

The ease of investment significantly impacts investment decisions. When investors perceive fewer barriers to entry, they are more likely to participate in SIPs. This is particularly important for novice investors who may feel intimidated by the complexities of the financial markets. Streamlined processes and user-friendly platforms can encourage more individuals to invest in SIPs, leading to higher participation rates for financial institutions offering these plans (Dhawan & Mehta, 2019; Bhattacharyya et al., 2014).

### 2.1.10 Return Perception

Perception of returns plays a pivotal role in shaping investors' decisions to invest in SIPs. Many investors are attracted to mutual funds due to the potential for higher returns compared to traditional savings options like fixed deposits (Nag et al., 2022; Dhawan & Mehta, 2019). Studies show that investors often associate mutual funds with the opportunity for capital appreciation, particularly when using SIPs, which allow for rupee cost averaging (Bhattacharyya et al., 2014). However, it is important that investors maintain realistic expectations, as overly optimistic return perceptions can lead to disappointment if actual returns fall short (Bhattacharyya et al., 2014; Sharma & Mukherjee, 2021). Therefore, educating investors about the historical performance of mutual funds is essential for shaping accurate return expectations and promoting a positive attitude toward SIPs.

Return perception has a critical influence on investment decisions. When investors expect favorable returns, they are more likely to commit to SIPs, which can lead to increased investment amounts and frequency. Consistent communication about fund performance and market trends can further reinforce confidence in SIPs as a solid investment option (Shrestha & Shrestha, 2020; Khorana & Servaes, 2011).

### 2.1.11 Diversification

Diversification is a fundamental investment principle that significantly affects investors' preferences for SIPs in mutual funds. By pooling funds from various investors, mutual funds can invest in a diverse portfolio of assets, spreading risk across multiple securities (Manurung & Sihombing, 2023; Shrestha & Shrestha, 2020). This approach is especially appealing to risk-averse investors who seek to minimize losses while maximizing returns (Khorana & Servaes, 2011). The ability to achieve diversification through SIPs, without requiring substantial capital, makes them an attractive option for investors in Kathmandu Valley. Moreover, the perception that mutual funds offer a balanced risk-return approach enhances their appeal, encouraging more investors to choose SIPs as a tool for achieving financial goals (Dhungel, 2023; Bajracharya, 2018).

Diversification plays a crucial role in investment decisions. When investors understand the benefits of diversification, they are more likely to invest in SIPs. This understanding helps alleviate concerns about market volatility, leading to a greater

willingness to invest. Investors who prioritize diversification tend to favor SIPs as a strategy for building a well-balanced investment portfolio (Megawati & Djamaludin, 2023).

### 2.1.12 Liquidity

Liquidity is another important factor influencing investors' preferences for SIPs in mutual funds. Investors often prefer investment options that allow them to access their funds with ease. Mutual funds typically offer higher liquidity than alternatives such as real estate or fixed deposits, allowing investors to redeem their units at the prevailing Net Asset Value (NAV) (Megawati & Djamaludin, 2023; Dhawan & Mehta, 2019). This feature appeals to investors who may need quick access to funds during emergencies. The perceived liquidity of mutual funds, combined with the structured nature of SIPs, gives investors the confidence that they can manage their investments flexibly while still benefiting from potential capital growth (Dhungel, 2023; Bajracharya, 2018).

Liquidity significantly impacts investment decisions. When investors perceive that their investments are liquid, they are more likely to commit to SIPs. The ability to access funds easily can reduce anxiety about long-term commitments, and during market downturns, those who value liquidity might be more inclined to redeem their investments, while others may stay invested for long-term gains (Dhawan & Mehta, 2019; Bajracharya, 2018).

## 2.2 Empirical Review

Bajracharya (2017) carried out a study on A Study of Investors' Attitude Towards Mutual Fund in Kathmandu City, Nepal. The main objective of the study was to explore the relationship between demographic and socioeconomic characteristics and investors' attitudes towards mutual funds. Additionally, the study aimed to rank various sources that investors use for making investment decisions based on their preferences. Data were collected using a structured questionnaire with Likert scale responses and analyzed to measure attitudes and preferences. The research found that investors' attitudes towards mutual funds were not significantly influenced by demographic or socioeconomic variables such as age, gender, monthly income, investment level, or educational qualification. Among the sources for making

investment decisions, brokers and agents were the most preferred. The study recommended regulatory changes, increased investor awareness, and encouragement for private companies to raise funds through mutual funds.

Aurora (2020) conducted a study entitled A Study on Investor Perception About Systematic Investment Plan (SIP) in the City of Mumbai. This research explores the factors motivating investors to engage in SIPs and the challenges they encounter. The study targeted 100 respondents from Mumbai, aiming to understand the appeal of SIPs as an investment option offering high returns with lower risk through gradual investments in mutual funds and stocks. Data were collected via a structured questionnaire and analyzed using various statistical tools. The results revealed that investors are primarily driven by the potential for higher returns with reduced risk. However, the study also identified knowledge and operational platform issues as significant barriers faced by investors in utilizing SIPs effectively.

Kler (2020) carried out a study titled Factors Influencing Perception of Investors Towards (SIP) Schemes of Mutual Funds: An Analytical Study of Retail Investors. The main objective of the study was to evaluate the perception of retail investors towards SIP schemes introduced by mutual fund companies in India. The research employed an empirical approach, using descriptive statistics, correlation, and regression analysis to examine the relationship between various determinants, such as demographic factors, trust in financial institutions, and behavioral finance aspects like loss aversion. The major findings of the study indicated that both intrinsic motivations (such as risk tolerance and financial knowledge) and extrinsic factors (such as the role of technology and institutional trust) significantly influenced investors' decision-making regarding SIPs. The study concluded that SIPs are gaining popularity among small investors due to their structured nature, and that financial institutions can further enhance this preference by leveraging technology and increasing investor education.

Lal (2020) carried out a study on Investigating the Factors Affecting Investment Behaviour of Mutual Fund Investors. The main objective of this study was to identify the factors influencing the investment behavior of mutual fund investors. The research utilized secondary data, reviewing existing literature to understand the dynamics of mutual fund investment behavior. The findings indicate that investment decisions are significantly influenced by investors' attitudes, risk perceptions, and their knowledge

or awareness of investment schemes. Various factors, including investment alternatives, sources of information, and demographic variables (such as age, gender, marital status) and socio-economic variables (such as education, occupation, and income level), were found to have a direct and significant impact on investment behavior. Key factors such as tax savings, fund safety, flexibility, liquidity, and risk diversification also notably affect investment choices. The study concludes that mutual fund investments help investors achieve their financial, social, and psychological goals.

Shrestha and Shrestha (2020) carried out a study on Factors Influencing Investment in Mutual Fund Schemes of Nepal. The main objective of the study was to analyze the investment patterns of Nepalese mutual fund investors and identify the critical factors influencing their investment decisions. The research employed a quantitative methodology using primary data collected through surveys. Data analysis included descriptive statistics, correlation, and regression analysis. The major findings revealed that investors showed moderate aversion to mutual fund schemes and relied heavily on performance indicators and perceptions of the schemes when making investment decisions. Although fund managers' qualities and corporate governance were considered important, their effects were not statistically significant. The study concluded that a deeper understanding of investor preferences and scheme effectiveness is crucial for enhancing investment in Nepal's mutual fund sector.

Chaudhary et al. (2021) carried out a study on An Investors' Interest Towards Mutual Funds: A Study of Kathmandu Valley, Nepal. The main objective of the study was to assess investors' attitudes and perceptions towards mutual funds in the Kathmandu Valley. The research used a purposive sampling method to select 230 respondents, and data were collected via questionnaires. The data analysis involved descriptive statistics and correlation analysis. The study found that investors had a high familiarity with fixed deposits, moderate familiarity with shares, and low familiarity with bonds, debentures, and money market instruments. The analysis concluded that investors are attracted to mutual funds due to their flexibility, security, and professional management services. The study recommended that regulatory bodies and issue managers conduct training and awareness programs to highlight the benefits of mutual funds.

Selvan et al. (2021) conducted a study titled Factors Influencing Investor's Perception towards Mutual Funds in Tamil Nadu: A Study. This research investigates how investors in Tamil Nadu perceive mutual funds as an investment option. Mutual funds, which pool capital from various investors to invest in a diverse range of securities, offer a way to earn decent returns with relatively low risk. The study surveyed over 100 professional investors in Tamil Nadu using a structured questionnaire. Data were analyzed using descriptive statistics, including demographic analysis, rotation component matrix, and ANOVA tests. The findings indicate that factors such as benefits, convenience, and reputation significantly influence investors' behavior, while age and marital status do not impact their perceptions. The study provides valuable insights for academics, market researchers, institutional investors, and other stakeholders in the mutual fund industry.

Bharucha et al. (2022) conducted a study titled Study on Investor's Perception Towards Mutual Fund Investments in Gujarat. The study aimed to identify the key factors influencing investors' behavior towards mutual fund investments through Systematic Investment Plans (SIPs). Using a structured questionnaire, the researchers surveyed 208 respondents to assess their investment patterns. The analysis revealed eight significant factors affecting investment choices. For male investors, the most influential factors were Brand Name, Market News, Peer Reference, and Returns. For female investors, Awareness, Disposable Income, Objective of Investment, and Entry/Exit were identified as the most important factors. The study also found that income plays a crucial role in promoting SIP investments, with higher income levels supporting the use of SIPs more than lower income levels. The findings underscore the varied factors affecting investment decisions between different genders and income groups.

Sharma et al. (2023) conducted an empirical study titled Factors Affecting Inclination of Investors Towards Mutual Funds - Systematic Investment Plans (SIP): An Empirical Study of Retail Investors. This study explores the factors influencing investors' preferences for mutual funds, particularly through SIPs. The research underscores the importance of effective investment management for achieving desirable returns and highlights the growing popularity of professionally managed mutual funds among Indian investors. By surveying 291 retail investors, the study

identified key factors affecting their inclination towards mutual funds, including Professional Management, Diversification, Ease of Investment, and Liquidity. The findings reveal that these factors significantly impact investors' decisions, contributing to the increasing adoption of SIPs as a preferred investment vehicle.

Sharma and Joshi (2023) conducted a study titled A Study on Awareness Level of Investment Through Systematic Plans in Mutual Funds Amongst People Residing in North Ahmedabad. The study aimed to explore the awareness levels and factors influencing investments in Systematic Investment Plans (SIPs) among residents of North Ahmedabad. Utilizing a quantitative research design, the researchers employed a structured questionnaire to collect data from a sample of local residents. The survey covered various aspects, including demographic information, mutual fund awareness, SIP investment objectives, and influencing factors. The findings revealed diverse investor preferences and varying levels of importance attributed to different investment factors. Investors generally perceived SIPs as a viable means for achieving long-term financial goals and ensuring family stability. The study's results provide valuable insights for investors, financial institutions, and policymakers, suggesting that enhanced awareness and targeted educational initiatives could better align financial offerings with the specific needs and preferences of potential investors.

Sharma et al. (2023) conducted an empirical study titled Factors Affecting Inclination of Investors towards Mutual Funds-Systematic Investment Plans (SIP): An Empirical Study of Retail Investors. The primary objective of the study was to examine the key factors that influence retail investors' preferences for SIPs in mutual funds. Using a sample of 291 respondents, the researchers employed descriptive statistics, correlation, and regression analysis to analyze the data. The study identified four main factors influencing investor inclination: professional management, diversification, ease of investment, and liquidity. The findings suggested that these factors significantly drive retail investors' decisions to choose SIPs as a low-risk, systematic approach to achieving their financial goals. The study concluded that SIPs offer an attractive investment avenue for small investors due to their structured and professional management, making them a preferred choice in the Indian market.

Aggarwal (2024) conducted an empirical study titled Investor’s Preference Towards Mutual Fund Investments in an SIP (Systematic Investment Plan) Mode. The main

objective of the study was to identify the factors motivating investors to choose SIPs, examine the challenges associated with these plans, and determine which funds are most suitable for retail investor portfolios. Using a survey method, data was collected from 80 respondents, and descriptive analysis, along with correlation and regression analysis, was used to analyze the data. The findings revealed that the growing middle-income group, increased financial awareness, and creative fund offerings play a significant role in promoting SIPs among investors. It also highlighted that SIPs are perceived as a low-risk, disciplined investment option, especially appealing to risk-averse individuals seeking higher returns without the volatility of direct equity investments. The study concluded that SIPs offer an efficient approach to financial planning and are favored by investors looking for consistent returns through structured investments in mutual funds.

Bajracharya and Aithal (2024) conducted a study titled Investment in Nepalese Mutual Fund under Systematic Investment Plan: A Study on Perception of Investors in Kathmandu Metropolitan City. The primary aim of the research was to analyze the perception of investors regarding the Systematic Investment Plan (SIP) for mutual funds in Nepal. The study utilized a questionnaire to collect data from 157 respondents who own mutual funds in Kathmandu Metropolitan City, with the data analyzed using descriptive statistics in JAMOVI. The findings revealed that investors primarily learn about SIP investments through brokers rather than other sources. The study recommended increasing SIP awareness through various media channels such as newspapers and television to reach a broader audience. The research also highlighted the need to emphasize the flexibility and long-term benefits of SIPs to encourage more investment in mutual funds.

Bhandari and Subedi (2024) carried out a study on Determinants of Investment Decisions of Mutual Fund in Nepal. The main objective of the study was to examine the factors influencing investment decisions in mutual funds in Nepal, focusing on financial literacy, risk perception, investment behavior, and peer group influence. Data were collected from 204 individual investors using a structured questionnaire and analyzed with Smart PLS 4.0 to test the structural relationships within the proposed model. The study found that financial literacy, risk perception, and investment behavior significantly positively affected investment decisions in Nepalese

mutual funds, while peer group influence had no significant effect. The findings highlight the importance of financial education and tailored investment strategies, suggesting that improving financial literacy through educational programs could enhance investor decision-making in Nepal's mutual fund market.

Sahana and Sukanya (2024) carried out a study on Factors Influencing Investors' Behavior on Mutual Funds in Karnataka. The main objective of the study was to investigate the various factors that influence investors' behavior towards mutual funds in the Karnataka region of India. The research examined the impact of demographic, economic, psychological, and social factors on investment decisions. Data were analyzed to identify patterns and correlations between these variables and investors' choices. The study found that understanding these factors is crucial for developing targeted strategies to attract and retain investors, and for designing interventions to enhance financial literacy. The insights from this research are expected to inform practitioners and policymakers, thereby fostering informed decision-making and supporting the growth of the mutual fund industry in Karnataka.

**Table 1**

*Summary of Empirical Review*

| Date | Article Title | Author(s) | Objective | Methodology | Findings |
|---|---|---|---|---|---|
| 2017 | A Study of Investors' Attitude Towards Mutual Fund in Kathmandu City, Nepal | Bajracharya | To explore the relationship between demographic and socioeconomic characteristics and attitudes towards mutual funds. | Structured questionnaire, Likert scale | Investors' attitudes towards mutual funds were not significantly influenced by demographic or socioeconomic variables such as age, gender, or income. Instead, brokers and agents emerged |

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|---|---|---|---|---|---|
| | | | | | as the most preferred sources for making investment decisions.. |
| 2020 | A Study on Investor Perception About Systematic Investment Plan (SIP) in the City of Mumbai | Aurora | To explore factors motivating investors to engage in SIPs and the challenges they encounter. | Structured questionnaire, statistical tools | Investors are motivated by the potential for higher returns with reduced risk in SIPs. Challenges include knowledge gaps and operational platform issues. |
| 2020 | Factors Influencing Perception of Investors Towards SIP Schemes of Mutual Funds | Kler | To evaluate the perception of retail investors towards SIP schemes and their influencing factors. | Descriptive statistics, correlation, regression | Intrinsic factors like risk tolerance and financial knowledge, along with extrinsic factors such as technology and institutional trust, significantly influence |

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|---|---|---|---|---|---|
| | | | | | investors' decisions. |
| 2020 | Investigating the Factors Affecting Investment Behaviour of Mutual Fund Investors | Lal | To identify factors influencing investment behavior of mutual fund investors. | Secondary data review, literature analysis | Investment decisions are influenced by attitudes, risk perceptions, and knowledge of investment schemes. Key factors include tax savings, fund safety, flexibility, and liquidity. |
| 2020 | Factors Influencing Investment in Mutual Fund Schemes of Nepal | Shrestha & Shrestha | To analyze investment patterns and critical factors influencing mutual fund investment decisions in Nepal. | Survey, descriptive statistics, correlation, regression | Investors' decisions are influenced by performance indicators and perceptions of mutual fund schemes; fund managers' qualities and corporate governance effects were not statistically |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | significant. |
| 2021 | An Investors' Interest Towards Mutual Funds: A Study of Kathmandu Valley, Nepal | Chaudhary et al. | To assess investors' attitudes and perceptions towards mutual funds. | Structured questionnaire, descriptive statistics | Investors showed high familiarity with fixed deposits and moderate familiarity with mutual funds. They are attracted to mutual funds for their flexibility, security, and professional management. |
| 2021 | Factors Influencing Investor's Perception Towards Mutual Funds in Tamil Nadu | Selvan & G | To investigate how investors in Tamil Nadu perceive mutual funds and influencing factors. | Structured questionnaire, descriptive statistics, ANOVA | Key factors influencing investor perceptions include benefits, convenience, and reputation, while age and marital status do not impact perceptions. |
| 2022 | Study on Investor's Perception | Bharucha et al. | To identify key factors influencing | Structured questionnaire | Significant factors include Brand Name, |

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|---|---|---|---|---|---|
| | Towards Mutual Fund Investments in Gujarat | | investors' behavior towards mutual fund investments through SIPs. | | Market News, Peer Reference, and Returns for male investors, and Awareness, Disposable Income, Objective of Investment, and Entry/Exit for female investors. Income is crucial in promoting SIP investments. |
| 2023 | Factors Affecting Inclination of Investors Towards Mutual Funds - SIPs | Sharma et al. | To explore factors influencing investors' preferences for SIPs in mutual funds. | Survey, descriptive statistics, correlation, regression | Key factors driving preference for SIPs include Professional Management, Diversification, Ease of Investment, and Liquidity. SIPs are preferred due to their structured |

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|---|---|---|---|---|---|
| | | | | | approach and professional management. |
| 2023 | A Study on Awareness Level of Investment Through Systematic Plans in Mutual Funds Amongst People Residing in North Ahmedabad | Sharma & Joshi | To explore awareness levels and factors influencing SIP investments among North Ahmedabad residents. | Structured questionnaire, quantitative analysis | SIPs are perceived as a viable means for long-term financial goals; there are varying levels of importance for different investment factors. Increased awareness and targeted education are needed. |
| 2024 | Investor's Preference Towards Mutual Fund Investments in an SIP Mode | Aggarwal | To identify factors motivating investors to choose SIPs, examine challenges, and determine suitable funds for retail | Survey, descriptive analysis, correlation, regression | Factors such as the growing middle-income group, increased financial awareness, and creative fund |

| | | | | | |
|---|---|---|---|---|---|
| | | | portfolios. | | offerings promote SIPs; SIPs are favored for their low-risk, disciplined investment approach. |
| 2024 | Investment in Nepalese Mutual Fund under Systematic Investment Plan: A Study on Perception of Investors in Kathmandu Metropolitan City | Bajracharya & Aithal | To analyze the perception of investors regarding SIPs for mutual funds in Kathmandu. | Structured questionnaire, descriptive statistics | Investors primarily learn about SIPs through brokers. Increased awareness through media and emphasis on SIP benefits are recommended to encourage more investment. |
| 2024 | Determinants of Investment Decisions of Mutual Fund in Nepal | Bhandari & Subedi | To examine factors influencing investment decisions in mutual funds in Nepal. | Structured questionnaire, Smart PLS 4.0 | Financial literacy, risk perception, and investment behavior significantly influence investment |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | decisions, while peer group influence does not. |
| 2024 | Factors Influencing Investors' Behavior on Mutual Funds in Karnataka | Sahana & Sukanya | To investigate factors influencing investors' behavior towards mutual funds in Karnataka. | Data analysis of demographic, economic, psychological, and social factors | Key factors affecting investor behavior include demographic, economic, psychological, and social variables. Insights are useful for developing strategies to enhance financial literacy and mutual fund industry growth. |

**2.3 Research Gap**

While there is a considerable amount of research on mutual funds and Systematic Investment Plans (SIPs) in international contexts, such as the studies by Selvan et al. (2021) and Sharma et al. (2023), there is a noticeable lack of studies focusing specifically on the Nepalese context. Much of the existing literature, including the work of Aurora (2020) and Kler (2020), provides general insights into investment behaviors or perceptions without addressing the unique aspects of Nepal’s investment

environment. This gap highlights the need for research that tailors findings to the specific conditions and challenges faced by Nepalese investors.

Additionally, although there is substantial research on mutual funds, there is a distinct lack of focused studies on Systematic Investment Plans (SIPs) within the Nepalese context. While some studies, such as those by Aurora (2020) and Sharma et al. (2023), explore SIPs, they do not delve deeply into how SIPs are perceived and utilized specifically in Nepal. This gap underscores the necessity for targeted research on SIPs to better understand their adoption and impact in Nepal.

Furthermore, research on mutual funds and SIPs in the Kathmandu Valley often does not address specific variables such as professional management, ease of investment, return perception, diversification, and liquidity. Existing studies, including those by Bajracharya (2017) and Chaudhary et al. (2021), tend to overlook these critical aspects in the local context. Exploring these variables in detail can offer valuable insights into their influence on investor decisions and perceptions in Kathmandu Valley.

This study addresses these gaps by focusing specifically on the Kathmandu Valley and investigating investor perceptions of Systematic Investment Plans (SIPs). It provides a detailed analysis of the factors influencing SIP investments, with a particular emphasis on variables such as professional management, ease of investment, return perception, diversification, and liquidity. By doing so, the study enriches the understanding of SIP investments in Nepal and contributes to the development of more effective investment strategies and policies tailored to the needs of Nepalese investors.

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# CHAPTER - III
# RESEARCH METHODOLOGY

This chapter outlines the methodological approach taken in the study to examine the factors influencing the perception of investors towards Systematic Investment Plan (SIP) schemes in Kathmandu Valley. This chapter includes sections on the research design used in the study, the population and sample, and the sampling design. It also covers the nature and sources of data, along with the instruments used for data collection. Additionally, it describes the methods of analysis employed to interpret the data. Finally, the chapter presents the research framework and provides definitions for the variables used in the study.

## 3.1 Research Design

This study adopts a quantitative approach, utilizing both descriptive and casual comparative research designs. The descriptive design is used to summarize and describe the characteristics of the population under study, specifically focusing on the perception of investors towards SIP schemes of mutual funds in Kathmandu Valley. The explanatory design is employed to investigate the relationships between the independent variables (professional management, ease of investment, return perception, diversification, and liquidity) and the dependent variable (investment decision making in SIP schemes).

## 3.2 Population Sample, and Sampling Design

### 3.2.1 Population

As of May 2024, Nepal has seen a substantial increase in demat accounts, reaching approximately 6.3 million, which constitutes about 21% of the total population. This growth reflects a significant uptake in digital securities management. The online trading platform Meroshare has also experienced notable expansion, with 5.337 million registered users, of which 3.574 million are active participants. Additionally, the number of dematerialized securities has surged to 12.622 billion. The sector's growth is further evidenced by the rise in the number of authorized depository participants, now totaling 109 institutions ((Number of Demat Accounts Nearing 6.3 Million as Participation of Investors in Stock Market Grows, 2024). The population for this study encompasses individuals residing in the Kathmandu Valley who are

involved in or interested in investment activities, particularly Systematic Investment Plans (SIPs) and mutual funds. Given the diverse and potentially large number of investors in this region, the exact number of SIP investors is not precisely known. This broad population includes a range of investors with varying levels of experience and engagement with SIPs, making it essential to capture a representative sample to understand investment behaviors and perceptions effectively.

### 3.2.2 Sample

The sample size for this study is determined using Cochran's (1977) formula, which is suitable for large populations where the exact number of individuals is unknown. The formula provides a robust estimate for sample size by assuming a proportion of 0.5 to account for maximum variability and a margin of error of 0.05 for a 95% confidence level. The calculation is as follows:

$$n = \frac{z^2 * p\ (1\text{-}p)}{e^2}$$

Where:

- n = sample size
- z = z-value for a 95% confidence level (1.96)
- p = estimated proportion of the population (0.5)
- e = margin of error (0.05)

Applying these values:

- $n=1.96^{2*}0.5*(1-0.5)/0.05^2$
- n=384.16

Therefore, the required sample size is 384 investors.

### 3.2.3 Sampling Design

For this study, convenience sampling is utilized to select participants who meet specific criteria relevant to the research objectives. This method is chosen due to its effectiveness in targeting individuals with substantial experience or involvement with SIPs and mutual funds. The criteria for inclusion include being an active investor in SIPs or mutual funds, residing in the Kathmandu Valley, and having relevant investment experience or knowledge.

### 3.3 Nature and Sources of Data

This study is primarily based on primary data, with secondary data utilized for the literature review. The primary data is gathered through a structured questionnaire designed specifically for this study. This questionnaire includes closed-ended and Likert scale questions to collect detailed responses from participants regarding their perceptions and attitudes towards Systematic Investment Plan (SIP) schemes. The collection of primary data involves direct engagement with investors in Kathmandu Valley, ensuring that the data reflects their current views and experiences related to SIP investments.

Secondary data are employed to support the literature review and provide context for the study. This data includes previous research studies, industry reports, and financial analyses relevant to mutual funds and SIP schemes. Secondary sources help in understanding the existing body of knowledge, identifying research gaps, and framing the study within the broader financial and investment landscape. The combination of primary data and secondary data ensures a comprehensive analysis, with primary data offering current, firsthand insights and secondary data providing a contextual backdrop and supporting evidence.

### 3.4. Instrument of Data Collection

The data for this study was collected using a structured questionnaire specifically designed to address various dimensions of the research. The questionnaire is organized into three distinct sections to comprehensively capture the relevant information.

Section A: Demographic Profile

This section collects general demographic information about the respondents, such as age, gender, marital status, occupation, education level, and income. Understanding these demographic characteristics is crucial, as they may influence investment decisions and provide context for analyzing the data.

Section B: Factors Influencing Investment Decisions (IVs)

This section focuses on identifying and evaluating the factors that influence investment decisions, including professional management, ease of investment, return

perception, diversification, and liquidity. These independent variables (IVs) are critical for understanding the key drivers behind the respondents' investment choices.

Section C: Investment Decision Making (DV)
The final section assesses the overall investment decision-making process related to SIPs. It evaluates how the identified factors impact the respondents' decision-making processes. All questions in Sections C and D are designed as close-ended statements, where respondents rate their agreement on a five-point Likert scale ranging from "Strongly Disagree" to "Strongly Agree."

The questionnaires were disseminated to respondents through Google Forms, utilizing social media platforms to reach a broader audience. Additionally, print copies of the questionnaire were distributed to ensure accessibility for respondents who may not have online access. A total of 384 questionnaires were distributed, of which only 360 valid responses were received. This multi-channel approach aims to maximize response rates and ensure a representative sample for the study. The full questionnaire is provided in Appendix I.

### 3.5 Method of Analysis

In this study, data analysis is conducted using both descriptive and inferential statistical methods with the assistance of MS Excel and SPSS Version 25. Descriptive statistics, including frequency analysis, mean, and standard deviation, are computed using MS Excel to summarize and describe the basic features of the data. SPSS Version 25 is then employed for more complex analyses. Inferential statistical methods include correlation analysis to examine the relationships between independent and dependent variables, and multiple regression analysis to assess the impact of factors such as professional management, ease of investment, return perception, diversification, and liquidity on investment decision-making. Model summary, R-squared values, ANOVA, and coefficient analysis are used to determine the proportion of variance explained, significant differences across different levels of the independent variables, and the magnitude and direction of these impacts. The combination of MS Excel for initial data summarization and SPSS for advanced statistical analysis ensures a comprehensive evaluation of the study’s hypotheses.

### 3.5.1 Descriptive Analysis

Descriptive analysis was conducted to summarize the basic features of the collected data and provide an overview of the participants' characteristics and their responses. This analysis involved various statistical measures to understand the patterns, trends, and distribution of the data. Key descriptive analysis techniques used include frequency distribution, mean, and standard deviation.

#### a. Frequency Distribution

Frequency distribution was employed to determine the number of respondents in each category for categorical variables. This includes demographic information such as age, gender, educational background, and income level, as well as responses to survey questions related to perceptions and decision-making regarding Systematic Investment Plans (SIPs). Frequency distribution helps identify the most common categories or responses, allowing the researcher to observe patterns within the data. For instance, the distribution of responses regarding the awareness, usage, and preferences for SIPs was analyzed to understand how different segments of the population view and interact with SIPs.

#### b. Mean

The mean, or average, was calculated for interval and ratio scale data to determine the central tendency of responses. This measure provides the average level of agreement or perception for each variable under study, such as professional management, ease of investment, return perception, diversification, and liquidity. The mean condenses large amounts of data into a single representative value, offering insights into the overall sentiment or attitude of the respondents toward SIPs. The formula for calculating the mean is:

$$\text{Mean}(\bar{X}) = \frac{\sum X_i}{N}$$

Where:

- $\sum$Xi = sum of all individual values,
- N = total number of values.

**c. Standard Deviation (S.D)**

Standard deviation was measured to assess the variability or dispersion of responses around the mean. It provides insights into the consistency or variability of participants' opinions regarding SIPs. A low standard deviation indicates that responses are closely clustered around the mean, suggesting a high level of agreement among respondents. Con $\sqrt{\frac{\sum(X_i-\bar{X})^2}{N-1}}$ standard deviation implies a wider range of opinions, indicating dive or uncertainty regarding certain aspects of SIPs. By evaluating the standard deviation, the researcher can gauge the reliability of the mean and better understand the level of consensus among participants on various factors influencing SIP investments. The formula for calculating the standard deviation is:

Standard Deviation (s) = $\sqrt{\frac{\sum(X_i-\bar{X})^2}{N-1}}$

Where:

- $\overline{Xi}$ = each individual value,
- X = mean of the values,
- N = total number of values.

Overall, descriptive analysis provided a foundational understanding of the data, setting the stage for more complex inferential analyses. These analyses further explored relationships between variables and identified key drivers behind the adoption and decision-making regarding SIPs among investors in Kathmandu Valley. The results of the descriptive analysis are presented in tabular form, summarizing general trends and patterns in the data and offering a clear picture of the sample population's characteristics and their attitudes toward SIPs.

### 3.5.2 Inferential Analysis

Inferential analysis was conducted using Statistical Package for the Social Sciences (SPSS) version 25, which facilitated complex statistical analyses and provided insights into the relationships and effects of various factors on Systematic Investment Plans (SIPs) among investors in Kathmandu Valley. This analysis was crucial for exploring relationships between variables and testing hypotheses regarding the factors influencing SIP adoption. The specific inferential analysis techniques employed include:

**a. Correlation Analysis**

Correlation analysis was used to assess the strength and direction of relationships between variables, with coefficients ranging from -1 to +1. A coefficient of +1 indicates a perfect positive linear relationship, meaning that as one variable increases, the other variable increases proportionally. Conversely, a coefficient of -1 represents a perfect negative linear relationship, where an increase in one variable corresponds to a proportional decrease in the other variable. A coefficient of 0 signifies no linear relationship, implying no predictive power between the variables. Positive correlations suggest that as one variable increases, the other also tends to increase, indicating a direct relationship (e.g., higher perceived benefits leading to greater SIP adoption intention). Negative correlations imply that as one variable increases, the other tends to decrease, reflecting an inverse relationship (e.g., higher perceived risk leading to lower SIP adoption intention). The correlation coefficient r is calculated using the formula:

$$r = \frac{n(\sum XY) - (\sum X)(\sum Y)}{\sqrt{[n\sum X^2 - (\sum X)^2][n\sum Y^2 - (\sum Y)^2]}}$$

Where:

- n = number of data points,
- $\sum XY$ = sum of the product of paired scores,
- $\sum X$ = sum of the X scores,
- $\sum Y$ = sum of the Y scores,
- $\sum X^2$ = sum of the squares of the X scores,
- $\sum Y^2$= sum of the squares of the Y scores.

**b. Regression Analysis**

Regression analysis was employed to explore the relationship between the dependent variable, Investment Decision-Making in Systematic Investment Plans (SIPs), and one or more independent variables. This analysis quantified how changes in independent variables (e.g., professional management, ease of investment, return perception, diversification, and liquidity) affect the dependent variable. It is crucial for understanding the impact of different factors on SIP decision-making and for formulating effective strategies. The regression equation used to model this relationship is:

**Investment Decision Making in SIPs=β0+β1×Professional Management+β2 ×Ease of Investment+β3×Return Perception+β4×Diversification+β5×Liquidity+ ε**

Where:

- Investment Decision-Making in SIPs = dependent variable,
- β0 = intercept,
- β1,β2,β3,β4,β5 = coefficients for independent variables,
- Professional Management, Ease of Investment, Return Perception, Diversification, and Liquidity are the independent variables (IVs).
- ε = error term.

### 3.6 Research Framework and Definition of Variables

The research framework for this study focuses on understanding the factors influencing investment decision-making in Systematic Investment Plans (SIPs). It integrates independent variables such as Professional Management, Ease of Investment, Return Perception, Diversification, and Liquidity, which are hypothesized to impact the dependent variable, Investment Decision-Making in SIPs. Professional Management assesses the influence of management quality, Ease of Investment evaluates the convenience of investing, Return Perception examines the expected profitability, Diversification looks at risk reduction benefits, and Liquidity measures the ease of converting investments into cash. This framework, adopted from Sharma et al. (2022), provides a structured approach to analyze how these factors affect investors' decisions regarding SIPs, offering insights into investor behavior and preferences.

**Independent Variables**

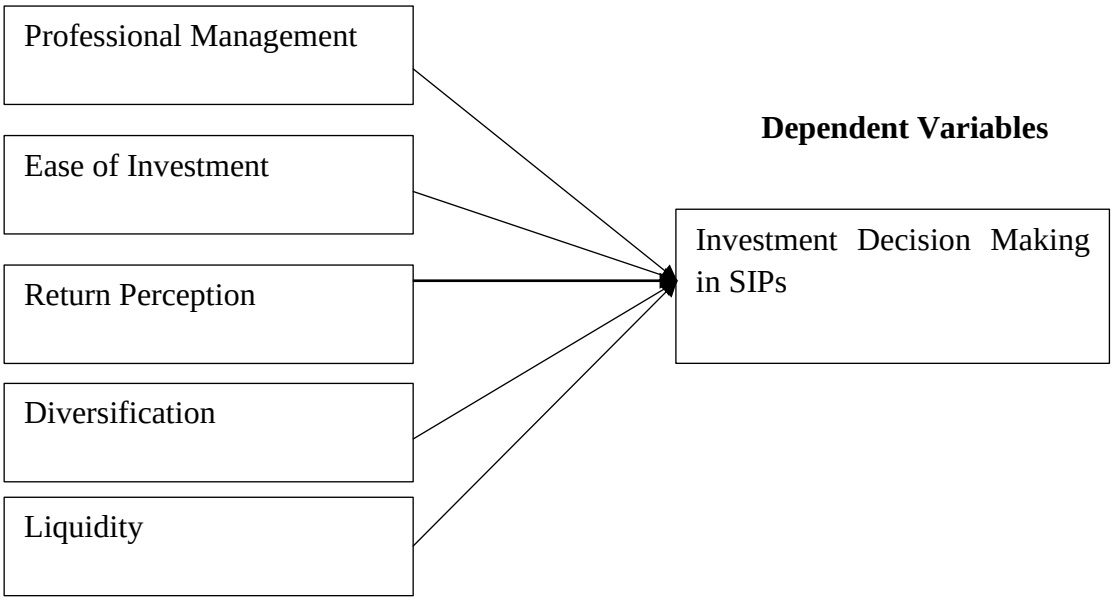


Figure 1 *Conceptual Framework of the Study*

*(Source: Adopted form Sharma et al., 2022)*

### 3.6.1 Definition of Variables

In the context of investment decision-making in Systematic Investment Plans (SIPs), several independent variables are proposed to impact the dependent variable investmet decision making in SIPs. These variables include Professional Management, Ease of Investment, Return Perception, Diversification, and Liquidity, each playing a vital role in shaping investor behavior and decision-making processes.

**A. Independent Variables (IVs)**

**Professional Management**

Professional Management involves the oversight of investment portfolios by skilled professionals. This aspect is crucial as it reassures investors that their investments are managed by experts, which can enhance confidence and potentially lead to better investment outcomes by reducing the risks associated with uninformed decisions.The presence of experienced management can increase the appeal of SIPs to investors by ensuring their funds are handled competently (Gupta, 2020).

**Ease of Investment**

Ease of Investment refers to the simplicity and accessibility of engaging with SIPs. This factor is important because it influences how easily investors can start and

maintain their investments. Simplified investment processes, including automated contributions and minimal administrative requirements, can encourage more participation, especially among novice investors. Streamlining the investment process lowers entry barriers and promotes broader engagement (Saputro & Lestari, 2019).

**Return Perception**

Return Perception is the investor's expectation regarding potential returns from their investments. This perception is shaped by historical performance, market conditions, and personal expectations. Research indicates that positive return perceptions can boost investment activity, as investors are more likely to invest when they anticipate favorable outcomes (Khan et al., 2017; Chandra, 2023).

**Diversification**

Diversification involves distributing investments across various assets to reduce risk. For SIPs, diversification is a key benefit that appeals to investors looking to manage risk effectively. Understanding the advantages of diversification can lead to more informed investment decisions, aligning with risk tolerance and investment goal. Investing in a diversified SIP portfolio helps balance risk and return, enhancing overall investment strategies (Gupta, 2020).

**Liquidity**

Liquidity refers to the ease with which an investment can be converted into cash without affecting its value significantly. High liquidity is desirable as it provides flexibility and quick access to funds. Research shows that investors favor options that allow them to withdraw funds with ease, making liquidity a crucial factor in investment decisions. SIPs that offer good liquidity are attractive to investors valuing access to their capital (Gupta, 2020)

**B. Dependent Variable (DV)**

**Investment Decision Making**

Investment Decision Making in Systematic Investment Plans (SIPs) refers to the process through which investors evaluate and select SIPs as a means of investing their funds systematically over time. This decision making process is influenced by various factors, including individual investor preferences, market conditions, and the

characteristics of the SIPs themselves. SIPs are investment vehicles that allow individuals to invest a fixed amount of money at regular intervals, typically in mutual funds. This approach is designed to mitigate the impact of market volatility through a strategy known as dollar cost averaging, where investors purchase more units when prices are low and fewer units when prices are high. This systematic approach to investing can lead to significant wealth accumulation over time, making it an attractive option for many investors (Majumdar et al., 2021).

# CHAPTER - IV
# RESULTS AND DISCUSSION

In this chapter, the data collected on investors' preferences towards Systematic Investment Plans (SIPs) in Kathmandu Valley are presented and analyzed to address the research questions and test the hypotheses established earlier. This chapter is organized into two sections: results and discussion The results highlight key factors influencing investment decision-making, including professional management, ease of investment, return perception, diversification, and liquidity. The discussion interprets the findings in the context of existing theories and empirical studies, providing insights into investor behavior and contributing to a deeper understanding of SIPs.

## 4.1 Results

This section presents a comprehensive analysis of the collected data, including descriptive statistics such as frequency analysis of demographic variables, and descriptive statistics for the key variables of interest. Additionally, it includes a reliability analysis of the questionnaire variables to ensure the consistency and validity of the measurements. The inferential analysis further investigates the relationships among the variables, culminating in hypothesis testing to assess the significance of the proposed relationships. This structured approach provides a thorough understanding of the factors influencing investors' preferences towards Systematic Investment Plans (SIPs) of mutual funds in Kathmandu Valley.

### 4.1.1 Demographic Profile of Respondents

This section presents the frequency and percentage distribution of the demographic variables of the respondents. It provides insights into the characteristics of the participants, including age, gender, education level, occupation, and income. By analyzing these demographic factors, we can better understand the profile of investors in Systematic Investment Plans (SIPs) of mutual funds in Kathmandu Valley and how these characteristics may influence their investment preferences and behaviors.

Table 2

*Demographic Profile of Respondents*

| Demographic Variable | Categories | Frequency | Percentage |
|---|---|---|---|
| Age | 18-22 | 90 | 25% |
| | 23-27 | 120 | 33.33% |
| | 28-32 | 80 | 22.22% |
| | 33-35 | 40 | 11.11% |
| | Above 35 | 30 | 8.33% |
| | Total | 360 | 100% |
| Gender | Male | 180 | 50% |
| | Female | 180 | 50% |
| | Total | 360 | 100% |
| Marital Status | Single | 200 | 55.56% |
| | Married | 160 | 44.44% |
| | Total | 360 | 100% |
| Education Level | SLC | 30 | 8.33% |
| | Plus Two (+2) | 60 | 16.67% |
| | Bachelor's Degree | 150 | 41.67% |
| | Master's Degree | 90 | 25% |
| | Above Masters | 30 | 8.33% |
| | Total | 360 | 100% |
| Employment Status | Student | 100 | 27.78% |
| | Employed | 150 | 41.67% |
| | Self-employed | 50 | 13.89% |
| | Unemployed | 30 | 8.33% |
| | Retired | 30 | 8.33% |
| | Total | 360 | 100% |
| Monthly Income (in NPR) | Less than 20,000 | 60 | 16.67% |
| | 20,000 - 30,000 | 120 | 33.33% |
| | 30,001 - 40,000 | 90 | 25% |
| | 40,001 - 50,000 | 60 | 16.67% |
| | More than 50,000 | 30 | 8.33% |
| | Total | 360 | 100% |

*Source: Field Survey, 2024*

Table 2 shows the demographic profile of the respondents participating in the study, which includes various variables such as age, gender, marital status, education level, employment status, and monthly income.

Starting with age, the largest group is those aged 23-27 years, making up 33.33% of the respondents, followed by the 18-22 age group at 25%. The representation decreases in older age brackets, with 22.22% in the 28-32 category, 11.11% in the 33-35 range, and only 8.33% over 35. This distribution shows that most of the respondents are young, indicating that younger people are more likely to take part in the study.

Regarding gender, the analysis reveals an equal distribution, with both male and female respondents constituting 50% each. This balance allows for a more comprehensive understanding of investment preferences across different genders, which is essential for assessing attitudes toward Systematic Investment Plans (SIPs) of mutual funds.

In terms of marital status, the results show that a majority of the respondents (55.56%) are single, while 44.44% are married. This demographic split may influence investment motivations, as single individuals might prioritize different financial goals compared to their married counterparts.

The education level of the respondents indicates a relatively well-educated group, with 41.67% holding a Bachelor's degree and 25% possessing a Master’s degree. This high level of education is likely to impact their understanding and attitudes toward investing in SIPs, potentially leading to more informed investment decisions.

When examining employment status, the data reveals that 41.67% of respondents are employed, while 27.78% are students. Additionally, 13.89% are self-employed, 8.33% are unemployed, and another 8.33% are retired. This diverse employment background suggests various financial capacities and investment behaviors, which can further influence preferences for SIPs.

Finally, the monthly income distribution shows that 33.33% of respondents earn between NPR 20,000 and 30,000 per month, while 16.67% earn less than NPR

20,000. This indicates that a significant portion of the respondents may have limited disposable income for investment, which could affect their willingness and ability to invest in SIPs. Overall, the demographic profile provides a comprehensive view of the respondents, highlighting the diverse backgrounds that inform their preferences toward SIPs of mutual funds in Kathmandu Valley.

### 4.1.2 Descriptive Statistics of Variables

This section presents descriptive statistics for the key variables in the study, which include Professional Management, Ease of Investment, Return Perception, Diversification, and Liquidity. The analysis focuses on measures of central tendency and dispersion, specifically the mean and standard deviation. By examining these variables, insights can be gained into investors' perceptions regarding Systematic Investment Plans (SIPs) of mutual funds.

Table 3
*Descriptive Statistics of Professional Management*

| Code | Statements | Min. | Max. | Mean | S.D |
|---|---|---|---|---|---|
| PM1 | I believe that SIPs are managed by professionals who have extensive expertise. | 2 | 5 | 4.19 | .757 |
| PM2 | The professional management of SIPs increases my confidence in investing. | 2 | 5 | 4.09 | .783 |
| PM3 | I prefer investments that are handled by professional managers. | 1 | 5 | 4.16 | .846 |
| PM4 | The expertise of professional managers influences my decision to invest in SIPs. | 2 | 5 | 4.13 | .847 |
| Total | Professional Management (N=360) | 2.25 | 5.00 | 4.1410 | .68593 |

*Source: Field Survey, 2024*

Table 3 presents the descriptive statistics of respondents' perceptions of professional management in systematic investment plans (SIPs). The data reveal that respondents generally hold positive views on the role of professional managers in their investment decisions. For instance, the belief that SIPs are managed by professionals with extensive expertise has a mean of 4.19 with a standard deviation of 0.757, indicating strong agreement and relatively low variability in responses. Similarly, the statement

regarding professional management increasing confidence in investing shows a mean of 4.09 with a standard deviation of 0.783, while the preference for professionally managed investments has a mean of 4.16 and a standard deviation of 0.846. Furthermore, the influence of professional managers' expertise on investment decisions shows a mean of 4.13 with a standard deviation of 0.847. Overall, the total mean score for professional management is 4.1410, with a standard deviation of 0.68593, highlighting the consistent importance placed on professional expertise by respondents in their decision-making process, which aligns with the thesis's focus on the key factors influencing investor inclination toward SIP schemes.

Table 4
*Descriptive Statistics of Ease of Investment*

| Code | Statements | Min. | Max. | Mean | S.D |
|---|---|---|---|---|---|
| EOI1 | Investing in SIPs is simple and convenient for me. | 2 | 5 | 3.89 | .712 |
| EOI2 | The process of starting an SIP investment is straightforward. | 2 | 5 | 3.84 | .713 |
| EOI3 | I find the procedures for investing in SIPs easy to follow. | 2 | 5 | 3.84 | .725 |
| EOI4 | The ease of managing SIP investments is an important factor in my decision-making. | 2 | 5 | 3.82 | .793 |
| Total | Ease of Investment (N=360) | 2.50 | 5.00 | 3.8472 | .62609 |

*Source: Field Survey, 2024*

Table 4 presents the descriptive statistics for respondents' perceptions of the ease of investing in systematic investment plans (SIPs). The data show that respondents generally view SIP investments as straightforward and manageable. The statement "Investing in SIPs is simple and convenient for me" has a mean of 3.89 with a standard deviation of 0.712, indicating a favorable response with moderate variation. The simplicity of starting an SIP investment is rated with a mean of 3.84 and a standard deviation of 0.713, and similar results are seen for the ease of following procedures (mean of 3.84, standard deviation of 0.725). The importance of ease in managing SIP investments in decision-making has a mean of 3.82 and a standard deviation of 0.793. Overall, the total mean score for ease of investment is 3.8472,

with a standard deviation of 0.62609, suggesting that while respondents appreciate the simplicity and convenience of SIPs, there is some variability in their perceptions. These findings support the thesis's focus on ease of investment as a key factor influencing investor inclination toward SIP schemes. These findings indicate that while respondents generally find SIPs easy to invest in, there is some variation in their experiences, suggesting that although the ease of investment is an important factor, there may be areas where further simplification or clarity could enhance investor satisfaction and participation.

Table 5
*Descriptive Statistics of Return Perception*

| Code | Statements | Min. | Max. | Mean | S.D |
|---|---|---|---|---|---|
| RP1 | I have a positive perception of the returns offered by SIPs. | 1 | 5 | 4.12 | .849 |
| RP2 | The potential returns from SIP investments influence my investment decision. | 1 | 5 | 4.11 | .775 |
| RP3 | I am satisfied with the historical performance of SIP returns. | 1 | 5 | 3.96 | .812 |
| RP4 | Expectations of returns from SIPs play a significant role in my investment choices. | 1 | 5 | 4.19 | .736 |
| Total | Return Perception (N=360) | 2.25 | 5.00 | 4.0979 | .63468 |

*Source: Field Survey, 2024*

Table 5 presents the descriptive statistics of respondents' perceptions of returns from systematic investment plans (SIPs). The data indicate a generally favorable perception of returns, with most statements receiving high mean scores. Respondents agree that they have a positive perception of SIP returns, as reflected by a mean of 4.12 and a standard deviation of 0.849. The potential returns from SIPs significantly influence their investment decisions, with a mean of 4.11 and a standard deviation of 0.775. Satisfaction with the historical performance of SIP returns is slightly lower, with a mean of 3.96 and a standard deviation of 0.812, but expectations of returns continue to play a crucial role, showing a mean of 4.19 and a standard deviation of 0.736. Overall, the total mean score for return perception is 4.0979, with a standard deviation of 0.63468, indicating that respondents' return expectations are a critical factor in

shaping their inclination toward SIP investments, aligning with the thesis's exploration of factors influencing investor behavior.

Table 6
*Descriptive Statistics of Diversification*

| Code | Statements | Min. | Max. | Mean | S.D |
|---|---|---|---|---|---|
| DIV1 | SIPs provide a diversified investment portfolio that reduces risk. | 1 | 5 | 3.71 | 1.000 |
| DIV2 | The diversification offered by SIPs is an attractive feature for me. | 1 | 5 | 3.28 | 1.018 |
| DIV3 | I value the risk reduction provided by the diversification of SIPs. | 1 | 5 | 3.66 | .872 |
| DIV4 | The ability to diversify investments through SIPs affects my decision to invest. | 1 | 5 | 3.69 | .910 |
| Total | Diversification (N=360) | 1.25 | 5.00 | 3.5819 | .79423 |

*Source: Field Survey, 2024*

Table 6 presents the descriptive statistics regarding respondents' perceptions of diversification in systematic investment plans (SIPs). The findings reveal that respondents recognize the importance of diversification as a risk management strategy, with the statement "SIPs provide a diversified investment portfolio that reduces risk" yielding a mean score of 3.71 and a standard deviation of 1.000. However, the attractiveness of the diversification feature is perceived slightly less positively, as indicated by a mean of 3.28 and a standard deviation of 1.018 for the statement "The diversification offered by SIPs is an attractive feature for me." Additionally, respondents express value for the risk reduction associated with diversification, scoring a mean of 3.66 with a standard deviation of 0.872. The ability to diversify investments through SIPs also influences their investment decisions, with a mean of 3.69 and a standard deviation of 0.910. Overall, the total mean score for the diversification dimension is 3.5819, with a standard deviation of 0.79423, suggesting that while respondents acknowledge the benefits of diversification, it is a less compelling factor compared to other aspects of SIPs, which aligns with the thesis's examination of the factors influencing investor inclination towards SIP investments.

Table 7
*Descriptive Statistics of Liquidity*

| Code | Statements | Min. | Max. | Mean | S.D |
|---|---|---|---|---|---|
| LIQ1 | I am comfortable with the liquidity of investments in SIPs. | 1 | 5 | 3.60 | .791 |
| LIQ2 | The ease of withdrawing funds from SIPs influences my investment decision. | 1 | 5 | 3.54 | .738 |
| LIQ3 | Liquidity features of SIPs are important to my investment strategy. | 1 | 5 | 3.70 | .765 |
| LIQ4 | I prefer investments that offer good liquidity, such as SIPs. | 2 | 5 | 3.72 | .722 |
| Total | Liquidity (N=360) | 1.75 | 5.00 | 3.6375 | .63404 |

*Source: Field Survey, 2024*

Table 7 presents the descriptive statistics for respondents' perceptions of liquidity in systematic investment plans (SIPs). The findings indicate a moderate comfort level with the liquidity of SIP investments, as reflected in the mean score of 3.60 with a standard deviation of 0.791 for the statement "I am comfortable with the liquidity of investments in SIPs." The influence of the ease of withdrawing funds from SIPs on investment decisions is acknowledged, yielding a mean of 3.54 and a standard deviation of 0.738. Moreover, the importance of liquidity features to the investment strategy is recognized, with a mean score of 3.70 and a standard deviation of 0.765 for the statement "Liquidity features of SIPs are important to my investment strategy." Respondents also express a preference for investments that offer good liquidity, scoring a mean of 3.72 with a standard deviation of 0.722 for the statement "I prefer investments that offer good liquidity, such as SIPs." Overall, the total mean score for the liquidity dimension is 3.6375, accompanied by a standard deviation of 0.63404. These results suggest that liquidity is a significant factor influencing investor inclination towards SIPs, aligning with the thesis's focus on key determinants of investment behavior.

Table 8
*Descriptive Statistics of Investment Decision Making*

| Code | Statements | Min. | Max. | Mean | S.D |
|---|---|---|---|---|---|
| IDM1 | My decision to invest in SIPs is influenced by the factors of professional management, ease of investment, return perception, diversification, and liquidity. | 2 | 5 | 3.92 | .775 |
| IDM2 | I consider multiple factors before making an investment decision in SIPs. | 1 | 5 | 3.85 | .836 |
| IDM3 | The combination of various factors plays a critical role in my investment choices regarding SIPs. | 1 | 5 | 3.89 | .819 |
| IDM4 | I weigh the benefits of professional management, ease of investment, and other factors when deciding to invest in SIPs. | 1 | 5 | 3.68 | 1.057 |
| Total | Investment Decision (N=360) | 2.00 | 5.00 | 3.8340 | .71352 |

*Source: Field Survey, 2024*

Table 8 presents the descriptive statistics for the dependent variable, investment decision-making regarding systematic investment plans (SIPs). The analysis indicates that the decision to invest in SIPs is notably shaped by multiple factors, achieving a mean score of 3.92 and a standard deviation of 0.775 for the statement, "My decision to invest in SIPs is influenced by the factors of professional management, ease of investment, return perception, diversification, and liquidity." This finding underscores the complexity of investment choices, as respondents affirm the significance of considering various factors, evidenced by a mean score of 3.85 (SD = 0.836) for the statement, "I consider multiple factors before making an investment decision in SIPs." Furthermore, the importance of the interplay between these factors is reflected in a mean score of 3.89 (SD = 0.819) for the statement, "The combination of various factors plays a critical role in my investment choices regarding SIPs." Lastly, the mean score of 3.68 (SD = 1.057) for the statement, "I weigh the benefits of professional management, ease of investment, and other factors when deciding to invest in SIPs," further illustrates the multifaceted nature of investment decision-

making. The overall mean score for the investment decision-making dimension is 3.8340, with a standard deviation of 0.71352. These results highlight the integral role of various influencing factors, aligning with the thesis's objective to explore the determinants of investor behavior towards SIPs.

Table 9
*Summary of Descriptive Statistics*

| Variables | N | Min. | Max. | Mean | S.D |
|---|---|---|---|---|---|
| Professional Management | 360 | 2.25 | 5.00 | 4.1410 | .68593 |
| Ease of Investment | 360 | 2.50 | 5.00 | 3.8472 | .62609 |
| Return Perception | 360 | 2.25 | 5.00 | 4.0979 | .63468 |
| Diversification | 360 | 1.25 | 5.00 | 3.5819 | .79423 |
| Liquidity | 360 | 1.75 | 5.00 | 3.6375 | .63404 |
| Investment Decision | 360 | 2.00 | 5.00 | 3.8340 | .71352 |

*Source: Field Survey, 2024*

Table 9 provides a summary of the descriptive statistics for the key variables in the study, which includes professional management, ease of investment, return perception, diversification, liquidity, and investment decision. Professional management has the highest mean score of 4.1410 (SD = 0.68593), indicating that respondents have a strong inclination towards investments managed by professionals. Return perception also shows a high mean of 4.0979 (SD = 0.63468), suggesting that investors have a positive outlook on the returns from systematic investment plans (SIPs). Ease of investment follows with a mean of 3.8472 (SD = 0.62609), highlighting the importance of simplicity in the investment process. Diversification (mean = 3.5819, SD = 0.79423) and liquidity (mean = 3.6375, SD = 0.63404) both demonstrate moderate levels of importance, showing that while these factors are valued, they do not outweigh the more critical elements like professional management and return perception. Lastly, the dependent variable, investment decision, has a mean of 3.8340 (SD = 0.71352), reflecting the balanced consideration of multiple factors in making investment decisions. These findings provide a comprehensive view of the key dimensions influencing investor behavior toward SIPs.

### 4.1.3 Reliability Statistics

Reliability refers to the consistency or stability of a measurement instrument in assessing a particular construct over time or across various items within the instrument. In research, reliability is essential to ensure that the data collected accurately reflect the construct being measured and that results can be replicated in similar studies. The most commonly used measure of reliability is Cronbach's alpha, which assesses the internal consistency of a set of items. Cronbach's alpha values range from 0 to 1, with higher values indicating greater reliability. A commonly accepted threshold for reliability is 0.70, although values above 0.60 are considered acceptable in exploratory research, while values of 0.80 or higher are preferred for more rigorous studies (Tavakol & Dennick, 2011).

Table 10
*Reliability Statistics*

| Variables | No of Items | Cronbach's Alpha |
|---|---|---|
| Professional Management | 4 | 0.870 |
| Risk Perception | 4 | 0.812 |
| Liquidity | 4 | 0.862 |
| Diversification | 4 | 0.854 |
| Ease of Investment | 4 | 0.872 |
| Investment Decision Making | 4 | 0.828 |

*Source: Appendix II*

Table 10 presents the reliability statistics of the study's key variables using Cronbach's alpha. Professional management, with four items, has a Cronbach's alpha of 0.870, indicating high reliability. Risk perception, also consisting of four items, shows a reliability score of 0.812, which is considered acceptable. Liquidity has an alpha of 0.862, demonstrating strong internal consistency. Diversification has a value of 0.854, and ease of investment exhibits an alpha of 0.872, both reflecting excellent reliability. Finally, the dependent variable, investment decision making, scores 0.828, signifying high reliability in measuring the construct. All variables exceed the accepted threshold of 0.70, confirming the reliability of the measurement scales.

### 4.1.4 Inferential Statistics

This section presents the inferential statistical analysis, including correlation and regression analysis, to explore the relationships between variables and test the research hypotheses. The correlation analysis examines the strength and direction of associations between the independent variables such as professional management, ease of investment, return perception, diversification, and liquidity and the dependent variable, which is investment decision-making in Systematic Investment Plans (SIPs). Regression analysis is then employed to assess the impact of these factors on investment decisions, providing insights into the most significant predictors of investor preferences in the context of SIPs in Kathmandu Valley.

#### 4.4.1.1 Correlation Analysis

Correlation analysis is conducted to assess the strength and direction of the relationship between the independent variables professional management, ease of investment, return perception, diversification, and liquidity and the dependent variable, investment decision-making in SIPs. Pearson’s correlation coefficient (r) is used to measure these associations, where values range from -1 to +1. A positive correlation indicates that as one variable increases, the other tends to increase, while a negative correlation suggests an inverse relationship.

The results of the correlation analysis provide insight into how these factors align with investors’ decision-making processes. For example, if a strong positive correlation is found between return perception and investment decision-making, it would suggest that the higher the perceived returns, the more likely investors are to choose SIPs. This aligns with the study's objective of understanding how investor perceptions influence their preferences for SIPs in Kathmandu Valley.

Table 11
*Correlation Matrix*

| Variables | | IDM | PM | EOI | RP | Div | Liq |
|---|---|---|---|---|---|---|---|
| IDM | Pearson Correlation | 1 | | | | | |
| | Sig. (2-tailed) | | | | | | |
| | N | 360 | | | | | |
| PM | Pearson Correlation | .778** | | | | | |
| | Sig. (2-tailed) | .000 | | | | | |
| | N | 360 | 360 | | | | |
| EOI | Pearson Correlation | .683** | .561** | 1 | | | |
| | Sig. (2-tailed) | .000 | .000 | | | | |
| | N | 360 | 360 | 360 | | | |
| RP | Pearson Correlation | .577** | .507** | .468** | 1 | | |
| | Sig. (2-tailed) | .000 | .000 | .000 | | | |
| | N | 360 | 360 | 360 | 360 | | |
| Div | Pearson Correlation | .563** | .501** | .393** | .335** | 1 | |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | | |
| | N | 360 | 360 | 360 | 360 | 360 | |
| Liq | Pearson Correlation | .452** | .381** | .422** | .236** | .420** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | |
| | N | 360 | 360 | 360 | 360 | 360 | 360 |

**. Correlation is significant at the 0.01 level (2-tailed).

*Source: Appendix II*

Table 11 provides a detailed correlation matrix that examines the relationships between the dependent variable, Investment Decision Making (IDM), and five key independent variables: Professional Management (PM), Ease of Investment (EOI), Return Perception (RP), Diversification (Div), and Liquidity (Liq). Each variable is shown to have a significant positive correlation with the investment decision, which is significant at the 0.01 level.

The strongest relationship is observed between Professional Management and Investment Decision ($r = .778$, $p < .01$), indicating that investors' preferences are significantly shaped by their trust in professional management. This suggests that

investors tend to value SIPs managed by experienced professionals, which reassures them of the quality and oversight of their investments.

Ease of Investment also shows a strong positive correlation with Investment Decision ($r = .683$, $p < .01$). This result underscores the critical role that simplicity and convenience play in encouraging investors to choose SIPs. Investors prefer investments that are straightforward to access and manage, reinforcing the notion that the more user-friendly an investment option is, the more likely investors are to engage with it.

Return Perception has a notable correlation with Investment Decision ($r = .577$, $p < .01$), indicating that the potential returns from SIPs are an essential factor in investment choices. This suggests that investors are highly motivated by the expectation of returns and view SIPs as attractive investment vehicles due to their historical performance and potential for future gains.

Diversification, which allows investors to spread risk, also correlates positively with Investment Decision ($r = .563$, $p < .01$). This result suggests that investors appreciate the risk-reduction benefits of diversified SIPs and are more likely to choose them as a result.

Liquidity has the lowest, yet still significant, correlation with Investment Decision ($r = .452$, $p < .01$). Although liquidity is important, it appears to be a secondary concern compared to professional management, ease of investment, and return perception. Investors likely view liquidity as a valuable feature but are more strongly influenced by other factors when deciding to invest in SIPs.

In conclusion, the correlation analysis reveals that all independent variables exhibit a significant positive correlation with the dependent variable, Investment Decision (ID), indicating that each factor influences investors' preferences towards Systematic Investment Plans (SIPs) of mutual funds in Kathmandu Valley. Among these variables, Professional Management shows the highest correlation with Investment Decision ($r = .778$), suggesting that the perceived expertise and competence of fund managers play a crucial role in shaping investor confidence and decision-making.

#### 4.4.4.2 Regression Analysis

This section presents the results of the regression analysis, including the model summary, ANOVA, and coefficient analysis, which collectively assess the impact of the independent variables on the investment decision making (IDM) regarding Systematic Investment Plans (SIPs) of mutual funds in Kathmandu Valley. The regression analysis aims to determine how well the selected independent variables Professional Management, Ease of Investment, Return Perception, Diversification, and Liquidity predict the dependent variable, Investment Decision.

**Model Summary**

The model summary provides insights into the overall fit of the regression model, including the R-squared value, which indicates the proportion of variance in the Investment Decision explained by the independent variables. A higher R-squared value suggests a better fit, demonstrating the effectiveness of the model in capturing the relationship between the variables.

Table 12
*Model Summary of Regression Analysis*

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .859[a] | .738 | .734 | .36766 |

*a. Predictors: (Constant), Liquidity, Return Perception, Diversification, Ease of Investment, Professional Management*

*Source: Appendix II*

Table 12 presents the model summary of the regression analysis conducted to examine the relationship between the independent variables Professional Management, Ease of Investment, Return Perception, Diversification, and Liquidity and the dependent variable, Investment Decision regarding Systematic Investment Plans (SIPs) of mutual funds in Kathmandu Valley. The results indicate a strong overall model fit, with an R value of 0.859, suggesting a high correlation between the independent variables and the Investment Decision. The R-squared value of 0.738 implies that approximately 73.8% of the variance in the Investment Decision can be explained by the five predictors included in the model. This indicates that the

independent variables collectively provide a substantial explanatory power concerning the factors influencing investors' decisions to invest in SIPs. The adjusted R-squared value of 0.734 accounts for the number of predictors in the model, further validating the model's robustness. Additionally, the standard error of the estimate is 0.36766, which reflects the average distance that the observed values fall from the regression line, providing insight into the accuracy of the predictions made by the model. Overall, the model summary suggests that the selected independent variables are significant contributors to understanding the Investment Decision process among investors in the Kathmandu Valley.

**ANOVA**

The ANOVA table tests the significance of the regression model as a whole. It assesses whether at least one of the independent variables significantly predicts the dependent variable. A significant F-statistic in the ANOVA results implies that the model has explanatory power and that the independent variables collectively influence the Investment Decision.

Table 13
*ANOVA Table of Regression Analysis*

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 134.918 | 5 | 26.984 | 199.618 | .000[b] |
| | Residual | 47.852 | 354 | .135 | | |
| | Total | 182.771 | 359 | | | |

*a. Dependent Variable: Investment Decision Making*
*b. Predictors: (Constant), Liquidity, Return Perception, Diversification, Ease of Investment, Professional Management*

Table 13 displays the Analysis of Variance (ANOVA) results for the regression analysis investigating the factors influencing Investment Decision regarding Systematic Investment Plans (SIPs) in Kathmandu Valley. The ANOVA results reveal that the regression model is statistically significant, as indicated by the F-value of 199.618 with a significance level (p-value) of 0.000. This finding indicates that the independent variables Liquidity, Return Perception, Diversification, Ease of

Investment, and Professional Management collectively have a significant effect on the Investment Decision.

The regression sum of squares (134.918) represents the variation explained by the model, while the residual sum of squares (47.852) reflects the variation not explained by the model. The mean square for regression (26.984) is derived by dividing the regression sum of squares by its degrees of freedom (df = 5), whereas the mean square for residuals (0.135) is calculated by dividing the residual sum of squares by its degrees of freedom (df = 354).

Overall, the significant F-test result confirms that the regression model provides a reliable explanation of the relationship between the predictors and the Investment Decision, reinforcing the importance of these factors in influencing investors' preferences towards SIPs of mutual funds in the Kathmandu Valley.

**Coefficient Analysis**

The coefficient analysis offers detailed information on the individual contributions of each independent variable to the Investment Decision. This section includes the estimated coefficients, standard errors, t-values, and p-values for each variable, helping to identify which factors are the strongest predictors of investment choices. The significance of each coefficient indicates whether the respective independent variable has a statistically significant impact on the dependent variable, thereby providing valuable insights for investors and practitioners in the field.

Table 14
*Coefficient Analysis of Regression Analysis*

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -.762 | .160 | | -4.775 | .000 |
| | Professional Management | .461 | .039 | .444 | 11.952 | .000 |
| | Ease of Investment | .309 | .040 | .271 | 7.662 | .000 |
| | Return Perception | .178 | .037 | .158 | 4.837 | .000 |
| | Diversification | .138 | .030 | .153 | 4.637 | .000 |
| | Liquidity | .076 | .036 | .067 | 2.120 | .035 |

*a. Dependent Variable: Investment Decision Making, Significant at 5 %.*

Table 14 presents the coefficient analysis from the regression analysis aimed at identifying the factors influencing Investment Decision Making regarding Systematic Investment Plans (SIPs) in Kathmandu Valley. The table includes both unstandardized and standardized coefficients for each predictor variable, along with their respective t-values and significance levels.

The constant term is -0.762, with a significance level of 0.000, indicating that when all predictor variables are held at zero, the Investment Decision is predicted to be negative. Among the predictor variables, Professional Management has the highest unstandardized coefficient of 0.461, which suggests that for every one-unit increase in professional management, the Investment Decision increases by 0.461 units, holding all other variables constant. This variable also has a standardized coefficient (Beta) of 0.444, demonstrating its strong positive influence on Investment Decision Making.

Ease of Investment follows with an unstandardized coefficient of 0.309 and a standardized coefficient of 0.271, indicating that it also significantly influences Investment Decisions, with higher ease leading to increased investment preferences. The Return Perception shows an unstandardized coefficient of 0.178 and a standardized coefficient of 0.158, suggesting that favorable perceptions of returns positively impact investors' decisions.

Diversification contributes an unstandardized coefficient of 0.138 and a standardized coefficient of 0.153, indicating its relevance in influencing investment decisions by providing risk-reduction benefits. Lastly, Liquidity has an unstandardized coefficient of 0.076 and a standardized coefficient of 0.067, suggesting that while it has the least impact among the variables, it remains a significant factor in the decision-making process. All predictor variables are statistically significant at the 5% level ($p < 0.05$), affirming their collective contribution to shaping investors' preferences towards SIPs in mutual funds.

### 4.1.5 Hypothesis Testing

In this section, hypothesis testing is conducted to evaluate the proposed relationships between the independent variables Professional Management, Ease of Investment, Return Perception, Diversification, and Liquidity and the dependent variable, Investment Decision Making regarding Systematic Investment Plans (SIPs) in the

Kathmandu Valley. The hypotheses are tested using regression analysis, as outlined in table 14, particularly the regression coefficients and their significance levels. The decision to accept or reject a hypothesis is based on the significance level (commonly set at 0.05) and the p-values obtained from statistical analysis

*H1: Professional management significantly influences investors' decisions to invest in Systematic Investment Plans (SIPs) in Kathmandu Valley.*

The first hypothesis (H1) posited that professional management significantly influences investors' decisions. The analysis revealed a beta value of 0.444 with a significance value (p-value) of 0.000. Since the p-value is less than the 0.05 threshold, the null hypothesis is rejected, indicating strong evidence that professional management positively impacts investment decisions regarding SIPs.

*H2: Ease of investment significantly influences investors' decisions to invest in Systematic Investment Plans (SIPs) of mutual funds in Kathmandu Valley.*

The second hypothesis (H2) examined the influence of ease of investment on investors' decisions. The findings showed a beta value of 0.271 and a p-value of 0.000. Again, the p-value is significantly below the threshold, leading to the rejection of the null hypothesis. This result suggests that the ease of investment is a crucial factor for investors when deciding to invest in SIPs.

*H3: Return perception significantly influences investors' decisions to invest in Systematic Investment Plans (SIPs) in Kathmandu Valley.*

For the third hypothesis (H3), the relationship between return perception and investment decisions was evaluated. The analysis yielded a beta value of 0.158 with a p-value of 0.000. The low p-value allows for the rejection of the null hypothesis, indicating substantial evidence that return perception significantly affects investors' decisions regarding SIPs.

*H4: Diversification significantly influences investors' decisions to invest in Systematic Investment Plans (SIPs) in Kathmandu Valley.*

The fourth hypothesis (H4) focused on diversification as an influencing factor. The beta value was found to be 0.153, with a significance value of 0.000. Since the p-value is also below 0.05, the null hypothesis is rejected, demonstrating that diversification significantly influences investors' decisions about SIPs.

*H5: Liquidity significantly influences investors' decisions to invest in Systematic Investment Plans (SIPs) in Kathmandu Valley.*

Lastly, the fifth hypothesis (H5) tested the impact of liquidity on investment decisions. The analysis produced a beta value of 0.067 and a p-value of 0.035. Given that this p-value is below the significance level of 0.05, the null hypothesis is rejected. This finding confirms that liquidity plays a significant role in influencing investors' decisions to invest in SIPs.

Table 15
*Summary of Hypothesis Testing*

| Hypothesis | Beta Value | Sig Value | Result |
|---|---|---|---|
| H1: Professional management significantly influences investors' decisions to invest in Systematic Investment Plans (SIPs) in Kathmandu Valley. | 0.444 | 0.000 | Accepted |
| H2: Ease of investment significantly influences investors' decisions to invest in Systematic Investment Plans (SIPs) in Kathmandu Valley. | 0.271 | 0.000 | Accepted |
| H3: Return perception significantly influences investors' decisions to invest in Systematic Investment Plans (SIPs) in Kathmandu Valley. | 0.158 | 0.000 | Accepted |
| H4: Diversification significantly influences investors' decisions to invest in Systematic Investment Plans (SIPs) in Kathmandu Valley. | 0.153 | 0.000 | Accepted |
| H5: Liquidity significantly influences investors' decisions to invest in Systematic Investment Plans (SIPs) in Kathmandu Valley. | 0.067 | 0.035 | Accepted |

Table 15 presents the summary of hypothesis testing for the study on factors influencing investors' decisions to invest in Systematic Investment Plans (SIPs) of mutual funds in Kathmandu Valley. All five hypotheses are accepted, indicating that professional management, ease of investment, return perception, diversification, and liquidity significantly influence investors' decisions. These results highlight the importance of these factors in shaping investor preferences towards SIPs, underscoring their critical role in the investment decision-making process.

### 4.1.6 Major Findings

- The mean score of Professional Management is 4.1410 (SD = 0.68593), respondents perceive professional management of Systematic Investment Plans (SIPs) as a strong factor influencing their investment decisions, indicating a high level of confidence in the management of these funds.
- The mean score for ease of investment is 3.8472 (SD = 0.62609), suggesting that investors find the process of investing in SIPs relatively straightforward, which positively affects their inclination to invest.
- Respondents report a mean of 4.0979 (SD =0.63468) for return perception, reflecting a strong belief that SIPs offer satisfactory returns, thus enhancing their investment appeal.
- With a mean score of 3.5819 (SD = 0.79423), investors view diversification as an important aspect, although it is comparatively lower than the other factors, indicating a moderate level of emphasis on this criterion.
- The mean score for liquidity is 3.6375 (SD = 0.63404), showing that respondents consider the liquidity features of SIPs significant, which allows them to access their funds when needed.
- The overall investment decision mean is 3.8340 (SD = 0.71352), indicating a generally positive attitude among respondents toward investing in SIPs, influenced by these factors.
- Professional Management (PM) shows a strong positive correlation with investment decision making at 0.778, indicating that better management significantly enhances investment decisions.

- Ease of Investment (EOI) is positively correlated with investment decision making at 0.683, suggesting that the simplicity of investing in SIPs contributes to more favorable investment choices.
- Return Perception (RP) exhibits a moderate positive correlation with investment decision making at 0.577, implying that investors' perceptions of returns significantly influence their investment decisions.
- Diversification (Div) has a positive correlation with investment decision making at 0.563, indicating that the perceived diversification benefits of SIPs positively affect investment decisions.
- Liquidity (Liq) shows a positive correlation with investment decision making at 0.452, suggesting that the availability of funds for quick withdrawal influences investors' decisions to invest in SIPs.
- All correlations are statistically significant with a significance level of 0.000, indicating a robust relationship between the variables involved in investment decisions.
- The R Square value of 0.738 indicates that approximately 73.8% of the variability in investment decisions is explained by the independent variables included in the regression model, which are Professional Management, Ease of Investment, Return Perception, Diversification, and Liquidity.
- The coefficient for professional management is 0.461, indicating it has the most substantial positive influence on investment decision-making, with a significance level of 0.000.
- Ease of investment has a coefficient of 0.309, showing a significant positive impact on investment decisions, with a significance level of 0.000.
- The coefficient for return perception is 0.178, demonstrating a positive influence on investment decisions, with a significance level of 0.000.
- Diversification has a coefficient of 0.138, indicating a positive effect on investment decisions, with a significance level of 0.000.
- The liquidity coefficient is 0.076, which also positively influences investment decisions, with a significance level of 0.035.

## 4.2 Discussion

This section evaluates and interprets the results of the study in light of existing theories and empirical findings. The analysis reveals that all independent variables professional management, ease of investment, return perception, diversification, and liquidity significantly influence investment decision-making for Systematic Investment Plans (SIPs) in Kathmandu Valley.

The strong influence of professional management aligns with the findings of Kacperczyk et al. (2014), which emphasize the importance of skilled fund managers in enhancing investor trust and optimizing portfolio returns. The study corroborates the idea that effective management practices play a crucial role in attracting investors, particularly those who may feel apprehensive due to a lack of investment knowledge or experience. This highlights the need for mutual funds to emphasize their management capabilities to instill confidence among potential investors.

The variable ease of investment also demonstrates a notable impact on investment decisions, consistent with recent literature. The simplicity and convenience associated with SIPs lower the barriers to entry for new investors, as noted in the findings. This is particularly significant for individuals who may be hesitant to invest larger sums, thereby facilitating broader participation in the market (Author, 2024). The study affirms that the systematic investment approach inherent to SIPs can mitigate market volatility risks, further encouraging investor engagement.

The findings regarding return perception align with the research of Gharti and Lamsal (2023), which indicates that favorable return expectations significantly drive investment decisions. Investors are drawn to the potential for high returns, and perceptions of consistent and attractive returns can enhance confidence in investing in SIPs compared to traditional savings options. This reflects a broader trend in investment behavior where expectations of performance are critical for decision-making.

The role of diversification as a significant influencing factor is also supported by the research of Gharti and Lamsal (2023), which highlights the risk-reduction benefits of spreading investments across various assets. This understanding encourages investors

to choose SIPs as they allow gradual portfolio building, thus softening the impact of market fluctuations. The findings reinforce the notion that education about diversification benefits can enhance investor inclination toward mutual funds.

Finally, the finding that liquidity significantly influences investment decisions is consistent with the work of Koch et al. (2016). The ability to quickly convert investments into cash is a valued trait among investors, and the perceived liquidity of mutual funds enhances their attractiveness. The study suggests that higher liquidity offerings in SIPs provide a safety net for investors, increasing their likelihood of participation.

In conclusion, this discussion synthesizes the study's findings with existing literature, illustrating consistencies and divergences. The insights derived underscore the necessity for financial institutions to enhance management quality, simplify the investment process, and educate potential investors about the benefits of SIPs. These factors are essential for attracting and retaining investors in the evolving investment landscape of Kathmandu Valley.

# CHAPTER - V
# SUMMARY AND CONCLUSION

This provides an overview of the study on factors influencing investors' decisions to invest in Systematic Investment Plans (SIPs) of mutual funds in the Kathmandu Valley. It summarizes the research objectives, methodology, and key findings, highlighting the impact of professional management, ease of investment, return perception, diversification, and liquidity on investment decisions. The chapter concludes by discussing the implications of the findings for practitioners, policymakers, and the academic community, and suggesting areas for future research in understanding investor behavior in the context of SIPs.

## 5.1 Summary

This study investigates the factors influencing investment decisions regarding Systematic Investment Plans (SIPs) among investors in the Kathmandu Valley. The primary objective is to assess how various independent variables Professional Management, Ease of Investment, Return Perception, Diversification, and Liquidity affect the Investment Decision Making (IDM). By employing a quantitative approach, the research utilizes a structured questionnaire to gather data from a sample of 360 investors, ensuring the reliability and validity of the findings through comprehensive statistical analysis.

The correlation analysis reveals significant positive relationships between all independent variables and the Investment Decision. Among these variables, Professional Management demonstrates the strongest correlation with investment decision making, suggesting that investors place considerable importance on the expertise and reputation of fund managers. Ease of Investment also emerges as a critical factor, reflecting that simpler and more user-friendly investment options encourage greater investor engagement. Other factors, including Return Perception and Diversification, also show positive correlations, emphasizing the role of potential returns and risk mitigation in shaping investment preferences.

The regression analysis further substantiates these relationships by revealing an R-squared value of 0.738, indicating that approximately 73.8% of the variance in Investment Decisions can be explained by the independent variables. The ANOVA

results confirm the overall significance of the regression model, with an F-statistic of 199.618 and a p-value of 0.000, indicating that at least one of the predictors significantly influences Investment Decision-making. This model demonstrates the collective explanatory power of the variables under investigation.

In the coefficient analysis, Professional Management is identified as the most influential predictor, with an unstandardized coefficient of 0.461 and a standardized coefficient (Beta) of 0.444. This suggests that enhancements in professional management correlate strongly with increased investor confidence and willingness to invest in SIPs. Ease of Investment also plays a vital role, contributing an unstandardized coefficient of 0.309, indicating that simpler processes and access significantly enhance investment preferences.

Return Perception, with a coefficient of 0.178, highlights the significance of expected returns in guiding investor decisions, while Diversification and Liquidity, although lower in their respective coefficients (0.138 and 0.076), still hold statistically significant impacts. These results collectively illustrate that while all factors contribute to the Investment Decision, Professional Management and Ease of Investment have a more pronounced effect. These findings collectively support the research hypotheses, confirming that all five independent variables play a critical role in shaping investment decisions regarding SIPs.

Overall, this research contributes valuable insights into the investment behaviors of individuals in the Kathmandu Valley, particularly in the context of Systematic Investment Plans. The findings can inform financial institutions and policymakers regarding the factors that resonate with investors, ultimately guiding strategies for promoting mutual fund investments.

### 5.2 Conclusion

This research offers a comprehensive analysis of the factors influencing investment decisions regarding Systematic Investment Plans (SIPs) among investors in the Kathmandu Valley. By systematically investigating the roles of Professional Management, Ease of Investment, Return Perception, Diversification, and Liquidity, the study uncovers critical insights that contribute to a deeper understanding of investor behavior in the context of mutual funds.

One of the most significant findings is the paramount importance of Professional Management. The strong positive correlation and the highest standardized coefficient in the regression analysis indicate that investors place considerable trust in the expertise of fund managers. This finding emphasizes the need for mutual funds to prioritize the recruitment and retention of skilled professionals, as their reputation directly impacts investor confidence and decision-making.

Additionally, the analysis highlights the crucial role of Ease of Investment, which demonstrates that simpler and more accessible investment processes can significantly enhance investor engagement. The positive correlation with Investment Decisions indicates that financial institutions should strive to create user-friendly platforms and resources, facilitating smoother investment experiences for potential investors. This focus on accessibility can be pivotal in attracting new investors, particularly in a developing financial landscape like Nepal's.

Return Perception also emerges as a key factor influencing investment choices, reflecting investors' desire for attractive returns on their investments. This finding suggests that mutual funds must effectively communicate their performance and return expectations to prospective investors. Transparency regarding historical performance and potential future returns can help manage investor expectations and enhance their willingness to invest in SIPs.

Moreover, while Diversification and Liquidity are comparatively less influential, they still significantly affect investment decisions. This underscores the importance of offering diversified portfolios and ensuring liquidity to meet investor needs. Financial institutions can leverage these insights to structure their investment products, enhancing their appeal to a broader range of investors.

In conclusion, this research not only affirms the importance of specific factors in shaping investment decisions but also provides actionable insights for financial institutions and policymakers. By understanding and addressing the needs and preferences of investors, stakeholders can create strategies that foster greater participation in SIPs and enhance the overall growth of the mutual fund industry in Nepal.

### 5.3 Implications

The implications of this research extend to various stakeholders, including policymakers, practitioners, and the academic community, highlighting the importance of addressing the factors influencing investor inclination towards Systematic Investment Plans (SIPs) in mutual funds. The following points outline key recommendations and areas for future research:

- The research highlights the need for supportive regulatory frameworks that enhance transparency and disclosure in the mutual fund industry. Policymakers should implement financial literacy programs to empower investors with the knowledge required for informed decision-making regarding Systematic Investment Plans (SIPs).
- Financial institutions should prioritize attracting skilled fund managers to improve Professional Management within mutual funds, as their expertise significantly influences investor trust. Additionally, enhancing user-friendly investment platforms and effective communication about the benefits of SIPs can boost investor engagement and participation.
- There is a significant impact of professional management quality on investor inclination towards SIP schemes. This indicates that investors are more likely to invest in mutual funds when they perceive the management team as highly competent and experienced. Financial institutions must prioritize enhancing the quality of their fund management teams to build trust and credibility among investors. This can lead to increased investment in SIP schemes.
- There is a significant positive relationship between the ease of investment and investor inclination towards SIP schemes. This suggests that simplified investment processes enhance investor engagement and participation in SIP offerings. To improve investor participation, financial institutions should simplify the investment process for SIP schemes by offering user-friendly online platforms and responsive customer service, thereby enhancing the overall investor experience.
- There is a significant impact of return perception on the decisions of investors regarding SIP schemes. This highlights that the expected returns from investments play a crucial role in influencing investor choices. Financial institutions should

focus on transparent communication regarding potential returns from SIP investments, helping to set realistic return expectations and build long-term investor relationships.

- There is a significant but lesser impact of diversification on investor inclination towards SIP schemes. While diversification is relevant, it is not the primary driver for investment decisions among investors. Financial institutions need to emphasize diversification strategies employed within their SIP schemes to appeal to risk-averse investors, showcasing how their funds mitigate risks across various asset classes and sectors.
- There is a significant impact of liquidity on investor decisions concerning SIP schemes. This indicates that investors are more likely to invest when they feel confident about the liquidity options available within the mutual fund offerings. Financial institutions must ensure that their SIP schemes provide adequate liquidity options for investors, reassuring them that they can access their funds when needed, which will enhance the attractiveness of their offerings.
- This study is based on the Kathmandu Valley, which has its unique economic and cultural context. Further research could expand the geographical scope to include other regions of Nepal, providing a comparative analysis of investor inclination towards SIP schemes across diverse socio-economic environments.
- This study employs a quantitative approach to analyze investor behavior and inclination. Future research could incorporate qualitative methods, such as interviews or focus group discussions, to gain deeper insights into the motivations and concerns of investors regarding SIP schemes.
- Given the dynamic nature of financial markets, this study represents a snapshot of current investor behavior. Future studies could adopt a longitudinal design to track changes in investor inclination over time, especially in response to market fluctuations or changes in the economic landscape.

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# APPENDICES

## Appendix-I

## QUESTIONNAIRE

Dear respondents,

I would like to inform you that I am undertaking a research work on "**Investors' Preference Towards Systematic Investment Plan (SIP) In Kathmandu Valley**" to meet the partial requirement of MBS Degree in Finance from Shanker Dev Campus, Kathmandu. You are kindly requested to fill up the following questionnaire with the best answer in your view. I would be very grateful for your kind co-operation and providing your precious time.

Regards
Bishal Shrestha

**Section A: Demographic Profile**

*(Please provide your basic demographic information by selecting the appropriate option for each question).*

**1. Age:**

☐ 18-22
☐ 23-27
☐ 28-32
☐ 33-35
☐ Above 35

**2. Gender**:

☐ Male
☐ Female
☐ Other (Please Specify)….

**3. Marital Status:**

☐ Single
☐ Married

☐ Other (Please Specify)….

**4. Education Level:**

☐ SLC

☐ Plus Two (+2)

☐ Bachelor's Degree

☐ Master's Degree

☐ Above Masters

**5. Employment Status**:

☐ Student

☐ Employed

☐ Self-employed

☐ Unemployed

☐ Retired

☐ Other (Please specify)…….

**6. Monthly Income (in NPR)**:

☐ Less than 20,000

☐ 20,000 - 30,000

☐ 30,001 - 40,000

☐ 40,001 - 50,000

☐ More than 50,000

**Section B: Factors Influencing Investment Decisions**

*(This section focuses on identifying the factors that influence your investment decisions regarding Systematic Investment Plans (SIPs). For each statement, please indicate your level of agreement using the five-point Likert scale provided. Your responses will help us understand the key drivers behind your investment choices).*

Please indicate the extent to which you agree or disagree with each statement by selecting the appropriate number on the scale

| Strongly Disagree | Disagree | Neither Agree nor Disagree | Agree | Strongly Agree |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |

| S.N. | Statements | Scale | | | | |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| | **Professional Management** | | | | | |
| 1. | I believe that SIPs are managed by professionals who have extensive expertise. | | | | | |
| 2. | The professional management of SIPs increases my confidence in investing. | | | | | |
| 3. | I prefer investments that are handled by professional managers. | | | | | |
| 4. | The expertise of professional managers influences my decision to invest in SIPs. | | | | | |
| | **Ease of Investment** | | | | | |
| 5. | Investing in SIPs is simple and convenient for me. | | | | | |
| 6. | The process of starting an SIP investment is straightforward. | | | | | |
| 7. | I find the procedures for investing in SIPs easy to follow. | | | | | |
| 8. | The ease of managing SIP investments is an important factor in my decision-making. | | | | | |
| | **Return Perception** | | | | | |
| 9. | I have a positive perception of the returns offered by SIPs. | | | | | |
| 10. | The potential returns from SIP investments influence my investment decision. | | | | | |
| 11. | I am satisfied with the historical performance of SIP returns. | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 12. | Expectations of returns from SIPs play a significant role in my investment choices. | | | | | |
| | **Diversification** | | | | | |
| 13. | SIPs provide a diversified investment portfolio that reduces risk. | | | | | |
| 14. | The diversification offered by SIPs is an attractive feature for me. | | | | | |
| 15. | I value the risk reduction provided by the diversification of SIPs. | | | | | |
| 16. | The ability to diversify investments through SIPs affects my decision to invest. | | | | | |
| | **Liquidity** | | | | | |
| 17. | I am comfortable with the liquidity of investments in SIPs. | | | | | |
| 18. | The ease of withdrawing funds from SIPs influences my investment decision. | | | | | |
| 19. | Liquidity features of SIPs are important to my investment strategy. | | | | | |
| 20. | I prefer investments that offer good liquidity, such as SIPs. | | | | | |

**Section C: Dependent Variable; Investment Decision Making**

*(This section is designed to assess your overall decision-making process when it comes to investing in Systematic Investment Plans (SIPs) of mutual funds. For each statement, please indicate your level of agreement using the five-point Likert scale provided. Your responses will help us understand the factors that influence your preferences and decisions regarding SIP investments.)*

Please indicate the extent to which you agree or disagree with each statement by selecting the appropriate number on the scale: Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), Strongly Agree (5).

| S.N. | Statements | Scale | | | | |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| | **Investment Decision Making** | | | | | |
| 21. | My decision to invest in SIPs is influenced by the factors of professional management, ease of investment, return perception, diversification, and liquidity. | | | | | |
| 22. | I consider multiple factors before making an investment decision in SIPs. | | | | | |
| 23. | The combination of various factors plays a critical role in my investment choices regarding SIPs. | | | | | |
| 24. | I weigh the benefits of professional management, ease of investment, and other factors when deciding to invest in SIPs. | | | | | |

# Appendix-II

## SPSS Output

**Demographic profile of Respondents**

**Age Distribution of Respondents**

| Age | Frequency | Percentage |
|---|---|---|
| 18-22 | 90 | 25% |
| 23-27 | 120 | 33.33% |
| 28-32 | 80 | 22.22% |
| 33-35 | 40 | 11.11% |
| Above 35 | 30 | 8.33% |
| Total | 360 | 100% |

**Gender Distribution of Respondents**

| Gender | Frequency | Percentage |
|---|---|---|
| Male | 180 | 50% |
| Female | 180 | 50% |
| Total | 360 | 100% |

**Marital Status of Respondents**

| Marital Status | Frequency | Percentage |
|---|---|---|
| Single | 200 | 55.56% |
| Married | 160 | 44.44% |
| Total | 360 | 100% |

**Education Level of Respondents**

| Education Level | Frequency | Percentage |
|---|---|---|
| SLC | 30 | 8.33% |
| Plus Two (+2) | 60 | 16.67% |
| Bachelor's Degree | 150 | 41.67% |
| Master's Degree | 90 | 25% |
| Above Masters | 30 | 8.33% |
| Total | 360 | 100% |

**Employment Status of Respondents**

| Employment Status | Frequency | Percentage |
|---|---|---|

| | | |
|---|---|---|
| Student | 100 | 27.78% |
| Employed | 150 | 41.67% |
| Self-employed | 50 | 13.89% |
| Unemployed | 30 | 8.33% |
| Retired | 30 | 8.33% |
| Total | 360 | 100% |

**Monthly Income of Respondents (in NPR)**

| Monthly Income (NPR) | Frequency | Percentage |
|---|---|---|
| Less than 20,000 | 60 | 16.67% |
| 20,000 - 30,000 | 120 | 33.33% |
| 30,001 - 40,000 | 90 | 25% |
| 40,001 - 50,000 | 60 | 16.67% |
| More than 50,000 | 30 | 8.33% |
| Total | 360 | 100% |

**Descriptive Statistics of Variables**

**Descriptive Statistics of Professional Management**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| PM1 | 360 | 2 | 5 | 4.19 | .757 |
| PM2 | 360 | 2 | 5 | 4.09 | .783 |
| PM3 | 360 | 1 | 5 | 4.16 | .846 |
| PM4 | 360 | 2 | 5 | 4.13 | .847 |
| Professional Management | 360 | 2.25 | 5.00 | 4.1410 | .68593 |
| Valid N (listwise) | 360 | | | | |

**Descriptive Statistics of Ease of Investment**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| EOI1 | 360 | 2 | 5 | 3.89 | .712 |
| EOI2 | 360 | 2 | 5 | 3.84 | .713 |
| EOI3 | 360 | 2 | 5 | 3.84 | .725 |
| EOI4 | 360 | 2 | 5 | 3.82 | .793 |
| Ease of Investment | 360 | 2.50 | 5.00 | 3.8472 | .62609 |
| Valid N (listwise) | 360 | | | | |

**Descriptive Statistics of Return Perception**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| RP1 | 360 | 1 | 5 | 4.12 | .849 |
| RP2 | 360 | 1 | 5 | 4.11 | .775 |
| RP3 | 360 | 1 | 5 | 3.96 | .812 |
| RP4 | 360 | 1 | 5 | 4.19 | .736 |
| Return Perception | 360 | 2.25 | 5.00 | 4.0979 | .63468 |
| Valid N (listwise) | 360 | | | | |

**Descriptive Statistics of Diversification**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| DIV1 | 360 | 1 | 5 | 3.71 | 1.000 |
| DIV2 | 360 | 1 | 5 | 3.28 | 1.018 |
| DIV3 | 360 | 1 | 5 | 3.66 | .872 |
| DIV4 | 360 | 1 | 5 | 3.69 | .910 |
| Diversification | 360 | 1.25 | 5.00 | 3.5819 | .79423 |
| Valid N (listwise) | 360 | | | | |

**Descriptive Statistics of Liquidity**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| LIQ1 | 360 | 1 | 5 | 3.60 | .791 |
| LIQ2 | 360 | 1 | 5 | 3.54 | .738 |
| LIQ3 | 360 | 1 | 5 | 3.70 | .765 |
| LIQ4 | 360 | 2 | 5 | 3.72 | .722 |
| Liquidity | 360 | 1.75 | 5.00 | 3.6375 | .63404 |
| Valid N (listwise) | 360 | | | | |

**Descriptive Statistics of Investment Decision Making**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| IDM1 | 360 | 2 | 5 | 3.92 | .775 |
| IDM2 | 360 | 1 | 5 | 3.85 | .836 |
| IDM3 | 360 | 1 | 5 | 3.89 | .819 |
| IDM4 | 360 | 1 | 5 | 3.68 | 1.057 |
| Investment Decision | 360 | 2.00 | 5.00 | 3.8340 | .71352 |
| Valid N (listwise) | 360 | | | | |

**Descriptive Statistics Summary**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Professional Management | 360 | 2.25 | 5.00 | 4.1410 | .68593 |
| Ease of Investment | 360 | 2.50 | 5.00 | 3.8472 | .62609 |
| Return Perception | 360 | 2.25 | 5.00 | 4.0979 | .63468 |
| Diversification | 360 | 1.25 | 5.00 | 3.5819 | .79423 |
| Liquidity | 360 | 1.75 | 5.00 | 3.6375 | .63404 |
| Investment Decision | 360 | 2.00 | 5.00 | 3.8340 | .71352 |
| Valid N (listwise) | 360 | | | | |

**Reliability Analysis**

**Reliability Statistics of Professional Management**

| Cronbach's Alpha | N of Items |
|---|---|
| .870 | 4 |

**Reliability Statistics of Risk Perception**

| Cronbach's Alpha | N of Items |
|---|---|
| .812 | 4 |

**Reliability Statistics of Liquidity**

| Cronbach's Alpha | N of Items |
|---|---|
| .862 | 4 |

**Reliability Statistics of Diversification**

| Cronbach's Alpha | N of Items |
|---|---|
| .854 | 4 |

**Reliability Statistics of Diversification**

| Cronbach's Alpha | N of Items |
|---|---|
| .872 | 4 |

**Reliability Statistics of Investment Decision Making**

| Cronbach's Alpha | N of Items |
|---|---|
| .828 | 4 |

**Inferential Statistics**

**Correlations**

| | | ID | PM | EOI | RP | Div | Liq |
|---|---|---|---|---|---|---|---|
| ID | Pearson Correlation | 1 | .778** | .683** | .577** | .563** | .452** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 | .000 |
| | N | 360 | 360 | 360 | 360 | 360 | 360 |
| PM | Pearson Correlation | .778** | 1 | .561** | .507** | .501** | .381** |
| | Sig. (2-tailed) | .000 | | .000 | .000 | .000 | .000 |
| | N | 360 | 360 | 360 | 360 | 360 | 360 |
| EOI | Pearson Correlation | .683** | .561** | 1 | .468** | .393** | .422** |
| | Sig. (2-tailed) | .000 | .000 | | .000 | .000 | .000 |
| | N | 360 | 360 | 360 | 360 | 360 | 360 |
| RP | Pearson Correlation | .577** | .507** | .468** | 1 | .335** | .236** |
| | Sig. (2-tailed) | .000 | .000 | .000 | | .000 | .000 |
| | N | 360 | 360 | 360 | 360 | 360 | 360 |
| Div | Pearson Correlation | .563** | .501** | .393** | .335** | 1 | .420** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | | .000 |
| | N | 360 | 360 | 360 | 360 | 360 | 360 |
| Liq | Pearson Correlation | .452** | .381** | .422** | .236** | .420** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | |
| | N | 360 | 360 | 360 | 360 | 360 | 360 |

**. Correlation is significant at the 0.01 level (2-tailed).

**Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .859[a] | .738 | .734 | .36766 |

a. Predictors: (Constant), Liquidity, Return_Perception, Diversification, Ease_of_Investment, Professional_Management

**ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 134.918 | 5 | 26.984 | 199.618 | .000[b] |
| | Residual | 47.852 | 354 | .135 | | |
| | Total | 182.771 | 359 | | | |

a. Dependent Variable: Investment_Decision

b. Predictors: (Constant), Liquidity, Return_Perception, Diversification, Ease_of_Investment, Professional_Management

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | -.762 | .160 | | -4.775 | .000 |
| | Professional_Management | .461 | .039 | .444 | 11.952 | .000 |
| | Ease_of_Investment | .309 | .040 | .271 | 7.662 | .000 |
| | Return_Perception | .178 | .037 | .158 | 4.837 | .000 |
| | Diversification | .138 | .030 | .153 | 4.637 | .000 |
| | Liquidity | .076 | .036 | .067 | 2.120 | .035 |

a. Dependent Variable: Investment_Decision

# INVESTORS' PREFERENCE TOWARDS SYSTEMATIC INVEST...

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Abstract This study investigates the factors influencing investment decisions regarding Systematic Investment Plans (SIPs) among investors in Kathmandu Valley. The primary objective is to assess the awareness and key determinants affecting investors' preferences for SIP schemes. The factors are Professional Management, Ease of Investment, Return Perception, Diversification, and Liquidity. A descriptive and explanatory research design is employed, utilizing a structured questionnaire as the primary data collection instrument. A total of 384 questionnaires were distributed, resulting in 360 valid response. The data analysis involves both correlation and regression analyses to identify the relationships and predictive capabilities of the independent variables concerning the dependent variable, Investment Decision. The correlation analysis reveals significant positive relationships among all independent variables and the Investment Decision, with Professional Management demonstrating the strongest association. The regression analysis indicates that the model explains approximately 73.8% of the variance in investment decisions, confirming the collective influence of the identified factors. Coefficient analysis further highlights Professional Management as the most influential predictor, followed by Ease of Investment, Return Perception, Diversification, and Liquidity. The findings suggest that Professional Management and Ease of Investment are the most influential factors in investors' decisions to engage with SIPs. The study concludes that enhancing the professional management of funds and simplifying investment processes can significantly attract more investors to SIPs in Kathmandu Valley, providing valuable insights for financial institutions and policymakers. Keywords: Systematic Investment Plans, Mutual Funds, Professional Management, Ease of Investment, Return Perception, Diversification, and Liquidity CHAPTER - I INTRODUCTION 1.1 Background of the Study Nepal's mutual fund industry, especially in the Kathmandu Valley, has seen remarkable growth since the 1990s. The introduction of NCM Mutual Fund 2050 by the Nepal Industrial Development Corporation (NIDC) in 1993 marked the beginning of formal collective investment schemes in the country (Niraula et al., 2023). Over the years, the industry has expanded with the launch of various funds aimed at meeting diverse investment needs. This growth has been driven by a regulatory framework established by the Securities Board of Nepal (SEBON), which focuses on enhancing investor protection and ensuring greater transparency in the industry (Kandel, 2020). Systematic Investment Plans (SIPs) have gained popularity within Nepal's mutual fund market as a convenient option for investors. By