

## **ABSTRACT**

*IPO underpricing refers to a condition in which the initial offering price of shares is lower than the closing price on the first trading day in the secondary market. This phenomenon has become an important issue in the capital market because it is closely related to fundraising efficiency, pricing accuracy, and information asymmetry between issuers and investors. This study aims to identify, classify, and synthesize the determinants of IPO underpricing based on fundamental, market, and institutional factors in order to provide a more comprehensive understanding of the factors influencing IPO underpricing.*

*This study employs a Systematic Literature Review (SLR) method using Scopus-indexed journal articles as secondary data sources. The review process was conducted systematically through the stages of identification, screening, eligibility assessment, and relevance analysis. The articles reviewed were limited to publications from 2020 to 2025, written in English, available in full text, and relevant to the research topic. From an initial search of 792 articles, 30 articles met the inclusion criteria and were further analyzed to answer the research questions concerning the determinants of IPO underpricing and the consistency of the effects of fundamental, market, and institutional factors.*

*The findings show that IPO underpricing is a multidimensional phenomenon influenced by the interaction of various factors. Fundamental factors, such as firm size, profitability, leverage, firm age, and financial quality, affect underpricing through investors' perceptions of risk and the internal quality of the firm. Market factors, including hot market conditions, IPO waves, investor sentiment, market volatility, and local investor demand, contribute to the formation of market expectations and initial returns. Meanwhile, institutional factors, such as corporate governance, ownership structure, underwriter reputation, political connections, underwriter–investor relationships, and board characteristics, function as certification mechanisms as well as sources of variation in IPO underpricing. Therefore, IPO underpricing should be understood as the result of the interaction between firms' internal conditions, market dynamics, and institutional quality. This study contributes to the literature by integrating recent empirical findings on IPO underpricing and providing a structured classification of its determinants.*

**Keywords:** *IPO, fundamental factors, market factors, institutional factors, systematic literature review.*