

A Study on Awareness of Stock Market investors in Sri Lanka

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The investor is centralized character in an economy and stock market plays a major role of economic growth in a country. To minimize risk of investment investor should have good knowledge about capital market trading. This research considers about stock market awareness of the investors. The main objective of this study is to recognize the impact of stock market awareness on their investment. A structured questionnaire was used to reach this objective of the survey. The sample was consisted 150 responders who invest in the Colombo Stock Exchange. In the quantitative analysis, Likert-scale questions which describe the basic knowledge about stock market investment were used to develop an index regarding the awareness of the stock market. This research considers the differences in amount of investment, according to their awareness about stock market using the independent t-test between two groups; having awareness and not having awareness. Further, to recognize the factors which impact for the amount of investment used multiple regression model. Highest percentage of investors was male. 74% of investors were obtained A/L qualifications. Among them, 18% of investors had followed extra courses regarding to share market. 87% of investors used the savings for investment. 13% of investors were used non saving sources such as credits and real assets. Most of the investors had other investment beside of stock market investment. 78% of investors were concentrated on ordinary shares. According to the index; regarding the awareness of the stock market, 12% of investors had higher awareness about stock market and 23% of investors had medium awareness about the stock market. 70% of investor's awareness was not in a satisfactory state. Independent t-test result indicates that there hadn't any difference on investment amount according to awareness of investors. To maximize investment benefit through minimize their risk; awareness of investment should be improved. Therefore Securities and Exchange Commission ought to be involved to expand the informal educational ways which are familiar to investors.

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