

**Factors Which Are Affecting to the Behavior of Investors:
An Empirical Study of the Colombo Stock Exchange**

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Abstract

Aim of this research is to identify the factors that influences the Sri Lankan's individual investor behavior. The study attempts to determine principal factors considered important by retail investors in choosing an equity share traded in Colombo Stock Exchange (CSE) and to examine whether there are any significant differences in these factors across demographic characteristics of respondents. To achieve the objectives, this study collected a data from a sample of 50 individual investors in the district of Gampaha through convenience sampling and analyzed them using Descriptive analysis (Mean, Standard deviation and coefficient of variance) and chi-square test for examine whether there is any relationship with independent factors and Demographic factors. The findings of the study reveal that the most important principal factors influencing retail investors are company past performances, Company reputation and Stock broker's advices. Findings also suggest that amount of importance given to each of the factor significantly differs with at least one demographic characteristics of sample respondents like gender, age, income and education. Company earnings and Information from social media differently affect with age levels. Stock broker's advices, advice of others are also having varying impact with gender. On the other hand impact of company reputation, risk reduction, affordable share price differ with the educational level.

Keywords: *Individual Investors, Behavioral Finance, Colombo Stock Exchange (CSE), Demographic Characteristics*