

Effect of Socio-demographic Factors (Age, Occupation and Education) on Behavioral Biases of Individual Investors' Decision-making: Evidence from the Colombo Stock Exchange

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The purpose of this paper is to investigate the effect of age, occupation and education on the relationship between behavioral biases and financial decision-making of individual investors based on The Colombo Stock Exchange (CSE). This study considers overconfidence bias, representativeness bias, disposition effect and herd-mentality bias on the financial investment decision-making of individual investors, taking steps to fill the empirical gap and practice gap in Behavioral Finance context.

A questionnaire was utilized to collect data and the sample consisted of 114 individual respondents. Finally, data of 100 investors was analyzed by using Partial Least Square-Structural Equation Modeling approach. The study revealed that age moderates the relationship between disposition effect and investment decisions of individual investors. Further, occupation also moderates the relationship between herd-mentality bias and individual investors' investment decisions. This study is one of the pioneering studies examining the effect of socio-demographic factors of age, occupation and education on the relationship between behavioral biases and individual investors' decision-making. Further, this study sheds light on the rare prior studies that relate socio-demographic factors to behavioral biases of individual investors' decision-making, particularly in emerging markets context while expanding the extant literature in Behavioral Finance.

Keywords: *Disposition effect, Herd-mentality bias, Individual investors, Overconfidence bias, Representativeness bias*

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