

THE IMPACT OF FINANCIAL LITERACY AND BEHAVIORAL BIASNESS ON INVESTMENT DECISION MAKING IN PAKISTAN

BY

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A Project submitted to Department of Management Studies, Bahria Business School, Bahria University – Karachi Campus, in partial fulfillment of the requirement for BS A&F Degree



**BS (ACCOUNTING & FINANCE)
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PROJECT APPROVAL STATEMENT

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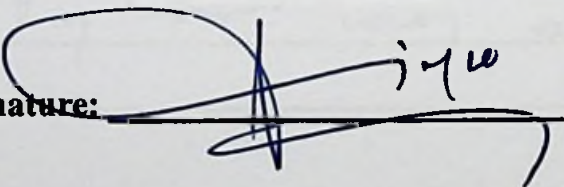
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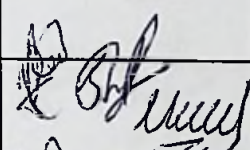
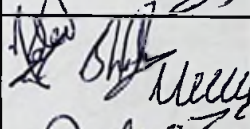
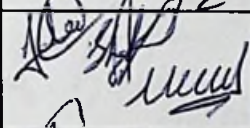
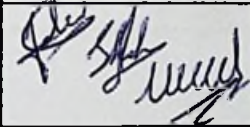
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1st Half Semester Progress Report

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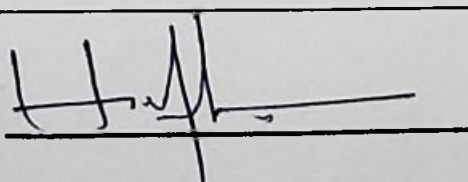
Supervisor Student Meeting Record

| No. | Date | Place of Meeting | Topic Discussed | Signature of Student |
|-----|------------|-------------------|--------------------------------------|---|
| 1 | 12.02.2024 | Supervisor Office | Topic Discussion & Research Proposal |  |
| 2 | 23.02.2024 | Supervisor Office | Introduction, Literature review |  |
| 3 | 04.03.2024 | Supervisor Office | Methodology, Data Collection |  |
| 4 | 15.03.2024 | Supervisor Office | Research Progress |  |

Progress Satisfactory

Progress Unsatisfactory

Remarks: They were very efficient

Signature of Supervisor: 

Date: 17/5/2024

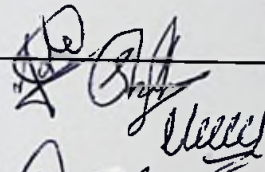
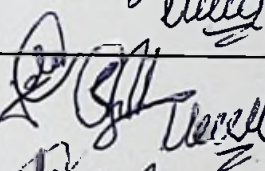
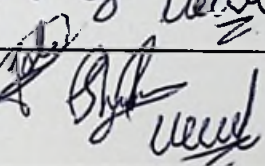
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2nd Half Semester Progress Report & Thesis Approval Statement

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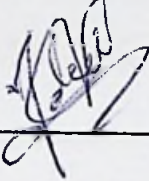
Supervisor Student Meeting Record

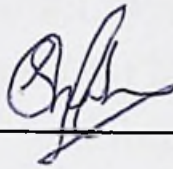
| No. | Date | Place of Meeting | Topic Discussed | Signature of Student |
|-----|------------|-------------------|--------------------------------|---|
| 1 | 29.04.2024 | Supervisor Office | Findings, Data & Test Analysis |  |
| 2 | 02.05.2024 | Supervisor Office | Proofreading and Conclusion |  |
| 3 | 10.05.2024 | Supervisor Office | Feedback on the Final Draft |  |

DECLARATION OF AUTHENTICATION

At this moment, I declare that no portion of the work referred to in this project has been submitted in support of any application for another degree or qualification of this university or any other institution of learning.

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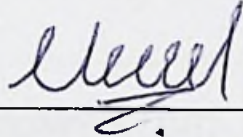
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ABSTRACT

The purpose of this research article is to assess the impact of herd mentality, over confidence, behavioral biases and financial literacy of those who engage in local market investment. It also empirically tested the moderating impact of behavioral biases on the relationship between financial literacy and investment decision making. A survey was carried out among 301 different individuals of Karachi using an adopted questionnaire which measures every variable employing a 5 point Likert scale. EViews was the software used to test statistical procedures for data analysis including regression, correlation, and multicollinearity. The results demonstrate a substantial positive relationship between overconfidence, financial literacy, and investment decision-making. Behavioral biases and herd mentality, on the other hand, are two factors that negatively correlate with investing decision-making. The study could not find any moderating impact of behavioral biases between the relationship of financial literacy and investment decision making. This research paper is believed to stand among the first few of its kind conducted in Pakistan. To the best information available on the internet, not many studies have been done on financial literacy measurement.

Key Words: Financial Literacy, Overconfidence, Herd Mentality, Behavioral Biasness, Investment Decision Making.

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