

Impact of Financial Literacy, Gender and Cognitive biases on Financial Decision



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Abstract

This research is conducted to find out the Impact of financial literacy, Gender, and cognitive bias such as availability bias, overconfidence bias, ambiguity aversion bias and self-attribution bias on financial decision. Many of studies have also supported this type of relationship that impact of financial literacy, gender and cognitive bias such as availability bias, overconfidence bias, ambiguity aversion bias and self-attribution bias on financial decision. Cognitive bias includes overconfidence bias, self-attribution bias, availability bias and ambiguity bias. Primary data is collected from national saving and brokerage house in Islamabad, Pakistan. Convenience sampling technique is used for collecting sample data through five point likert scale. Sample size of this study is 238 questionnaires which national saving and brokerage house in Islamabad, Pakistan. Different statistical test i.e. reliability test, correlation, regression and descriptive analysis is used. The results of this investigation proved that there is significant positive relationship between financial literacy and financial decision. Overconfidence bias and financial decision has negative relationship, self-attribution bias and financial decision has negative relationship, availability bias and financial decision has negative relationship and ambiguity aversion and financial decision also has negative relationship. Which mean when there is high level of cognitive biases then people make poor financial decisions. On the other hand when there is high level of financial literacy then people make efficient financial decisions.

Keywords: Financial literacy, gender, Self-attribution bias, Overconfidence bias, Ambiguity aversion bias Availability bias and financial decision.