

Psychological underpinning of biases vs. financial decision

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A thesis presented to Bahria University, Islamabad in partial fulfillment of the requirements for the degree of Ms Finance

May 2018

ABSTRACT

The Purpose Of this research is to analyze and investigate the relationship of four behavioral biases on Financial Decision making. So this study is conducted to assess the relationship between financial decision making and self-control, self-Attribution, illusion of control and endowment bias in Islamabad stock exchange and normal people. The Questionnaire is generating for collecting the data. The sample size is 200 but only 162 responses were received. Independent variables are Self-Control, Self-Attribution, Illusion of Control and Endowment Bias and dependent variable is financial decision making. Different statistical test are applied i.e. Regression Analysis, Correlation, Reliability and Demographic Analysis is also conducted to check the characteristics of respondents. It is establish that self-control and self-Attribution and endowment bias contribute negative towards financial decision making while only illusion of control bias has positive effect on financial decision making.

Key words: Financial Decision making and Self-control, Self-Attribution, Illusion of control and Endowment bias.

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