

# Corroboration of Heuristics and overconfidence Bias on Financial Decision Making



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**Abstract**

The main drive of the study is to analyze the influence of heuristics (anchoring bias, availability bias and representative bias) and overconfidence bias on financial decision making. This study used cross-sectional descriptive analysis research design to determine and establish the influence of behavioral biases on financial decision making of bank employees, national savings employees, oil and gas sector employees, pharmaceutical and chemical employees of Rawalpindi and Islamabad. Stratified random sampling technique is used to collect data from 275 respondents. Primary data technique was used to collect data using 5 Likert scale self-administered drop and pick questionnaires. Linear regression, Pearson correlation analysis, descriptive statistics, principal component analysis, items to variable correlation and Cronbach's alpha test was used for data analysis. This study has established that behavioral biases such as anchoring bias, over confidence bias and representative bias has positive significant relationship on financial decision making. Whereas, availability bias has insignificant impact on financial decision making.

**Key words**

Financial decision-making, availability bias, anchoring bias, overconfidence bias and representative bias, regression model, correlation, KMO, items to variable correlation and descriptive statistics.