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Abstract

This study attempts to determine the main factors influencing investment decisions of investors and how these factors are related to the investors’ demographic characteristics in the Colombo stock Market. The study covers individual investors using convenient sampling method to obtain information from 162 respondents through a modified questionnaire developed by Al-Tamimi (2005). Independent sample t-test and Analysis of variance (ANOVA) were employed. The results indicate that the five most influencing factors on investment decisions of investors in Sri Lanka are past performance of the company’s stock, expected corporate earnings, dividend policy, get-rich-quick, marketability of the company. Also, the five least influencing factors include religious reasons, rumors, loyalty to the company’s products; government has a share in the company, and insiders’ information. The study finds that the demographic characteristics of investors (age, gender, marital status, income per month and educational qualifications) statistically and significantly influenced the investment decisions of investors in Sri Lanka.

Key words: Behavioral factors, Investment decision, Individual investors, Colombo Stock exchange (CSE), Sri Lanka,