

## **Influence of Behavioral Biases on Investment Decision Making with Moderating Role of Financial Literacy and Risk Attitude: A Study Based on Colombo Stock Exchange**

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This paper aims to analyze the influence of overconfidence bias and herding bias on investment decision making and the moderating role of financial literacy and risk attitudes on overconfidence bias and herding bias on investment decision making in the Colombo Stock Market. Data was collected from a structured questionnaire survey carried out among 110 individual investors in the Colombo Stock Market. Multiple regression method was used to analyze the influence of overconfidence bias and herding bias on investment decisions with financial literacy and risk attitude as moderating variables. Accordingly, results indicated overconfidence bias has a significant influence on investment decisions. Results do not indicate that herding bias significantly influence investment decisions. Financial literacy and risk attitude do not significantly moderate the relationship between overconfidence and herding bias in investment decisions. The findings of this paper would help to understand the influence of behavioral bias on investment decisions of individual investors in Colombo Stock Market. The research described in this paper study the moderating role of financial literacy and risk attitude on overconfidence bias and herding bias in making investment decisions adding new perspective to Colombo Stock Exchange investor behavior.

**Keywords:** *Behavioral finance, Financial literacy, Investment decisions, Herding bias, Overconfidence bias, Traditional finance, Risk attitude*

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