

Socio-Economic, Trading Sophistication and Self-Reflection on Investors' Disposition Bias: Evidence from Colombo Stock Exchange

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Individual investor's behavior is extensively influenced by biases that are highlighted in the growing discipline of behavior finance. This study is one of another effort to assess the determinants of behavioral biases in investor's investment decision-making. The present study has analyzed the influence of socio-economic factors (i.e. investors' age, gender, education, profession, and income), trading sophistication factors (i.e. trading experience and trading frequency) and self-reflection on disposition bias in investment decision-making in Colombo Stock Exchange (CSE). A questionnaire is designed and through survey responses were collected from 243 investors. The present research has applied inferential statistics and descriptive statistics. The results show that, the disposition bias influences men and women equally. Furthermore, disposition bias can be seen clearly in investors coming within the older age group, who have a less educational qualifications and low-income earners, and less trading experience and trading frequency. Self-reflection can be seen in disposition bias. Further, one's profession does not impact on disposition bias. This study will be helpful to financial intermediaries to advice their clients. Moreover, the results of present study facilitate individual investors to realize their disposition bias by its' determinants in the pursuit of making sensible and effective financial decisions.

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