

BEHAVIORAL FINANCE: A FINANCIAL CHOICE OF THE INVESTORS

Abstract

Finance is the life blood of business. Now-a-days for the past couple of years, behavioral finance is a name which every industry specially finance industry is known for. It is a study of which influence the behavior of the investors by means of psychology, intermediaries of finance and financial analysts. It tries to explain the patterns of behavior of investors and investment service providers which include the emotional processes involved while taking decisions. By the name itself, it talks about the aim and the way to improve the understanding of financial markets and its participants by going insights from behavioral sciences. It is actually a sub-field of behavioral economics which has been developed in the early 1980s. It proposed psychological-based theories to explain the stock market anomalies. Although, we have seen many theories have been contributed in the field of economics and finance during these years but it could not explain what the reason that people sometimes take decisions irrationally is. The study in this field also includes, studies on financial markets and providing explanations to certain types of stock market anomalies, studies on stock market clashes & speculative market bubbles and so on. The present paper primarily aims to find out the proportion of investment in riskless instruments and risky instruments of the selected investors on certain areas of West Bengal classified from various angles and to find out the reasons behind such behavioral pattern. By way of doing this, different statistical tools (SPSS 20) have been used and inferences are drawn accordingly.

Keywords: Behavioral Finance, emotional process, Mental Accounting, Herd Behavior, Loss Aversion, Anchoring, etc.

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I. INTRODUCTION

For the past couple of years, behavioral finance is a name which every industry specially finance industry is known for. It is a study of which influence the behavior of the investors by means of psychology, intermediaries of finance and financial analysts. It tries to explain the patterns of behavior of investors and investment service providers which includes the emotional processes involved while taking decisions. By the name itself, it talks about the aim and the way to improve the understanding of financial markets and its participants by going insights from behavioral sciences. Now-a-days, most of financial houses offer their services based on the psychology and findings beached in behavioral finance. Say for an example, the market players, use the findings of behavioral finance to help the retired pension-holders money to improve the investment strategies. Also, the actions many asset managers are based on the strategies originating in behavioral finance. It is actually a sub-field of behavioral economics which has been developed in the early 1980s. It proposed a psychological-based theories to explain the stock market anomalies. Although, we have seen many theories have been contributed in the field of economics and finance during these years but it could not explain what is the reason that people sometimes take decisions irrationally. The studies in this field includes the following areas:

1. Studies on financial markets and providing explanations to certain type of stock market anomalies, namely, “January Effect”.
2. Studies on the basis of market (speculative) bubbles.
3. Studies (other than fundamental) on stock market crashes, etc.

It is debatable regarding the actual and validity in terms of the definition of behavioral finance, as it is in the developing stage. Thus, we can say, behavioral finance studies the psychological, organizational, accounting, marketing, financial and sociological factors the influence the financial decision-making process of the parties, viz;

1. **The investors:** namely, portfolio managers, financial analysts, etc.
2. **The group:** such as, the Mutual Fund.
3. **An organization:** namely, financial institutions, banks, non-profit organizations involved in investments, etc.

II. LITERATURE REVIEW

Many studies have been conducted worldwide over the years now, but in India the number of studies has been limited so far. Some of the important studies in this area are summarised below:

Edwards (1955) in his research opined that, on the basis of collected data, in parallel to theoretical developments and explanations, individuals often do not take decisions flawlessly.

Paul (1972) said that, almost all the investors investing on equity shares bears a tendency of a good return that can be established by means of reputed companies equity shares before investment decision making.

Kahneman and Tversky (1979), coined the term “prospect theory” in behavioural finance which has been considered as an alternative option to many theories, namely, expected utility theory, rational expectations theory and efficient market hypothesis.

Barberis (2003), in his study pointed out that, the theory of behavioural finance can be understood by means of financial phenomena using some models that can be specified the investment decision making approach. The study has two groups: one, to limit to arbitrage process and the other one is psychology.

Diacon S. (2002), in his research article observed that, prospective investors seek for equity investment, is suitable to achieve the long-term goals and hence their needs are arising is less than three years of investment prefer to invest on securities bearing fixed income.

M. Kannadhasan (2006) in his study said that, taking a decision is a complex activity. It cannot be made on the basis of some facts and figures based on personal resources and complex models.

Sahni (2012) concluded that, the majority of the investors expects ideal returns on their investment and depends on elementary analysis of company to make their investment decisions. It was found that risk averse behaviour of investors invokes them to trade in gaining shares. Investors’ perceptions are greatly influenced by the past performance of stock market.

Jagongo and Mutswenje (2014), in their article expressed that, taking investment decision is cosmopolitan and more over it also demands creativity, since investors often takes decisions which are not favourable of investments in order to minimize the losses.

Nair and Antony (2015) in their research article said that, behavioral finance cannot be considered as a replacement to the classical financial theories but, it is a way to understand the irrational behavioral approach of the investors and also explains the reasons for a sudden rise and fall in the market.

Kevin Brady, (2018) express his opinion, that most of the well reputed companies sudden shock in the stock market could not be traced by any means, not even information available to the public at large. By analysing, it has been found that most of the investors basically rely on reference points and their private information signals.

In the article of **BIRĂU, F.R. (2019)**, a new approach has been noticed while analysing Capital Markets, namely, behavioral finance. According to him, behavioral finance is the psychological based study which mainly focusses on the behavioral pattern of the individual through financial markets evolution.

Thus, the studies on behavioral finance conducted so far are on the basis on human perceptions, opinions and financial facts, explains, either partly or mostly, the reasons behind investment decisions, which may look sub-optimal from the view point of standard finance.

III. OBJECTIVES OF THE STUDY

The present study aims to figure out the investment percentage in risk free instruments [such as, savings bank deposit account (S.B.A/C), fixed deposit account (F.D.A/C), senior citizen savings scheme, public provident fund, etc.] and in risky instruments (such as, equity shares, preference shares, debentures, mutual funds, etc.) of the investors, their age-wise and income-wise investment behaviour through the responses generated by way of answers to the structured questionnaire. It also describes, from the existing literature, the different fundamental factors behind behavioral finance with respect to investment in risky securities and statistical analysis is conducted based on these fundamental factors whether these factors are dependent on percentage change in risky securities or not and in what proportions. More specifically, the present study seeks to dwell upon the following issues:

1. To find out the factors behind behavioural finance of investors;
2. To find out the investment percentage in risk free instruments and in risky instruments of the investors and the main reasons behind such decisions;
3. To check whether any difference exists in the proportion of investment in risky securities, on the basis of income of the investors;
4. To check whether any difference exists in the proportion of investment in risky securities, on the basis of age of the investors;
5. To find out any intra group (age-wise and income-wise) differences in the proportion of investment in risky securities, on the basis of income of the investors. In points (iii) to (v) mentioned above, wherever required, statistical testing of hypothesis will be done, to find whether the differences of means are statistically significant.

IV. RESEARCH METHODOLOGY

The present study is partly exploratory and partly analytical in nature and is based on data and information collected from both primary and secondary sources. The study period, sample, data source, tools and techniques used to analyse the data are given below:

1. **Time frame:** The study is basically based on collecting primary data through questionnaire from December, 2021 to March, 2022.
2. **Sample:** Convenient sampling technique has been used for collecting data from the following groups of people:

Table 1: Sample Size

Income Group	Age Group	No. of Respondents
Below Rs 7,50,000	Below 45 years	78
Below Rs 7,50,000	45 years and above	04
Rs 7,50,000 and above	Below 45 years	26
Rs 7,50,000 and above	45 years and above	18

Total	126
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1. **Sources of data:** The study is basically based on collecting primary data through structured questionnaire. This is done by way of distributing Google form as well as hard copy form.
2. **Tools and techniques:** All theoretical portions have been explained through descriptive method. However, for the survey portion, proper classification and condensation of collected data has been done. Thereafter, basis analysis of descriptive statistics has been done in every case and t-test (test of hypothesis) has been conducted to find out the significance of mean value, wherever necessary. SPSS 14 is used to analyse the data and to draw the inferences accordingly.

V. DISCUSSIONS AND RESULTS

1. **Fundamentals factors behind behavioral finance:** There are few fundamental attributes, as revealed from various studies, based on which the various parties involved in financial decision making takes emotionally driven decisions. These factors may be summarised as follows:
 - **Mental accounting:** People often take decisions for allocation of their resources based on their pre-fixed mental framework, i.e., designing of portfolio is mostly based on previously decided resource allocation formula without looking into reality and the actual market conditions. This propensity to allocate money to specific avenues is known as mental accounting in the perspective of behavioural finance.
 - **Anchoring:** This refers to the tendency of individual investors to spend money at a given level to an easy reference. Spending money for a popular brand, allocating resources mostly to the stock which has already given good historical return are some examples of anchoring. Based on this tendency, investors often miss the opportunity to earn higher return by not investing on the undervalued but promising stocks
 - **Herd behaviour:** ‘Herd’ explains a mental state which is defined by the lack of individual decision-making which in turn caused people to behave similarly to those around them. The reflection of this behaviour is often and largely reflected in the selection of investment avenues. Most of the concerned parties in investment process have the habit to follow the same financial behaviour of majority without concentrating into reality.
 - **High self-rating:** Some of the investors bears tendency of ranking themselves higher than the average investors. Based on these premises, often they take unusual investment decisions ignoring the fundamental factors behind such decisions. However, this concept is actually contradicting the concept of ‘herd behaviour’ mentioned earlier.
 - **Loss aversion:** It is one of the important psychological concepts. It has gained increasing amount of attention while conducting analysing on economics as well as psychology. According to this concept, the investor is considered as a risk-seeker when they faced with the prospect of losses, but is a risk-averse when they enjoyed

profits. The discussions of **Ulrich Schmidta and Horst Zankb** in their research specifies the theory of loss aversion with risk aversion and they also accepted the views specified by **Kahneman and Tversky**.

- **Regret aversion:** Regret means the disappointment which the investors felt when they investment in wrong security bearing less or nil returns. It is the pain which they don't want to express but a discomfort has been found for a poor investment decision. Regret aversion creates inefficiency in investment strategy for payment of tax as they can reduce their taxable income by various techniques while realizing capital losses.
- **Cognitive dissonance:** It implies a psychological irritation that has been felt by an investor while taking any decision against his reliance or thoughts. As per the definition, "Cognitive dissonance is nothing but a feeling of discomfort or disharmony resulting from the contradiction with the set beliefs or attitudes."

2. Investment percentage in risk free instruments and in risky instruments of the investors and the main reasons behind such decisions: The overall average figure collected on the basis of 126 selected investors regarding their proportion of investment in risk free instruments (such as savings bank account, fixed deposit account, senior citizen savings scheme, public provident fund etc.) and in risky instruments (such as equity shares, preference shares, debentures, mutual funds etc.) in terms of percentage are shown in table 2 below:

Table 2: Descriptive Statistics of overall percentage of investments in riskless and risky Instruments

N₁	N	Minimum	Maximum	Mean	Std. Deviation
	126	10.00	100.00	74.6667	25.42912
N₂	126	0.00	90.00	25.3333	25.42912

(Source: Primary Data, Author's Compilation in SPSS 20)

Where, N₁ = % of investment risk free instruments; and N₂ = % of investment risky instruments Observations (from table 2 above and the data collected):

- 74.67 % of the total investments are routed to riskless instruments and 25.33 % in risky instruments.
- 34 out of 126 respondents (around 30%) invest only in risk-free avenues.
- 26 out of 126 respondents (around 21%) invest mostly (i.e., 50% of more of their total investments) in risky avenues.
- Most of the selected investors opined that they invest in equity mostly due to its assured returns even in worst situation.
- Most of the selected investors of risky securities opined that they invest in this route because of getting handsome return in long term.

- 3. Proportion of investment in riskless and risky instruments, on the basis of income group of the investors:** For the present study, the respondents are classified into two income groups – (i) Below Rs. 7,50,000 [82 respondents]; and (ii) Rs. 7,50,000 or more [44 respondents]. Their responses regarding proportion of investments in riskless and risky instruments are summarised in table 3 below:

Table 3: Descriptive Statistics of Percentage of Investments in Riskless and Risky Instruments of the Investors (Classified on the Basis of Income)

	N	Minimum	Maximum	Mean	Std. Deviation
N ₃	8	10.00	100.00	73.9634	26.39606
N ₄	82	.00	90.00	26.0366	26.39606
N ₅	44	10.00	100.00	75.9773	23.76091
N ₆	44	.00	90.00	24.0227	23.76091

(Source: Primary Data, Author's Compilation in SPSS 20)

Where,

- N₃ = % of investment risk free instruments of the investors of income group 'below Rs. 7,50,000';
- N₄ = % of investment risky instruments of the investors of income group 'below Rs. 7,50,000';
- N₅ = % of investment risk free instruments of the investors of income group of 'Rs. 7,50,000 or more';
- N₆ = % of investment riskless instruments of the investors of income group of Rs. '7,50,000 or more';

Observations (from table 3 above and the data collected):

- 73.96 % of the total investments of the investors of income group 'below Rs. 7,50,000' are routed to riskless instruments and rest 26.04 % in risky instruments. This is not too much different from the overall average shown in table 2.
- 75.98% of the total investments of the investors of income group of 'Rs. 7,50,000 and above' are routed to riskless instruments and rest 24.02 % in risky instruments. This is also not too much different from the overall average shown in table 2.
- Thus, on an average there is not too much difference between the investors of two income groups, with respect to their gross pattern of investments in riskless instruments and risky instruments. In fact, these are not too much different from overall average.

- 4. Proportion of investment in riskless and risky instruments, on the basis of age group of the investors:** For the present study, the respondents are classified into two age groups – (i) Below 45 years [104 respondents]; and (ii) 45 years and above [22 respondents].

Their responses regarding proportion of investments in riskless and risky instruments are summarised in table 4 below:

Table 4: Descriptive Statistics of percentage of investments in riskless and risky instruments of the investors (classified on the basis of age)

	N	Minimum	Maximum	Mean	Std. Deviation
N₇	104	10.00	100.00	72.6923	26.14303
N₈	104	.00	90.00	27.3077	26.14303
N₉	22	20.00	100.00	84.0000	19.65415
N₁₀	22	.00	80.00	16.0000	19.65415

(Source: Primary Data, Author's Compilation in SPSS 20)

Where,

- N_7 = % of investment risk free instruments of the investors of age group below 45 years;
- N_8 = % of investment risky instruments of the investors of age group below 45 years;
- N_9 = % of investment risk free instruments of the investors of age group of 45 years and above; and
- N_{10} = % of investment risky instruments of the investors of age group of 45 years and above.

Observations (from table 4 above and the data collected):

1. 72.69 % of the total investments of the investors of age group 'below 45 years' are routed to riskless instruments and rest 27.31% in risky instruments. This is slightly different from the overall average shown in table 2.
2. 84% of the total investments of the investors of age group of '45 years and above' are routed to riskless instruments and rest 16% in risky instruments. This is, to some extent, different from that of age group of 'below 45 years' and overall average shown in table 2.
3. On the basis of observation (ii) above, we need to conduct following two additional tests to find out whether the differences on the basis of age are significant or not:
 - **t-test** to find out whether investment proportion in risky instruments (or riskless instruments) differs significantly among the investors of age group of 'below 45 years' and '45 years and above'. We have conducted this test on the proportion of risky instruments in section 9 of this study below.
 - **t-test** to find out whether investment proportion in risky instruments (or riskless instruments) differs significantly among the investors of age group of 'below 45 years' and '45 years and above' within the investors falling in the income group of

‘Rs. 7,50,000 and above’. We have conducted this test on the proportion of risky instruments in section 10 of this study below. This is worthy to mention here that the same test on investors falling in the income group of below Rs 7,50,000 should not be conducted. This is due to inadequate sample size (4 samples only) on ‘45 years and above’ category. Any meaningful inferences cannot be drawn from this sample size.

- **T-test to determine the statistical significance of difference between investment proportion in risky instruments among the investors of age group of below 45 years and 45 years and above:** We apply t – test for testing equality of means for two independent random samples of size n_1 and n_2 . Here $n_1 = 22$ and $n_2 = 104$. Where n_1 stands for number of investors from age group of ‘45 years and above’ and n_2 stands for number of investors from age group of ‘below 45 years.’ The test hypotheses are as follows:

H₀₁: There is no significant difference between investment proportion in risky instruments among the investors of age group of ‘below 45 years’ and ‘45 years and above’.

H₁₁: There is significant difference between investment proportion in risky instruments among the investors of age group of ‘below 45 years’ and ‘45 years and above’.

Table 5 and Table 6 given below, reveals the relevant portion output generated from SPSS 20 after conducting t-test using the collected data.

Table 5: Group statistics of age-wise (overall) investment in risky security

	N	Mean	Std. Deviation	Std. Error Mean
Variable	22	16.0000	19.65415	4.19028
	104	27.3077	26.14303	2.56353

(Source: Primary Data, Author’s Compilation in SPSS 20)

Table 6: Independent samples test of age-wise (overall) investment in risky security

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Variable	Equal variances assumed	5.427	.021	-	124	.058	-11.308	5.905	-	.379
	Equal Variances not assumed			-	38.56	.027	-11.308	4.912	-	-

(Source: Primary Data, Author’s Compilation in SPSS 20)

Since the sample sizes are different, equal variances cannot be assumed.

Thus, the group means are statistically significant because the value in the ‘**Sig. (2-tailed)**’ column against ‘Equal variances not assumed’ row is 0.027 (i.e., less than 0.05). H_{01} of statistical insignificance of difference in investment proportion in risky instruments among the investors of age group of ‘below 45 years’ and ‘45 years and above’ is rejected with 95%. Alternative hypothesis (H_{11}) is accepted.

Therefore, it can be said that, on the basis of sample collected, significant difference exists between investment proportion in risky instruments among the investors of age group of ‘below 45 years’ and ‘45 years and above’.

5. T-test to determine the statistical significance of difference between investment proportion in risky instruments among the investors of age group of below 45 years and 45 years and above within the investors falling in the income group of Rs. 7,50,000 and above: T – test is applied here for testing equality of means for two independent random samples of size n_3 and n_4 . Here $n_3=18$ and $n_4=26$. Where n_3 stands for number of investors from age group of ‘45 years and above’ falling within the income group of ‘Rs. 7,50,000 and above’ and n_4 stands for number of investors from age group of ‘below 45 years’ falling within the income group of ‘Rs. 7,50,000 and above’. The test hypotheses are as follows:

H_{02} : There is no significant difference between investment proportion in risky instruments among the investors of age group of ‘below 45 years’ and ‘45 years and above’ falling within the income group of ‘Rs. 7,50,000 and above’.

H_{12} : There is significant difference between investment proportion in risky instruments among the investors of age group of ‘below 45 years’ and ‘45 years and above’ falling within the income group of ‘Rs. 7,50,000 and above’.

Table 7 and Table 8 given below, reveals the relevant portion output generated from SPSS 20 after conducting t-test using the collected data.

Table 7: Group Statistics of Age-Wise Investment in Risky Security of the Investors Falling in the Income Group of ‘Rs. 7,50,000 or More

	N	Mean	Std. Deviation	Std. Error Mean
Variable	18	13.7222	13.99498	3.29865
	26	31.1538	26.61983	5.22058

(Source: Primary Data, Author’s Compilation in SPSS 20)

Table 8: Independent samples test of age-wise investment in risky security of the investors falling in the income group of ‘Rs. 7,50,000 or more’

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Variable	Equal variances assumed	6.556	.014	-2.540	42	.015	17.432	6.864	-31.283	3.580
	Equal variances not assumed			-2.823	39.652	.007	-17.432	6.175	-29.916	-4.947

(Source: Primary Data, Author's Compilation in SPSS 20)

Since the sample sizes are different, equal variances cannot be assumed.

Thus, the group means are statistically significant because the value in the ‘**Sig. (2-tailed)**’ column against ‘Equal variances not assumed’ row is 0.007 (i.e., less than 0.05). H_{02} of statistical insignificance of difference in investment proportion in risky instruments among the investors of age group of ‘below 45 years’ and ‘45 years and above’ falling within the income group of ‘Rs. 7,50,000 or more’ is rejected with 95%. Alternative hypothesis (H_{12}) is accepted.

Therefore, it can be said that, on the basis of sample collected, significant difference exists between investment proportion in risky instruments among the investors of age group of ‘below 45 years’ and ‘45 years and above’ falling within the income group of ‘Rs. 7,50,000 or more’. Thus, percentage of total investments in risky instruments decreases with the increase in age.

VI. SUMMARY OF FINDINGS

Objective-wise findings of the study are summarised in table 9 below:

Objectives	Methodology	Findings
i. To find out the factors behind behavioural finance of investors	Descriptive method from existing literature	<ul style="list-style-type: none"> Major factors are: mental accounting, anchoring, herd behaviour, self-belief on finance, loss aversion & cognitive dissonance.
ii. To find out the investment percentage in risk free instruments and in risky instruments of the investors and the main reasons behind such decisions	Descriptive statistics and analysis of information collected	<ul style="list-style-type: none"> 74.67 % of the total investments are routed to riskless instruments and 25.33 % in risky instruments. 30% of the investors invest only in riskless avenues. Assured return even in worst situation is the major motive behind selection of riskless instruments. Most of the selected investors of risky securities invest for getting handsome return in long term.
iii. To check whether any difference exists in the proportion of investment in risky securities, on the basis of income of the investors	Descriptive statistics	<ul style="list-style-type: none"> On an average, there is not too much difference between the investors (of two income groups), with respect to their gross pattern of investments in riskless instruments and risky instruments. In fact, these are not too much different from overall average.
iv. To check whether any difference exists in the proportion of investment in risky securities, on the basis of age of the investors	Descriptive statistics	<ul style="list-style-type: none"> 72.69 % of the total investments of the investors of age group 'below 45 years' are routed to riskless instruments and rest 27.31% in risky instruments. This is slightly different from the overall average. 84% of the total investments of the investors of age group of '45 years and above' are routed to riskless instruments and rest 16% in risky instruments. This is somewhat different from that of age group of 'below 45 years' and overall average. T-test is conducted to test the significance of the difference.
	t-test	<ul style="list-style-type: none"> Significant difference exists between investment proportion in risky instruments among the investors of age group of 'below 45 years' and '45 years and above'.
v. To find out any intra group (age-wise and income-wise) differences in the proportion of investment in risky securities, on the basis of income of the investors	t-test	<ul style="list-style-type: none"> Significant difference exists between investment proportion in risky instruments among the investors of age group of 'below 45 years' and '45 years and above' falling within the income group of 'Rs. 7,50,000 or more'. Percentage of total investments in risky instruments decreases with the increase in age.

VII. LIMITATIONS OF THE STUDY

Every research has its own limitations. While going through the depth of this research, it has been found that few things which can't be explained and analysed in a different prospective and also it may be possible of getting different outcomes. Also, due to due to several constraints, it becomes difficult to prepare this research paper a biased free. If there is a pre-pandemic situation, then, total research work which has been conducted could have been extended further and would have been experimented further. Given this, the limitations of this studies are:

1. As the analysis and interpretation of this research work is based on structured questionnaire which has been prepared through google forms and circulated through different social medium platform, it becomes difficult for the researcher to understand the psychological pattern and emotional attachments of the investors while investing in different securities.
2. The research is to find out the role of behavioral finance of selected investors of West Bengal in decision making process, but due to pandemic as well as several unavoidable circumstances, larger parts of West Bengal cannot be covered although different social medium platform has been used to collect data, but still there has a gap in this research.
3. Although the sample size of research is only 126 and it includes mostly respondents from different sectors, but if the time of research is more, then, sample size will also be large and different statistical analysis and inferences could have been drawn.
4. This research is basically focused on intra group (age-wise and income wise) investment of the investors in risk-free as well as risky securities and also whether risky securities affect the different fundamental factors of behavioral finance or not, but different theories of behavioral finance, namely, Cognitive Psychological Theory (CPT), Behavioral Portfolio Theory (BPT), Prospect Theory (PT), etc. has not been explained at all.
5. The research is limited to West Bengal district only. If this research has been done in other states, then, there would have been a different outcome. As most of the states differ in their cultural and social behavior, so the outcomes become different. The thought process of the people of different states are different, so their reactions will be different in various circumstances.

VIII. CONCLUSION

Although standard finance, over the last few decades, provide a commanding theory within the academic sectors or community, but, now a days, we, the scholars, investment professionals and others are experiencing something new, as there has been a paradigm shift in the finance sector, as many people started focussing on behavioural finance. It tries to describe and enhance people's awareness regarding the emotional factors and psychological processes of individuals and entities that invest in the financial markets. The present study shows that the behavioural pattern on percentage of total investments in risky instruments decreases with the increase in age. It also shows how different fundamental factors of behavioral finance impact the decision-making process of the investors. Although, the study

is limited to selected investors of West Bengal, it shows their psychological, sociological, cultural, demographical as well as financial values that instigate investors to make their choices for investment. The development of behavioural finance is in very early stage. It is expected that more theories, different dimensions, various models, numerous analyses in this area are going to be developed in the near future to minimize the emotional factors from investment decision.

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