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Behavioral Biases Influencing Individual Investors Decision Making in Bearish Trend at Nepse

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Abstract: ***The discipline of financial economics has seen a paradigm shift over the past 25 years, moving from traditional finance to a new area of the study known as behavioral finance. Due to a multitude of behavioral biases and emotional attachments, professional investors make bad financial decisions that hinder their investing performance. Due to the increase in individual investors over the past several years, which is predicted to continue in the years to come, the problem of behavioral biases may become more and more important. Overconfidence bias, representativeness bias, disposition bias, loss aversion bias, herding bias and market factors are the independent variables, whereas investment decision making is the dependent variable. Questionnaires were used to collect primary data. 200investors were sampled using the convenience sampling technique, and data obtained was subjected to regression analysis. The SPSS was used to analyze data collected in order to generate descriptive statistics for the study. The extent to which the dependent variables could be explained by the independent variable was described using regression analysis. The study thus suggests that individual investors be educated how to avoid poor investment outcomes caused on by behavioral biases. Furthermore, individual investors should seek the advice of stock brokers/fund managers to guide them accordingly in terms of performance of a specific security in which an investor would wish to invest in.***

Keywords: ***Representativeness Bias, Disposition Bias, Loss Aversion Bias, Herding Bias and Market Factors, Investment Decision.***

1. INTRODUCTION

Traditional finance holds that people make logical decisions. In uncertain circumstances, they aim to maximize utility by choosing the best decision among the available alternatives (Neumann & Morgenstern, 1944). According to the Efficient Market Hypothesis (EMH), prices accurately reflect all available information and markets are efficient. All historical, openly accessible, and insider-relevant information is reflected in the stock prices. Because the mar-

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ket is frictionless and the actors are rational, the price of a security is equal to its fair value. If investors are able to accurately interpret all available information, the discounted total of predicted future cash flows is considered the fair value (Barberis & Thaler, 2003). So, the market is information efficient. But this is in contradiction with the reality. Investor irrationality is further illuminated by the psychological phenomenon of bias and how it affects human decision-making, which broadens the ideals of rationality.The goal of behavioral finance is to identify the reasons behind people's illogical behavior. The psychology behind why people exhibit such irrational behavior is the topic of behavioral finance. It is believed that psychological biases have an impact on how investors make decisions, which lowers their returns. It is also discovered that irrational decision-making is impacted by a lack of information. Information is a key factor in decision-making and may be the main reason why investors act irrationally. According to behavioral finance theory, financial markets lack information efficiency (Ritter, 2003), which leads to people's tendency to make irrational decisions based on behavioral preconceptions. Consequently, the field of finance, which employs cognitive psychology to comprehend human behavior, needs to understand behavioral finance. The consequences of behavioral biases should be recognized if investors do not base their decisions on the facts.

The development of behavioral finance was a response to the EMH's failure to hold up to scrutiny due to several observable abnormalities, despite the theory's compelling theoretical and empirical backing. Behavioral finance is used to investigate the systematic errors in judgment or mental errors made by investors (Fuller, 2000). The behavioral finance literature's empirical data indicates that investors frequently behave irrationally. For instance, the Prospect Theory was used by Barberis & Thaler (2003) to explain the equity premium conundrum, excess volatility, excessive trading, and stock return predictability. The biases of investors virtually affect securities prices, and the markets are not efficient. Therefore, the presence of irrational investors may cause prices to diverge from fair values. Because of the shortcomings of traditional finance, behavioral finance has emerged. To assist create a risk-return profile, a lot of investors do, in fact, employ portfolio techniques based on the behavioral approach. Even though logical investors adjust their views in light of new facts, they frequently encounter beliefs that are governed by action. Behavioral finance seeks to integrate the irrational aspect of decision-making rather than refute standard finance ideas. The aim is to make a concoction of psychology based on emotions to make a human behavior based approach towards decision-making. Affected by behavioral bias, individual takes suboptimal decisions which are deviations from the rational decision-making framework. They are affected by numerous biases which affect the ideology of profit maximizes. Different dimensions of behavioral drivers have been tested empirically over the years and have supported the idea of departure from the investment decision framework based on a rational approach. The deviations from the rational approach to investment decisions, have led to distortions in the financial markets in the shape of bubbles, busts and crashes, where the prevailing regulations failed to make timely corrections. Consequently, a thorough and methodical analysis of investor behavior would aid in the acquisition of insightful knowledge about market dynamics, which may be useful in fortifying financial market laws. The research will yield important information for comprehending investor biases and raising awareness based on in-

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vestment behavior. Understanding these biases will assist businesses in obtaining investor financial information and trading patterns, which may have an effect on stock prices and the financial market. The current situation calls for a paradigm change toward an analytical understanding of investor behavior. Overreactions in the market as a whole have resulted in excessive volatility.

As none of the research done previously was focused on bearish trend and was mostly done on general trend where market will be moving towards upward or downward direction at a same period of time Also, the study about the relationship between the behavioral biases and investment decision is very limited in case of Nepal. So, this research focus on analyzing various behavior factors effecting individual investment decision in bearish trend.

In this context, understanding irrational investor behavior in bearish trend deserves more importance that it has ever had. Different psychological biases can be arguably influencing the investment decisions of individual investors, and this is where the actual problem was identified. The objective of this Seminar is to check if the average individual investor participating in the Nepalese Stock Market is rational at the time of bearish trend. The work focuses on six identified behavioral biases, namely: overconfidence, representativeness, herding, loss aversion, market factors, and disposition biases. Effects of these six factors on the decision-making process of portfolio investors in Nepal have been analyzed in this study. The major objective of this study is to analyze the investors' behavioral biases on investment decision making in bearish trend at Nepalese Stock Exchange. The specific objectives of this study are:

- To determine the behavior factors that influence individual investors on investment decision making in bearish trend at NEPSE.
- To assess the most influencing behavioral biases on investment decision making of individual investor in bearish trend at NEPSE.

2. RELATED WORK

The literature review comprises of the theoretical background and relevant reviews pertaining to the proposed study from Nepalese research and beyond. The reason of conducting review of these literatures was to get familiar with present study, theoretical and conceptual knowledge. Several researchers have investigated the concept of behavioral finance and the effects of behavioral biases that lead a financial practitioner to behave irrationally. The research conducted by Alrabadi et al. (2018) looks at the impact of six distinct behavioral biases on investment success in the Amman Stock Exchange. The study also investigates whether there are gender differences in these biases. The findings show that biases related to temperament, herding, overconfidence, loss aversion, and representativeness all have a statistically significant impact on investment success. These results have significant ramifications for Amman Stock Exchange investors, enabling them to make more sane investment choices. Furthermore, the researched biases may be used to build financial strategies. Silwal and Bajracharya (2021) support the view that the behavior of the investors is affected by various factors. It found that there are six variables that impact the investment decisions of individual

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investors at NEPSE. According to the study, the primary concern of Nepalese investors when making an investment decision is a fundamental aspect of the listed companies. Investors also stated that they use technical analysis or follow the market trend when trading on the NEPSE floor in the short term. The unstable political environment and insider trading are often seen by investors as being significant obstacles for the Nepalese stock market.According to Awale et al. (2018), investors in Nepal opt to place their money in secondary markets without conducting any kind of technical or fundamental research. Thus, a number of investors from Nepal have herding behaviors. They either mimic the choices made by others or base their investing selections on those of others (brokers, acquaintances, and family). The Nepali capital market is unbalanced because a large portion of investors behave herdingly. The illogical and erratic choices and behaviors of these investor majorities drive NEPSE. Periodically, the NEPSE index rises significantly and, on occasion, falls significantly for an extended period of time. Herding investors mimic the actions of other investors without conducting any kind of preliminary financial analysis. . This prejudice is especially pronounced in the Nepalese stock market where investors frequently buy or sell their shares simply because that is what everyone else is doing. Representativeness can be defined as "an assessment of the degree of correspondence between an outcome and a model or, more generally, between a sample and a population, an instance and a category, an act and an actor," according to Gilovich et al. (2002). The disposition effect, which is strongly associated with regret aversion, describes the tendency to sell winning stocks (or "winners") too quickly and hang onto losing stocks (or "losers") for too long. The disposition effect suggests that people often sell winning investments too soon and retain losing investments for too long (Shefrin & Statman, 1985). The prospect theory by Kahneman and Tversky (1979) is consistent with the disposition effect. It refutes Neumann and Morgenstern's 1944 anticipated utility theory. Therefore, it suggests that people make their decisions based on gains or losses from that value. Thus, they are risk averse when they are winning and risk seeking when they are losing. Investors should avoid the disposal effect since it might raise capital gains taxes and lower returns even before taxes. Kahneman and Tversky (1979) developed loss aversion bias as a component of the original prospect theory. People frequently have a greater inclination to desire to prevent losses than to generate money. According to behavioral finance theory, investors are more sensitive to loss than to return and risk. "Some estimates suggest people weigh losses more than twice as heavily as potential gains" (Montier, 2000). Another concept associated with loss aversion is the tendency of investors to close on profit rather than on loss (Barber & Odean, 1999). Hence, investors strive to hold onto their losing stocks for a long time rather than selling them. According to Daniela et al. (2002), herding in the financial markets is the result of mutual imitation leading to a convergence of actions. Imitating the judgments made by the majority in the stock market is the most common mistake made by investors. Herd behavior is the propensity for people to follow the lead of a sizable group of people, regardless of whether or not they would make the same choice on their own.Even if they are unaware of whether certain stock market occurrences will have a positive impact on future investment performance, investors are nonetheless affected by them. According to behavioral finance theories, investors may overreact or under react to price fluctuations or news, extrapolate previous trends into the future, pay insufficient attention to a stock's underlying fundamentals, and concentrate on popular stocks and seasonal price fluctuations. These market variables in turn

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affect how stock market investors make decisions (Luong & Ha, 2011). The investment decision of individual investor in bearish trend is considered to be the dependent variable. The investment is defined as the profit or the loss situation the investment is creating. The investment decision in this study is evaluated based on the respondents' subjective assessments of how satisfied they are with their investment relative to their expectations, the market, and their own judgment. The same technique was followed by Alrabadi, et al.(2018) and Silwal & Bajracharya, (2021) in their respective work research. In this paper Investment Decision is the Independent Variable and Overconfidence Bias, Representativeness Bias,, Disposition Bias Loss Aversion Bias, Herding Bias, Market Factors is the Dependent Variable. According to Odean (1998), overconfidence is characterized by an investor's propensity to overestimate the accuracy of their knowledge regarding the value of securities. Due to their overconfidence in their skills, knowledge, and future expectations, investors with this bias tend to trade excessively at a lower level of predicted benefit. As a result, overconfident investors frequently trade more and risk receiving a negative return. Gilovich et al. (2002) define representativeness as “an assessment of the degree of correspondence between a sample and a population, an instance and a category, an act and an actor or, more generally, between an outcome and a model." As a result, they ignore equities while their prices are below their inherent values and buy them once their prices have increased in the hopes that they will continue to climb. The disposition effect, which is strongly associated with regret aversion, describes the tendency to sell winning stocks (or "winners") too quickly and hang onto losing stocks (or "losers") for too long. The disposition effect, according to Shefrin & Statman (1985), shows that people typically sell winning investments too soon and retain losing stocks too long. The original prospect theory includes the development of loss aversion bias by Kahneman & Tversky (1979). People typically have a greater desire to prevent losses than to generate profits. Investing is more sensitive to loss than to risk and return, according to behavioral finance theory. In the context of financial markets, herding is characterized as reciprocal imitation that results in a convergence of behavior (Daniela et al. 2002). Replicating the majority's stock market decisions is the most common mistake committed by investors. In a bear market, an individual investor's investment choice is seen as the dependent variable. The profit or loss scenario that an investment creates is referred to as the investment. Based on the respondents' subjective evaluations of their level of satisfaction with their investment in relation to their expectations, the market, and their own judgment, the investment decision in this study is assessed. (Alrabadi, et al. 2018) and (Silwal & Bajracharya, 2021) employed the similar methodology.

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Conceptual Framework

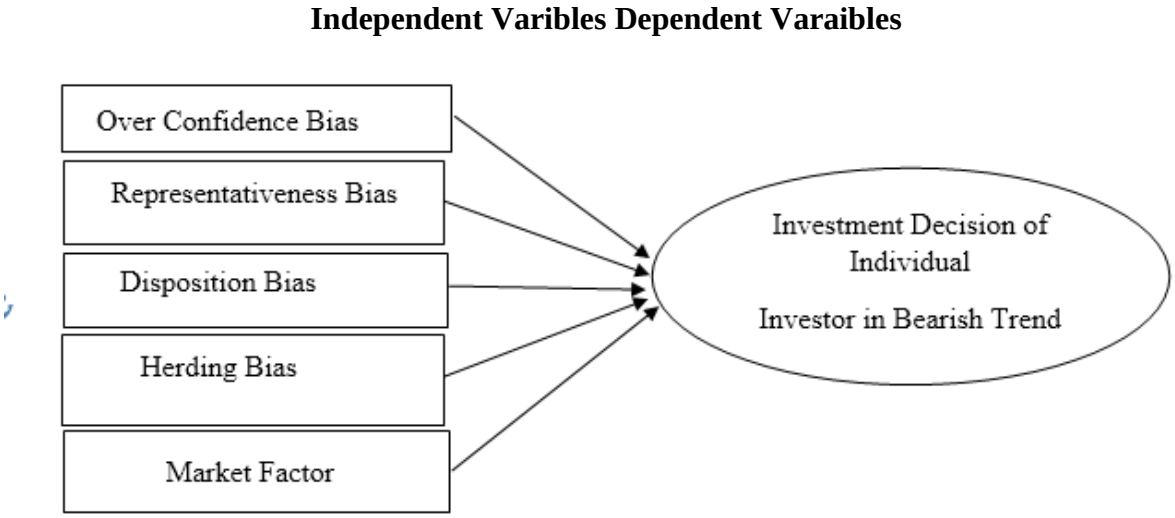

Figure 1: Conceptual Framework

Hypothesis:

H1: There is significant relationship between the overconfidence bias and investment decision making of individual investors in bearish trend.

H2: There is significant relationship between the representativeness bias and investment decision making of individual investors in bearish trend.

H3: There is significant relationship between the disposition bias and investment decision making of individual investors in bearish trend.

H4: There is significant relationship between loss aversion bias and investment decision making of individual investors in bearish trend.

H5: There is significant relationship between the herding bias and investment decision making of individual investors in bearish trend.

H6: There is significant relationship between the market factors and investment decision making of individual investors in bearish trend.

3. RESEARCH METHOD

Research methodology includes the following structure: the research design,population, sample size, sampling technique, sources of data collection, data collectionmethods, tools used for data analysis. The research study was based on a quantitative research method. The study adopted correlation and regression research design. Correlation research design measures the relationship between independent and dependent variables.

Research Design

Research design refers to the overall plan or strategywhich serves as a blueprint for how the research will be carried out, guiding the selection of data collection methods, participants,

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and data analysis techniques. . The study adopted a survey design to collect the data from the respondents. The quantitative data was analyzed and interpreted using software called the SPSS and MS Excel. Using Cronbach's alpha, the reliability of scales is tested because this test is the best indicator for multiple scale items and is also the most common test for inter-item accuracy reliability.

Population, Sample Size and Sampling Technique

The target population of the study are the investors of Nepal Stock Exchange. The participants of this study included 200 Respondents from different areas. Convenience Sampling Technique was used to select respondents.

Data Collection

The study was conducted from primary source using a structured questionnaire. Likert rating scales with a 5-point range are included in the questionnaires. Where the respondent expresses their view about the proposition in terms of how strongly they agree or disagree with it. As it ranged from 1(Strongly Disagree) to 5 (Strongly Agree).The questionnaire was distributed electronically using a Google Form as well as through offline source.

Data Analysis

A Descriptive Statistics was used to summarize the data collected from thequestionnaire. The study also usesInferential Statistics, including correlation, regression analysis, toexamine the relationship between Variables.The statistical software package Statistical Package for Social Sciences (SPSS) was used to analyzethe data.

Demographic Profile of Respondents.

Table 1 Distribution by Gender

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
	Male	101	51.7	51.7	51.7
	Female	99	48.3	48.3	100.0
	Total	200	100.0	100.0	

Table 1 depicts the number of male and female investors in the sample. In a total sample of 200 respondents, 51.7 percent are male investors and 48.3 percent are female investors. The female investors account less of the total sample than of male investors which shows that the female investors are less active to invest in the Nepalese stock market compared to male investors.

Table 2 Distribution by Age Group

	Frequency	Percent
18-30	176	78.3
31-40	10	10.0
41-50	5	5.0

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51 and above	9	6.7
Total	200	100.0

Table 2 shows that the numbers of respondent are mainly at the ages of 18 to 30 which account for 78.3 percent of the total population. The second large age group is 31 to 40 that include 10 percent of the total sample population. Similarly, 6.7 percent of respondents belong to the age group of higher than 51 and above as well as 5 percent of respondents belong to the age group of 41 to 50 respectively

Table 3 Distribution by Educational Background

	Frequency	**Percent**
Primary (upto class 10)	9	1.7
Intermediate	29	6.7
Bachelor	53	31.7
Masters and above	109	60.0
Total	200	100.0

Table 3 shows that most of the respondents who participated in the survey have qualifications of Bachelor and Master's Degree and above. Maximum respondents were well educated and have at least bachelor's level qualification. It denotes that majority of them are well educationally qualified investors in NEPSE.

Table 4 Level of Income (monthly)

	Frequency	**Percent**
Less than Rs.15000	130	45.0
Rs.15001-Rs.40000	40	25.0
Rs.40001-Rs.65000	18	18.3
More than Rs.65000	12	11.7
Total	200	100.0

Table 4 presents the highest percentages of individual investors in the surveyed sample earn income with ranges less than 15000 which include 45 percent of total sample population.

Table 5 Years of Experience in Investment

Years of Experience	**Frequency**	**Percent**
Less than 1 year	82	36.7
1 to 3 years	82	36.7
3 to 5 years	23	15.0
More than 5 years	13	11.7

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Total	200	100.0

Table 5 presents that out of the total sample of 60, 22 percent of investors are involved in the Nepalese stock market since less than 1 year and 1 to 3 years

Table 6 Loss on portfolio

Loss on your portfolio	Frequency	Percent
Less than 20%	108	53.3
20%-40%	48	30.0
40%-60%	33	13.3
More than 60%	11	3.3
Total	200	100.0

Table 6 presents that overall decline of market had adversely impacted on portfolio of investor with mostly shareholders are having losses less than 20%.

Table 7 Descriptive Analysis

Statistics	OC	RT	DP	LA	HB	MF	ID
Mean	2.88	3.03	2.93	2.86	3.00	3.27	3.05
Std. Deviation	.911	.995	.821	.902	.804	1.023	.818
Minimum	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Maximum	5.00	5.00	5.00	4.67	4.67	5.00	4.67

The mean value is approximately 2.889, indicating that, on average, individuals tend to be moderately overconfident in their investment decisions. The mean value is approximately 3.03, indicating that, on average, individuals tend to exhibit moderate representative bias in their investment decisions. The values range from 1 to 5, where 1 represent minimal overconfidence and 5 represents high overconfidence. The mean value is approximately 2.93, indicating that, on average, individuals tend to exhibit moderate disposition bias in their investment decisions. The mean value is approximately 2.87, indicating that, on average, individuals tend to exhibit moderate loss aversion bias in their investment decisions. The values range from 1 to 4.67, where 1 represents minimal loss aversion bias and 4.67 represents high loss aversion bias. The mean value is approximately 3.00, indicating that, on average, individuals tend to exhibit moderate herding bias in their investment decisions. The values range from 1 to 4.67, where 1 represents minimal herding bias and 4.67 represents high herding bias.

Table 8 Reliability Test

Variable	Cranach's Alpha	No. of items
Overconfidence Bias	0.794	3
Representativenes Bias	0.846	3
Disposition Bias	0.693	3

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LossAversion Bias	0.611	3
Investment Decision	0.724	3
Herding Bias	0.683	3
Market Factors	0.850	3

All the above variable fulfils the requirements of reliability test hence there is internal consistency in the data set. This suggests that the items in this variable are measuring the concept consistently.

Table 9 Correlation

	OC	**RT**	**DP**	**LA**	**HB**	**MF**	**ID**
OC	1	.681**	.544**	.391**	.377**	.438**	.371**
		.000	.000	.002	.003	.000	.004
RT		1	.551**	.372**	.529**	.589**	.551**
			.000	.003	.000	.000	.000
DP			1	.464**	.488**	.427**	.469**
				.000	.000	.001	.000
LA				1	.542**	.433**	.534**
					.000	.001	.000
HB					1	.664**	.660**
						.000	.000
MF						1	.663**
							.000
ID							1

The correlation between Overconfidence and Investment Decision was found to be .371 which has positive Correlation. Thus, it can be contributed that there is a positive and significant relationship between overconfidence and investment Decision. Similarly, It goes same with the representativeness biaswhere the value is .551 and has significant and positive relationship. Similarly, Disposition bias has also positive correlation with with loss Aversion bias, Herding bias and market Factor with .534, .660, .663 respectively.

Table 10 Normality test

	Kolmogorov-Smirnov[a]			**Shapiro-Wilk**		
	Statistic	Df	Sig.	Statistic	df	Sig.
Unstandardized Residual	.073	59	.200*	.988	59	.823
*. This is a lower bound of the true significance.						
a. Lilliefors Significance Correction						

The normality of residuals are normally distributed. Hence, the value is significant

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Table 11 Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.764a	0.584	0.536	0.56175	2.458	
b Dependent Variable: Investment decision						

The multiple regression analysis revealed a statistically significant relationship between the set of independent variables, namely "Market Factors," "Disposition Bias," "Loss Aversion Bias," "Overconfidence Bias," "Herding Bias," and "Representative Bias," and the dependent variable "Investment Decision" (R = .764, R Square = .584, Adjusted R Square = .536, SE = 0.56175, Durbin-Watson = 2.458). The collective set of independent variables accounted for approximately 58.4% of the variance in "Investment Decision." The standardized coefficient of determination (adjusted R Square) suggests that about 53.6% of the variance can be explained by the model, considering the number of predictors and sample size. The standard error of the estimate (SE) was 0.56175, indicating how well the model's predictions fit the actual data. Moreover, there was no significant autocorrelation present in the residuals of the model, as evidenced by the Durbin-Watson statistic of 2.458.

Table 12 ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	23.026	6	3.838	12.161	.000[b]
	Residual	16.409	52	.316		
	Total	39.435	58			
a. Dependent Variable: Investmentdecision						
b. Predictors: (Constant), Marketfactors, Dispositionbias, Lossaversionbias, Overconfidencebias, Herdingbias, Representativenessbias						

The ANOVA results revealed a statistically significant regression model predicting "Investment Decision" ($F(6, 52) = 12.161$, $p < .001$). The model, which includes the predictors "Market Factors," "Disposition Bias," "Loss Aversion Bias," "Overconfidence Bias," "Herding Bias," and "Representative Bias," accounted for a significant proportion of the variance in "Investment Decision" (R Square = .584). The regression model's overall effectiveness was supported by the significant F-statistic (12.161) with $p < .001$.

Table 13 Regression Coefficient

Model		Unstandardized Coefficients			
		B	Std. Error	t	Sig.
1	(Constant)	0.516	0.336	1.535	0.131
	OC	-0.112	0.116	-0.966	0.339
	RT	0.169	0.117	1.449	0.153
	DP	0.072	0.119	0.608	0.546
	LA	0.189	0.102	1.852	0.07

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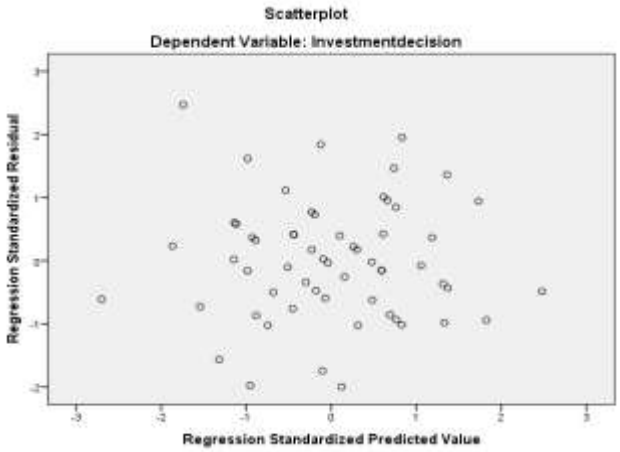
	HB	0.259	0.136	1.897	0.063
	MF	0.251	0.104	2.424	0.019
a Dependent Variable: Investment decision					

$\hat{Y} = \alpha + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4 + \beta5X5 + B6X6$
$\hat{Y}$= Investment Decision (dependent variable)
X1= Overconfidence Bias
X2= Representativeness Bias
X3= Disposition Bias
X4= Loss Aversion Bias
X5=Herding Bias
X6=Market Factor
α = Constant, $\beta1$, $\beta2$… $\beta6$ = Regression coefficients of Factor 1 to Factor 6 respectively
ID=0.516-0.112OC+0.169RT+0.072DP+0.189LA+0.259HB+0.251MF
This table presents the unstandarized coefficient, standardized coefficients, Standard errors, t-value and Sig. (significance) for each predictor variable in the multiple regression model used to predict Investment Decision.. The t-value is used to test whether the coefficients are significantly different from zero, and the Sig. value represents the probability of obtaining the observed results by chance (p-value). A smaller p-value (typically below 0.05) indicates a statistically significant relationship between the predictor and the dependent variable.

Table 14 Homoscedasticity Test



The scatter plot shows test of Homoscedasticity. It can be observe from the figure that Standardized residual are randomly distributed across standardized predicted value therefore, it can be inferred that there is no problem of Heteroscedasticity in the result of Multiple Regression Analysis

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4. RESULT AND DISCUSSION

The study has indicated that five out of six behavioral biases are observed as the influencing behavioral factors on the investment decision to the Nepalese investors in bearish trend. For fulfilling the objectives of the research, researcher major various factors of behavior biases that influence investment decision like overconfidence, representativeness, disposition, loss aversion**,** herding biases and market factors. The research was conducted among 200 investors of Nepalese stock market. Out of the total respondents, 51.7% are male investors and 48.3% are female investors. The majorities of respondents were between ages of 18 to 30 which accounts for 78.3%, followed by age group of 31 to 40 include 10%, age group of above 51 and above include 6.7% and age group of 41 to 50 include 5.0% of respondents. In the terms of qualifications of Bachelor and Master's Degree and above which accounts nearly 31.7% and 60% respectively, followed by intermediate level of education accounts 6.7% and primary level (up to SLC) and below accounts 1.7% of the total sample population. Out of total respondents the monthly income of 18.3% sample population is between 40,001 and 65,000, followed by 11.7% earning more than 65,000, 25.0% earning between 15,001 and 40,000 and 45% of total respondents earning less than 15,000. Out of the total respondents, 36.7% of them are involved in NEPSE since 1 to 3 years, followed by 15.0% between 3 to 5 years, 11.7% investing since 5 years and above and 36.7% of investor started to invest below 1 year time. In terms of loss observed in total portfolio, 13.3 % investor bear loss of 40% to 60%, followed by 30% in between 20% and 40%, 3.3% investor bearing more than 60% loss, and 53.3% investor able to limit their loss to less than 20%.

The results generated from correlation analysis revealed that all the associations have positive signs that indicate the positive direction of associations among all the constructs tested. Also, 2-tailed significance among dependent and independent variables are all less than 0.01, thus, signaling a significant relationship overall. The correlation result shows that all the behavior biases factors in the research like overconfidence, representativeness, disposition, loss aversion**,** herding biases and market factors are positively correlated with dependent variable investment decision. The relationship between the variables using regression analysis is done for each independent variables and the dependent variable. From this analysis, we concluded that among six of the behavioral biases which has been considered, three of them had a significant impact on investment decision in bearish trend.

5. CONCLUSION

Behavioral finance theories, grounded on psychology, aim to comprehend the ways in which emotions and cognitive errors impact the actions of individual investors. This study's primary goal is to look into the behavioral elements that affect individual investors' decisions during downturn markets. Based on their limited knowledge of behavioral finance biases, the results indicate that some investors are aware that these biases influence their investing strategies or judgments, but they are unaware of which behavioral biases specifically affect them. The results of the study demonstrated that overconfidence bias had no bearing on investing decisions. Likewise, herding, disposition, loss aversion, and representativeness biases have negli-

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gible effects on investing decision-making. Market factors have a major impact on the decision to invest.

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