

**TC  
ISTANBUL AYDIN UNIVERSITY  
INSTITUTE OF GRADUATE STUDIES  
MASTER OF BUSINESS ADMINISTRATION**



**BEHAVIORAL FINANCE: INVESTOR'S PSYCHOLOGY**

**MASTER'S THESIS  
NUEL CHINEDU ANI**

**Department of Business Administration**

**DR. CIDGEM OZARI  
MARCH 2020**

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Y1712.130137

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## **DECLARATION**

I hereby declare with respect that the study ‘‘Behavioral Finance: Investors Psychology which I submitted as a master thesis is written without any assistance in violation to scientific ethics and traditions in all the processes from the Project phases to the conclusion of the thesis and that the works I have benefited are from those shown in the bibliography.

**Signature:**

**Nuel Chinedu Ani**

## **FOREWORD**

Life's difficult tasks requires efforts and sacrifice as well as guidance of experienced elders especially those who aren't critical of our missteps. With great humility I dedicate this work to my parents, siblings and friends whose affection, love and encouragement were energizing opium.

Along my supervisor and all wonderful professors at the faculty.

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## **BEHAVIORAL FINANCE: INVESTOR'S PSYCHOLOGY**

### **ABSTRACT**

Investing in stocks is beyond picking well performing stocks; it is more on how to decide which asset to acquire, hold or sell and when to do so. Investors tends not to be logical when making decisions; they respond to numerous psychological biorhythms, which is related to overconfidence, fear, excitement, experience and others. These psychological biases distort investors decisions, alters investment goal and cause market volatility. Behavioral finance field developed this hypothetical theory in response to this argument which could not be clarified by traditional finance theory. It is on this note that the need to investigate these biases arose. The paper generated its data through 26 dispatched items on the questionnaire then employed reliability test and correlation analysis as estimation technique on a sample of 121 respondents in Lagos Nigeria. The results revealed that decisions of private investors substantially correlated to representative factor, cognitive factor and herd intuitive factor. The statistical correlation indicates that the outlined behavioral biases alters decision for investment even though it is weak. In respect to return on investment there is negative correlation to risk aversion, self-serving factor, over confidence, Illusion of control, hindsight bias. The paper suggests that investors should seek the services of professional investors in the managing their portfolios to lessen the influence of behavioral biases.

***Keywords:*** *Herd Intuitive, Investors, Behavioral Finance, and Psychology.*



## DAVRANIŞSAL FİNANS: YATIRIMCILAR PSİKOLOJİSİ.

### ÖZET

*Hisse senetlerine yatırım yapmak iyi performans gösteren hisse senetlerini toplamaktan öte; daha çok hangi varlığın nasıl elde edileceğine, elde tutulacağına veya satılacağına ve ne zaman yapılacağına nasıl karar verileceğidir. Yatırımcılar çoğunlukla karar verirken mantıklı olmama eğilimindedir; aşırı güven, korku, heyecan, deneyim ve benzeri birçok önyargıya göre hareket etmektedirler. Bu psikolojik önyargılar yatırımcıların kararlarını etkiler, yatırım hedefini değiştirir ve piyasa oynaklığına neden olur. Davranışsal finans alanı, geleneksel finans teorisi tarafından netleştirilemeyen bu argümana yanıt olarak bu varsayımsal teoriyi geliştirmiştir. Bu durum ise bu önyargıların araştırılması ihtiyacını ortaya çıkmıştır. Çalışmada 26 sorudan oluşan bir anket yardımıyla, Lagos Nijerya'da 121 katılımcıdan oluşan bir örneklem üzerinde korelasyon analizi uygulanmıştır. Sonuçlar, bireysel yatırımcı kararlarının temsili önyargı, bilişsel önyargı ve sürü içgüdüleri önyargısı ile önemli ölçüde ilişkili olduğunu ortaya koymuştur. İstatistiksel olarak anlamlı korelasyonlar Davranışsal önyargıların bu boyutlarının zayıf olmasına rağmen yatırımcının kararını etkilediğini göstermektedir. Bununla birlikte, yatırım getirisi güdüsü, zarar önleme yanlılığı, öznitelik önyargısı, pişmanlık önleme önyargısı, iyimserlik önyargısı, Kontrol yanlılığı yanılmasası, arka görüş önyargısı ile önemli ölçüde ilişkili değildi. Bu çalışma, yatırımcıların davranışsal önyargıların etkisini azaltmak için portföylerini yönetmede profesyonel yatırımcıların hizmetlerini aramaları gerektiğini önermektedir.*

**Anahtar Kelimeler:** Sürü Sezgisel, Yatırımcılar, Davranışsal Finans, Psikoloji

## **I. INTRODUCTION**

Up until 1994, there is blanket acceptance of standard finance and asset pricing model because it explains how rational people make pricing and investment decisions, based on several estimations and existing economic philosophies. consequently, after numerous studies, the finding revealed decisions are subject to alteration which differs from person to person according to behavior, biorhythms, instincts, and habits categorized under emotions and cognitive biases. Behavioural finance as a new field of study was developed after gathering numerous data that confirms that behavioral finance theory is contrary to traditional finance.

Shefrin (2002) described behavioral finance as how human mind influences economic decision and to general capital market. Because psychology studies behavioral pattern its however establishes how human decisions are different from standard finance and asset pricing. So, making decision for investments are solely based on accurate prediction of markets by participants, which is becoming unrealistic due to globalization of financial markets and increasing growth in technology. Career psychologists as Barber and Odean (2001), Asur and Huberman (2010), Pompian (2012) and Shefrin (2002) identified that human mind plays a big role on investment decisions, choice and preference. Numerous market changes such as price volatility and variations on general economic value has gross impact on investment decisions. Since investors are scared about losses they thoughtlessly react to price changes thereby altering their original investment goals from long term to short term and viz-a-viz, they seek advice from unsure quarters and responds to numerous advice this occurs because they doubt their own judgement. In this situation, irrational decisions spreads all over which sets the markets on bearish mode and losses, this obviously dissuades potentially willing investors. In this, financial behaviors can be referred to as a discipline that studies human behavior, intricacy of market participants, hence, irrational decision and motives are

detected and revealed which assists in cushioning the effects of behavioral finance on investment decisions.

### **A. Behavioral Factors**

Pompian (2012) found that in financial economics, behavioral biases mean thwarts in decision processes, which states that it is the tendency to decide that amounts to illogical monetary rulings. This is caused by flawed thinking influenced by emotions. Faulty cognitive and emotional errors detected in several human reasonings when faced with decision making has over the times triggered research in behavioral finance. Ackert and Deaves (2009) viewed behavioral finance as the impact of mindset on the behavior of fund managers and its effect on the entire capital market. On a broader view Schinckus (2011) marked behavioral finance as how psychology affects financial decisions specifically how human behavior (need along with motivation) affect stock value. Singh (2010) believed that information architecture and character of stock traders influences decision and market performance. Belsky and Gilovich (2010) described financial behavior as an economic behavior. He described behavioral finance are mixed field of econometrics, finance and psychology which explains “how & why” investors make reasonable and or unreasonable choices while investing, spending, saving, and lending. A Lot of finance and economic concepts posit that investors act logical and consider every accessible info when making investment decision. Nevertheless, Bernstein (2000) revealed repeated style of irrationality and faulty choices making process when presented with uncertainty. It is believed that investors relies on heuristics when this challenge appears. Weisman (2016) Behavioral finance seeks to ascertain how investors behavior and the impact of this behavior on investment decisions and the entire market. Rabin and Peri (1996) reveals that because psychology is a systematic study of human behavior, judgment, and wellness; having noted this, it taught how human thought vary from standard finance and asset pricing. Historical finance expressed financially independent people to be the category of persons with fixed income, static means of livelihood, varied choice and the ability for economic agent to rationally maximize these choices. Singh (2010) conceptualized that financial behavior is developed on limited

arbitrage and systematized psychology. He further explained that arbitrage in finance and economics means the action of profit making from price fluctuations between markets. This transaction may involve negative or positive cashflows in an occurrence, which are mostly free from uncertainties. However, price variation are mostly controlled by more rational traders, whenever arbitrage is provoked by irrational investors it is immediately corrected by more rational experts hence risk is limited. Reilly and Brown (2011) Pinpoints how behavioral biases affects individual and organizational investors. The author unveils different ways these investors reacts these biases as presented below.

### **1. Herd instinct**

The use of skilled expertise, garnered knowledge and pragmatic effort to answer questions as well as to improve performance is referred to as Heuristics. Raines and Leathers (2008) expressed how investors relies on knowledge, experience or rules of thumb to personally assess alternative when confronted with ambiguity or doubtfulness. Heuristic lessen the multipart task of measuring uncertainty under choice to simple judgment act. This is so, because information spread faster these days thereby decision making in financial markets has become more unrealistically complex stated Hirschey (2003). Agreeing to Gill and Johnson (2002) processing big data requires cogent mental effort and not all persons are willing to process these data , this, they rely on simple heuristic decision. Baker and Nofsinger (2010) revealed how herding plays vital role on both side of market (i.e. investors and fund managers). Herding influences organization and private investment decisions. Keynes (2016) claims that licensed investors are only concerned with market value would within three months to one year using social psychology as bases of calculation. From career wealth managers perspective, Chiu and Hong (2013) observed that mutual fund managers may likely buy shares from other managers who're in the same city, implying that portfolio decisions are influenced by neighbor-to-neighbor interaction within the same city as wealth managers. Baker and Ricciardi (2014) expressed that most times herd investments are entirely correct. Even though it may be unsafe to make investment decisions in void. Baker and Nofsinger (2010) also stated that it is equally important that financial experts utilize the concept of

conscious skepticism when herd is massively moving towards a path. Investors with little or no access to confidential market data illogically relies on herd instincts.

## **2. Anchoring**

According to Kahneman and Tversky (1977) rational biases on investment decision are correlated to three conventional factors which are: Availability bias, representativeness bias, then anchoring. According Raines and Leathers (2011) Anchoring happens when investors deems present price the right price for a stock, thereby putting too much weight on recent experience that determines the current price. Parisi and Smith (2005) revealed how various market players make portfolio choices based on expected outcomes that are irrational due to one or two misapplied heuristics. Market players keep changing the rules to profitable corner according to how beneficial it was in the last investment season. Investors falls for status quo bias as indicated by Kahneman and Tversky (1977). Investors do not conduct enough research because they believe that statistical books of the company are too tedious to study. To other investors who does not know how to interpret financial books hence they anchor on previous stocks, company and strategy Rajathi and Chandran (2019). Anchoring can cause outright purchase of overvalued asset and sale of well performing assets. There is need that investors should try need assets without over reliance on the usual stocks.

## **3. Overconfidence**

Experimental studies reveal how investors inflate the exactness of their understanding in a particular filed. Barber and Odean (2001) emphasized that Overconfidence has been detected by numerous career fields but much more in investment banking. According to Buehler, Griffin, Ross (1994) expressed that over-confidence is complexity in welcoming external skills in personal perspective because. Most investors reject investment advice, they tend to command, control, and execute all trades without accepting new markets changes because they believe in their personal skill, Overconfidence justifies why professional managers actively manage their portfolio with endless race to select the winner Gill and Johnson (2002).

March and Shapira (1987) states that professional investment administrators overestimate own effort on successful trading as they regard themselves as professionals. Ritter (2003) maintained that overconfidence manifests itself in people when there is little diversification of investments due to the tendency to invest too much in what they have been acquainted with. Choosing stocks that will perform profitably is a difficult assignment, this is because forecasting ability is low; while response is ambiguously deafening. This implies that people are overconfident selecting stocks Barber and Odean (2001).

Overconfidence describes why professional investors manages high volume portfolio, it also explains why fund administrators employ effective stock traders, and why investment experts superintend active portfolio- all want to choose winners Bondt, (1994). Furthermore, Odean (1998) shareholders often overvalue the price of an asset which results to overpricing of an asset.

## **B. Investment Decisions**

Neumann and Morgenstern (2018) utility theorem contends that decision makers take the highest possible outcome when making decision, people would prefer a risk that tend to yield the biggest outcome when faced with two or more alternatives. Conferring to behavioral finance theory, individuals are distinctive in nature and in different circumstances they make differential decisions that is not in tandem with traditional financial rules. Confirmed by Kahneman and Tversky (1977) that in prospect theorem, people behaves differently depends on how they expect “gain” or “shortfalls”. Wilf and Zeilberger (1990) pioneered a classified rationality theory, which debates that people have informative, intelligent and calculative restraints.

Comprehensive study discovered that people collect accessible information, use heuristics for easy analysis then terminate it when they are satisfied. Fischer and Gerhardt (2007) conducted survey on individuals investments decision making and obtained basic psychological errors that influences investors which include: Fear- this states that record number of people are scared of losing money, Love- this also depicts that investors tend to prefer certain assets brands more than others, regardless of market

fluctuations this class of investors retain this assets for a very long time with zero interest of disposition. Greediness- this reveals avaricious investors who acquire heavily valued stocks in its numbers without proper technical or fundamental analyses. Optimism- this set of people “go into” the market without reasonable purpose. Herd instinct- investors in this category knew very little about the market, they rely on general information to make decision, they also rely on past experiences, knowledge and guts feeling when making decision, this action often ruins invested funds are market changes had taken effect and new rules and fundamentals had replaced existing knowledge. Behavioral finance theory thus depicts convoluted situations people go through which then counters standard decision. For instance, its sometimes scary for investors to trade certain assets at certain time due to past occurrences in the equities market. This strengthens the hypothesis which reveals that numerous decisions are taken based on superficial attributes instead of detailed assessment of reality.

On gender parity Barber and Odean (2001) revealed that gender plays dividing role on investment decision, he pointed that men takes riskier assets than their female counterpart. However, only this evidence cannot prove the role of gender in decision making and investing, other considerations are family, personal, social or experience, as well as financial literacy. Successful investing depends heavily on financial literacy, the absence of this may cause poor investment choices and losses. Nevertheless, there need to understand the psychology of investing in consonance with financial literacy. Shefrin (2002) stockholders must take cognizance of other people’s mistakes while managing there’s this is because one Person’s error amounts to another person’s advantage.

### **C. Investment Decisions and Behavioral Factors**

Brahmana, Hooy, and Ahmad, (2012) outlined structured linkage between psychological errors and investment decision. The study implicated cognitive prejudice, attention prejudice, heuristic and regret aversion . Khatri and Sharma (2017) undertook a geographical survey of New Delhi then found psychological prejudices which affects investors behavior after which, it would drive effective returns on equities. The study

discovered that individual investors are motivated by conservatism, low-confidence, opportunity, representative and inferiority complex on lack of information and market data. However, Alghalith, Floros, and Lalloo (2015) empirically examined dominant theoretical assumptions of financial behavior, utilizing statistics generated from 500 indexes, its discoveries recommended that variations in psychological biases doesn't ascertain individual investment choices. Lepore and Shafran (2013) analyzed investors behavior when purchasing and disposing of shares. Numerous experimental studies, people are requested to apportion within assets. It revealed results no disposition effect thereafter. According to Fogel and Berry (2006) observed private shareholders and the findings revealed that investors show regret not selling winning stock early, the finding also show regret on how regret retaining losing stock for far too long before disposing them this finding, confirms the effects of dispositioning. Vyas, Mittal, and Sharma (2010) revealed that remunerated and commercial investors vary when considering investing choice, and the propensity to easily contract commonly known biases. The study centered on a sectional survey of about 500 respondents in Indore town. It thus showed that business group investors are more susceptible to cognitive effect while remunerated group are susceptible to the effect of framing and prospect theorem. Behavioral finance idea is to consider various research viewpoint as emerging field of study in the finance area. Agrawal (2012) conceptualized that financial behavior was created in response to growing number of market flip-flop (price volatility) which could not be clarified by the model of standardized finance and asset pricing. From Schinckus (2011) perspective he muses behavioral finance as a modern method that reviews financial reality in relation to psychological aspect of investment banking. Baker and Nofsinger (2010) suggests that behavioralist may encounter considerable challenges in getting old-fashioned community to adopt this viewpoint. Thaler (2005) being hyped as the father of this field of study, submitted papers however Baker and Nofsinger (2010) fiercely opposed proof of inefficiency in market. Baker and Nofsinger, (2010) contended if behavioral finance frontiers would respond to Fama (1998) request for simpler and refutable theory of doubtful paper because human behavior is rationally complex. Advocates of behavioral finance Subrahmanyam and Tomas Gomez-Arias (2008) debates that this theory is based on reasonable utility maximization couldn't be



taken as a greater option to behavioral methods simply as it examines how people behave. Justifying the theory of financial behavior, Razek (2011) postulated that behavioral finance techniques shouldn't necessitate a simple theory, differing to the requests by standardized finance researchers . Fama (1998) nonetheless differs by stating that standard scientific rule requires that market efficiency can only be substituted by a healthier scientific model of price development which itself in theory rejected by experimental trials. Li, Melnyk and McCann (2004) note that examining whether documented anomalies can be explained by behavioral supposition is crucial. As argument continues, the triumph of behavioral finance style in justifying anomalies in few known cases isn't enough that behavioral hypotheses are preferable formats of pricing as against standard finance prototypes.

### **1. Individual Investors**

Corresponding to Åstebro, Chen, and Thompson (2011) it is probable that individual investors face more problems making rational judgments on investments than organizational investors. In his opinion, Organizational investors has bigger resources and connections to obtain vital information with regards to investment goals. Handling financial data is sometimes challenging for private investors. Hence, individual investors encounter tougher times making rational judgments than organizational investors. Private investors may not have necessary relevant statistics for logical decision. The quantity of data needed for market interpretation and forecasting maybe extensive Chevalier and Lu (2010). Chandra (2017) indicates that not only the lack of vital data effects shareholders, the exasperation of less informed investors had increased over the time. Matching study revealed that most American drop to 2.4-year period from 3.75-year period previously recorded in the middle of 1992 to 2000. The trend referred to as 'trailing profit'. Instead of sticking to initial investing strategy, investors make hurried decisions and invested in trending financial instruments. It is however important to recognize the experience as a key factor influencing the decisions of individual investors. Knowledgeable investors are likely to believe that corporate governance is a major determinant when considering corporation's roadmap while inexperienced stockholders relies on previous financial results of the company. Sears (2012).

Rubinstein (2011) recommends that experienced investors should acknowledge more financial theory to better utilize the information therein for efficient market performance other than beginners. The author however raised concerns of individual investors being misled by vague and untrue market data.

#### **D. Statement of the problem**

There is attitudinal literature detailing systematic errors in the way people think and arrive at decisions when considering investment options which is what this paper seeks to explore; hypothetically, people are too confident thus relies heavily on experience when making decision, this inclination may create distorted or wrong judgment. This study tries to investigate the psychosocial factors that distorts investment decisions. Subrahmanyam and Tomas Gomez-Arias (2008) over the years, the Nigerian stock market has observed increasing number of public firms applying to be listed on its securities exchange. Over subscription of shares and other financial instruments confirmed probable statistical increase of individual investors over the time. However, many investors have had to endure the pain of losses recorded this year due to herd instinct and overconfident as reflected in most of the premium stocks since January this year. According to Baker and Nofsinger (2010), Fama (1998), Subrahmanyam and Tomas Gomez-Arias (2008) and Razek (2011) there is an obvious absence of agreement among finance scholars pertaining the authenticity of financial behavioral. This absence of unanimity indicates that behavioral finance is all time open for discussion. Though, while Fama (1998), Subrahmanyam and Tomas Gomez-Arias (2008) and Thaler (2005) evidenced that numerous investigations have been performed in the financial market, there are not much evidence of this studies on the impact of individual fiscal behavior on investment choices regarding the Nigerian market.

Abiola and Adetiloye (2012) investigated the impact of behavioral finance on investment decisions making at the Nigerian securities market. Utilizing a sample number of 300 investors, their study showed that behavioral factors such as representativeness, overconfidence, anchoring, gambler fallacy, availability bias, loss aversion, regret aversion and mental accounting affected the decisions of the

institutional investors. The study by Sanusi Bello (2018) indicated the effect of behavioral factors on individual investors in Nigerian market. The finding showed that herd instinct, market prospect, overconfidence and anchoring biases are visible among individual investors. Dhankar (2018) believed that decision making in capital market is now complex. investors have complexities taking decision because of poor finance literacy Gavard, Winchester, Jacoby and Paltsev (2011). Because of this, investors employ team of professional investors to manage and make investing pronouncements on behalf of them. There are proof that market inefficiencies in the market are caused by the inability of traditional finance model to check market anomalies. Instinctively one would assume that fund managers are logical therefore stringently monitor and adhere to the traditional finance models when making decision. It had been proven over times that private and organizational financiers have mortified heuristics while considering portfolio choices. One would ponder how heuristic (over confidence, anchoring and herd intuitive) influence individual investing choices, in researcher's consciousness, Indigenous study have not studied the effects of cognitive aspects of this bias hence this study tries to fill the research breach through exploration of behavioral biases as well as its effect on investor decision.

#### **E. Aim of the study**

To establish the impact of behavioral factors on investing pattern of Nigerian investors.

I. To ascertain how cognitive biases distorts investor's decisions making process.

II. To ascertain how emotional biases distorts investor decision-making process.

And the following hypothesis are drawn according to conceptual framework of the study:

1.  $H_{A0}$ : Investors make irrational decision when picking stocks regardless of gender, age, educational level and financial knowledge.

$H_{A1}$ : Investors make rational decision when picking stocks regardless of gender, age, educational level and financial knowledge.

2.  $H_{B0}$ : There is a positive impact of representative factor on investor's decisions

$H_{B1}$ : There is a negative impact of representative factor on investor's decisions

3. H<sub>C0</sub>: Herd intuitive factor does not have impact on investment decision  
H<sub>C1</sub>: Herd intuitive factor has impact significantly on investment decision
4. H<sub>D0</sub>: Cognitive dissonance has no significant influence on investment decision.  
H<sub>D1</sub>: Cognitive dissonance has significant influence on investment decision.

## **F. Significance of the Study**

The findings of this study would create widespread awareness to investors on the prevalence of behavioral prejudices they ought to consider while considering investment options. Research results will also support asset administrators to recognize the impact of psychological biases when considering investment options. This study will aid investment administrators in devising sophisticated mental strategies that will lessen the negative impact of the identified biases. Broker firms would detect and differentiate between emotional and mental biases that alters investor choices, decisions and preferences, so to adequately enlighten shareholders on how to maneuver these factors. The research is expected to further knowledge in behavioral finance archives which will serve as resorting reference for scholars and intending researchers who seeks insight in this field of study. The investigator stressed sections that necessitates additional study at the tail of the paper. The study will establish foundation to formulate future research case.

## **II. REVIEW OF RELATED LITERATURE**

This chapter aims to review related literature on behavioral finance. After which, theoretical and empirical reviewed will be conducted to pave way for conceptual framework that would steer the research. This section commenced with reviewing concept of financial behavior in respect to investment choices, decisions and bias. The chapter further presents practical assessment of both the cognitive and emotional biases that affect individual investment choices. The assessment pinpoints the role of psychosocial and demographic factors altering investment preferences. Lastly, the research gap is ascertained then theoretical context adopted is then discussed thoroughly. Faulkner (2002) Identified the three main attributes that represent the characteristics of behavioral finance are Regret theory, prospect theory, mental accounting also known as cognitive dissonance.

### **A. Characteristics of Behavioral Finance**

#### **1. Prospect Theorem**

Prospect theory can be defined as standardized model for decision making. which reveals how investors make decision between variables that comprises uncertainty. (i.e. possibility gain or loss). This theory establishes that investors references expected outcome as current prosperity instead of certain outcome. This concept is created by framing uncertain choice which reveals that investors are risk averse, because investors detest shortfalls more than equal profits, they tend to acquire more risk to prevent losses. Kahneman and Tversky (1979).

Prospect theory is a concept of behavioral economics that discusses how people make decision that involves risk between two or more alternatives. According to Kahneman (2003) Prospect theory describes how people make choices in situations where they had

to decide between two alternatives that involve risks. Prospect theory is used as cognitive psychological techniques to explain various number of documented divergences of economic decisions. Prospect theory describes how people "value or frame variables under risk, so they look at choices in terms of potential gains or losses in relation to a specific reference point, which is often the purchase price. In line with utility theory Faulkner (2002) posited that prospect theory adopts consequential method to choose, which is to say that in making decisions people assume to be more concerned with the expected outcome of their decisions hence, they evaluate possible causes of their intended action based on the desirability of expected utility. Prospect theory suggested that coding of probable outcome into profit or shortfalls signifies the most important characteristics of a decision maker, so therefore expected outcome or profit or shortfalls are always a reference point of a decision maker. Kahneman (1979) reveals that the most important part of prospect theory is the way its frames the outcome of economic agent subjectively affects the expected utility of decision makers.

## **B. Regret Theory**

Regret theory declares that investors expect regret when they make bad decision then they include remorse of previous bad choice when making further plans. The significance of regret can discourage investors from acting as and when due. When considering investment option, regret theorem can alter investment decision as investors may tend to take loss-averse position in other to recover from previous losses or encourage investors to accumulate higher risk in other to recover from previously attained mistakes. For instance, if investors acquire a stock at a price of 30\$ then after two weeks the stocks fell to 60%, then sold the stock and record shortfalls, he will obviously regret his investment outing, in future he would make provisions to counter the regrets sustained previously.

Regret theory (RT) can be referred to as a doubtful choice. Fostered by Loomes and Sugden (1982) states that regret theory involves the negligible regret attitude utilized in decision hypothesis for lowering probable shortfalls while increasing prospective profit. Regret theory is a model for minimization of a function of the regret vector, can also be

referred to as difference between an outcome of a chosen choice and the best outcome that could have been achieved in the same state.

According to Bell, (1982) regret theory is an emotional pain caused by comparing a provided outcome with forgone alternative. E.g. when choosing from familiar and unfamiliar share, investors might consider the regret of finding that the unfamiliar shares outperforms familiar share. Shefrin and Statman (1985) stipulates that; in conformity to regret theory, most shareholders consider the likelihood of regretting forgone alternative. Of course, it's human to feel the pain of wrong decisions. The pain of regret at having made mistakes is captured in Tversky and Kahneman (1992) apparently regret theory may explain that investors defer selling under performing stocks and expedite the selling of stocks that have risen in share price.

### **C. Mental Accounting**

Mental accounting is a behavioral finance characteristic which explains that investors classify their wealth in different asset category and decided from thereon. In this concept, investors create different trading accounts for day trading, dividend yield account, capital appreciation and others. Mental accounting can contribute to irrational investment decision because cautious approach and spending style are not entirely applied to all the asset categories. Mental accounting may explain irrational spending, over valuing stocks, holding too long on a losing stock because mental approach to different funds are structured. Largely, mental accounting is believed to be detrimental to financial discipline.

According Thaler (1985) mental accounting involves the allocation resources into different and non-flexible accounts. He theorized how individuals allot different class of importance to different asset category, which affects their spending and investment decisions. Mental accounting supports behavioral sequence that investors frame their resources as either current or future wealth. The implication of their behavior is non-replaceable by marginal propensity to consume. It has been revealed that shareholders tend to be riding on loosing asset for far too long as they are unable to realize losses on that asset category. Shareholders are unwilling to sell losers so that the feeling of regret

aren't spread over the time. Also, stockholders tend to extend the sale of winning stocks to widen profit margins on dividend payment stocks, and finally investors have irrational preference for high dividends paying stocks as they inconsiderate about spending earned dividend without outright disposal of the share capital. Same as in the case of tax refund where households spend such recklessly, generally, there is irrational approach to windfall income as they tag this asset as easy and steady income. It is believed to be detrimental approach to finance. Shefrin and Statman (1994) revealed that shareholders think logically, they opt for a secured part of their portfolio protected from high risks and a part mapped out for a chance of getting rich.

#### **D. Cognitive Dissonance**

Cognitive dissonance occurs when investors believes two inconsistent variables at an interval, it is conflicting emotion experienced by investors when considering asset choice. This psychosocial bias can lead to wrong investment choices as people struggles to reconcile two differing variables (i.e. between true or false). It sorts of painful to realize that after thoughtful considerations of an asset, it appears your judgment is bad, wrong pick, wrong choice. Remorse may cause cognitive dissonance as investors prospective decisions can be draw from experience which may conflict present investment strategy. For instance, investors believe in selling their shares after qualification dates, usually in May, they expect to re-enter the market when the prices are low but logically everyone want to sell during this time, and it drives down share prices. Cognitive dissonance is mental inconsistencies experienced by individuals when faced with the fact that their assumptions and beliefs are untrue; as such, they regret and make alterations incorrigible with previous standpoints. cognitive dissonance can be remorse over untrue beliefs or assumptions. As with regret theory of cognitive dissonance. Festinger (1962) asserts that there are high tendency for people to at towards minimizing the effect of cognitive dissonance that would not normally be considered fully rational: the individual may avoid new information or develop arguments to preserve the already owned assumptions or beliefs. having observed the phenomenon. Goetzmann and Peles (1997) affirms that there are more capital inflows



into a well performing joint funds than outflow of capital from same mutual funds that had badly performed: shareholders are unwilling to accept the reality of losses when they are approached that their choices aren't the best decision so far..

#### **E. Factors Determining Individual Investment Decision**

Demirel and Eskin (2017) studied how demography and financial behavioral factors interacts with each other in influencing investor's decisions. The study revealed how gender interacts with five financial behavioral biases which includes: herding, cognitive bias, overreaction, overconfidence and irrational thinking, on the last level of study, it revealed how personal funds correlates to four biases viz; herds, over-reaction, cognitive factor and illogical thoughts. Rekik and Boujelbene (2013) revealed that investors in Tunisia act illogically. The study established that herding attitude, representative factor, anchoring, risk-averse and mental effect alters decision making in Tunisia market. Tunisian market players appear not be confident enough, they're cautious and illiberal to other's the opinion of other investors. The study review demography and biases and implicated age, profession, skill set and economic status as having influence on investment decision. The paper demonstrates that younger investors are less influenced by these factors while older investors who're less informed about the market are subject to influence of behavioral biases.

According to Schmidt and Sevak (2006) women investment rates has been lower their male counterparts in the past, for numerous rationales including economic might, employment rare, culture and other demography. Unfortunately, this trend, continues irrespective of government policies supporting women and others. Langer (1975) observed how personal stated risk-tolerance is the best approach while describing the difference among portfolio variation and portfolio income amongst shareholders. Taub, Taylor and Dunham (1984) explained that although personal trait may adjust over time, its procedure is usually slow and stable from time to time. So, it is likely that this bias would alter decision pattern. Barnwell (1987) Pinpoints that people differ by lifestyles, traits, loss- aversion, controlled orientation and career choice. Barnwell (1988) suggests the use of psychographics as a basis of understanding each person's need of financial

service in order to provide effective marketing and service delivery program. Theoretical analysis of behavioral biases are detailed below:

### **1. Availability bias**

Availability bias is a psychological bias that triggers investors' thoughts to overestimate the probability of incidents related with unforgettable events. Since remarkable occurrences are amplified by media, it lives on societal consciousness. Investors recall probable market occurrences and recall how it had happened and used it in forecasting future occurrences, this creates distorted decision and is detrimental to asset choice. There is a social belief that the stock market is a money losing venture hence I should not invest, why? Because of the 2008 market crash, the memory lives in people's mind until this date and most people don't want to invest in the stock market using such event as yardstick for judgment.

According to Pompian (2012) availability bias causes individuals to overrate the likelihood of incidents linked with unforgettable occurrences. Since unforgettable events are further exaggerated in the media, the bias is further promoted on psycho-social consciousness. Because, recent events are easily recalled, investors are likely to choose an asset because it is constantly on the media, hence they recall it, it is available in the subconscious mind, they tend not to conduct proper analysis before investing, this is detrimental to stock investing. Qawi (2010) explains that more 'current' an event is, the higher the probability of its influence on investment decision making process. Agrawal (2012) argues that most times, individuals behave illogically, and their decisions are biased. This is evidenced as many people admitted that they prefer easier shortcuts in processing difficult tasks, they simplify the task by using heuristics or general rules of thumb. Ritter (2003) illustrated the rule of thumb thus, when people are faced with choices for how to invest retirement accruals, many allot using 1/N rule. Which means that if there're three funds, one-third goes into each. If two are stock funds, two-thirds goes into equities. If one of the three is a stock fund, one-third goes into shares". This has been observably documented in a study by Razeq (2011) which established that investors tend to satisfy themselves before optimizing investment portfolios. Qawi

(2010) revealed that investing document are huge and regular investors often find it difficult to process hence make decision on heuristics.

## **2. Illusion of control bias**

Investors tendency to assume they can control or influence market outcomes even though they cannot, is referred to illusion of control bias. Most often investors act as if they have exclusive right to control market outcome while, the market is unpredictable and uncontrollable. For instance: sell winner, retain loser. According to Pompian (2012) illusion of control bias is a situation when investors tends to think they could control or influence market outcome when, they cannot. The writer further indicates that choices, expertise, contest could inflate individuals' confidence and create such illusions. This may lead to either trading beyond cautious level or inadequately diversification of properly positioned portfolios. Phipps et al. (2013) also presents proof that shareholders prefer stocks with high brand recognition than supporting hypothetical familiarity.

## **3. Hindsight bias**

Hindsight bias refers to the tendency for investors to see incidences as previously happened as it was predictable than they were before the actual event. As a result of this, investors believe that they can predict it future occurrence as previously occurred. Making decision with this bias is wrong as there're instances that predictable outcome comes out with different result. Hindsight bias distorts investment decision as many investor use yesterday's information in predicting the success of a stock hence why any negative news of a brand directly affect the share price.

Conferring to Pompian (2012) hindsight bias occurs once investors see past events as having been predictable and reasonable to reoccur. Investors generally tend to recall their own predictions of the future as more accurate than they were because they are biased by the knowledge of what has happened. Thus, people view things that have already happened as being relatively predictable. investors may overestimate the extent to which they forecast expected result, therefore inflating false belief. This causes excess

risk, leading to potential investing missteps. Qawi (2010) provides that even though that the market is overpriced or underpriced but has difficulties agreeing to this reality.

#### **4. Representativeness bias.**

Pompian (2012) explained that people frame and judge new information based on experience. Investors tend to allot data. They consider the new allotted categorized asset as correct thus place undue importance on them. this bias occurs because investors attempting to derive meaning from their experiences tend to classify objects and thoughts into personalized groupings. When challenged with evidence apply framed data even if it doesn't match. They rely on best-matched estimation to decide. Although this perception provides useful tool for processing new data, it may orchestrate miscalculations. The classified new information may represent familiar elements already classified, but in realness it can be different. Agrawal (2012) illuminates that when investors influenced by representativeness, subsequent actions are considered representative of all group. The consequence of such a bias is the likelihood of estimations are significantly with insufficient consideration to evidence of the underlying odds. Qawi (2010) maintains that representativeness statistically reveals people match two different events and pronounced it same which aren't similar but it likelihood inspires such false representation.

#### **5. Self-Serving bias**

Pompian (2012) described self-serving bias to be the propensity of ascribing success to innate aspects such as spirituality, knowledge, sagacity or aptitude while attributing failures to external dark forces such as bad lucks. therefore, shareholders under his influence can, after a period of successful investing believe that their success is due to their market knowledge rather than factors beyond their control. This s dangerous feelings because the falsified confidence that would lead distorted decision. Singh (2012) noted that many people are governed by emotion instead of logical mind. Qawi, (2010), believes that certain genetics makes certain people to respond to emotions faster that logical mind, it is therefore tough to correct this bias because it is more emotional

that logical, investors basing your decisions on this will sustained losses as capital markets are ruled by logic and calculations and not emotions.

Pompian (2012) further described feelings as psychological states that ascends effortlessly as against conscious thoughtfulness. Emotions are what people feel that what they think. Emotional biases from emotions are intuitive thinking fueled by feelings. Personal impulses are not easily corrected as in the case of cognitive or thoughtful bias. Feelings, perceptions beliefs, sentiments are elements of emotions which are reflective of reality, events, or imagination. Emotions are frequently uncontrollable thus often undesirable bearers. Emotional biases are recognizable such as: endowment, regret averse, risk averse, self-control, status quo and over confidence, which is discussed below.

## **6. Loss aversion bias**

In prospect theory, Pompian (2012) illustrates loss averse as not willing to incur loss than gaining. Investors detest losses and take necessary steps not to contract any even when profit dangles on their left ears they tend not to risk earn income in pursuance of probable outcome which may earn more losses to them. People would rather stay in loosing position instead of spending further in chasing profits. This supports Razek, (2011) theory that, in consistent with prospect theorem, investors don't always act coherently. According to Schinckus (2011) prospect theory is decision or choice under uncertainty, when decision centered on expected outcome. According Ritter (2003) loss avers is related to disposition effect. For example, it is better not to lose than to gain.

Investors does not like to lose money. They keep monitoring their asset classes and portfolios, feeling scared about any market changes. Ironically, the more one acquires wealth the more vulnerable it is to lose than to profit. Nonetheless the ability for investors to guide their emotions could reduce the risk of aversion to losses. Making cautious choices could help minimize potential risk of injurious loss aversion. Aversion to loss is strong emotion hence the aversive comeback echoes serious role of undesirable emotions of anger and fear Rick (2011).

In conclusion, loss aversion is a significant bias in day to day decision-making process. The bias makes investors to twig with a stock unless there is a better asset to acquire.

Loss aversion reflects emotional bias in human psychology which support status quo bias thereby making investors resistant to changes. Thinking about change makes one focus on losses instead of potential gain.

## **7. Over optimism**

Over optimism is a harmful illusion that makes investors put too much energy, weight and hope on expected outcome. It is unrealistic assessment, beliefs and expectation. Hope, greed, imitation of external exuberant that beyond one's economic reach or might. Careless or Unguarded thoughts leads to exaggerations which wrongly inflates logical expectation. In this bias, quacks can be mistaken to be professional. Investors put too much weight on expected return thereby make unrealistic calculations and preparation of expectation.

Agrawal (2012) described over optimism as the expectation of satisfactory outcome regardless of one's efforts towards ensuring the success of the end result. Ramnath, Rock and Shane (2008) explained over optimism as the tendency to exaggerate the likelihood of desired outcomes while underscoring the significance of the odds. In this, erroneous estimation of earning figures promotes optimism for buy options and significantly pessimistic for sell recommendations. An experimental study by Subrahmanyam (2007) discovered untrue correlation between earnings and past volume thus contends that it is motivated by optimism, investors generating volumes and their optimism being overturned consequently.

Normative decision theory emphasizes on reasons why judgments are made on an underlying asset whether simple or ordinary choices. Over optimism bias is a tendency for investors to believe that they are less likely to encounter negative outcome than others when investing is referred to as over optimism bias. This bias causes investors to throw more weight on their innate feelings for success regardless of social obstacle. Example is the classical phrase: it won't happen to me.

## **8. Cognitive dissonance bias**

Pompian (2012) explains cognitive dissonance bias as mental difficulty experienced by people when they are presented with the evidence that their decision is wrong and conflicts with newfound data. The mental imbalance and pain witnessed when contradicting data intersect. Cognitive dissonance signifies arrogance, sentiments and sometimes opinions. It includes reactionary comebacks which occurs when folks try to normalize themselves in time of mental distress. consequently, cognitive dissonance may cause long position because they wouldn't accept the reality that their previous best decision is a wrong choice. Razek (2011) expresses that this bias cause shareholders to stick to a losing asset even after revealing that their choices are bad, discontinuing is difficult because they wouldn't want to accept evidence confirm their failure. In addition, the write denotes that this bias makes investors vulnerable to all sources of information that confirms pre-existing ideas.

## **9. Regret-aversion bias**

Pompian (2012) categorized this as an emotional bias that described that investors makes decision out of fear, making decision out of fear will influence the quality of judgement then creates distorted outcome. Avoiding pain of regret from poor decisions may cause hurried or reluctant disposition of shares which may increase in value, the regrets sustained from this can make cause nonparticipation on appreciating share price or sharp disposition of good assets. I visualized my grief if the stock market went way up and I wasn't in it – or if it went way down and I was completely in it. My intention was to minimize my future regret, so I split my retirement plan contributions 50/50 between bonds and equities. Harry Markowitz (2001). Having suffered losses, investors admitted that they would want to discontinue investing, even thou the prices has gone down for great investment opportunities, to continue is senses.

Razek (2011) described regret remorse sustained by chosen actual outcome as against alternative forgone. In this instance, shareholders may evade disposing loser stocks to avoid regrets when they tell loss. Thaler (2005) expressed that shareholders often sell winner stocks and hold onto looser stocks because they hope that the looser stocks will perform better in future. It has been evidenced that shareholders who purchased a share

price on a promising price may wait to dispose the share when the price goes high, this is because the investors believes that the system must have captured and processed the purchase data hence it is certain that the share price goes up. On the flip side, if the stock price goes down, the stock must be held believing that the market will appreciate purchase data with time. Previous study supports the argument that investors sell winners too early and hold onto losers with various hypothesis, however this study could not delve into the reason, why investors dispose well performing stocks. Example, Subrahmanyam and Tomas Gomez-Arias (2008) revealed that winners disposes too much sell pressure while losers are not blanked as swiftly as it could, thereby causing overreaction in the entire market.

#### **10. Overconfidence bias**

Razek (2011) overconfidence manifests when people subjectively overestimate the accuracy of their knowledge, ability, power or skill. The subset of over confidence centers on how people feels about their capacity to control, performance or succeed on a desired task. The write furthers to say that the bias tends to frame expected outcome as being greater than assessible result under study.

According Agrawal (2012) overconfidence triggers undue over estimation of skillset, underestimate risk, misjudge the capacity to control outcomes. One cannot underscore the evidence of over confidence when assessing data. Numerous researchers had discovered the existence of over confidence bias in financial decision. Hence several research papers had revealed that overconfident investors are mostly disappointed by fanatical stamens than rational investors. Likeminded Agrawal (2012) reveals that overconfidence biases are evidenced on both primary and secondary market participants. Hsu and Shiu (2010) study investigated auction bidders at the Taiwan market and discovered that seasonal investors outperform constant investors. it was discovered that aggressive tendering with high price provokes investment appetite. It is also evidence that frequent investors always stutter around the market and tend appears to be under confident. This implies that overestimation of turnover on IPO's provides underestimation of risks. Daniel, Hirshleifer and Subrahmanyam (2001) overconfidence discloses small indications which ignites over-reaction hence then changes likes book



value and reverse on a long run, whereas self-serving bias retains overconfidence and permits rates to bully overaction while creating bullish market space. Over confidence is seductive warned Sewell (2009) investors who had special information's about the market tend to be arrogant, pompous and over estimates his subjective feelings of success guts. Nobody had ever outsmarted the market year on year, not even the so-called sophisticated investors, market defeats everyone at a point in time.

Fama and French (1997) recounted how a survey that investigated the responses of 2,000 private shareholders and 1,000 institutional investors; 605 responses were successful returned private shareholders and 284 from organizational investors. one question reads: "Did you think at any point on Oct. 19, 1987 that there would be a rebound? 29.2% answered yes whereas 28.0% of corporate investors, answered yes. The percentage are great: how would investors predict that day's rebound? overconfidence or gut feelings? There are greater number of people who acquire shares that day, 47.1% and 47.9%. it is viewed to be high. second question was "If you know, what made you think you knew when a bounce back was to occur?" At This Point, there was a visible absence of reasonable answer; the response was described as "instinctive" or "guts feeling." It thus appears that large volume of trades was recorded on the day of market crash, as well as the day of reversal was partly discovered by overconfidence instinctive feelings.

## **F. Empirical Assessment**

This experimental review underscores numerous types of behavioral biases supporting investor decisions based on earlier study. Existing paper categorized behavioral bias as being emotional or cognitive. Razek (2011) reveals how people are constricted within cognitive challenges in processing day to day task. Aligned to Pompian (2012) the difficulties experienced when computing statistical data or general information are as a result of faulty reasoning.

Cognitive biases do not emanate from emotional region rather thoughtful judgment or consideration of event, task or subjects within one subconsciousness. The scholar expressed that cognitive defection can be corrected through practical healing of information, advice and education. Between 1998 and the year 2000, Lindblom and

Platan (2002) investigated mental biases that inflated the hypothetical market bubble in the Swedish market. One hundred and sixty shareholders were studied in Sweden in December 2001. While forty-seven institutional investors made up the study. The findings revealed that herd intuitive bias, sunk cost fallacy, over confidence, cognitive bias and loss averse were most factors that considerable promoted the market bubble.

Asur and Huberman (2010) expressed concerns about the spread of information on new media, widespread of true and untrue information impacts the market negatively, which triggers market bubble. Grinblatt and Keloharju (2001) contends that investors may likely pick regionally domesticated shares as against international shares, he expressed that investors would prefer a share of a regional firm than the share of a company domiciled outside their region. The study reveals the existence of demographic bias in Finland as investors prefers provincial shares as first choice then foreign shares as penultimate. Coval and Moskowitz (2001) studied institutional investors and disclosed that they prefers to promote local brand shares because it is easily acquired by regional investors and liquid at all times. Hong, Kubik and Stein (2004) disclosed how capital market is promoted by social interaction, the scholars pointed that the market is likely to have more participants if interactions about markets are discussed in social gatherings as church, mosque, schools and other public places. New investors are likely to join the investment bourse when daily market behaviors are discussed. Benartzi and Thaler (2001) revealed evidenced irrationality in the behavior of market players as they admit using heuristics in decision making irrespective of portfolio size, choice and asset category. The study by Goetzmann and Kumar (2008) disclosed that young and inexperienced shareholders maintains unsegregated asset portfolios because they tend to be more influenced by behavioral biases while experienced older investors are loss avers and hold divided asset portfolio to hedge risks.

The study by Ogunlusi and Obademi (2019) revealed that Nigerian investors are encouraged by Peers , word of mouth and social interaction. Growth in Fintech and general blockchain has promoted the knowledge of finance and investing hence investors learn about market behaviors, rules and basic financial literacy on the new media. The study also reveals investors also discuss the intricacies of shares with their

friends or mentors before purchasing, this finding implicates the existence of herd mentality in Nigerian market.

More so, Augusto and Co. in African Continental Free Trade & Nigerian Capital Market in a publication examined the impact of Nigeria's membership in African continental free trade agreement (ACFTA) recently on the stock market. The continental economic association impacted positively on Nigerian market. As the market reacted positively to the signing of the agreement which reacted from bearish mode to bullish curve. As many multinational companies listed its shares on the securities and exchange market, the membership opens door for more continental and regional players on the market. The article further indicates that not all constrictions were eliminated by the economic signatory citing silent economic protectionism on exportation of goods and services among other bottle necks. This would affect the market on the long curve because most companies listed on the Nigerian market are based on exports and sales, if they cannot freely export their products to neighboring countries, they would record lower return thereby affecting revenue and general share price. Capital market reacts to numerous factors thus it is important to sanitize the entire economic environment for optimum market performance.

One cannot underscore the impact of psychology on market players, it is important to note that news, gossips, press release, worry, tension, fear and enthusiasm dictates the mental states of investors and impacts on market performance. Michayluk and Sanger (2006).

Nyamute and Maina (2010) disclosed that financial literacy does not connote prudent management of funds in time of distress. They expressed that managing crisis are psychological which involves conscious approach to assessable risks. Most people are not risk tolerant irrespective of educational qualification or knowledge of finance. Nigerians are enthusiastic about savings, however just little over half of people questioned admitted that their savings are meant for day to day financial requirement, another minuet number admitted that their savings are for investment motive, while unimpressive percentage admitted that their savings are meant for emergency. There is noticeable gap in savings for emergency. Many people would resort to friends and family on emergency. Donwa and Odia (2010) expressed that financial literacy to be

thought in lower schools so that citizens would understand how to manage their finances and better plan for emergencies. In poor and developing countries, there should be vibrant financial and economic literacy for prosperity. In economically developed nations, individual should have access to credit, good health care system, insurance, mortgage loan, transport system and quality education however not so provisions can be found in struggling nations thereby subjecting citizens to further hardship and uncertainty.

### **G. Market Anomalies**

In psycho-social understanding anomaly is unexpected and strange change sustained in initial standard or form; however, in financial market and investing anomaly means predictable inconsistencies that is unnatural to market knowledge and efficiency. Anomaly in market convolutes the theory of standard finance and asset pricing model which refers that securities performs in opposing direction with efficient market. Anomaly in stock market contends with unexplainable new info that alters the price of an asset. Furthermore, anomaly refers to strange and unusual market occurrences that frustrates the traditional flow of market, pricing and supply of securities. Trading strategies aimed at exploiting market changes would not yield beneficial risk adjusted returns when the market is efficient alas the inconsistency in market supports flippant market manipulation in pursuance for arbitrage. In today's investing, efficient market struggles to find it foosts, this is because of rapid spread of information, press releases as well as the growth liquidity of fake news. it is thereby difficult to maintain a healthy market environment due to the increasing challenges sustained by efficient market theorem. There are numerous market anomalies, most of which occurs once a year, others twice per year before disappearing while certain types are constantly observable.

It is established that there are little or no free trips on capital market, investors struggle to earn information to improves their portfolios. With hundreds of investors constantly in search infractions to that slides to favorable performance of their asset, there are no easy method to win the market. Nonetheless, certain tradable anomalies seem persistent and constantly fascinates market players. While these anomalies are worth discussing,

market players should internalize that most anomalies can appear, disappear, and re-appear with almost no warning. Therefore, traditionally towing the line of established trading strategy can be risky however paying detailed attention to these seven moments rewards diligent Nigerian investors.

**i. Small Sized Firm Anomaly**

Small sized companies tend to outperform largely capitalized companies, this type of anomaly supports that Small sized companies in terms of capitalization tends to beat bigger firms that are largely capitalized. As anomalies whittles down small sized firms grows stronger, In this, a firms economic prosperity is ultimately dependent on the overall stock performance because small firms have long economic miles to run than the larger firms it Is then assumed that it will provide better economic growth and opportunity for value investors. A firm like Dangote cement may require N3 billion in sales to grow by 10% whereas a smaller firm like Aiico insurance may require just might need just extra N150 million in sales to grow in same pace. In this, small firms typically tend to grow faster than already established large companies. Size or penny stocks anomaly describes why so many value investors choose underpriced stocks for value investing in Nigeria. It is established that most stocks in Nigeria are undervalued, this is because most investors prefer stocks with good fundamentals to ensure security of invested funds and liquid assets. The problem with small sized companies is that most of their stocks are illiquid.

**ii. January Effect Anomaly**

January effect is notorious anomaly which suddenly the stocks that underperforms during the last financial year up until fourth quarter performs optimally in January or even outperform others. The interpretation to this is rationally accepted that most times it is difficult to accept as anomaly. Referred to as capital gain investing, investors want to recoup the loss sustained from previous investment by herd investing in jettisoned underperforming stocks. The behavior of this anomaly can be expressed as excess selling pressure at the fourth quarter and excess buying pressure after January 1, leading

to this effect. However, no existing study has proven why January effect persistency does not produce superior returns on a risk-adjusted basis.

### **iii. Underpriced Anomaly**

Concluded academic investigation has exposed that underpriced shares with below average price to book ratios tend to outperform the market expectation. Numerous test portfolios have shown that acquiring a mutual of stocks with low book value to ratios will deliver impressive market returns. Though this anomaly is relative to a point where underpriced stocks fascinate investors' attention after purchase, they revert to mean stock. It is indeed a relatively weak anomaly. Although its cheap price to book value stock outperforms a mean stock individual performance is peculiar and it takes very large portfolios of low price-to-book stocks to see the benefits.

### **iv. Neglected Shares Anomaly**

This anomaly is relative to small firm anomaly which maintains that abandoned shares tends to outperform broad stock averages. The neglected-firm effect occurs on stocks that are illiquid and have few analyst publicities. When these abandoned stocks are exposed it will outperform others. Investors monitor long-term purchasing indicators like price earnings ratios and relative Strength index. These tell if a stock has been overbought, and if it is a good time to buy. Several accounts had revealed that this anomaly is untrue because once the effect of large market capitalization is separated, there will be no better performance than others. So, the shares of a neglected small firm tend to outperform whereas in practice the stocks of a large firm that are do not perform any better than others would otherwise be expected. With this implication, the only benefit of neglected firm anomaly is that performance is directly related to size of the firm. Neglected company shares are illiquid hence attracts fewer volatility.

**v. Reverse Anomaly**

This anomaly submits that shares that performs better in the end of financial year would reverse to be the worst performing stock in the beginning of the next accounting year. Yesterday's poor performers becomes tomorrow's best performers. Not only does numerical indication confirms this notion, but this anomaly is also meaningful rendering to investment basics and analyses. If share price is high the odds are that it may have been overbought or overpriced likewise under performing stocks. It is commonly expected that the price of an over-priced stocks would fall whereas under performing stocks would perform optimally in price and valuation. This anomaly works in Nigeria's market because of course investors expectation keeps it in existence. habitually, investors sell loser stocks to buy winner stocks, if investors sell winner stocks to buy loser stocks of course this anomaly will not be in existence. Nigerians often go for underperforming assets in expectation for better performance in the next fiscal year, this mentality has witnessed so many stocks performing at it best.

**vi. Weekdays Anomaly**

Even though the weekdays anomaly is true efficient market hypothesis hate the realism as it makes no sense in logical conclusion. Practice has shown that Nigerian market reacts to Mondays, Tuesdays and Thursdays as there tends to be positive performance of stocks in this days, this is related to weekly maturities of fixed securities of the central bank which often matures on Fridays which has effect on Monday, Tuesday which has effect on Wednesday and Thursday which has effect on Friday market but because Fridays are Jumaat and half days for worshipers , it effect is not often much rather on reflected on Monday trading as thoughtful decision are taken on weekends. Stocks tend to move more forward on Thursday and Mondays while Tuesday is least out of the weekday's anomaly. Although weekdays anomaly does not have huge effect on the market however its persistency is observably remarkable on the market behavior. From the perspective of fundamental analysis, there is no reason for weekdays anomaly should be effective. Most behavioral anomalies could be the reason for the weekdays effect.

Pointing week – end optimistic bias where investors tends to make up their failing portfolios by leveraging on herd mentality towards a particular asset.

#### **vii. Bulls of Premium Board**

The bulls of premium board are a stock market index that measures the 8 largest capitalized companies listed on the Nigerian stock exchange. though they it us majorly used in calculating the performance of the entire market most investors believe its wrongly represents true performance of the entire market compared to Main Board which has 144 listed companies and Alternative Securities market index which has 9 companies. The bull of premium board anomaly is an example of trading anomalies because investors carefully think that they could stay safe in the market by carefully selecting stocks with good fundamentals which are basically stock under the premium boards. Shareholders divers investing strategies however the two most significant are selecting the most 5 best and second strategy is by selecting the cheapest 3 inline of the Premium board stocks and hold them for as long as covers wilding market risk usually one year. This anomaly is the best way to stay proof from market volatilities even thou it is not truly proof of bear behavior. No basis or fundamentally strong report has proven this strategic in fact it is more of reversed anomaly; premium stocks are relatively low yielding stocks it would be thoughtless to think that it would outperform underperforming assets of the main board or alternative securities market. Attempting to trade anomalies is a risky way to invest. Many anomalies are not even real in the first place, but they are also unpredictable. What's more, they are often a product of large-scale data analysis that looks at portfolios consisting of hundreds of stocks that deliver just a fractional performance advantage.



### **III. RESEARCH METHODOLOGY**

The common purpose of this research is to ascertain the Impact of behavioral prejudices on decision-making process in Nigeria. This chapter tend to explain the elements of research design applied. then examines size of population, sample size, structure and technique, method of data generation, study methods as well as technique employed for data analyses.

#### **A. Research Design**

Kothari (2004) described research design as the structure of research work. This study problem used descriptive research method. According Singh (2010) descriptive research is involved with finding what , where and how of a trend. The survey thus narrowed it focus to Nigerian investors. Conclusion style is in descriptive quantitative structure,

#### **B. Population**

Johnson and Christensen (2010) expounded that targeted audience must have visible attributes to which researcher aims to base result. The implication of this expression means that the size of demography under study shouldn't be standardized. The research attends to investors within Lagos Nigeria. This is because, Lagos is the commercial capital of Nigeria where almost 95% of market players are domiciled including private and organizational investors, fund managers and regulators. According Cooper and Schindler (2002) The sample plan defines sampling units, sampling structure, sampling techniques and sample size of the study. The framework of the sample defines the register of all units where sample study was drawn.

Fox and Bayat (2008) expresses that the size of samples is controlled by certainty of generated data, if it's truly represents entire population under study, Correctness of data for statistical estimation. Type of statistical technique which must accommodate numerous variables for the study and then consideration of the total size of the area under study.

This survey steered accessible figure of 121 respondent. Dispatched google form targeted audience through the email, social media groups were investors interacts was utilized. Questionnaires was also sent to the emails of institutional investors who then was asked to send to their individual clients.

### **C. Data Collection**

Ader and Mellenbergh (1999) Stated that questionnaire comprises open and closed queries. Franker (2006) questionnaires are valued means of obtaining unbiased information since contributors are not subject of manipulation. Agreeing to Franker (2006) further benefits of questionnaires are efficiency of time and less costly. Inquiry Form are appropriate for this study since it tend to gather information that is not observable because it enquires about human feelings, motives, mindset, achievements as well as individual experiences.

### **D. Data Analysis**

In achieving the objectives of this study, several techniques were used ranging from descriptive analysis, reliability test and correlation analysis. Descriptive and frequency analysis was used to measure the percentage variation of the questionnaire distributed to the participants. The reliability test was conducted through Cronbach Alpha which subjected questionnaire to test then certify the efficiency of the questionnaire. More so, the correlation was used to measure the direction of connection among the variables.

#### **IV. Interpretation of Result**

Main purpose of this paper is to explore behavioral finance impact biases on investors decision in Nigeria. Descriptive statistics and Pearson correlation were employed to summarize the results and presented in table form while Cronbach Alpha was used to test the reliability of the data. Cronbach Alpha is the measurement of inner consistency, i.e. how strongly correlated several items are as one unit. Cronbach's Alpha can as well be used to measure the reliability of attitudinal or psychometric test.

##### **A. Demographic Analysis**

From the study population of one 121 respondents, dispatched survey was returned completed.

**Table 4. 1:** Gender

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Male	75	62	62	62
Female	46	38	38	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.1 shows that male respondents are 75 with 62% while the female respondents are 46 indicating 38%. This implies that male participants are more than the female participants during the survey.

**Table 4. 2: Marital status**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Single	51	42.1	42.1	42.1
Married	59	48.8	48.8	90.9
Divorce	8	6.6	6.6	97.5
Widow	3	2.5	2.5	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.2 shows the marital status of the participants and it revealed that 51 respondents representing 42.1% are single, 59 residents with 48.8% are married, 8 respondents indicating 6.6% are divorce while 3 respondents representing 2.5% are widow. It connotes that married respondents has the higher percentage, followed by single, divorce and widow respectively.

**Table 4. 3: Age Range**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
20-30	23	19	19	19
31-40	57	47.1	47.1	66.1
41-50	25	20.7	20.7	86.8
51-60	16	13.2	13.2	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.3 reveals the age range of the respondents presented in table 4.3 reported that 23 respondents with 19% are between the age of 20-30years, 57 respondents representing 47.1% are between 31-40years, 25 respondents with 20.7% are between the age of 41-50 years, while 16 respondents with 13.2% are between the age of 51-60 years. This shows that the age between 31-40years has the highest percentage, followed by 41-50 years, 20-30 years, and 51-60 years.

**Table 4. 4: Education**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
PhD	3	2.5	2.5	2.5
Masters	46	38	38	40.5
BSc	50	41.3	41.3	81.8
High School	22	18.2	18.2	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.4 reveals that 3 respondents representing 2.5% are PhD holders, 46 respondents with 38.8% are master's holders, 50 respondents indicating 41.3% are BSc holders, while 22 respondents with 18.2% are high school holders. This implies that BSc holders have the highest percentage, followed by master's holders, high school holders and PhD holders.

**Table 4. 5:** How well do you understand the Nigeria Stock Exchange commission and trading instrument

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Very Well	48	39.7	39.7	39.7
Not so well	60	49.6	49.6	89.3
I'm not sure I do	10	8.3	8.3	97.5
I only read on media	3	2.5	2.5	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.5 reveals how well the respondents understand stock exchange trading instrument. It shows that 48 participants with 39.7% know it very well, 60 participants indicating 49.6% are not so well, 10 participants representing 8.3% are not sure, while 3 participants with 2.5% read from media channel. This implies that many of the participants have the knowledge of Nigeria Stock Exchange, but they are not expert.

**Table 4. 6:** I have work experience in financial institution before now

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
False	75	62	62	62
True	46	38	38	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.6 reported that 75 of the participants does not have work experience in financial institution before now while 46 participants with 38% have work experience in financial institution. However, the participants without financial institution have the higher percentage during the survey.

**Table 4. 7:** Prior to this moment, have you invested in any stock market instrument?

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
No	40	33.1	33.1	33.1
Yes	81	66.9	66.9	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.7 above shows that 40 respondents representing 33.1% chose no while 81 participants indicating 66.9% chose yes. This means that many of the participants chose yes that they have invested in any stock market instrument before.

**Table 4. 8:** Who encourage you to invest in the stock market

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Friend	20	16.5	16.5	16.5
Family member	26	21.5	21.5	38
Personal Experience	26	21.5	21.5	59.5
Read from media	16	13.2	13.2	72.7
Personal instinct Financial knowledge	31	25.6	25.6	98.3
Other	2	1.7	1.7	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.8 shows that 20 respondents with 16.5% chose friend, 26 respondents representing 21.5% chose family, 26 respondents with 21.5% chose personal experience, 16 respondents indicating 13.2% chose to read from media, 31 respondents with 25.6% chose personal instinct financial knowledge, while 2 respondents indicating 1.7% chose other. This connotes that higher percentage chose personal instinct financial knowledge that encourage them to invest in the stock market.

**Table 4. 9:** I've first invested in

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Bonds	11	9.1	9.1	9.1
Mutual funds	10	8.3	8.3	17.4
Options	7	5.8	5.8	23.1
Real asset	6	5	5	28.1
Treasury bills	23	19	19	47.1
Share equity	43	35.5	35.5	82.6
Never	14	11.6	11.6	94.2
Others specify	7	5.8	5.8	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.9, The question above resulted that 11 respondents with 9.1% chose bonds, 10 respondents with 8.3% chose mutual funds, in 7 respondents representing 5.8% chose options, 6 respondents with 5.0% chose real asset, 23 respondents indicating 19.0% chose treasury bills, 43 respondents representing 35.5% chose share equity, 14 respondents with 11.6% chose never, while 7 respondents with 5.8% chose other. This means that many of the participants have invested in share equity, followed by treasury bills, never, bonds, mutual funds, options, other specifications, and real asset respectively.

**Table 4. 10:** The reason for my short-term investment is to

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Curbing risk	34	28.1	28.1	28.1
Liquidity	38	31.4	31.4	59.5
Return	42	34.7	34.7	94.2
Tax shelter	2	1.7	1.7	95.9
Other	5	4.1	4.1	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

The report of the reason for short-term investment shows that 34 respondents representing 28.1% chose curbing risk, 38 respondents with 31.4% chose liquidity, 42 respondents indicating 34.7% chose return, 2 respondents with 1.7% chose tax shelter, while 5 respondents indicating 4.1% chose other. This implies that majority chose short-term investment due to the return, followed by liquidity, curbing risk, other specifications and tax shelter respectively.

**Table 4. 11:** The reason for long term investment is

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Dream house	34	28.1	28.1	28.1
Children future	24	19.8	19.8	47.9
Retirement plan	49	40.5	40.5	88.4
Option 4	2	1.7	1.7	90.1
Other	12	9.9	9.9	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.11 reveals that 34 respondents representing 28.1% chose dream house, 24 respondents with 19.8% chose children future, 49 respondents indicating 40.5% chose retirement plan, 2 respondents with 1.7% chose option 4, while 12 respondents chose other. This means that many of the survey participants chose retirement plan for investing in long-term investment, followed by dream house, children future, other specification, and option 4 respectively.

**Table 4. 12:** My Annual income is between

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
216,000 - 550,000	23	19	19	19
550,000 - 1,100,000	19	15.7	15.7	34.7
1,100,000 - 1,500,000	22	18.2	18.2	52.9
1,500,000 - 2,500,000	31	25.6	25.6	78.5
2,500,000 -5,000 000	9	7.4	7.4	86.0
Above 5,000,000	10	8.3	8.3	94.2
Other	7	5.8	5.8	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.12 shows the annual income of the respondents. 23 respondents with 19.0% chose income between 216,000 - 550,000, 19 respondents representing 15.7% chose income between 550,000 - 1,100,000, 22 respondents with 18.2% chose oncome between income between 1,100,000 - 1,500,000, 31 respondents representing 25.6% chose income between 1,500,000 - 2,500,000, 10 respondents with 8.3% chose above 5,000,000, 9 respondents with 7.4% chose income between 2,500,000 -5,000 000, while 7 respondents representing 5.8% chose other. This implies that the income range of many of the participants falls between 1,500,000 - 2,500,000, followed by 216,000 -



550,000, 1,100,000 - 1,500,000, 550,000 - 1,100,000, above 5,000,000, 2,500,000 - 5,000 000, and other.

**Table 4. 13:** Percentage of earning allotted for investment.

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
10%	15	12.4	12.4	12.4
20%	40	33.1	33.1	45.5
30%	48	39.7	39.7	85.1
%40	8	6.6	6.6	91.7
over 40%	8	6.6	6.6	98.3
Other	2	1.7	1.7	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer’s computation (2019)

Table 4.13 contains that 15 respondents with 12.4% chose to take 10% proportion of their income to be invested, 40 respondents representing 33.1% chose 20%, 48 respondents indicating 39.7% chose 30%, 8 respondents with 6.6% chose 40%, 8 respondents with 6.6% chose over 40%, while 2 respondents with 1.7% chose other. This denotes that many of the respondents chose 30%, followed by 20%, 10%, 40%, over 40% and others.

**Table 4. 14:** My investment horizon is

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
within the month	8	6.6	6.6	6.6
within a quarter	25	20.7	20.7	27.3
within the year	28	23.1	23.1	50.4
1-2 years	31	25.6	25.6	76
2-5 years	16	13.2	13.2	89.3
5 years	11	9.1	9.1	98.3
Other	2	1.7	1.7	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer’s computation (2019)

Table 4.14 shows that 8 respondents representing 6.6% chose within the month, 25 respondents with 20.7% chose within a quarter, 28 respondents with 23.1% chose within a year, 31 respondents indicating 25.6% chose between 1-2years, 16 respondents with 13.2% chose between 2-5years, 11 respondents with 9.1% chose 5years, while 2 respondents with 1.7% chose others, this implies that many of the participants chose 1-

2years, followed by within a year, within a quarter, 2-5years, 5years, within a month, and others.

**Table 4. 15:** From Investment, what amount of return do you expect

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
5 - 10 %	17	14	14	14
11 - 15 %	22	18.2	18.2	32.2
16 - 25 %	30	24.8	24.8	57
26 - 30 %	29	24	24	81
31 - 40 %	12	9.9	9.9	90.9
More than 40%	9	7.4	7.4	98.3
Other	2	1.7	1.7	100.0
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer’s computation (2019)

Table 4.15 shows the amount of return on investment expected by the respondents, it reveals that 17 respondents representing 14% chose between 5-10%, 22 respondents indicating 18.2% chose between 11-15%, 30 respondents representing 24.8% chose between 16-25%, 29 respondents indicating 24% chose between 26-30%, 12 respondents representing 9.9% chose 31-40%, 9 respondents with 7.4% chose more than 40%, while 2 respondents representing 1.7% chose others. This implies that many of the survey participants chose between 16-25%, followed by 26-30%, 11-15%, 5-10%, more than 40%, and others.

**Table 4. 16:** My main source of information about the stock market is

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Print Media	18	14.9	14.9	14.9
Brokers/fund managers	27	22.3	22.3	37.2
Websites (NSEC, CNBC, etc)	35	28.9	28.9	66.1
Reference Group	17	14	14	80.2
Radio	2	1.7	1.7	81.8
social media	17	14	14	95.9
Other	5	4.1	4.1	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer’s computation (2019)

Table 4.16 reveals that the source of information about stock market, 18 respondents representing 14.9% chose print media, 27 respondents with 22.3% chose brokers/fund

managers, 35 respondents with 28.9% chose websites, 17 respondents representing 14.0% chose reference group, 2 respondents with 1.7% chose radio, 17 respondents representing 14.% chose social media, while 5 respondents with 4.1% chose other. This implies that the participant mostly used websites to source information about stock market, followed by brokers/fund managers, print media, social media, reference group, others, and radio.

**Table 4. 17:** Experience is integral part of my Decision-making process.

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Strongly disagree	1	.8	.8	.8
Disagree	21	17.4	17.4	18.2
Agree	83	68.6	68.6	86.8
Neutral	16	13.2	13.2	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.17 reveals that 1 respondent representing 0.8% strongly disagreed that past influences present investment decision, 21 respondents with 17.4% disagreed, 83 respondents representing 68.6% agreed, while 16 respondents with 13.2% were neutral. This means that many of the participants agreed that history influences present investment decision.

**Table 4. 18:** I will incur Loss if I dispose losing stocks, I will rather wait until it reverts to favorable price.

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Strongly disagree	1	.8	.8	.8
Disagree	33	27.3	27.3	28.1
Agree	81	66.9	66.9	95
Neutral	6	5	5	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.18 shows that 1 respondent representing 0.8% strongly disagreed that holding unto investment instead of selling them prematurely would be painful to incur loss, 33 respondents with 27.3% disagreed, 81 respondents representing 66.9 agreed, while 6 respondents with 5% are neutral. This means that majority of the participants agreed that holding unto investment instead of selling them prematurely would be painful to suffer losses.

**Table 4. 19:** when in doubt, reliance on guts feeling aid my trust.

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Agree	76	62.8	62.8	62.8
Disagree	27	22.3	22.3	85.1
Not sure	18	14.9	14.9	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.19 shows that 76 respondents representing 62.8% admitted they relies on gut feelings believing folks, personal guts and feelings are relied on, 27 respondents with 22.3% disagreed, while 18 respondents representing 14.9% are neutral. This implies that many of the participants admitted they relies on gut feelings believing folks.

**Table 4. 20:** Worries and thoughtful consideration poorly satisfies me.

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Strongly disagree	2	1.7	1.7	1.7
Disagree	35	28.9	28.9	30.6
Agree	62	51.2	51.2	81.8
Not sure	22	18.2	18.2	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.20 reveals that 2 respondents representing 1.7% strongly disagreed that worries and thoughtful consideration poorly satisfies me, 35 respondents with 28.9% disagreed, 62 respondents representing 51.2 agreed, while 22 respondents with 18.2% are not sure. This means that majority of the participants agreed that Worries and thoughtful consideration poorly satisfies me.

**Table 4. 21:** Before Investment, I was told about all the Fundamentals of the firm.

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Disagree	42	34.7	34.7	34.7
Agree	75	62	62	96.7
Strongly disagree	1	.8	.8	97.5
Neutral	3	2.5	2.5	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.21 shows that 42 respondents representing 34.7% disagreed that before investment, the fundamental information about the Company is known, 75 respondents with 62% agreed, 1 respondent representing 0.8% strongly disagreed, while

3respondnets with 2.5% are neutral. This implies that before investment, the fundamental information about the Company is known.

**Table 4. 22:** After initial loss of value, I aim disposing the shares if price revert to purchase value

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Strongly disagree	22	18.2	18.2	18.2
Disagree	34	28.1	28.1	46.3
Neutral	34	28.1	28.1	74.4
Agree	28	23.1	23.1	97.5
Strongly Agree	3	2.5	2.5	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer’s computation (2019)

Table 4.22 shows that 22 respondents representing 18.2% strongly disagreed that after initial loss of value, investments are sold if share price reverts back to purchase price, 34 respondents with 28.1% disagreed, 34 respondents representing 28.1% are neutral, 28 respondents with 23.1% agreed, while 3 respondents with 2.5% strongly agreed. This means that many of the participants disagreed that after initial loss of value, investments are sold if share price reverts to purchase price.

**Table 4. 23:** Company’s past profits encouraged my investment decision.

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Strongly disagree	23	19	19	19
Disagree	16	13.2	13.2	32.2
Neutral	10	8.3	8.3	40.5
Agree	60	49.6	49.6	90.1
Strongly Agree	12	9.9	9.9	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer’s computation (2019)

Table 4.23 above table shows 23 respondents representing 19% strongly disagreed that Company’s pas profits encouraged my investment decision, 16 respondents with 13.2% disagreed, 10 respondents representing 8.3% are neutral, 60 respondents with 49.6% agreed, while 12 respondents with 9.9% strongly agreed to the subject matter. This means that many of the participants agreed that Company’s pas profits encouraged my investment decision.

**Table 4. 24:** My past investment performed badly caused by my poor decision

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Agree	45	37.2	37.2	37.2
Disagree	33	27.3	27.3	64.5
Neutral	31	25.6	25.6	90.1
Strongly agree	4	3.3	3.3	93.4
Strongly disagree	8	6.6	6.6	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.24 shows that 45 respondents representing 37.2% agreed that previous investment performed badly was more of bad luck attributed to their poor decision, 33 respondents with 27.3% disagreed, 31 respondents representing 25.6% are neutral, 4 respondents with 3.3% strongly agreed, while 8 respondents with 6.6% strongly disagreed. This means that many of the participants disagreed that previous investment performed badly was more of a bad luck attributed to their poor decision.

**Table 4. 25:** when price revert, I will sell my assets.

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Strongly disagree	21	17.4	17.4	17.4
Disagree	17	14	14	31.4
Neutral	13	10.7	10.7	42.1
Agree	54	44.6	44.6	86.8
Strongly Agree	16	13.2	13.2	100
<b>Total</b>	<b>121</b>	<b>100</b>	<b>100</b>	

**Source:** Writer's computation (2019)

Table 4.25 depicts that 21 respondents representing 17.4% strongly disagreed, 17 respondents with 14% disagreed, 13 respondents indicating 10.7% are neutral, 54 respondents with 44.6% agreed, while 16 respondents with 13.2% strongly agreed. This connotes that majority supported that holding investment could revert its price.

**A. Reliability Test**

**Table 4. 26:** Reliability Statistics

<b>Cronbach's Alpha</b>	<b>N of Items</b>
.750	9

**Source:** Writer’s computation (2019)

Table 4.26 presents the reliability result of the questionnaire distributed to the respondents. Basically, there are 26 items in the questionnaire, but the most important variables were selected to test and retest analysis using pilot and Cronbach Alpha. The report of the Cronbach Alpha shows the value of 0.750 on the selected items which implies that the items in the questionnaire has 75% reliability. Accordingly, when the reliability value exceeds 70%, it is considered efficient and if otherwise, although, it is considered weak. However, the report of the test revealed that the questionnaire is

**B. Correlation Result**

**Table 4. 27:** Correlation Coefficient

	<b>Investment Return</b>	<b>Representative Factor</b>	<b>Herd Intuitive Bias</b>	<b>Loss of Investment</b>	<b>Cognitive Factor</b>
Investment Return	1	-.049	-.065	-.072	.228*
Representative Factor		1	.040	.175	.167
Herd Intuitive Bias			1	.228*	-.010
Loss of Investment				1	.033
Cognitive Factor					1

**Source:** Writer’s computation (2019)

The report of the correlation test presented in table 4.27 with 5(five) variables such as Investment Return, Representative factor, Herd Intuitive Bias, Loss of Investment, and Cognitive Factor. The results reported that investments return has negative correlation to representative factor, and representative factor also reveals a negative correlation to investment returns. Investment returns and herd intuitive bias have a negative correlation to one another. Investment returns and loss of investment exhibited a negative correlation to each other. While investment return and increase in investment prices portray a positive correlation to influence one another. More so, the relationship or correlation between representative factor and other variables reveals that representative factor has a negative correlation with investment returns, and it is positive to investment thinking & satisfaction, loss of investment, and cognitive factor. Also, herd intuitive bias exhibited a negative relationship with investment returns and cognitive factor but positively related to representative factor and loss of investment. Nonetheless, loss of investment reveals a positive correlation with representative factor, investment thinking & satisfaction, and cognitive factor but exhibited in negative correlation 1with investment returns. Additionally, cognitive factor exhibited a positive correlation with investment returns, representative factor, and loss of investments but reviews a negative correlation with herd intuitive bias.

### C. Correlation P-values

**Table 4. 28:** *Correlation Values*

Variable	P-value	
Investment Return = Representative Factor	0.593	>0.05
Investment Return = Herd Intuitive Bias	0.477	>0.05
Investment Return = Loss of Investment	0.432	>0.05
Investment Return = Cognitive Factor	0.012	<0.05
Representative Factor= Herd Intuitive Bias	0.663	>0.05
Representative factor = Loss of Investment	0.055	<0.05
Representative Factor = Cognitive Factor	0.067	>0.05
Herd Intuitive Bias = Loss of Investment	0.012	<0.05
Herd Intuitive Bias = Cognitive Factor	0.909	>0.05
Loss of Investment = Herd Intuitive Bias	0.012	<0.05
Loss of Investment = Cognitive Factor	0.719	>0.05

**Source:** Author's computation (2019)

The result shows that investment return and cognitive dissonance factor are significant to one another, representative factor and loss of investment are also significant, herd



intuitive bias and loss of investment are equally significant, while other variables are not significant to each other during the survey period.

**D. Hypotheses Testing**

1. **H<sub>B0</sub>**: There is a positive significant impact of representative factor on investor’s decisions

**H<sub>B1</sub>**: There is a negative significant impact of representative factor on investor’s decisions

Representative Factor = Investment Return	0.593	>0.05
Representative Factor = Loss of Investment	0.055	<0.05
Representative Factor = Herd Intuitive Bias	0.663	>0.05
Representative Factor = Cognitive Factor	0.067	>0.05

**Decision Rule**

Representative Factor = Investment Return: the null hypothesis is accepted while the alternative hypothesis is rejected that is there is no significant impact between representative factor and investment return.

Representative Factor = Loss of Investment: the null hypothesis is rejected while the alternative is accepted that representative factor has a significant impact on loss of investment.

Representative Factor = Herd Intuitive Bias: the null hypothesis is accepted that there is no significant impact of representative factor on herd intuitive bias while the alternative hypothesis failed to be accepted.

Representative Factor = Cognitive Factor: the null hypothesis failed to be rejected while the alternative hypothesis is rejected that is there is no significant impact between representative factor and cognitive factor.

2. **H<sub>C0</sub>**: Herd intuitive factor does not have significant impact on investor’s decision

**H<sub>C1</sub>**: Herd intuitive factor have significant impact on investor’s decision

Herd Intuitive Bias = Investment Return	0.477	>0.05
Herd Intuitive Bias = Representative Factor	0.663	>0.05
Herd Intuitive Bias = Loss of Investment	0.012	<0.05
Herd Intuitive Bias = Cognitive Factor	0.909	>0.05

### Decision Rule

Herd Intuitive Bias = Investment Return: the null hypothesis is failed to be rejected that is herd intuitive bias does not have a significant impact on investment return.

Herd Intuitive Bias = Representative Factor: the null hypothesis is accepted while the alternative hypothesis is rejected that is there is no significant impact between herd intuitive bias and representative factor.

Herd Intuitive Bias = Loss of Investment: the null hypothesis is rejected while the alternative hypothesis is accepted that is there is significant impact between herd intuitive bias and loss of investment.

Herd Intuitive Bias = Cognitive Factor: the null hypothesis is accepted while the alternative hypothesis is rejected that is there is no significant impact between herd intuitive bias and cognitive factor.

3. **H<sub>D0</sub>**: Cognitive factors have no significant influence on behavioral factors and psychology decisions

**H<sub>D1</sub>**: Cognitive factors have significant influence on behavioral factors and psychology decisions

Cognitive Factor = Investment Return	0.012	>0.05
Cognitive Factor = Representative Factor	0.067	<0.05
Cognitive Factor = Herd Intuitive Bias	0.909	<0.05
Cognitive Factor = Loss of Investment	0.719	<0.05

### Decision Rule

Cognitive Factor = Investment Return: this implies that significant relationship exists between cognitive factor and investment return.

Cognitive Factor = Representative Factor: the null hypothesis is accepted that cognitive does not have significant impact on representative factor.

Cognitive Factor = Herd Intuitive Bias: the null hypothesis failed to be rejected while the alternative hypothesis is rejected that is there is no significant impact between cognitive factor and herd intuitive bias.

Cognitive Factor = Loss of Investment: the null hypothesis failed to be rejected while the alternative hypothesis is rejected that is there is no significant impact between cognitive factor and loss of investment.

## **V. SUMMATION, DEDUCTION, AND RECOMMENDATION**

### **A. Summation**

On completion of the contextual framework of this research, the problem, purpose, implication and scope were theoretically demonstrated. then sole purposes of the research were to explore the effect of psychological biases on investment decision In Nigeria. The paper centered it survey on Nigerian investors domiciled in Lagos. It furthers to utilize quantitative descriptive research method result analyses. It pursued and utilized sample responses of 121. Sample size was attained though structured questionnaire, dispatched through email to investment firms who then extend such to their clients in a snowball sample technique. Generated data was coded into SPSS program then employed Cronbach's Alpha to test its reliability whereas Frequency and Pearson's correlation coefficient technique was used for the analysis. Table forms were used in result presentation. Result revealed that in Nigeria decisions for investment correlates to representative prejudice, herding intuitive and cognitive biases. Nevertheless, expected return on investments are not correlated to hindsight, delusional control, self-serving, loss averse, over-optimism and regret averse bias. individual investor return wasn't significantly related to loss aversion bias, self-attribution bias, regret aversion bias, over optimism bias, Illusion of control bias, hindsight bias.

### **B. Deduction**

Individual investment decisions were distorted by several behavioral biases. It has been proven that there exist cognitive behavioral biases within Nigerian capital investors as opposed null hypothesis which support it does not exist. Most common bias in Nigeria is evidenced as representativeness, which implicates investors experiences negatively

altering their present-day investment choices. The evidence is logically correct, because there have been numerous widespread scams of investment witnessed by Nigerians over the years, example of which is the recent MMM Ponzi scam that cost Nigerians about 50 million dollars. No doubt, the pain of its remembrance will be considered while making investment decision.

Second most prevalent bias was cognitive dissonance as greater margin of respondents admittedly sticking to acquired shares as disposing them at current poor rate would sustain further losses. The third implication was Herd intuitive bias, as Nigerian investors admitted that long and thoughtful consideration of assets to invest brings no happy endings, they would rather base their decision on general market information. Nonetheless, investment decisions weren't altered self-serving bias, Illusional controls, regret averse, over optimisms, hindsight or risk averse.

### **C. Recommendation**

This research would recommend investment in education on the need for investors to understand the concept of behavioral biases, its adverse influence on judgment and decision-making when considering investment options. If investors are aware about these anomalies, they would make better choices which will yield a better return for them the entire securities market. To checkmate behavioral influences on investment decision making, the securities and exchange commission as well as institutional investors are advised to conduct periodic training programs that creates awareness about behavioral biases that leads to inaccurate judgment on investment decision.

This study also recommends the need for basic financial and investment knowledge for all investors such that their skills on managing tough investment challenges provides effective return. Therefore, study should be performed on how to approach tough investment decisions, the proposed educational sensitization or seminar should be administered in cost friendly package so that all income levels would be able to assess it at ease. Furthermore, this study recommends the need for individual investors to seek professional advice from stockbrokers and asset managers to better advise on performance of choice stock. This infers that investment managers have firsthand

information about the market and investment trends therefore provides professional advice for a fee. Regarding above recommendation there should ceiling to which professional investors should charge naïve potential or existing investors to avoid unfair extortion, Academic doyens in behavioral finance fields should also guide stockbrokers on what and how to teach their investors to avoid distorted message.

#### **D. Limitations**

Like any other empirical research this study had its constraints, most of which includes: The researcher employed a sample of 121 respondents. Due to difficulty in obtaining accurate data of individual investors, people are unwilling to disclose their financial life more so because questionnaire were dispatched through email most people are unwilling to open file for fear of malware virus hence it is time consuming to obtain and process bigger respondents. Bigger data would have broadened the knowledge and findings of the study, as well as strengthens reliability test of estimation.

Time remained another constraint as I ought to reconcile the study and numerous business obligations. Consequently, thorough survey was limited. The study focused in Lagos as representative of the entire country. This limited the study because of the academic calendar, extending the research sample to other cities in Nigeria would have been possible but because Lagos hosts about 95% investors there is little need to scavenge for opinion from other cities mostly in Northern of eastern parts of the country which would deter with researchers academic calendar. If study were extended to other states of the federation further findings would have been unraveled. The research depended on statistical estimation as against descriptive. Which implied that all advantages ought to have been enjoyed utilizing qualitative research had to be forgone.

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## **VII. APPENDICES**

APPENDIX A:

APPENDIX B:

**APPENDIX A:**  
**Frequency Tables**

**Table 1: Gender**

		Frequency	Percent
Missing	System	121	100.0

**Table 2: Marital Status**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	51	42.1	42.1	42.1
	Married	59	48.8	48.8	90.9
	Divorce	8	6.6	6.6	97.5
	Widow	3	2.5	2.5	100.0
	<b>Total</b>	121	100.0	100.0	

**Table 3: Age Range**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-30	23	19.0	19.0	19.0
	31-40	57	47.1	47.1	66.1
	41-50	25	20.7	20.7	86.8
	51-60	16	13.2	13.2	100.0
	<b>Total</b>	121	100.0	100.0	

**Table 4: Education**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Phd	3	2.5	2.5	2.5
	Masters	46	38.0	38.0	40.5
	Bsc	50	41.3	41.3	81.8
	High School	15	12.4	12.4	94.2
	5	6	5.0	5.0	99.2
	6	1	.8	.8	100.0

<b>Total</b>	121	100.0	100.0
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**Table 5: How Well Do You Understand the Nigerian Stock Exchange Commission and Trading Instrument**

	Frequency	Percent	Valid Percent	Cumulative Percent
<b>Very Well</b>	48	39.7	39.7	39.7
<b>Not so well</b>	60	49.6	49.6	89.3
<b>Valid I'm not sure I do</b>	10	8.3	8.3	97.5
<b>I only read on media</b>	3	2.5	2.5	100.0
<b>Total</b>	121	100.0	100.0	

**Table 6: I have work experience in financial institution before now**

	Frequency	Percent	Valid Percent	Cumulative Percent
<b>False</b>	75	62.0	62.0	62.0
<b>Valid True</b>	46	38.0	38.0	100.0
<b>Total</b>	121	100.0	100.0	

**Table 7: Prior to this moment, have you invested in any stock market instrument?**

	Frequency	Percent	Valid Percent	Cumulative Percent
<b>No</b>	40	33.1	33.1	33.1
<b>Valid Yes</b>	81	66.9	66.9	100.0
<b>Total</b>	121	100.0	100.0	

**Table 8: who encouraged you to invest in the stock market**

	Frequency	Percent	Valid Percent	Cumulative Percent
<b>Friend</b>	20	16.5	16.5	16.5
<b>Family member</b>	26	21.5	21.5	38.0
<b>Personal Experience</b>	26	21.5	21.5	59.5
<b>Valid Read from media</b>	16	13.2	13.2	72.7
<b>Personal instinct financial knowledge</b>	31	25.6	25.6	98.3
<b>Other</b>	2	1.7	1.7	100.0
<b>Total</b>	121	100.0	100.0	

**Table 9: I've first invested in**

	Frequency	Percent	Valid Percent	Cumulative Percent
Bonds	11	9.1	9.1	9.1
Mutual funds	10	8.3	8.3	17.4
Options	7	5.8	5.8	23.1
Real asset	6	5.0	5.0	28.1
Valid Treasury bills	23	19.0	19.0	47.1
Share equity	43	35.5	35.5	82.6
Never	14	11.6	11.6	94.2
Others specify	7	5.8	5.8	100.0
Total	121	100.0	100.0	

**Table 10: The reason for my short-term investment is to**

	Frequency	Percent	Valid Percent	Cumulative Percent
Curbing risk	34	28.1	28.1	28.1
Liquidity	38	31.4	31.4	59.5
Valid Return	42	34.7	34.7	94.2
Tax shelter	2	1.7	1.7	95.9
Other	5	4.1	4.1	100.0
Total	121	100.0	100.0	

**Table 11: The reason for long term investment is**

	Frequency	Percent	Valid Percent	Cumulative Percent
Dream house	34	28.1	28.1	28.1
Children's future	24	19.8	19.8	47.9
Valid Retirement plan	49	40.5	40.5	88.4
Option 4	2	1.7	1.7	90.1
Other	12	9.9	9.9	100.0
Total	121	100.0	100.0	

**Table 12: My Annual income is between**



	Frequency	Percent	Valid Percent	Cumulative Percent
# 216,000 - 550,000	23	19.0	19.0	19.0
# 550,000 - 1,100,000	19	15.7	15.7	34.7
# 1,100,000 - 1,500,000	22	18.2	18.2	52.9
# 1,500,000 - 2,500,000	31	25.6	25.6	78.5
# 2,500,000 -5,000 000	9	7.4	7.4	86.0
Above #5,000,000	10	8.3	8.3	94.2
Other	7	5.8	5.8	100.0
Total	121	100.0	100.0	

**Table 13: Proportion of income preferred to be invested is**

	Frequency	Percent	Valid Percent	Cumulative Percent
10%	15	12.4	12.4	12.4
20%	40	33.1	33.1	45.5
30%	48	39.7	39.7	85.1
%40	8	6.6	6.6	91.7
over 40%	8	6.6	6.6	98.3
Other	2	1.7	1.7	100.0
Total	121	100.0	100.0	

**Table 14: My investment horizon is**

	Frequency	Percent	Valid Percent	Cumulative Percent
within the month	8	6.6	6.6	6.6
within a quarter	25	20.7	20.7	27.3
within the year	28	23.1	23.1	50.4
1-2 years	31	25.6	25.6	76.0
2-5 years	16	13.2	13.2	89.3
5 years	11	9.1	9.1	98.3
Other	2	1.7	1.7	100.0
Total	121	100.0	100.0	

**Table 15: From Investment, what amount of return do you expect**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 5 - 10 %	17	14.0	14.0	14.0
11 - 15 %	22	18.2	18.2	32.2
16 - 25 %	30	24.8	24.8	57.0
26 - 30 %	29	24.0	24.0	81.0
31 - 40 %	12	9.9	9.9	90.9
More than 40%	9	7.4	7.4	98.3
Other	2	1.7	1.7	100.0
Total	121	100.0	100.0	

**Table 16: My main source of information about the stock market is**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Print Media	18	14.9	14.9	14.9
Brokers/fund managers	27	22.3	22.3	37.2
websites(NSEC, CNBC, etc)	35	28.9	28.9	66.1
Reference Group	17	14.0	14.0	80.2
Radio	2	1.7	1.7	81.8
social media	17	14.0	14.0	95.9
Other	5	4.1	4.1	100.0
Total	121	100.0	100.0	

**Table 17: My Past History Influences my Present Investment Decision**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	1	.8	.8	.8
Disagree	21	17.4	17.4	18.2
Agree	83	68.6	68.6	86.8
Neutral	16	13.2	13.2	100.0
Total	121	100.0	100.0	

**Table 18: I am holding unto my Investment because selling them prematurely would be painful to me since I would incur Loss.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	1	.8	.8	.8
Disagree	33	27.3	27.3	28.1
Valid Agree	81	66.9	66.9	95.0
Neutral	6	5.0	5.0	100.0
Total	121	100.0	100.0	

**Table 19: When it comes to trusting People, I can rely on my "guts and feelings"**

	Frequency	Percent	Valid Percent	Cumulative Percent
Agree	76	62.8	62.8	62.8
Valid Disagree	27	22.3	22.3	85.1
Not sure	18	14.9	14.9	100.0
Total	121	100.0	100.0	

**Table 20: Thinking hard and for a long time about something gives me little satisfaction**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	2	1.7	1.7	1.7
Disagree	35	28.9	28.9	30.6
Valid Agree	62	51.2	51.2	81.8
Not sure	22	18.2	18.2	100.0
Total	121	100.0	100.0	

**Table 21: Before Investment, I was informed about all the Fundamentals of the Company**

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	42	34.7	34.7	34.7
Agree	75	62.0	62.0	96.7
Valid Strongly disagree	1	.8	.8	97.5
Neutral	3	2.5	2.5	100.0
Total	121	100.0	100.0	

**Table 22: After initial loss of value, I intend to sell my Investments immediately it goes back to the**

**Acquisition Price**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	22	18.2	18.2	18.2
Disagree	34	28.1	28.1	46.3
Neutral	34	28.1	28.1	74.4
Agree	28	23.1	23.1	97.5
Strongly Agree	3	2.5	2.5	100.0
Total	121	100.0	100.0	

**Table 23: Previous Profits Generated from similar Investments by the Company made it very attractive to me to invest**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	23	19.0	19.0	19.0
Disagree	16	13.2	13.2	32.2
Neutral	10	8.3	8.3	40.5
Agree	60	49.6	49.6	90.1
Strongly Agree	12	9.9	9.9	100.0
Total	121	100.0	100.0	

**Table 24: The last Investment was more of a bad luck than it was my own poor judgment**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	45	37.2	37.2	37.2
Disagree	33	27.3	27.3	64.5
Neutral	31	25.6	25.6	90.1
Strongly agree	4	3.3	3.3	93.4
Strongly disagree	8	6.6	6.6	100.0
Total	121	100.0	100.0	

**Table 25: I am holding to my investments because I know the Prices will revert soon**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	21	17.4	17.4	17.4

Disagree	17	14.0	14.0	31.4
Neutral	13	10.7	10.7	42.1
Agree	54	44.6	44.6	86.8
Strongly Agree	16	13.2	13.2	100.0
Total	121	100.0	100.0	

RELIABILITY  
/VARIABLES=Q3 Q4 Q5 Q6 Q7 Q8 Q9 Q10 Q11  
/SCALE('ALL VARIABLES') ALL  
/MODEL=ALPHA.

## Reliability

**Scale: ALL VARIABLES**

**Table 26: Case Processing Summary**

		N	%
Cases	Valid	121	100.0
	Excluded <sup>a</sup>	0	.0
	Total	121	100.0

a. Listwise deletion based on all variables in the procedure.

**Table 27: Reliability Statistics**

Cronbach's Alpha	N of Items
.506	9

CORRELATIONS  
/VARIABLES=Q1 Q3 Q6 Q8 Q11  
/PRINT=TWOTAIL NOSIG  
/MISSING=PAIRWISE.

**Table 28: Correlations**

Notes	
Output Created	11-NOV-2019 21:52:39
Comments	
Input	Active Dataset DataSet0
	Filter <none>
	Weight <none>
	Split File <none>
	N of Rows in Working Data File 121
Missing Value Handling	Definition of Missing User-defined missing values are treated as missing.
	Cases Used Statistics for each pair of variables are based on all the cases with valid data for that pair.
Syntax	CORRELATIONS /VARIABLES=Q1 Q3 Q6 Q8 Q11 /PRINT=TWOTAIL NOSIG /MISSING=PAIRWISE.
Resources	Processor Time 00:00:00.00
	Elapsed Time 00:00:00.20

[DataSet0]

**Table 29: Correlations**

		Investment Return	Past History Influences	Investment Thinking & satisfaction	Loss of Investment	Increase in Investments Prices
Investment Return	Pearson Correlation	1	-.049	-.065	-.072	.228*
	Sig. (2-tailed)		.593	.477	.432	.012
	N	121	121	121	121	121
Past History Influences	Pearson Correlation	-.049	1	.040	.175	.167
	Sig. (2-tailed)	.593		.663	.055	.067
	N	121	121	121	121	121
	Pearson Correlation	-.065	.040	1	.228*	-.010
	Sig. (2-tailed)	.477	.663		.012	.909

Investment						
Thinking & satisfaction	N	121	121	121	121	121
Loss of Investment	Pearson Correlation	-.072	.175	.228*	1	.033
	Sig. (2-tailed)	.432	.055	.012		.719
Increase in Investments	N	121	121	121	121	121
Prices	Pearson Correlation	.228*	.167	-.010	.033	1
	Sig. (2-tailed)	.012	.067	.909	.719	
	N	121	121	121	121	121

\*. Correlation is significant at the 0.05 level (2-tailed).

## APPENDIX B VIII. RESUME

### PERSONAL INFORMATION **Nuel Chinedu Ani**



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Skype anitanel11

## **PERSONAL STATEMENT:**

Nuel Chinedu qualified as a national accountant from the Institute of Management and Technology in 2012. with passion in Finance, housing and Trade. Recently completed master's degree from Istanbul Aydin University where he published interesting academic journal on Investment psychology and Behavioral finance with zest to complete the final paper on Market anomalies. Through hard work, I attained the position of CEO and corporate manager of housing development company, prior to this, I've worked as entrepreneur, sourcing and supplying building materials to customers from Turkey and China respectively. Trades personal and corporate finance at the customs street and professionalized as venture capitalism and investment consultant. Chaired a conglomerate that pursued agricultural real estate as a panacea for solving Nigeria's food insecurity and housing deficit, as non-availability of standard homes, farms and idle lands continues to harp on Nigeria's unpreparedness in the sector.

## **WORK EXPERIENCE**

**05/01/2010–09/02/2012**

### **Payroll accountant**

Enugu State Broadcasting Service (ESBS),  
Computation of Workers Financial benefits.

**05/08/2013–13/09/2018**

### **Entrepreneur**

Self-Employed/Merchant  
Building Materials Merchant

**16/11/2018–Present**

### **Corporate Manager**

Eastern House Development Nigeria Limited.  
Enugu, Nigeria, 400121 Enugu (Turkey)  
[www.easternhouseng.com](http://www.easternhouseng.com)



## **EDUCATION AND TRAINING**

**20/02/2018–20/02/2020**

**Master of Business Administration**

Istanbul Aydin University, Istanbul (Turkey)

**04/01/2011–20/12/2012**

**Higher National Diploma- Accountancy**

Institute of Management and Technology, Enugu  
(Nigeria)

**07/12/2007–20/12/2009**

**Ordinary National Diploma- Accountancy**

Institute of Management and Technology, Enugu  
(Nigeria)

**07/09/2001–05/06/2006**

**West African Senior School Certificate (WASSC)**

Adokpela College, Andoka Benue (Nigeria)

## **PERSONAL SKILLS**

**Mother tongue(s)** -Igbo

Communication skills -Good communication skill gained through experience as international merchant, education and association.

**Organizational/Managerial skills** -Leadership currently responsible for 7 employees of eastern house development Nigeria Limited.

**Job related skills**- Contract valuation, property law contract, property appraisal, project management and contract execution.

**Mentoring:** Responsible for recruiting and training staffs at Eastern House Development Nigeria

Limited.

## **DIGITAL SKILLS:**

Information processing	Communication	Content creation	Safety	Problem Solving
Proficient user	Proficient user	Independent user	Proficient user	Proficient user