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Decoding Generation Millennials Investment Decisions: A Behavioral Approach

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Purpose: This research seeks to explore the influence of various behavioural factors on investment decisions in capital market made by individuals of Generation Millennials (born between 1981 and 1996) in India.

Methodology/ Design/Approach: A total of five behavioural factors such as FOMO, Stock Characteristics, Market Information, Investor's Cognitive Psychology, Word of Mouth using a sample of 251 respondents have been investigated.

Findings: The results indicate that while word of mouth negatively impacts investment decisions, factors such as FOMO, stock characteristics, market information, and investor's cognitive psychology positively and significantly influence these decisions. Additionally, the study reveals significant differences in investment decision-making based on gender, age, employment status, trading frequency, and income allocation.

Originality: According to a survey of the literature, not many studies have exclusively examined these behavioural factors in relation to their influence on Generation Millennials investors. While several studies have explored psychological constructs among Generation X, there is a notable dearth of research focusing on Millennials in India. One of the reasons for limited study can be that these investors have started investing in capital markets only few years ago. This indicates that this aspect of behavioural finance among generation Millennials investors remains largely unexplored and requires further attention from researchers globally. Additionally, most existing studies have been conducted in European, African, and American regions, with minimal research available on Asian markets. By investigating the influence of multiple factors on investment decisions and the various biases related to them, this study seeks to bridge this gap.

Keywords: Generation Millennials, FOMO, Stock Characteristics, Market Information, Investor's Cognitive Psychology, Word of Mouth, Investors Investment Decisions.

1. Introduction

Financial Investment decision have not always been a straightforward procedure. Researchers have linked Behavioral biases and investing decision-making (Kimeu et al., 2016a, b; Kumar and Goyal, 2015; Nga and Ken Yien, 2013; Masini and Menichetti, 2012). There is an assumption in Traditional finance that people are rational and knowledgeable enough to make informed investment decisions, even when some investors may genuinely have inadequate comprehension.

The Conventional finance theory states that individual investors make rational decisions based on evaluation of the underlying value/prices of different stocks in order to reduce risk and maximize profits. It is assumed that investors are "rational economic men," which tends to explain the decisions. (Nell, 2007).

It follows that all relevant information is assumed to be fully reflected in market pricing, resulting in the creation of efficient stock markets. However, behavioral finance argues that people's investing decisions are significantly influenced by a variety of psychological biases.

Psychological biases are employed in behavioral finance to assess and analyze the available investment options for investors. Both the individual's departure from conventional finance theory and the market's departure from efficiency are generally explained by it. Classical economists such as Adam Smith, John Stuart Mill and David Ricardo suggested to include human psychologists into the evaluation of economic activity in the beginning of the eighteenth and nineteenth centuries (Andrikopoulos, 2006).

According to various studies (Muradoglu and Harvey., 2012; Kimeu et al., 2016a, b; Davis et al., 2015), behavioral finance is driven by social activities as well as economic activities and human perspectives. However, the majority of researchers concur that traditional and behavioral finance have an impact on investment decision-making (e.g., Kimeu et al., 2016a, b). Every market in the world, including India, has both rational and irrational individual investors (Kimeu et al., 2016a, b).

According to Youths (2017), Generation Y in India is hesitant to join in the share market. The primary causes of Indian youths' unwillingness to invest in the stock market are fear of losses and ignorance. Many experts think that some parents have psychological barriers as a result of being severely impacted by the 1997’s Asian Financial Crisis; as a result, they persuade their kids that it's not worthwhile to participate in the stock market. Due to significant psychological biases and market volatility stemming from the 1997's Asian Financial Crisis fear, Indians are not typically inclined to trade in the financial markets. This includes India's numerous social and economic issues.

The macroeconomic climate, the rate of inflation, and unforeseen expenses are just a few of the many variables that could lower the standard of living in retirement. Compared to baby boomers and Generation X, Generation Y makes a substantial contribution and has strong purchasing power. Recently, they have drawn the interest of several researchers. In 1931, George Bernard Shaw famously said, "Youth is wasted on the young." The majority of folk don't understand the value of investments and saving until later in life. Millennials may choose to participate in a variety of financial instruments including equity, mutual funds and the stock market, in order to create some extra income and meet their long-term monetary goals, rather than setting money aside for a pension fund.

To raise the degree of young participation in India and increase their investment linked parties must address two primary concerns regarding decision-making competence alongside. The first is raising awareness and knowledge about finance with regard to technical and basic analysis. Enhancing psychological behavior is the second, as it could help with avoiding making foolish or illogical financial decisions. To enhance their investment behavior, individual investors in a nation must be aware of the existence and type of behavioral biases.

Chen and Volpe (1998) discovered that a person's financial behavior and level of financial understanding had a big impact on their decision to invest. East (1993) contends that the attitude of individual investors can be used to forecast the process of making investment decisions. Thus, a number of research studies examining human behavior and investment decisions have been conducted in recent years in various countries with varying behavioral biases. This study examines how several behavioral biases influence Indian Generation Y investors' decision-making. The results will help identify the behavioral biases present in the Indian market and develop suitable regulations that encourage Generation Y to engage in the financial markets. It is anticipated that the study's findings will increase investors' understanding of the process involved in making financial decisions.

Those born between the years of 1980 and early 1990 are referred to as Generation Y. They are mainly the offspring of baby boomers and are often thought to be more accustomed to digital and electronic technologies. Instead of being referred to as digital immigrants, members of Generation Y are termed digital natives (Bolton et al., 2013). According to Wesner and Miller (2008), Since they are the first generation to have lived exclusively in the digital age, Generation Y is greatly impacted by information technology in both their personal and professional life. According to Brosdahl and Carpenter (2011), opinions about the beginning and ending points of Generation Y are divided. Immordino-Yang et al. (2012) claim that early and frequent exposure to technology, which has advantages and disadvantages in terms of the effects on cognition, emotions, and society, is an essential developmental characteristic of Generation Y.

For example, they engage with people and rely heavily on technology. The target group for this study is Generation Y because of the group's considerable population. As of 2016, they accounted for 44% of Malaysia's total population (Kavanagh, 2016). With an estimated $600 billion in annual spending power, Generation Y has a significant impact on how much money parents spend (Kennedy, 2001). Furthermore, this generation has more disposable income than any other cohort in history (Morton, 2002), which may also mean that the funds are left for personal investment too.

However, McCrindle (2003) notes that in reality, over 70% of Generation Y's income is discretionary, primarily going toward entertainment, travel, and food. In addition, rather than being digital immigrants, Generation Y was born to be the digital natives (Prensky, 2001). Their manner of life has been greatly impacted by information technology, as they live in a digital age (Bennett et al., 2008). This generation frequently uses social media to share, provide, look for, and use digital content related to works and entertainment (Bolton et al., 2013). Large-scale information sharing or exchange will actually boost market efficiency and amplify societal influence on decision-making.

2. Literature Review

2.1 Investment decision

The assets in which the company will invest its capital are referred to as investment decisions. It is made by the company's directors, investment managers, and investors. An investor is a person who invests money in investment products in order to achieve an expected return. An investor's primary goal is to maximize profits while lowering risk.

Kishori and Kumar (2016) assert that investors forego short-term benefits in order to pursue larger gains down the road. Every investment has a set of precise goals that must be met. Having a choice between risk and return, as well as safety against inflation, growth, and liquidity, are only a few of the practical goals of investing. Prior to making a choice, the majority of investors thoroughly assess the investment product.

A number of things undermine those investors' rationality and lead to illogical actions on the part of individual investors. This study looks at five psychological biases and personal traits that have been shown to be consistently significant: FOMO, stock features, market information, investor cognitive psychology, and word-of-mouth. It also looks at how these traits affect individual investment decisions.

2.2 FOMO and Investment Decision

Individuals who watch, read, or learn about the activities of others and feel as though they're missing out on it experience FOMO (Abel et al., 2016). Additionally, research on FOMO and its impact on consumer behavior and decision-making processes has been conducted (Kang et al., 2020). The same is true for investors who, driven by a desire for greater returns, believe they will lose out on chances if they wait to act (Dennison, 2018; Kang et al., 2020).

Their decisions on investments are therefore influenced by this FOMO on investments. Hence, it is hypothesized that:

H1. Fear of missing out positively affects the decision making of retail investors.

2.3 Stock Characteristics

An increasing body of research suggests that investors' preferences for particular stock attributes could influence the diversity of their portfolios. Results from earlier research indicate that in a self-reported survey, investors express preferences for dividend yield stocks, equities with lottery elements, and a variety of stock-specific attributes (Graham & Kumar, 2006; Khan, Tan, & Chong, 2016; Kumar, 2009). According to Aspara (2013), investors' inclinations to invest in a company are influenced by their affective assessment of its brands and products since it raises their expectations for the company's financial returns. Given that investors frequently display preferences for particular stock qualities, these preferences may influence the choice of stock to include in a portfolio that possesses particular characteristics. From a basic standpoint, investors may own a variety of stocks in their portfolio due to their preferences for particular stock qualities and their superior and confidential knowledge of those attributes. Preferences for stock features may therefore result in an informed and diverse portfolio. On the other hand, Goetzmann and Kumar (2008) demonstrate through the use of transaction data that stock characteristics are linked to under-diversification.

When stock volatility, skewness, turnover, and market beta are overweighted, investors hold comparatively fewer diversified portfolios. High-priced, bigger, value, and dividend-paying equities are likewise associated with less diversity. However, reported preferences for stock traits were not the subject of their investigation. Thus, despite its significance, the influence of expressed preferences for stock attributes on diversification has not received enough attention in the literature to warrant testing the following hypothesis:

H2. Stock characteristics positively affects the decision making of retail investors.

2.4 Market Information

Businesses can get more accurate information about the worth of their growth chances from the stock market by using different market information. By assisting managers in making wiser investment choices, this knowledge increases the value of the company. An increasing body of research is pointing to the idea that stock price information influences managerial decisions (Jegadeesh, Weinstein, and Welch, 1993; Markovitch, Steckel, and Yeung, 2005; Luo, 2005; Chen, Goldstein, and Jiang, 2007; Bakke and Whited, 2006). It is therefore important to further study the implications of the following hypothesis:

H3. Market information positively affects the decision making of retail investors.

2.5 Investors Cognitive Psychology

Investors make complex decisions in vast, unpredictable markets using their intuition, perceptions, emotions, and reasoning (Kahneman and Riepe, 1998). However, these decisions are frequently irrational since cognitive biases are at play and full information is disregarded (Du and Budescu, 2018). Investors' tastes are influenced by the information that is available to them, and their thoughts can occasionally be altered by irrelevant information that leads to human mistake. Investors move rapidly and make decisions based on the information at hand in order to gain a competitive edge, implying that mental shortcut cause irrationality and influence investment decisions (Bowers and Khorakian, 2014). Additionally, heuristic biases affect both novice and seasoned investors (Elliot et al., 2018). Therefore, we developed the following hypothesis:

H4. Investors cognitive psychology positively affects the decision making of retail investors.

2.6 Word of mouth

According to Franke [1988], enhancing consumers' perceptions of service quality requires effective communication. The ability of an advisor to explain different aspects of investment options and provide information about their advantages and disadvantages, as well as to provide customers with information and understandable answers to their questions, makes communication crucial. These kinds of communication also have a positive impact on customers' perceptions of individual investors. Drawing from the previously presented arguments, the subsequent hypothesis was formulated

H5. Word of mouth positively affects the decision making of retail investors.

Based on the study, objectives and Hypothesis, the conceptual model has been drawn as shown in Figure1

3. Methodology

The study makes use of the SPSS software 22.0 version and an empirical methodology. In this study, the model was calculated, and the hypotheses were evaluated based on the direct relationship. Refer Figure 1

This study makes an effort to look into the important variables and analyze how these influences affect their choice of investments. Through the use of correlation, multiple regression analysis, reliability testing, and hypothesis testing, the chosen essential factors—such as FOMO, stock characteristics, market information, investor cognitive psychology, and word-of-mouth—are categorized into profiles. This study takes into account variations in the respondents' investing choices and profiles. Additionally, the study looks for evidence of the connection between these important variables.

3.1 Measurements

This study looks into the important variables and how these affect people's decision to invest. The hypothesis test, correlation, multiple regression analysis, reliability test, and market information are used to classify the chosen essential factors—such as FOMO, stock characteristics, investor cognitive psychology, and word-of-mouth—into profiles. Variations in the respondents' profiles and investment choices are taken into account in this study. Furthermore, the study attempts to validate the connection between these important variables.

3.2 Survey Administration and Sampling

A self-completion survey is used in this study to gather information from study participants. The survey questions were organized into variable categories where the order of questions within each category makes sense and is intuitively clear. This lessens the chance that survey participants will fill it out randomly and with mental leaps. The survey's five-point Likert scale, which goes from (1) strongly disagree to (5) strongly agree, was used to create each question. According to Nemoto and Beglar (2014), the Likert scale is the most widely used instrument for evaluating a person's psychological constructs.

The study's respondents are members of Generation Y, or Indian citizens between the ages of 25 and 43 who were born between 1981 and 1999. The purpose of the survey was briefly explained to the respondents, and they were kindly asked to fill out the questionnaires. Respondents are urged to provide as accurate of an answer as they can while guaranteeing the privacy of their personal data. After filling out the questionnaire, the respondents gave it to the researcher. Out of the 400 that were distributed, 251 were returned, meaning that the usable response rate was around 62.75%. For the purpose of the study, a total of 251 suitable respondents—both male and female—were recruited from among the following groups: self-employed (such as business owners), employed (such as at universities, banks, offices, shops, and stores), and unemployed.

4. Analysis

4.1 Demographic Analysis

Table 1 provides the sample's demographic characteristics. The respondents' gender was evenly split, with 52.19% of men and 47.18% of women. Regarding age distribution, the largest age group is those between the ages of 36 and 40, comprising 39.04 percent of the sample as a whole. Participants between the ages of 32 and 26 make up 28.69 percent of the sample as a whole. The age groups with the lowest percentages are those from 40 to 43 (17.53%) and those between 27 and 31 (14.74%). Thirteen percent of respondents are single, eighty-one percent are married, and six hundred and seventy-seven percent are divorced or widowed.
With a graduation degree, 62.55% of respondents had the greatest level of education, followed by a post-graduate degree (16.73%) and a doctorate (12.75%). Merely 7.57 percent of the participants had only completed secondary education or less.

The survey finds that 41.43 percent of participants are working, followed by 35.06 percent of independent contractors, 19.12 percent of students enrolled full-time, and 4.38 percent of jobless people. 43.43 percent of participants trade weekly, followed by 31.47 percent on a monthly basis and 10.76 percent on a quarterly basis in terms of trading frequency. In the meantime, 3.19 percent of participants trade more frequently than quarterly, and 12.75 percent of active participants trade daily.

4.2 Quantitative Data Analysis

Analysis of the data collected through the questionnaires was carried out for each construct of Herding bias. Validity and Reliability of the data has been established. The purpose was to first find the correlation between each construct of bias and retail investor decision. Linear regression and Linear step wise regression analysis have been carried out to analyse the influence of the herding bias in investor decision. The purpose of this analysis is to integrate the main concepts of the study i.e. Herding bias and to establish the relationship with the Investor Decision as a theoretical framework of the study.

4.2.1 Construct Validity

Convergent Validity: The study uses the coefficient alpha value to assess each construct's dependability. This method looks into the internal consistency of all underlying items to determine how well the measurement can describe particular structures. According to Cortina (1993), a greater Cronbach's alpha value denotes a higher level of data dependability. According to Hair et al. (1991), the items ought to be loaded onto a single factor (Anderson & Gerbing, 1991), with a factor loading of at least 0.50. Another summary measure of convergence is the average variance extracted (AVE). Establishing convergent validity requires an AVE value greater than 0.5.

The factor loadings for various parameters of Herding bias and Retail Investor Decisions are shown in Table 2 The study reliability of each construct ranges from 0.694 to 0.818. Given that every factor loading value

above 0.5, there appears to be a significant degree of convergent validity. The calculated values of AVE are also more than 0.5, so it also establishes convergent validity.

4.2.2 Reliability

According to Nunnally and Bernstein (1994), Cronbach's alpha coefficient should be more than 0.70, in order to be assured about the internal consistency. If the value is more than 0.7, it can be assumed that the scales used in the study are reliable. Cronbach's alpha value was calculated for each instrument in order to gauge internal consistency of reliability. Table 2 shows the Cronbach's alpha value of each variable. Since all the values are more than 0.7. It establishes the reliability of the data.

Composite Reliability: In Table 2, the value of 0.70 of composite reliability has been regarded as acceptable (Nunnally & Bernstein,1994). Both the tables show that the values of Composite Reliability (CR) are more than 0.7; hence reliability of data is established.

Discriminant Validity: Table 3 for Herding Bias constructs shows the comparison between square root of AVE and correlation. The tables demonstrate that there are no correlation estimates higher than square root AVE (below the diagonal), indicating that the study's discriminant validity is adequate.

5. Data Analysis

Initially, Pearson Correlation is used to explore the correlation between the Pearson Correlation Coefficient between Retail Investor Decision and Independent Variables. The analysis reveals that there is no violation of the assumptions of linearity and all the associations except Word of Mouth (WM) were found to be significant either at 99 percent or 95 percent significance level.

Table 4 shows that the strongest association of the Retail Investor Decision is with Stock Characteristics followed by Investor Cognitive Psychology (ICP), Fear of Missing Out and Market Information. having r value equal to .645, .561, .530, .255 respectively.

However, Word of Mouth has a negative impact on Investor Decisions as the coefficient value is -.207. This implies that the four factors viz Fear of Missing Out Stock Characteristics Market Information and Investor Cognitive Psychology (ICP) has positive impact on the investor decision.

Regression analysis is used to explore the relationship amongst 'Investors investment decisions and the constructs of Evaluation Criteria. The mathematical expression of the research model for the above relationships is displayed as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_{10} X_{10} + \beta_{11} X_{11} + e_t$$

Y = Investment Decisions

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta 7, \beta_8, \beta_9, \beta_{10}, \beta_{11}$ = coefficients of dimensions of Herding Bias

Dimensions of Herding Bias: X_1 = PBO, X_2 + TP, X_3 + DBO, X_4 = NV, X_5 = IQ, X_6 = ECF, X_7 + CAU, X_8 + HRU, X_9 = CSR, X_{10} = EB, X_{11}+ OC

e_t = Error term

Since the construct 'Word of Mouth' has negative impact on Retail Investor Decision, it has not been considered in further analysis of the data.

A linear connection between the observed and perceived values of the dependent variable is represented by the Multiple Correlations (R).

In order to check for correlation between residuals, the Durbin – Watson Test statistics was carried out. Field (2006) suggests that Durbin – Watson Test statistics value less than 1 or more than 3 are not acceptable. However, value near to 2 means that residuals are not related. Result of D-W test is shown in Table 5 Value of Test is 1.992 which is close to 2. It shows that residuals are independent, thereby fulfilling the assumption for applying the regression model.

The regression coefficient (R-Square) determines the strength of correlation in the model between the dependent and independent variables. The results are tabulated in Table 5. It shows that coefficient of determination or R-Square is equal to 0.621 indicating the high proportion of explained variance. It shows that model explains 62.1.3% of influence Investor Decision.

Coefficient Model summary as a result of Liner Regression Analysis is as shown in Table 6. Beta values under headings standardised Coefficients determine the relative importance of significant predictors. The link between the five independent variables (such as fear of missing out, stock characteristics, market information, and investor cognitive) and the dependent variable of the investment choice is displayed in Table 6, based on the linear regression results. Fear of missing out, Stock Characteristic, Market Information and Investor Cognitive Psychology has positive impact on the investor decisions. However, Word of Mouth has a negative impact on Investor Decisions.

Stepwise linear regression analysis was further used to analyse the predictor dimensions of Leadership

Table 7 shows the results of step-wise linear regression analysis. Stock Characteristic accounts for 52.2% of variance in Investor Decision Making. It along with Investor Cognitive Psychology, accounts for 57.4% variance. The three parameters viz Stock Characteristics, Investor Cognitive Psychology and Fear of Missing Out account for 60.5% variance in Investor Decisions. The four constructs together account 62.6% variance in decision making. The remaining variance is due to unaccounted factors.

6. Hypothesis Testing and Findings

Based on the test of hypothesis done, the results indicate the relationship obtained amongst different constructs. The results indicate that H1: Fear of missing Out has a positive impact on the Retail investor decision. However, it does not have the maximum impact. FOMO along with stock Characteristics, Investor Cognitive Psychology account for more than 60% impacts on decision making. Hence H1 is accepted. This result is supported by the results given by Gupta and Shrivastva (2023). Analyzing Table 6 and 7 it has been

concluded that this construct (Stock Characteristics) has maximum impact on the decision making and alone accounts for more than 52% impact on it. Hence H2 is accepted. Also, Market Information has a positive impact on Decision making. From the Table 6 and 7 it has been concluded that MI, FOMO, ICP and SC combined has more than 62% impact on Decision making. Hence H3 is accepted. Table 7 shows that Investor Cognitive Psychology also has a positive impact on the Retail Decision making. Table 7 also shows that ICP along with SC have more than 57% impact on decision making. Hence, H4 is accepted. H2, H3 and H4 are supported by the results given by Khan et al., 2017. While performing the analysis for hypothesis H5, Table 7 indicates that Word of Mouth has negative impact on Retail decision making. Hence H5 is rejected. The result obtained is against the findings given by Hwang, 2023.

Hence, in the figure 2 model is derived based on the hypothesis proven from the analysis. The model indicates that Word of Mouth does not have any positive impact on Retail Investors Investments Decisions.

7. Limitations and Scope for Future Research

One of the study's shortcomings is the limited selection of behavioral variables for use as dependent variables. Because of time constraints, only five psychological variables are tested in this study. With a low R squared value, it was unable to explain how behavioral aspects affected investment decision-making. The validity of the findings may be impacted by the study's small sample size (n 251). It appears that these 251 sample sizes are not enough to clearly interpret every member of Generation Y in India. Larger sample numbers would have increased the cost of data collection due to travel costs and time commitment, but we were unable to obtain them. The accuracy of the findings in this study may be impacted since different geographic regions may have distinct lifestyles and cultures, which may have an impact on investors' decision-making processes and behavior.

To make up for this research paper's shortcomings, additional behavioral characteristics pertaining to Generation Y in India, such as anchoring, gambling behavior, under- or overreaction, risk avoidance, and others, should be studied. Compared to the combination of these five dependent variables in this study, another possible combination of behavioral characteristics may have a more substantial impact on investment decision-making (better R squared). In order to increase the validity of the findings, a bigger sample size should be obtained in a subsequent investigation. It should be encouraged for researchers with more free time, like full-time students, to take their time gathering data in order to get a larger sample size.

Data collecting may benefit from and be made easier in the future by the convenience and advancement of infrastructure, as well as Internet availability, particularly in rural locations. In order to increase the accuracy of the study's findings, a larger geographic area and data from as many states as possible should be included in future research. You may accomplish this by asking friends who live in other states or regions to assist with gathering data, or you could organize a group of people who come from various places to conduct the survey.

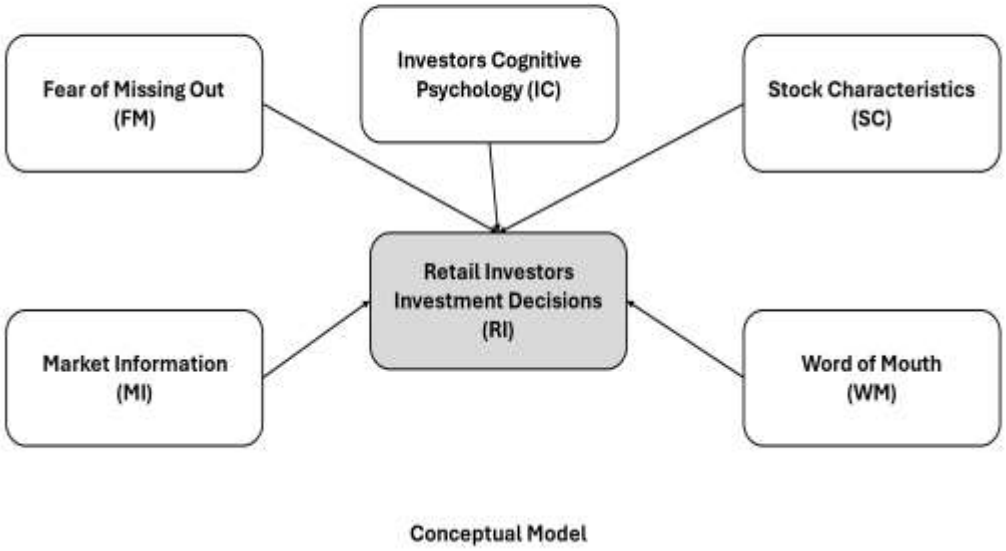

Figure 1: Conceptual Model

Table 1: Respondents Profile

Demographic Data							
		No's	%			No's	%
Gender				Employment			
	Male	131	52.19		Self Employed	88	35.06
	Female	120	47.81		Employed	104	41.43
	Other	0	0.00		Unemployed	11	4.38
Age (yrs.)					Full time Student	48	19.12
	27-31	37	14.74	Trading Frequency			
	32-36	72	28.69		More than quarterly	8	3.19
	36-40	98	39.04		Quarterly	27	10.76
	40-43	44	17.53		Monthly	79	31.47
Marital Status					Weekly	109	43.43
	Married	201	80.08		Daily	32	12.75
	Unmarried	33	13.15				
	Divorce/ Widowed	17	6.77				
Educational Level							
	Secondary or lower	19	7.57				
	Graduation	157	62.55				
	Post Graduation	42	16.73				
	Doctorate	32	12.75				

Table 2: Reliability Analysis

	Constructs	Mean	S. D	Factor Loading	AVE	CR	Alpha Value
Fear of Missing Out					0.58	0.874	0.703
FM1	It bothers me when I do not hear news about my investments.	4.27	0.671	0.785			
FM2	I get anxious when I do not know what the companies, I am investing in are planning.	3.79	0.71	0.756			
FM3	I would like to be immediately updated about the trends in stocks I have invested in.	4.13	0.695	0.789			
FM4	It bothers me if I miss out on investment opportunities.	4.17	0.706	0.765			
FM5	I fear being the last to know about news that is relevant to my portfolio.	4.17	0.789	0.712			
Stock Characteristics					0.602	0.883	0.753
SC1	My investment decision is based on expected corporate earning	4.06	0.789	0.802			
SC2	I often rely on the data provided by the company on its past performance	4.14	0.724	0.791			
SC3	Stock marketability is one of the factors on which my investment decision is based	4.09	0.735	0.734			
SC4	I consider dividend paid by the company in the last 2 years	4.11	0.714	0.812			
SC5	I try to calculate expected Dividend to be paid by the company	4.14	0.733	0.737			
Market Information					0.605	0.821	0.801
MI1	Market information is important for my stock investment.	4.17	0.694	0.791			
MI2	I check the market information before making stock purchases or sales.	4.21	0.695	0.769			
MI3	I prefer to buy local stocks than international stocks because the information of local stocks is readily available.	4.22	0.678	0.773			
MI4	I usually react quickly to the changes of other	4.01	0.645	0.713			

	investors' decisions and follow their reactions.						
MI5	I read financial newspapers to keep myself updated on the market news	4.02	0.654	0.714			
Investor Cognitive Psychology (ICP)					0.633	0.838	0.725
IC1	I feel Investing in stock where everyone else is investing is less risky	4.15	0.692	0.801			
IC2	I invest in stocks where foreign investors are investing	3.99	0.742	0.815			
IC3	I consider Information provided by stock brokers is reliable	4.01	0.741	0.771			
IC4	I usually get confused regarding where to invest due to too many options, so I prefer to invest in the same type of investments again and again.	3.94	0.689	0.763			
IC5	When I need to make quick decision, following most investors behaviour is fast and certain	4.01	0.699	0.782			
Word of Mouth					0.631	0.872	0.743
WM1	On hearing a rumour, I try to obtain further information supporting the view rather than looking for contradicting news.	3.75	0.751	0.769			
WM2	I often immediately sell/exit my stock when I hear a strong negative news on TV without waiting further.	4.02	0.769	0.813			
WM3	I feel the information spread by word of mouth is not correct	4.01	0.758	0.784			
WM4	I consider investment decisions are influenced by the communication skill of the speaker	4.12	0.742	0.811			
WM5	I feel investment decisions are influenced by the recommendation style	3.87	0.659	0.793			
Retail Investor Decisions					0.631	0.872	0.735
RI1	My investment in stocks has a high degree of safety.	4.13	0.738	0.818			

RI2	My investment pays me higher dividends as compared to others.	4.06	0.748	0.832			
RI3	My investment has a lower risk compared to the market in general	3.86	0.681	0.759			
RI4	My investment in stocks has demonstrated increased revenue growth	4.35	0.623	0.766			
RI5	The rate of return obtained on my investments is equal to or higher than the market's average rate of return	3.87	0.634	0.794			

Table 3: Corelation between Constructs and AVE

	FM	**SC**	**MI**	**ICP**	**WM**
FM	0.761				
SC	.356**	0.775			
MI	.275**	.208**	0.777		
ICP	.097*	0.017	.230**	0.795	
WM	.151**	.148**	-0.064	.334**	0.794

Table 4: Pearson Correlation Coefficient between Retail Investor Decision and Independent Variables

RI	**FM**	**SC**	**MI**	**ICP**	**WM**
	.530**	.561**	.255**	.645*	-.207*

Table 5: Results of Linear Regression Analysis on Model Summary

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.791a	0.626	0.621	0.141	1.992

Table 6: Results of Linear Regression Analysis: Coefficient Model Summary

Model		Standardized Coefficients	S. E
1	(Constant)		0.014
	Fear of Missing out	0.546	0.021
	Stock Characteristics	0.556	0.051
	Market Information	0.234	0.025
	Investor Cognitive Psychology	0.623	0.031
	Word of Mouth	-0.223	0.052

Table 7: Step–wise Regression Analysis: Retail Investment Decisions

Model Summary					
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	.723a	0.522	0.521	0.395	
2	.758b	0.574	0.572	0.322	
3	.778c	0.605	0.602	0.309	
4	.791d	0.626	0.623	0.141	1.99

a. Predictors: (Constant), Stock Characteristics
b. Predictors: (Constant), Stock Characteristics, Investor Cognitive Psychology
c. Predictors: (Constant), Stock Characteristics Investor Cognitive Psychology, Fear of Missing out
d. Predictors: (Constant), Stock Characteristics Investor Cognitive Psychology Fear of Missing out, Market Information
e. Dependent Variable: Investor Decisions

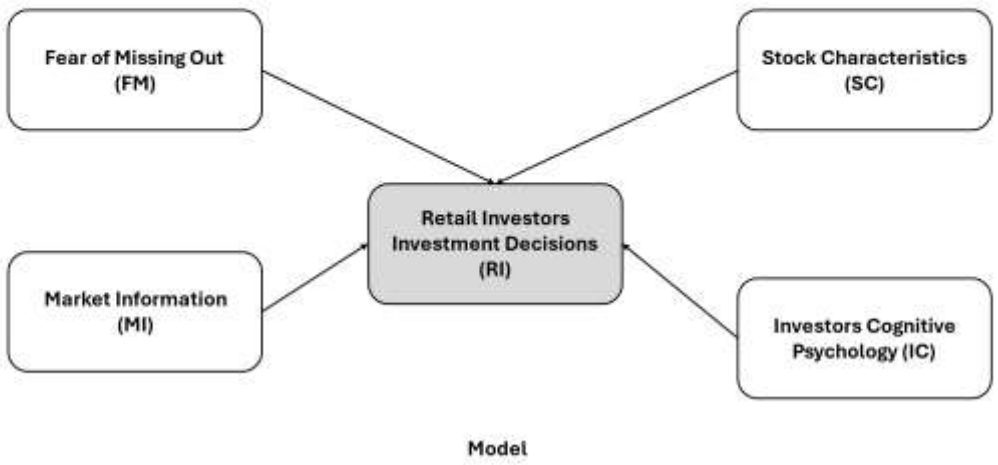

Figure 2: Final model based on the Data Analysis

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