

PSYCHOLOGICAL BIAS IN INVESTING

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ABSTRACT

Investment decision is a key decision, in creating financial stability. All decision makers always try to have a rational outlook, as far as decision making is considered. We sometimes forget the fact that, we are human beings and we do have emotions and personal preferences. These personal preferences, emotions, beliefs, past experience etc. create psychological bias. Psychological biases indirectly affect the investment decision making process without the knowledge of the investor. Hence, the decision an investor is taking is prompted by rational thinking as well as psychological bias. This article tries to throw some light on a few of the psychological biases which can affect the decision making process. Knowing and overcoming these biases are extremely important for an investor to take rational decisions

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