Ahmedabad University

CAPSTONE '25

How Do Biases Affect the Financial Decision-Making of Young Investors?

CAPSTONE PROJECT REPORT

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SUBMITTED ON:- **23rd April 2024**

CERTIFICATE

This is to certify that the Capstone Project entitled "How Do Biases Affect the Financial Decision-Making of Young Investors?" submitted by the students team to the Capstone Projects Office, Undergraduate College, Ahmedabad University, Ahmedabad – 380009, for the partial fulfilment of the requirements for their Undergraduate Degree and is their original work, based on the results of the investigations carried out independently by them during the period 08/24 to 04/25 **of the study under the supervision of the Faculty Mentor Professor(s) Ms. Binny Rawat at Ahmedabad University.**

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ABSTRACT

This research studies the impact of behavioral biases on the financial decision making of young investors between the age of 18-30. With the help of quantitative and qualitative data we have attempted to examine how biases such as overconfidence, herd behavior, and recency bias influence investment choices. Preliminary findings indicate that almost 70% of the respondents within the aforementioned age group actively invest and many are swayed by emotional factors and social influences. The study aims to highlight the prevalence of such biases, evaluate the effects of financial literacy on bias suppression and explore the role of psychological and emotional factors in creating market anomalies and inefficiencies.

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1. INTRODUCTION

The traditional view of a rational economic person considers that an individual takes decisions based on full logical reasoning and complete information to maximize utility. But the real-life story is different. At times, people behave irrationally with respect to financial behavior. Emotions, psychological shortcuts, and social influences tend to dictate how people invest, save, or spend their money is the argument that may support contradicting evidence. The conflict between theory and practice led to the development of behavioral finance, which combines the fields of psychology and economics to study how people act in actual financial circumstances.

Behavioral finance goes against the principles of classical finance, proving how a behavioral bias or error-state has influenced the decision-making process. Common biases include overconfidence, loss aversion, confirmation bias, and herd behavior (Baker & Ricciardi, 2014). Overconfidence states that individuals are underestimating how much they know about their investment potential; loss aversion tells that most losses will be feared far more than an equal amount of gain; confirmation bias, which assumes that people will try to search for pieces of information that support beliefs they already have in their minds; and herd behavior everyone else viewed in similar situations, particularly in the case such as uncertainty in the market. For young investors, who can be assumed new to the financial markets and more digitally connected, this bias can have the most profound impact on such investment behavior.

1.1. Importance of Studying Investor Behavior

Investor behavior is the most salient factor in the understanding of investments by the newer generations in today's fast-moving and digitally led financing landscape. If, over the last decade, the younger generations were to complain that they were being kept away from stock trading, then cryptocurrency and digital investment platforms such as Robinhood, Zerodha, and Groww would seem to be catching their fancy. Even these portals do facilitate new types of investors, but most of the time it floats them into a stream of messages, market jargon, and peer pressure that may eventually lead them toward wrong decisions.

In a study recently undertaken by the Financial Conduct Authority (FCA) in the United Kingdom, it has been revealed that about 66% young investors made an investment decision

in under 24 hours, with 14% of them choosing to invest with less than an hour of thinking time; in most of the cases, they did not conduct any detail exploratory work or even understand risk (FCA, 2024). This is likely done due to influences ranging from FOMO (fear of missing out), hype from the social media, and overconfidence. In addition, these young investors are likely to be following influencers or virtually aspirant communities instead of certified financial advisors, thus exposing them to unfortunate circumstances from misinformation and emotionally driven decision-making.

Financial literacy is yet another issue. According to the World Economic Forum, less than half of all youth worldwide exhibit financial literacy, although investment activities are continually permeating among young people (World Economic Forum, 2024). Many people don't know the barest minimum concerning diversification, risk evaluation, or long-term conceptions. Therefore, by understanding their behavior, one can also inform towards designing educational tools, applications, and policies that guide better decision-making by identifying the most common delusions under which these people operate.

1.2. Objectives

- Identify Key Behavioral Biases Affecting Young Investors: This study aims to recognize the most prevalent cognitive and emotional biases that shape the financial decision-making of young investors. Common biases such as overconfidence, herd behavior, loss aversion, anchoring, and confirmation bias will be explored to understand how they influence investment choices, risk perception, and market participation.
- Analyze the Impact of Demographic Factors on Investment Behavior:- Investment choices are impacted by a variety of demographic factors, including age, gender, cultural background, educational attainment, and financial literacy, in addition to cognitive biases. This goal examines how these elements interact with biases and whether certain young investor groups are more likely to fall victim to particular cognitive distortions.
- To evaluate the correlation between financial literacy and bias suppression, particularly among young and inexperienced investors. Investors who possess financial literacy are better equipped to identify and counteract cognitive biases. In particular, this study will evaluate the impact of different financial knowledge levels on bias suppression in novice

and young investors. Understanding this relationship allows the study to determine whether financial education initiatives successfully give young investors the skills to make more sensible financial decisions.

- To explore the role of psychological and emotional factors in creating market anomalies and inefficiencies. Market anomalies, like irrational trading patterns and speculative bubbles, frequently result from collective investor behavior impacted by emotional and psychological variables. Exploring how emotions like fear, greed, excitement, and regret lead to inefficient market outcomes is the goal of this objective. It focuses on trends like meme stocks, cryptocurrency investments, and panic selling during market downturns.

2. LITERATURE REVIEW

The Efficient Market Hypothesis (EMH) differentializes from many of the conventional perspectives on finance - the one that Eugene Fama cited in 1970. According to these theories, investors hold that rationality governs the activities of markets. Attributed to market efficiency, price fluctuations that are sample-space sizes reflect its being already into the prices of assets because all forms of information are factored into asset prices. Another stronghold of traditional finance is the Modern Portfolio Theory (Markowitz, 1952), which argues that investors are rational actors who decide to maximise their expected returns for a given level of risk.

Behavioral finance has evolved to cover the analytic aspects of financial investment neglecting the emotional, social, and cognitive facets of investment decisions, which have created limitations for conventional finance. Behavioral finance is an interdisciplinary subject adding psychology and economics in the study of financial behavior-anomalies. Since it questions the rationality assumption, behavioral finance has referred to the medians to which investor decision-making is walloped by psychological influences and biases. Since it questions the rationality assumption, behavioral finance has referred to the medians to which investor decision-making is walloped by psychological influences and biases.

2.1. Key Theories in Behavioral Finance

Behavioral finance has a number of underlying theories that explain why investors frequently make irrational choices:

1.1.1. Prospect Theory (Kahneman and Tversky, 1979): The theory states that people value the gains and losses differently, which leads to elimination of rational behavior from the decision. Investors show a greater sensitivity to losses than to gains, which leads to loss aversion.

1.1.2. Mental Accounting (Thaler, 1985): This theory suggests that people's perceptions and treatments of money vary based on its source or intended use. For example, young investors may consider their bonus more frivolously than their salary.

1.1.3. Herd Behavior: This theory explains that investors tend to follow the majority, especially in times of uncertainty. This behavior can lead to asset bubbles or crashes.

These theories lay the groundwork for understanding the various biases that can affect young investors.

2.2. Review of previous research

Many studies have focused on the influence of biases regarding investor behavior. Ricciardi and Simon (2000) pointed out that such psychological factors affect decision-making and create errors that can be predicted. Overconfident investors trade excessively, which lowers their returns, according to Barber and Odean (2001). In that sense, Statman showed how social influences and emotions lead to irrational investment behavior in young and inexperienced investors (2008).

Young investors get most susceptible to biases through interference by inexperience, emotional response to the market's ups and downs, and influence of peer networks or social media (Nofsinger, 2005). These biases divide into two major classes as per the definitions by researchers such as Pompian (2006) and Ackert & Deaves (2010): cognitive bias which comes out of faulty reasoning and emotional influence which comes from feelings and emotions.

2.3. Types of Biases in Behavioral Finance

Below is an elaboration of key biases affecting young investors:

2.3.1. **Overconfidence Bias**

In overconfidence bias, investors tend to think they know more, that they are good at the investment process, or that they have some control over company-specific events. Barber and Odean (2001) have stated that overconfident investors tend to trade excessively and

ultimately earn less from their investments. This becomes true for young investors who easily see short-term gains. They may start forming false expectations about how the market works in their favor.

2.3.2. **Confirmation Bias**

Confirmation bias is where investors seek information that matches their already opinions and ignore contradicting information. According to Nickerson (1998), this is the reason poor investment decisions are usually reinforced. Since stockholders ignore market signals, many continue to hold on to their losing stocks simply because they believed in them in the first place.

2.3.3. **Anchoring Bias**

The anchoring bias is said to occur when the first piece of information one receives (the "anchor") serves too much weight in the mind. Tversky and Kahneman (1974) showed how that initial reference point alters the evaluations made later. For example, a young investor may anchor his perception of a stock's value with the IPO price, although the market conditions may have changed drastically since then.

2.3.4. **Herding Bias**

Herding bias refers to the tendency of individuals to boil down to simple imitation of a larger group, irrespective of what they may believe or think through their own analysis. Bikhchandani and Sharma (2001) mention that the case with this bias seems to impose itself more on the younger investors, who simply lack confidence or experience. Social media platforms like Reddit or Twitter increase herding effects leading to mass buying or selling.

2.3.5. **Loss Aversion**

Rooted in Prospect Theory, loss aversion refers to the phenomenon where the pain of losing is psychologically twice as powerful as the pleasure of gaining (Kahneman & Tversky, 1979). As a result, young investors might hold on to losing stocks longer than advisable in the hope of breaking even.

2.3.6. **Mental Accounting**

Richard Thaler (1985) developed mental accounting to describe how people treat different amounts of money differently depending on where they came from or what they are used for. For example, a young investor may regard a tax refund or a work bonus as "free money" and take greater risks with it than with their regular income.

2.3.7. **Status Quo Bias**

The status quo bias entails that individuals would prefer staying with the "same" than opting for a "change" even when change is beneficial. In their essay, Samuelson and Zeckhauser (1988) suggest that inertia may keep investors in default portfolio options or obsolete investment strategies, thereby losing attractive opportunities.

2.3.8. **Self-Attribution Bias**

On wins, individuals attribute the successes to an internal factor such as skill, while losses are blamed on an external factor, such as market conditions. According to Pompian (2006), a warped self-view might block the learning process for young investors and thus tends to cement bad decision-making.

2.3.9. **Representativeness Bias**

Judging the probability of an event based on how much it resembles a typical case is a case of bias. Tversky and Kahneman (1974) explain how investors might make the mistake of thinking that a good company is always a good investment and, in the process, fail to analyze the numbers or the current market situation. Young investors are especially vulnerable since that association could be second nature to them: A well-branded product means high trading; therefore, stocks of that company must be good, in their viewpoint.

2.3.10. **Availability Bias**

Availability bias exists whenever someone relies on immediate examples that come to mind. As Tversky and Kahneman have noted (1973), recent news or media coverage can thus exert undue influence. For instance, when a startup becomes an overnight sensation

for its innovative product, young investors may be guided by such immediate attractions to invest in the IPO almost rashly or without deeper contemplation.

2.3.11. **Endowment Effect**

The tendency of a person to place a higher value on an asset once it has been owned by him or her is called the endowment effect. Thaler saw (1980) that investors demanded much more to be willing to give up an asset than they were willing to pay to acquire it. Young investors may hold on to under-performing stocks due to the sentimental feeling attached to it, or for the recognition value bestowed on them by ownership.

2.3.12. **Recency Bias**

Another channel through which recency and other biases might touch investors relates to interpretation as well as weight ascribed to the current events: for instance, a younger trader might see an over-optimistic trend going on indefinitely or invest heavily thinking in the short term only (Shefrin, 2000).

These biases, together, bring out the interplay between emotions, psychology, and cognition concerning financial decisions. Recognizing and countering such biases can enable youngsters to make decisions that are relatively better informed and rational.

3. METHODOLOGY

As described earlier, our project is about how bias affects the financial decision-making of young investors. A mixed-method approach was chosen, using both quantitative and qualitative methods. The quantitative part will provide information on the extent and patterns of the different biases. In contrast, the qualitative part will provide insight into how and why these biases affect the investors' decisions in real-life situations. Also, a mixed method would help understand the biases better under different circumstances. Lastly, both methods together help in filtering the responses and providing the responses that could have been left out. Hence, the data will be analyzed using similar methods.

3.1. Quantitative data

For qualitative data collection survey was used, which was made through Google Forms. The questions were made after doing the literature review and taking it as our base. Along with that, some questions that were added were according to the objectives of the study. This means that some of the questions that are asked will provide us with the answers that we want to address through our objectives. For that, the survey was divided into 4 sections first being the basic information and demographics, the second is investment behavior, the third is financial literacy, and bias suppression. The last one is psychological and emotional factors. The survey had different questions, most of which were closed-ended questions. These questions had to be answered in either Likert scale or MCQ format, depending on the question. Some of them were rating scale questions, and only a few questions were open-ended ended which were optional to answer.

The form was circulated in our peer groups within the age group of 18 to 30, which is the target group of the study. From these Survey forms, a total of 154 responses were recorded. To analyze them, the descriptive statistics, graphical representation, and inferential statistics.

3.2. Qualitative data

For qualitative data collection, the objective was to have a website or an app, or a webpage where market simulators could be used and mimic close to real-life situations, and participants could invest with a stipulated amount of money in different investment options. However, the

Problems faced were that most of these sites were paid and very costly, which could not be used. Another problem was that these sites were not focused on India, and the project was focused on India, so they could not be used. One major problem was that the data processing time was either too much, or the data would not be available to use. Another limitation was that the site owners had access to the data. This means that the participants who would be participating in the game, their data would be available to them, which, without participants' permission, could be accessed by them. Additionally, the kind of data that was required for the project was not available on these sites.

Hence, our data would be collected by Google Sheets, which would be similar to the market simulator and would be made by the team members. The inspiration for the games would be taken from sites and apps like Investopedia Stock Simulator, The Stock Market Game, Windows trading Stimulator, virtual stock exchange, Neotox Virtual Stimulator, and Harvard Stimulators.

With this as a base, the simulator game was made on Google Sheets. This game has 10 rounds, each round depicting a month, so 10 months in total. The game aimed to invest the money in 10 rounds in different investment options like stocks, mutual funds, cryptocurrency, gold/silver, and Bank or cash in hand. Each round, a situation would be given as a hint, and on that basis, participants could invest their money. Those hints have an attached bias to them, and the way participants would react to that situation would give data on the biases that affected them.

The participants have 1,00,000 Rupees at the start of the game, which they have to invest. For bank or cash in hand, the return is fixed, which is 1% whereas others around return depends on the hints given at the start of the round. After each round total money would be shown to the participants. The amount of money they made or lost would be carried forward to the next round. This money they could invest again in investment options. However, for this, they can invest again, that is, the money invested in the previous round for whichever investment is not carried forward. The participants can reinvest all their money in whichever way they want.

The participants can, however, see the amount they invested in the previous round in the column of starting balance in the next round.

All this is visualized through a table where the columns are category, starting balance, investment amount, % change effect, and final amount. The rows consist of stock, mutual fund, crypto, gold/silver, cash/bank, and the amount left for investment.

Each participant is assigned an individual Google sheet to invest in and play on. All these sheets are connected through one master sheet. When there is a change in the master sheet, all the other sheets have the change too. Through this hint is provided for each round along with the percentage change. Before making participants play the stimulator game, pilot testing was done by the group members. There were some areas where there was improvement. The hints that were given in the rounds were a bit confusing, so these hints were changed and made more easily understandable. After making these changes, the participants who had agreed to have a personal interaction in the form of the stimulatory game, which was asked in the survey, were called and asked to play the stimulatory game.

A total of 30 participants participated in the stimulating game. For analyzing this data, we will be using graphical representation, inferential statistics, and descriptive statistics.

Survey questions, link to the video of the stimulation game, and pictures of the participants playing the stimulation game are in the annexure.

4. ANALYSIS (GOOGLE FORM)

1. DEMOGRAPHIC ANALYSIS

1. Age

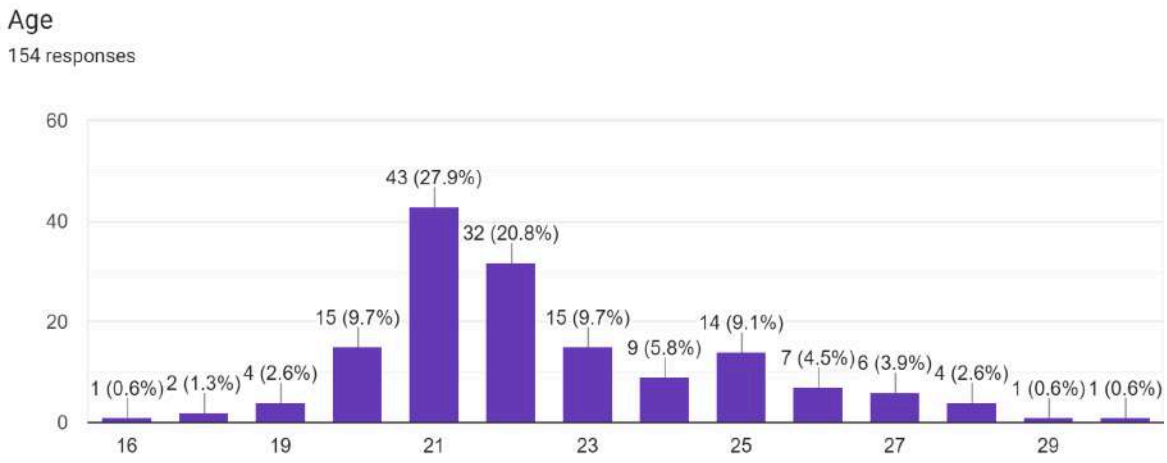


Figure 1

2. Gender

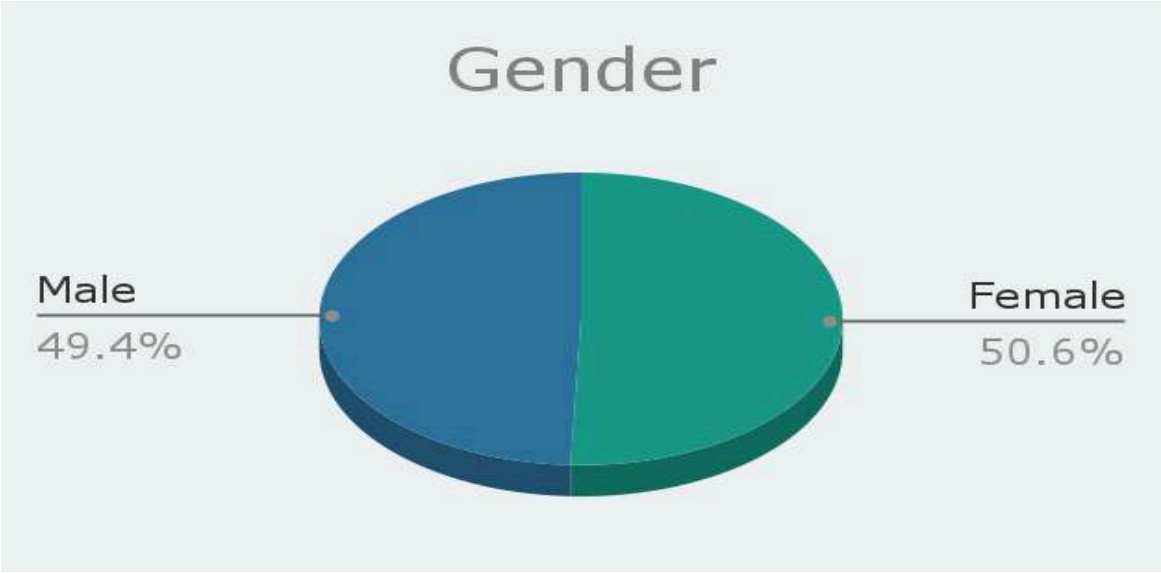


Figure 2

The gender distribution of the respondents is a near equal split, with **49.4% males** and **50.6%** females. This offers the opportunity to look into gender influence in behavioral finance.

Research has consistently found that **men are prone to overconfidence bias**, whereas **women are prone to risk and loss aversion**. Overconfidence bias would lead to frequent trading and underestimation of risk, whereas loss aversion displays a more cautious decision-making style (Bhuyan, 2022). However, this may lead to a conservative approach to investment where they might miss out on higher returns but avoid heavy losses.

3. Profession

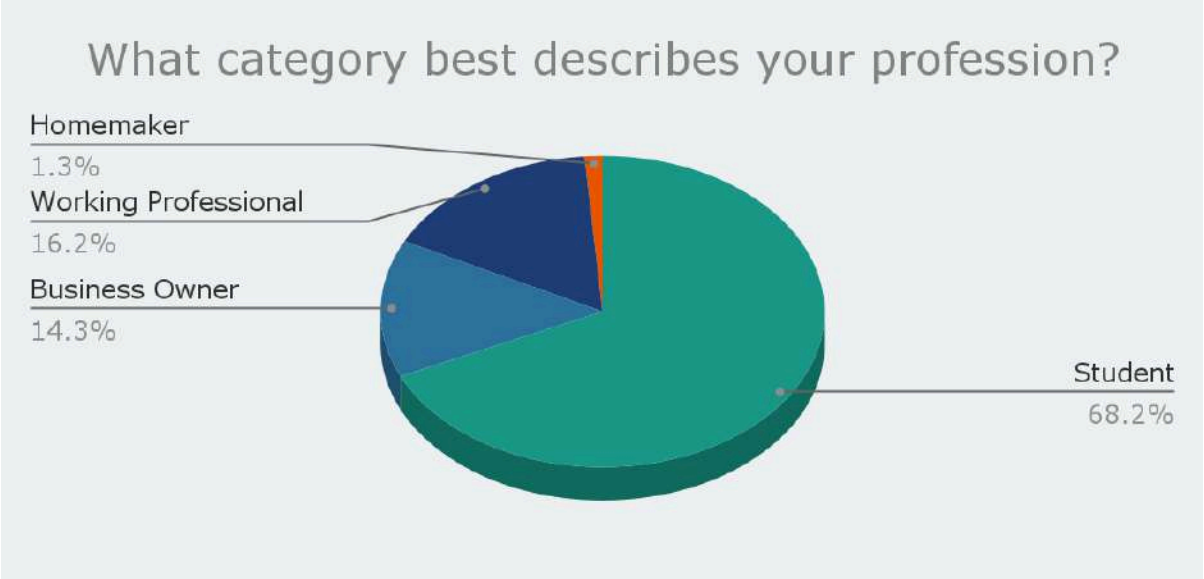


Figure 3

64.4% of the respondents are students, 16.8% are working professionals, 14.8% are business owners while the rest are homemakers. Because **students** would be in their early financial journeys, they may **lack real-world investing experience**. This may cause them to fall prey to status quo bias, which is when they will try to avoid any kind of change to avoid loss, hence prioritizing short-term gratifications over long term goals. Working professionals, however, will have more financial stability, and hence might exhibit some overconfidence, possibly mistaking their professional success to investment skill. Business owners may exhibit a similar behavior to working professionals.

These variations in professional backgrounds will hence shape financial attitudes and biases.

4. Income per Annum

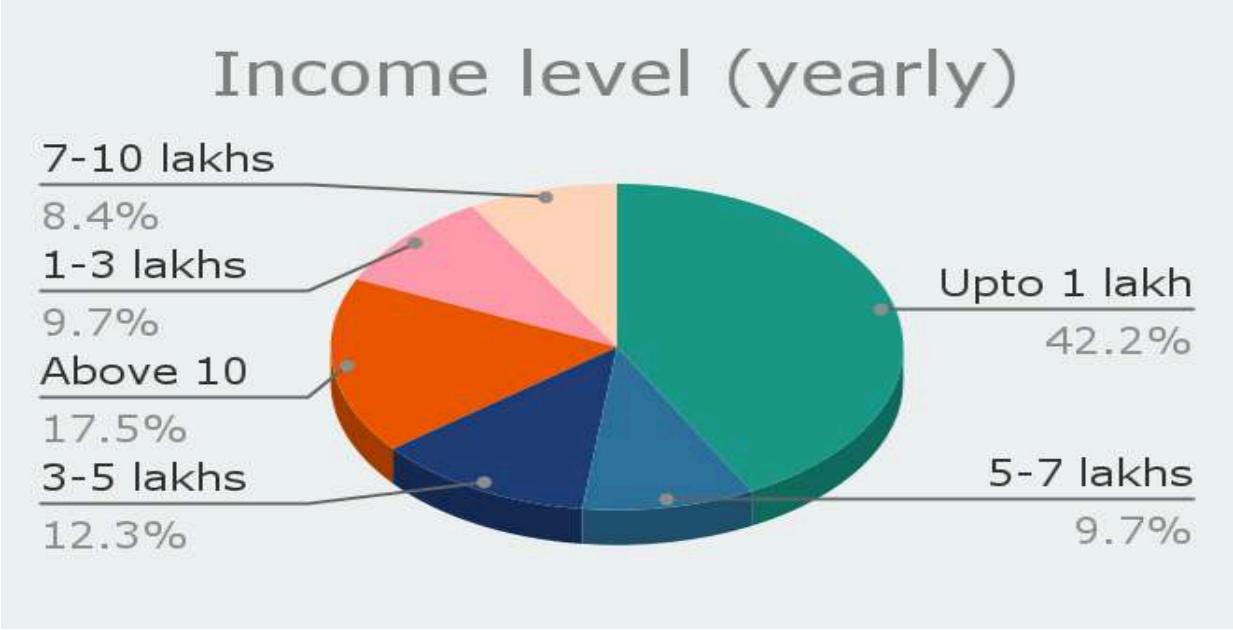


Figure 4

The data presents that 42.2% of the respondents earn up to ₹1 lakh per year, 17.5% fall in the ₹1–3 lakh range, while the rest are spread across higher brackets. This exhibits that a higher portion of the **respondents fall in the lower – income bracket** which may lead to **more loss aversion behaviors**. Loss aversion is when the fear of losing money outweighs its potential for gain. This may cause overly conservative decision making, increase in short-term financial behavior and hindrance in long-term wealth accumulation.

5. Current Investment Experience



Figure 5

When asked about current investment activity, **66.9% said they invest**, while **33.1% do not**. This divide offers insight into how behavioral biases affect practical financial decisions.

2. INVESTMENT BEHAVIOR

1. Future Financial plan

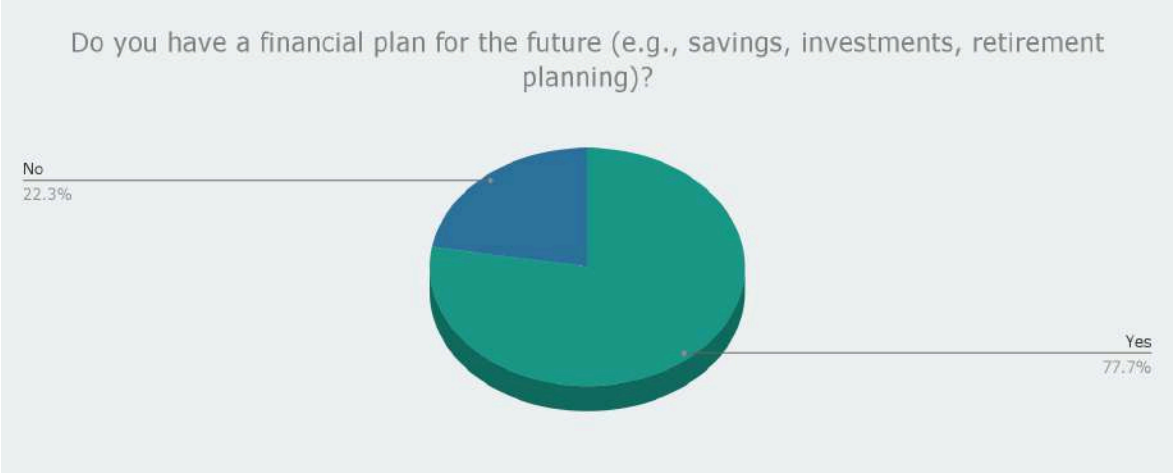


Figure 6

Positive Financial Awareness Among Youth:

The survey indicates that 77.7% of respondents maintain financial plans for their futures.

Youth display **increasing awareness** along with the intention to save or invest possibly because they now have better access to financial education and fintech platforms.

The Remaining 22.3% Without a Plan Reflects Behavioral Biases:

These groups exhibit **present bias** to choose immediate pleasure instead of future rewards as well as show signs of overconfidence together with financial knowledge deficits. The biases create obstacles that make people unable to consider long-term investments and savings.

Gap Between Intent and Action:

It is essential to understand the extent of detail behind the financial plans expressed by these respondents who provided positive answers. Many individuals express plans to plan their finances yet they lack actual investment activity which implies either an intention-action disparity or a preference for the current situation.

2. Investment Options

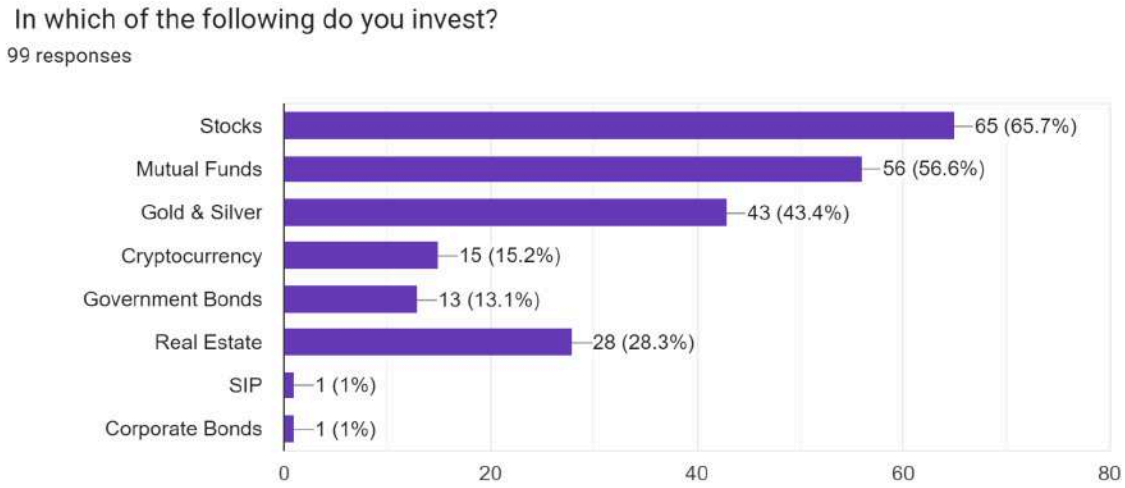


Figure 7

The most popular investment vehicles, according to the responses, are stocks (65.7%), mutual funds (56.6%), gold/silver (43.4%), real estate (28.3%) and other relatively smaller shares in cryptocurrency (15.2%) and government bonds (13.1%). SIP or corporate bonds are invested by only 1%.

Risk seeking behavior and accessibility combine with herding bias, as these items are heavily promoted and commonly discussed in financial circles so that they are favored by both risk seeking behavior and by accessibility. Investment in gold and silver has a tendency to be a safe haven bias, or using traditional assets that are known to return during uncertainty. Investment in cryptocurrency, even if modest, may be motivated by overconfidence or novelty bias attributable to young, digitally inclined investors.

It may also be due to lack of familiarity, or mental accounting, where SIPs and bonds are not considered "exciting" or goods yielding high benefits immediately. This implies that there is a gap in awareness that could be filled with strategic financial education.

3. Reason of Investment

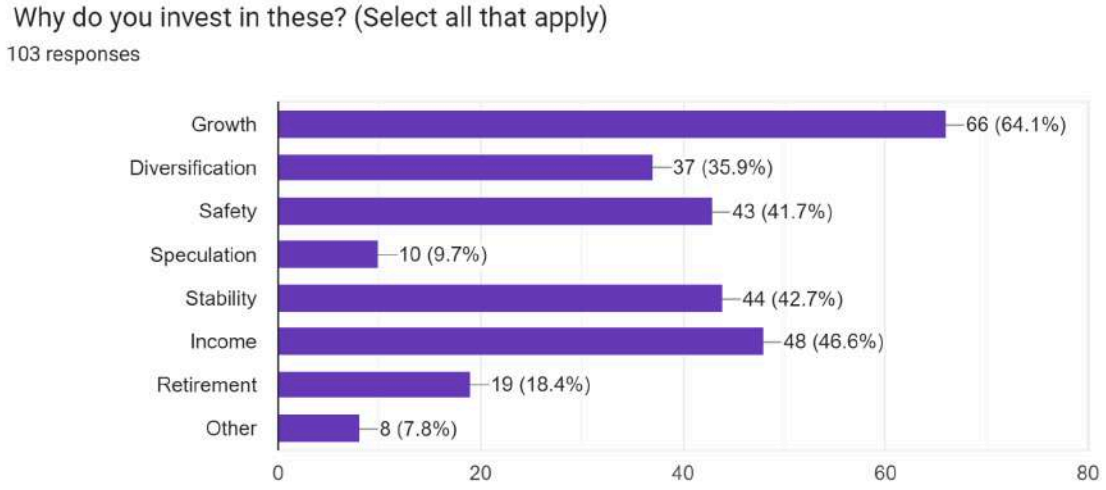


Figure 8

1. Dominance of Growth as a Motive (64.1%):

It reflects the overconfidence bias of youth as they tend to believe that they can produce high returns and outperformed the market.

Perhaps from hype on social media surrounding rapid growing assets such as stocks or crypto.

2. Moderate Preference for Safety (41.7%) and Stability (42.7%):

Shows internal conflict between risk-seeking and risk-averse tendencies.

This also may convey a sense of loss aversion, such as fear of losing money may be causing them to balance risk with safer assets.

3. Diversification (35.9%):

An indication of a somewhat rational and informed group who know about portfolio theory.

Availability bias shows that the availability bias is relatively low compared to growth because the youth may focus on a few known assets instead of spreading the risk as much.

4. Low Focus on Retirement (18.4%):

Such is typical of present bias in youth: delayed long-term planning combined with discounting of future benefits.

It could also be optimism bias – assuming they ‘ll solve it later.

5. Speculation (9.7%):

Small, but notable. Possibly someone who is gambling bias and wants to chase the quick wins.

Here it may contribute to social trading apps and viral trends.

There is a strong bias towards short term gains (growth and income) over long term goals (retirement).

It seems that the youth investment decisions are determined by the blend of the following:

- Overconfidence
- Loss aversion
- Present bias
- Herd mentality

When you look at this chart, you have great evidence that when it comes to psychological biases, many youth investors are mine. Some know about the safety and diversification, but for the most part, there are heavy speculative, aggressive strategies. The importance to note is how financial education and awareness will tip balance from emotional to logical.

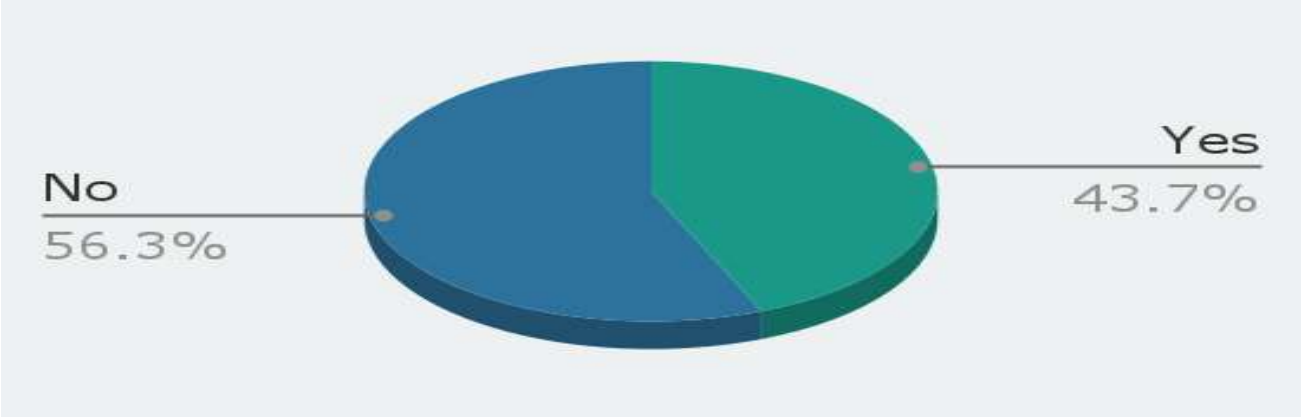


Figure 9

1. Significant Presence of Intuition-Based Decisions (43.7%):

Almost half of the respondents have made investment decisions based on their gut feeling rather than rational analysis.

It's simply showing how heuristic bias in adults could affect how children integrate language.

Other readings would include availability bias (making decisions based on the information at hand, like social media posts or rumor).

The other way, emotional investing can also be a driver of such asset, such as for crypto, meme stocks or gold.

2. They Might Still Be Biased: Those Who Said "No"

Yet only 56.3% say they don't act on intuition.

Is it fear that's motivating their decisions or perhaps choosing the path that is being recommended by influencers and herd mentality? if not backed by solid research, that still counts as biased.

This leaves a possibility for social desirability bias in their responses (even if they have acted otherwise).



Figure 10

1. Overconfidence Bias (Observed in ~75%): Almost three quarters (Sometimes + Often + Always + 74.7%) of respondents believe they are able to at least once in a while remain ahead of the market. This is textbook overconfidence bias; people overestimate their own skills and ability. Statistically, very few retail investors tend to beat the market each and every year, this self-assessment probably is blown out of proportion.

2. Illusion of Control: Individuals who select either "Often" or "Always" may convince themselves that they can actually have more say or impact over an outcome than they can. It is

one of the types of illusion of control, which leads to overtrading, risk taking, or under diversification.

3. Very Few Admit Underperformance (Only 4.9%): A paltry few claim that they never beat the market, a potential sign of self-serving bias (attributing your capital gains to your brains but losses to circumstances).

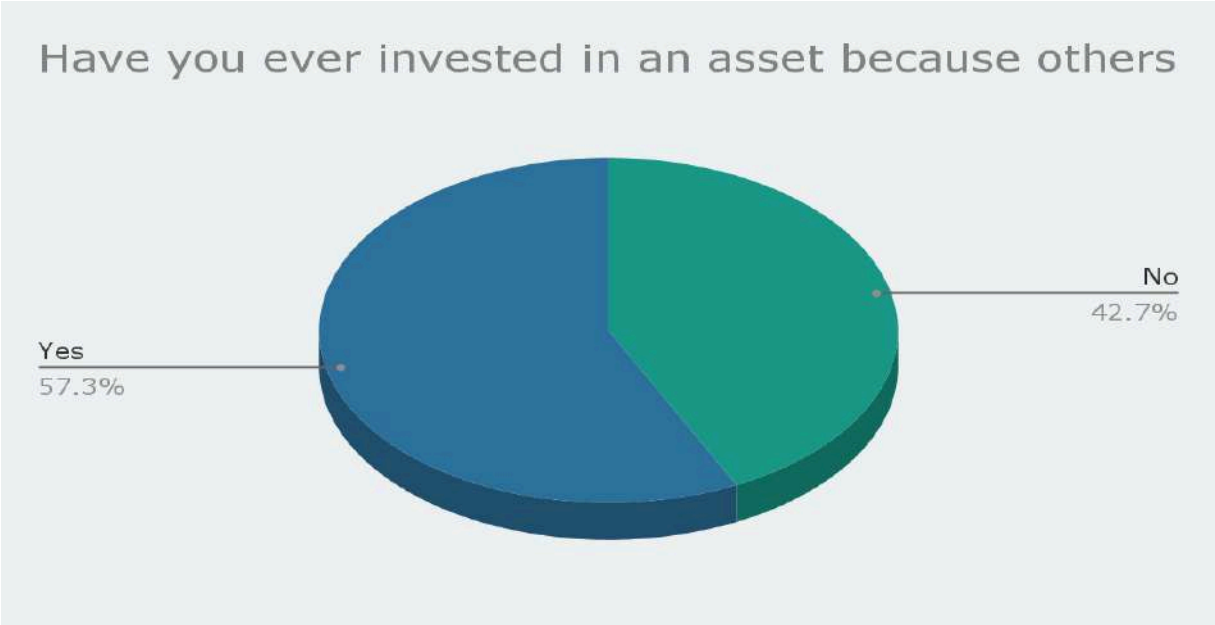


Figure 11

1. Herd Behavior Bias (Present in 57.3%): Close to the half, 57.3%, of the youth have confessed in the survey that they make investment decisions based on the activity happening in a group which is a strong sign of herding that has occurred. It is a tendency to carry oneself according to what the crowd is doing, perhaps without evaluating risk and return and personal financial goals indeed.

2. Intuition Based Investment Combined with the earlier data (42.7% invest based on intuition) this is a lack of independent research and they seem to be taking the social influence over the real research.

3. Social Validation & FOMO: Investing due to peer behavior is also emotional & social triggers of social validation needs, FOMO (Fear of Missing Out), and even loss aversion (a desire to not be left out of gains).

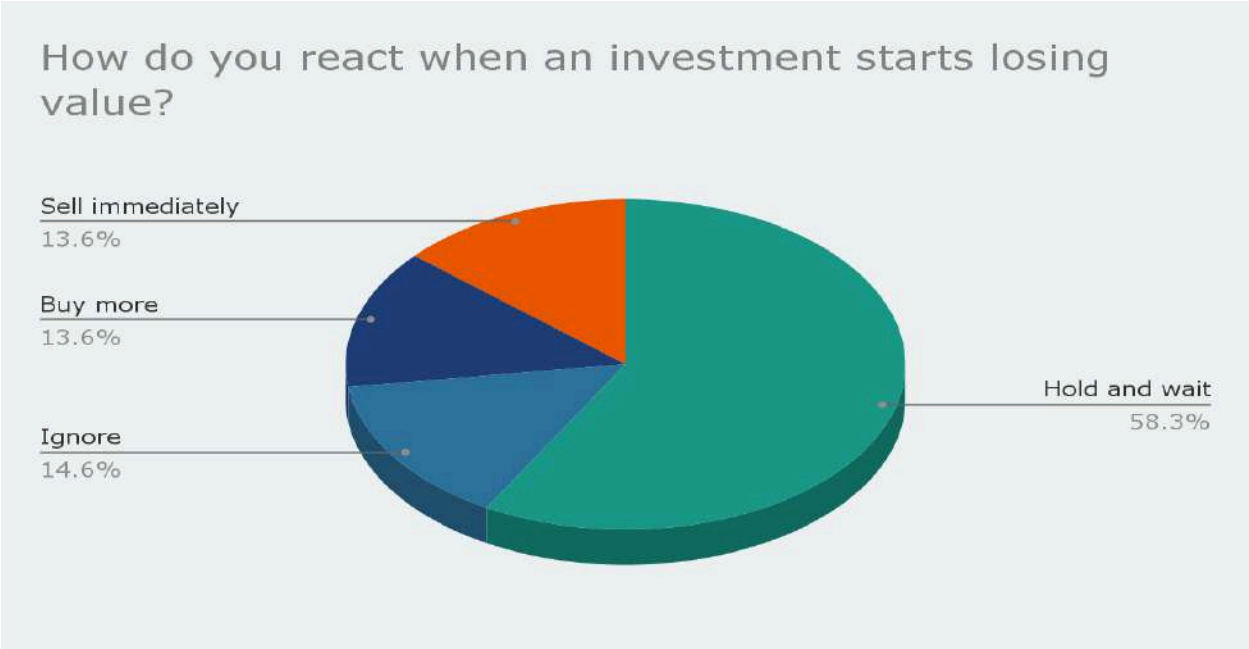


Figure 12

A substantial number of investors (58.3%) chose to hold their declining investments presumably because they wished to wait for their potential recovery. Loss aversion bias manifests through humans who strongly prefer staying away from losses above acquiring equivalent gains. People seem more bothered about the regret of selling at a loss compared to the actual monetary loss that will result from it.

These participants who comprise 13.6% of the total show fear or impulsive behavior which leads them to sell their investments right away. Such individuals demonstrate impulsive behavior which leads them to cut losses suddenly yet this approach could block potential long-term profit potential.

This avoidance bias group ignores the information through an ostrich effect behavior pattern. Human beings use not facing reality as a regular defense mechanism in behavioral finance.

The individuals purchase more assets either because they feel overly confident about their assessment or they are anchored to their first investment values. People who practice anchoring base their decision on initial investment value because they believe the investment will return to its starting point.

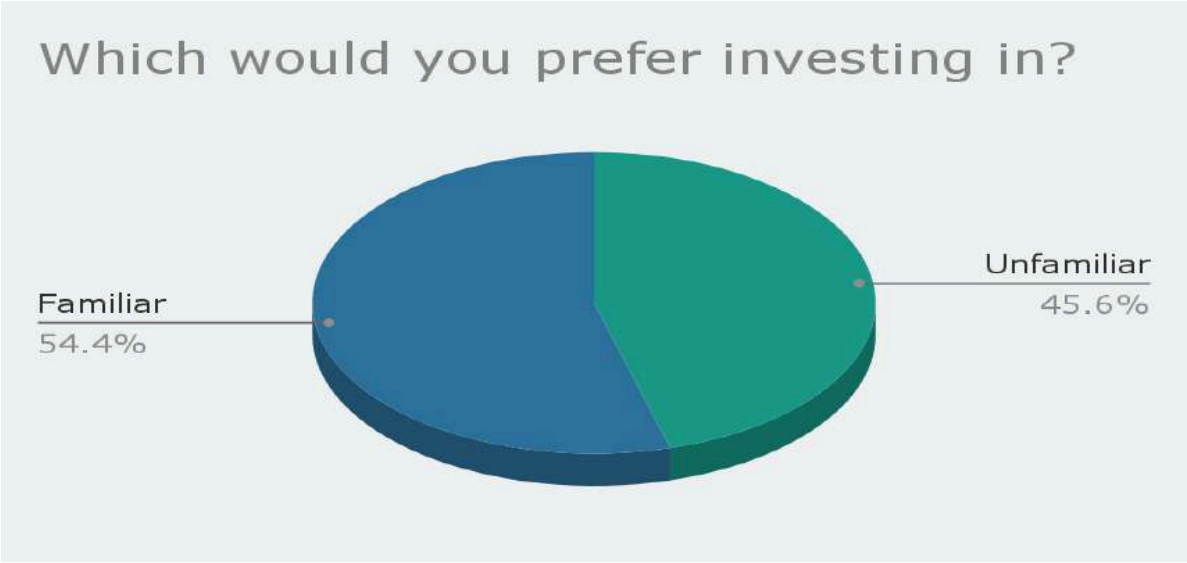


Figure 13

1. Preference for Familiarity – Familiarity Bias (54.4%):

The survey shows that more than fifty percent of youth choose to invest in assets which they currently own. People tend to overvalue the reliability of familiar things because of familiarity bias. The reluctance to explore unfamiliar assets such as crypto and ESG assets and AI hinders optimal portfolio structure mainly because these markets constantly evolve rapidly.

2. Willingness to Explore – Analytical but Hesitant (45.6%):

The same group exhibits interest in investigating new investment opportunities that demonstrate possible success. A balanced financial behavior emerges as people display the capability to make measured risk-taking decisions that indicate improving financial literacy. Although this group might retain elements of confirmation bias because they rely solely on information which upholds their assumptions.

3. FINANCIAL LITERACY & BIAS SUPPRESSION

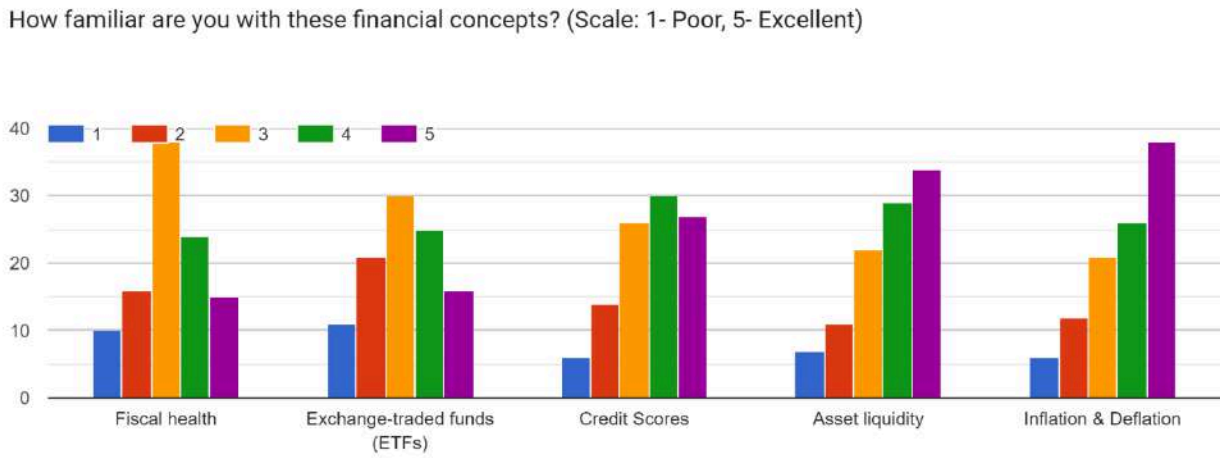


Figure 14

The data shows that participants were most familiar with Credit Scores, Asset Liquidity and Inflation/ Deflation, with the majority ranking their knowledge at a 4 or 5. However, concepts like Fiscal Health and Exchange-Traded Funds (ETFs) display less familiarity leaning towards a knowledge rating of 2 or 3 indicating moderate to low familiarity.

Uneven literacy in the data reflects how confirmation bias and familiarity bias may distort a person's financial decisions. People might avoid complex, but potentially rewarding strategies like ETFs and stick to concepts that they do fully grasp. Moreover, a lack of knowledge of concepts like fiscal health or ETFs could cause an influence on perception, like reacting more to how investment gains are presented than to their actual value. Strengthening knowledge is essential for reducing biases and improving rational decision making.



Figure 15

The data reveals that respondents who track their expenses and income make up 56.3% of participants yet those who do not track total 43.7% of the respondents. Financial tracking seems to reduce the likelihood of present bias because individuals develop stronger spending and saving self-control.

Most who do not keep track of their finances might display an optimistic bias by thinking they can successfully handle their money without using a budget system. The failure to consider probabilities might explain this behavior since people either overlook or underestimate the effect of disregarding budget tracking or the way small savings amounts grow over time.

To build discipline and control impulsive behaviors people should track their investments because tracking strengthens their ability to hold out against emotional urges when making investment decisions.

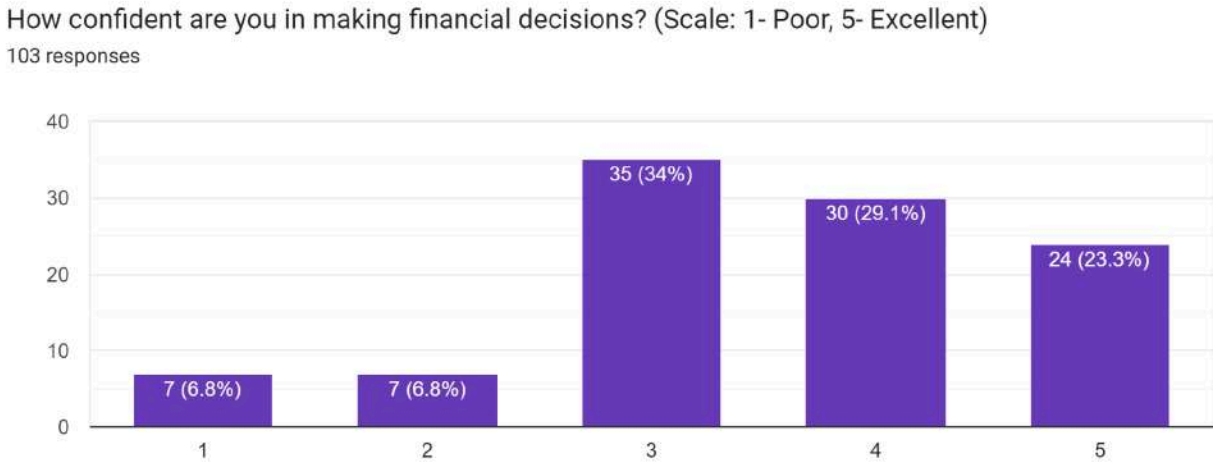


Figure 16

Results from the chart demonstrate that 86% of participants assessed themselves using confidence scores of 3 or above and nearly one-third selected 3. The rest split between 4 and 5 ratings. The majority of study participants chose 1 through 5 and only limited participants picked 1 or 2 ratings.

The distribution of participant ratings demonstrates an average internal locus of control among respondents while the high number of respondents ranking at 3 reveals a less defined confidence level. The space created by this scenario allows for the existence of overconfidence bias since individuals believe their decisions based on complex financial products and risks are well-informed although they lack full understanding. People with inadequate knowledge tend to overestimate their capability because of the Dunning-Kruger effect.

Greater actual literacy education enables individuals to understand their competence and thus decrease irrational risk-taking that stems from false beliefs about their capability.

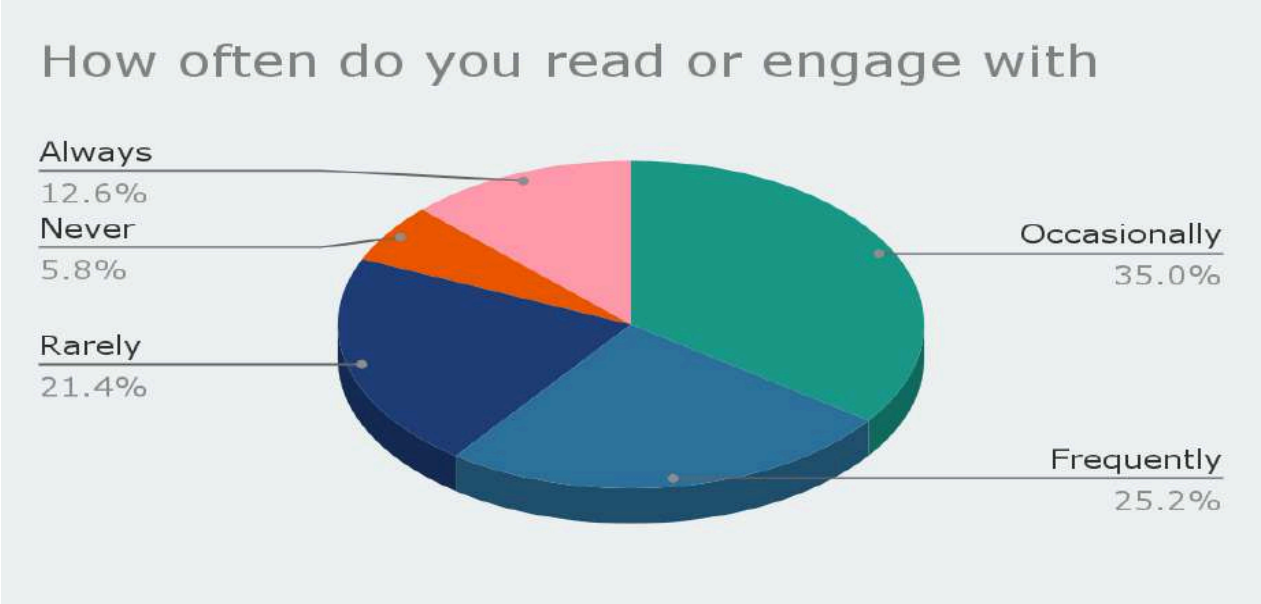


Figure 17

Same percentage of students (35%) occasionally consume financial content while 25.2% do so frequently, alongside 21.4% who rarely consume it, 12.6% never consume it and 5.8% who consume it always.

The analysis shows periodic interest remains restricted despite its existence. Occasional exposure to financial content leads people to base their decisions on fresh or vivid information which does not always represent truth. Those who frequently avoid financial content tend to exhibit status quo bias by keeping their current behavior because they lack knowledge of evolving market trends.

Introducing financial media education along with accessible content about finances can lead to sustained investor interest and develops informed and confident investors.

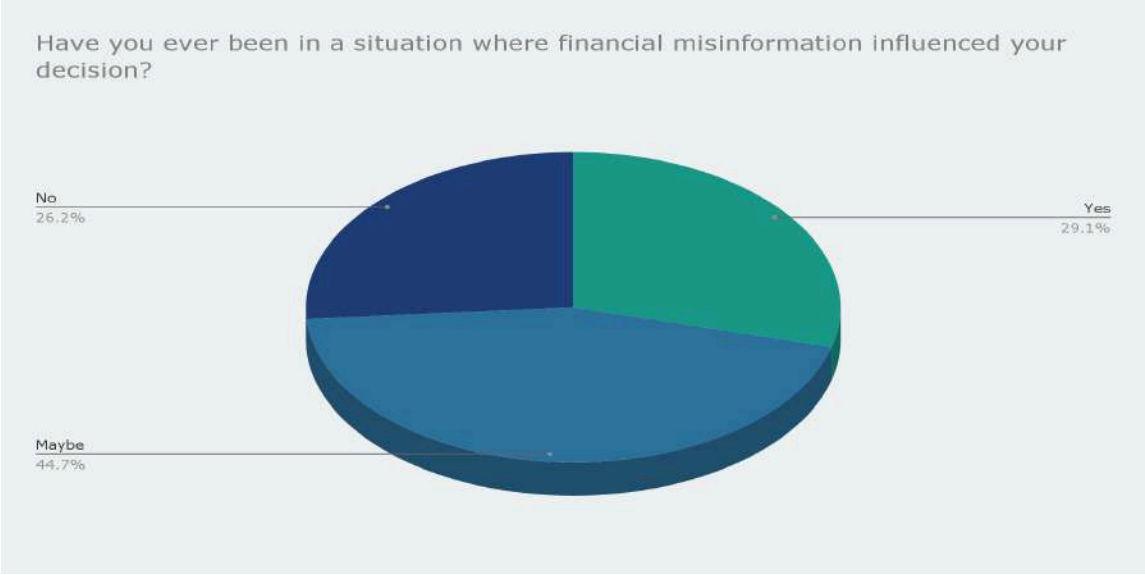


Figure 18

The survey revealed financial misinformation influenced 29.1% of participants with another 44.7% uncertain and 26.2% feeling unaffected ("Maybe") ("Financial Misinformation Influenced 29.1% of Respondents Whereas 44.7% Were Uncertain and 26.2% Disclaimed Effect").

A large number of people replied "Maybe" to the question. This shows many individuals remain unclear about financial information accuracy in what they read. People tend to use availability bias to recall recent or memorable information versus ensuring reliability. People sometimes believe untrustworthy content because it demonstrates valid characteristics or emerges from prominent sources even when it turns out to be wrong.

Three out of four respondents (73.8%) proved financial misinformation is a widespread issue by either confirming or suspecting they have encountered deceptive financial content thus highlighting the critical need for financial education. Online misinformation continues to spread so people need fundamental skills to evaluate guidance before they execute any actions.

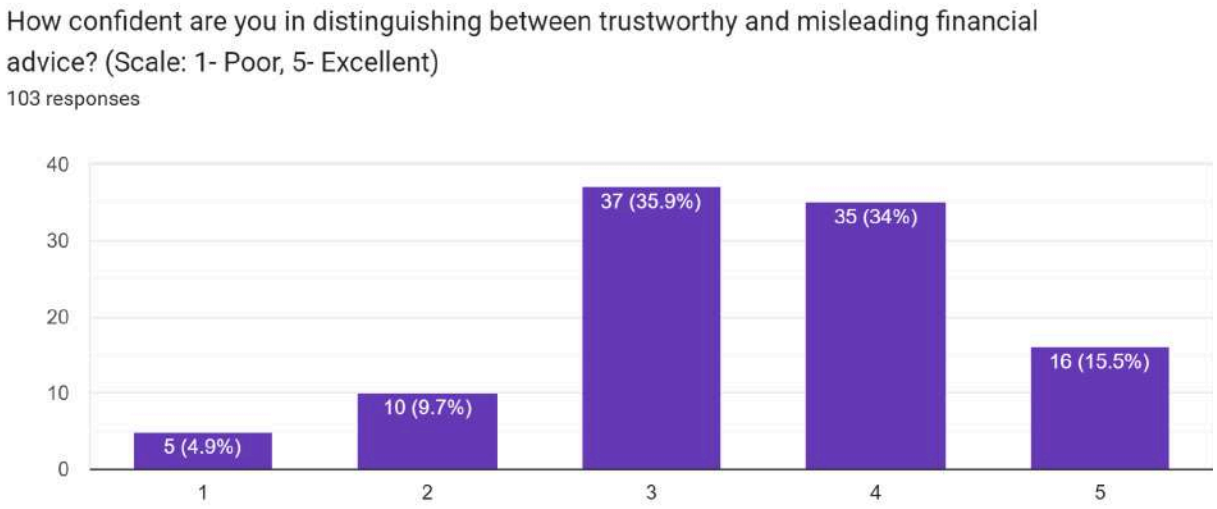


Figure 19

The gathered responses show that 69% of participants selected confidence levels of 3 and 4 while 15.5% chose the highest rating of 5 and 14.6% chose the lowest ratings of 1 or 2.

A large majority of respondents displayed medium levels of confidence but an insignificant number maintained high-level assurance in recognizing false financial guidance. The level of self-confidence is uncertain in these cases particularly when knowledge comes from informal learning instead of traditional financial education. Individuals tend to display optimism bias by believing they can avoid deception because of this reason. Online misinformation poses a danger to people who rate their abilities moderately confident.

Making source evaluation skills and advice red flag recognition alongside the media literacy part of education leads to upgrading moderate confidence levels into knowledgeable judgment abilities.

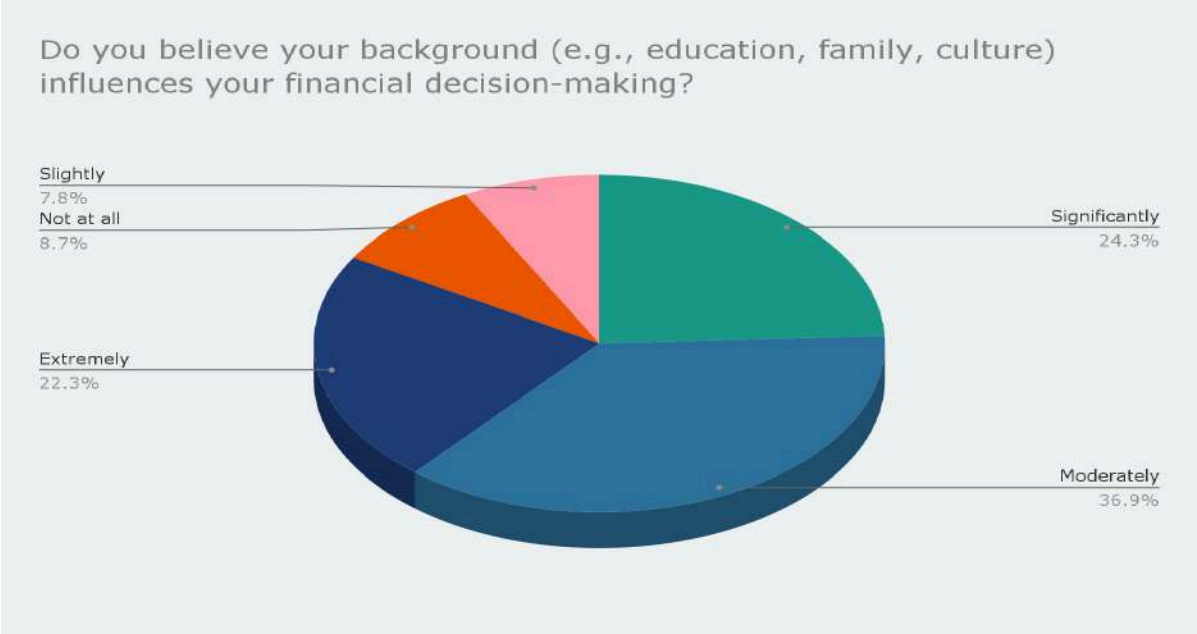


Figure 20

A majority number of 36.9% among respondents declared that their history does not influence their choice-making process at all. A quarter (24.3%) of respondents described decisions as moderately influenced by their backgrounds while the rest of the answers included slightly (22.3%), significantly (8.7%), extremely (5.8%) and not at all (36.9%). The spread of responses demonstrates different levels at which people are cognizant about how personal background influences their biased cognitive processes.

As per behavioral finance principles the familiarity bias characterizes how individuals select investments which match the established familial or cultural patterns of their environment and influences their decisions. Studies in behavioral finance indicate that background influences financial choices despite the 38.9% who believe this influence is insignificant. The education of a risk-averse family causes the individual to steer away from risky investments though there is no obvious recognition of this familial influence. Individuals within the 14.5% group tend to examine deeply how educational factors and cultural guidelines affect their financial decision-making.

The data reveals an essential problem in behavioral finance which stems from the difference between how background actually influences decisions and subjective perceptions about that influence. People displaying overconfidence bias mostly reject the notion that background

features affect their daily decisions. The target audience of financial education programs should undergo self-assessment activities to minimize their undisclosed biases. People who understand their background influences decisions ("Slightly" to "Moderately") should use various decision approaches to reduce their current dependence on patterns which might not yield optimal financial results.



Figure 21

Conducting independent research stands as the most common method according to 31.1% of respondents who chose this method. Some people trust their instincts for resolving conflicts according to the research (24.3%) while others prefer to get other forms of help (20.4%) and the rest follow experts they trust (15.5%) and collect multiple opinions (8.7%).

The data pattern demonstrates multiple human behavioral biases at work. The individuals who fall into this category might experience overconfidence bias through their use of instinctual choices without analytical reliance which therefore leads to unsatisfactory financial decisions. The illusion of control characterizes behavioral finance because people tend to overestimate their abilities to judge with intuition. The group that conducts independent research makes up 31.1 percent of investors and displays an analytical financial approach which helps prevent biases such as following public opinion without measurement. Their research depends on quality

because confirmation bias makes them search for information which confirms preconceived beliefs.

This group possesses authority bias which leads them to believe experts unintentionally when they lack proof of their knowledge. When the professional's financial recommendation conflicts with personal financial objectives of the client it creates problems. Individuals who obtain guidance from multiple sources represent 8.7%, indicating a considered method to avoid fixation on single advice. The 20.4% who choose unconventional methods create difficulties in assessment because their preferences may stem from uncertainty or prefer to follow unorthodox advice which leads to potential bias through their recent knowledge choices.

The collected data shows various ways people make financial decisions alongside their tendency to show biases. Financial advisors should use this data to personalize interventions that support evidence-based choices and implement bias-reduction strategies by teaching clients and providing organized decision-making systems.

4. PSYCHOLOGICAL & EMOTIONAL FACTORS

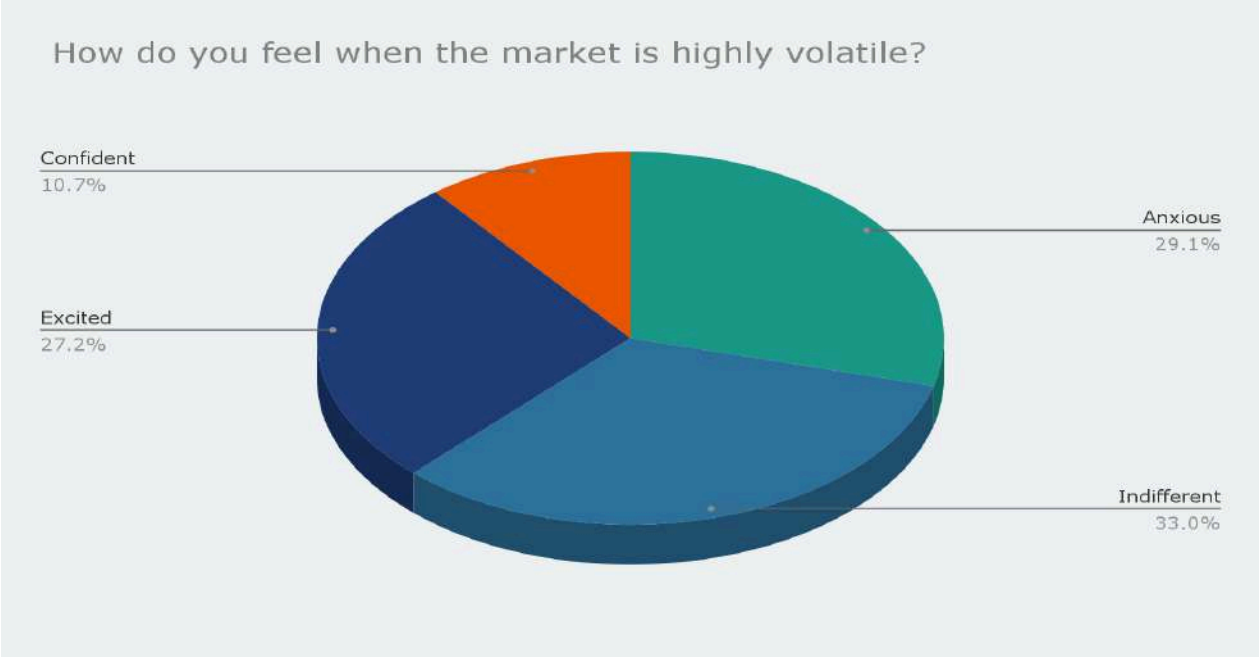


Figure 22

Respondents indicated their emotional responses to market volatility by reporting 29.1% of anxiety, 27.2% excitement, 33% indifference and 10.7% confidence.

The distribution demonstrates that investors deeply divide into separate emotional groups. A substantial portion of investors shows their reaction through anxiety or excitement whereas detachment marks the other major portion yet confidence remains limited to a minority subset. People mainly base their financial decisions on emotions when faced with uncertain situations.

People experiencing anxiety tend to display loss aversion behaviors which leads them into being overly cautious or panicking with their financial choices. People experiencing excitement tend to develop overconfidence biases which may result in hazardous investment decisions. Passive investors together with investors who have lost interest in market movements make up the indifferent group.

A small percentage of investors exhibiting low confidence demonstrates the necessity for improving both investor understanding and risk management systems to help people handle market fluctuations with better strategy and composure.

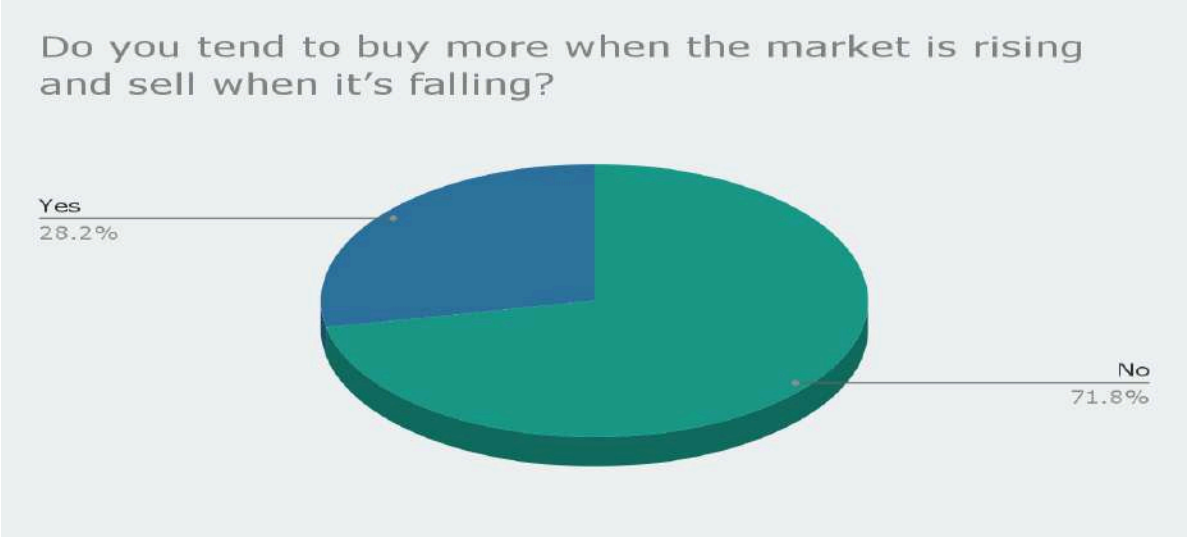


Figure 23

According to the data, 71.8 percent said "No," and 28.2 percent said "Yes," suggesting that when the market is high people will spend more and vice versa.

The above graph clearly shows momentum-chasing behavior, often driven towards herding behavior and recency bias. Many of the 28.2% who admit practicing this pattern are most likely made to act by the fear of missing out (FOMO) that comes from market highs when they would buy and market lows when they would sell thanks to loss aversion. This is a classic example of the disposition effect that behavioral finance investors historically have an emotional reaction to market movements that causes them to relinquish winning investments earlier than they should and hold onto losing investments too long. Such behaviour will cause you to buy high and sell low, which is the complete opposite of sound investment strategy and diminish one's returns over time.

Among these 71.8%, may be the more disciplined or the more contrarian 68.3 to employ, what could be called, a 'buy low, sell high' strategy. Despite this, these people can still be susceptible to other biases such as anchoring if they concentrate on prior market levels as pointers in making decisions. The content of this group could leverage their cognitive strategies against emotional biases, perhaps by investing in pre-established rules that preclude emotional biases and long term planning.

The data seems to indicate that there are education needs for investors to avoid momentum chasing tendencies. Emotional traders could get financial advisors to inspire 28.2% of them to adopt systematic investment plans like dollar cost averaging. Reinforcing disciplined strategies and awareness of other minor biases can help the majority enhance decision making to reduce financial instability in ever fluctuating markets.



Figure 24

The pie chart is based on 103 responses, looking at the frequency with which someone reviews and adjusts their investments, a marker of behavior with regard to financial management. First, the group of the fewest people, 2.9%, always reviews a book. The next is 10.7%, who never review a book. After that are 22.3%, who often review and 28.2%, who sometimes review (this is less than half that often, but more than half that rarely). The largest group, 35.9%, reviews 'Rarely.'

Frequency of portfolio adjustments can tell if people are suffering from overconfidence and inertia or status quo bias in behavioral finance. The 53.3% who rarely review or 19.5% who never review could either be showing inertia or status quo bias: they are invested and engaging with the wrong (or nothing) assets. Fear of making incorrect choices might be a source of them making incorrect moves or a shortfall of self-confidence in figuring out their monetary knowledge which might end up crafting them to miss chances or not now shield risks as the market course changes. On the other hand, the 2.9% who always review may be suffering from overconfidence bias, believing frequent rechecking will too always enhance returns, but it may have consequences of overtrading, which is excessive trading that increases transaction costs and emotional decisions.

The ones that review sometimes (28.2%) and review often (22.3%) strike a compromise, but these changes may still be under the influence of biases such as recency bias (reacting to recent market events) or anchoring (fixing on past performance and guiding future decisions). Behavioral finance takes a disciplined review schedule very seriously as a means to avoid emotional reactions. The 'sometimes' and 'often' groups may benefit from having predefined review intervals (e.g. quarterly), so that adjustments are based on long term goals and not short term market noise.

This data could be used by financial advisors to auto alert the “rarely” and “never” groups to pro-do ads and accompany those with educational workshops to encourage the “never” group to diversify, yet caution the “always” group from over trading. An important way to reduce bias and more rational behavior for all groups is to encourage a balanced goal oriented review process.

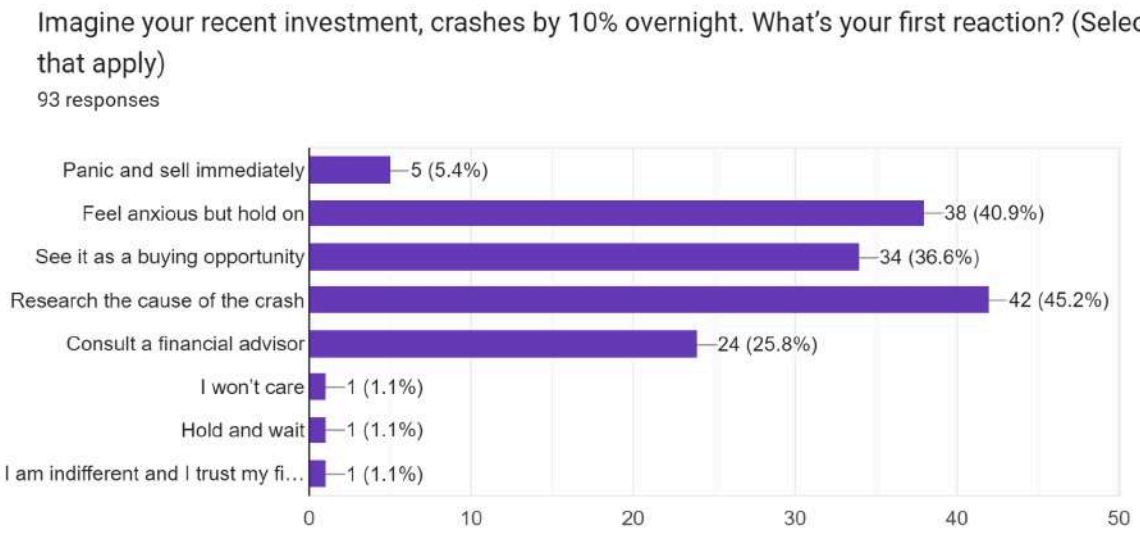


Figure 25

The most highly expressed response, "Feeling anxious but cling to it" (40.9%) is indicative of the disposition effect where the investors cling to the lost investments to avoid making recognized depreciation, driven by emotions. In most cases it results in suboptimal portfolio management. "What is behind this overconfidence bias?" (36.6%) is something closely following, as it reflects overconfidence bias in which an individual tends to overestimate his or her ability to predict market recovery and exposes excess risk.

The suggestion being provided here is to ‘research into the cause of the crash’ (25.8%) and while this represents a rational approach, a moderate prevalence could indicate a case of confirmation bias, where investors will seek out evidence that aligns with preconceptions, rather than objectively apprising data. "Most likely, the decisions to consult a financial advisor (24.5%)" may transcend self-attribution bias, though such decisions may still be predisposed by past successes.

Other reactions are less common, such as “panic and sell immediately” (5.4%), which is indicative of loss aversion, i.e. the pain of loss versus potential gain leads to panic and a very rapid exit. Status quo bias or over reliance on institutional trust (hold, and wait (1.1%), I am indifferent and trust my firm (1.1)) may signal to ignore some of the market signals.

This confirms the influence of emotional response and the use of cognitive shortcuts in investment decisions hence such decisions are often irrational. Behavioral finance goes on saying that awareness of these biases (disposition effect, overconfidence, confirmation bias, loss aversion, and status quo bias) can help enhance decision making. In this regard, more work could be done in the space of educating investors to identify and respond to these otherwise unwanted tendencies, especially when markets are volatile.

5. ROUND WISE ANALYSIS (INVESTMENT GAME)

Round 1

Market Context

In Round 1, grim global financial news about tariffs and trade wars signaled a potential market crash, fostering **recency bias**, where players overweighted recent pessimistic reports, expecting instability and favoring safe assets.

Analysis: Recency Bias

Recency bias is evident as 18 players allocated 40% or more of their portfolios to gold/cash, reacting to crash fears. This led to conservative portfolios, underweighting stocks and crypto, potentially missing opportunities if worries were overblown.

- **High Gold and Cash Allocations**:
    - `18 players allocated ≥40% to gold/cash.`
    - Examples:
        - **Player 4**: Gold 60,000 (48.0%), cash 10,000 (8.0%).
        - **Player 7**: Gold 80,000 (80.0%), cash 20,000 (20.0%).
        - **Player 18**: Gold 70,000 (70.0%), cash 30,000 (30.0%).
        - **Player 20**: Cash 100,000 (100.0%).
    - Average gold: 36.6%; cash: 24.4% (54.0% combined).
- **Low Risk Assets**:
    - 16 players with <20% stocks; 20 with <10% crypto.
        - **Player 11**: Stocks 15,000 (15.0%), cash 50,000 (50.0%), gold 25,000 (25.0%).
        - **Player 15**: Stocks 0, gold 50,000 (50.0%), cash 35,000 (35.0%).
        - **Player 19**: Gold 60,000 (60.0%), crypto 30,000 (30.0%).
    - Total stocks: 509,420 (17.0%); crypto: 216,000 (7.2%).
- **Aggregate Trends**:

- Average portfolio: gold 36.6%, cash 24.4%, stocks 17.0%, mutual funds 16.7%, crypto 7.2%.
- Total gold: 951,000 (36.6%); cash: 669,358 (24.4%).

The gold/cash allocation reflects recency bias, with players overreacting to tariff and crash news. Low stocks (17.0%) and crypto (7.8%) show caution, potentially missing quick to recover assets.

Recency bias drove Round 1, with 18 players favoring gold/cash (54.0%). Players 4, 7, 18, and 20 prioritized safety, underweighting stocks/crypto.

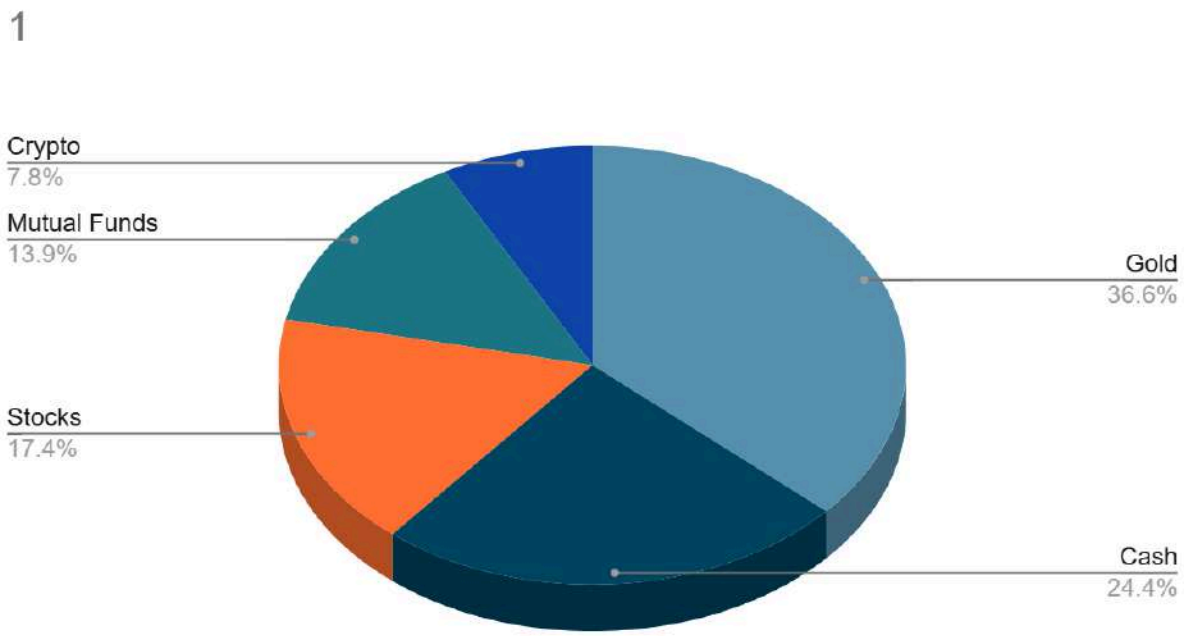


Figure 26

Round 2

Market Context

In Round 2, the market was a buzz with excitement over a highly anticipated tech startup IPO, driven by intense media coverage and optimistic analyst forecasts. This environment created a

ground for behavioral biases, particularly herding behavior, where investors mimic the actions of others, often driven by social cues or market sentiment rather than independent analysis.

Analysis: Herding Behavior

Herding behavior is evident in Round 2 as many players significantly increased their allocations to riskier assets, particularly stocks and crypto, likely chasing the hype surrounding the tech IPO. This bias reflects a tendency to follow the crowd, assuming others' actions signal valuable information, even without thorough due diligence.

To measure herding, we analyze the allocation shifts from Round 1 to Round 2, focusing on stocks and crypto, which align with the tech IPO's appeal. The provided data shows the following:

- Stocks Allocation Increase:

- 18 out of 30 players increased their stock allocations from Round 1 to Round 2, indicating a collective move toward equities amid the IPO buzz.
- Example: Player 14 dramatically increased stocks from 0 to 45,000, a clear chase for IPO-related gains.
- Average stock allocation across all players in Round 2 was approximately 30.12% of their portfolios (calculated from total allocations).

- Crypto Allocation Surge:

- 12 players significantly increased their crypto holdings, with some making bold moves into this volatile asset class.
- The average crypto allocation across all players rose to 15.78% in Round 2, a notable increase from Round 1's more conservative allocations.

- Aggregate Trends:

- The combined allocation to stocks and crypto in Round 2 accounted for roughly 45.9% of the average player's portfolio, compared to a more diversified spread in Round 1 (where cash and gold often held larger shares).

-A Few Players had high crypto allocations (>30% of their portfolio). This concentration suggests these players were heavily influenced by the market's tech enthusiasm.

The significant shift toward stocks and crypto reflects herding behavior, as players likely saw the IPO hype as a signal of guaranteed returns, following the crowd rather than diversifying or maintaining their own strategies. The media's role in amplifying expectations is likely to get worse, which encourages the players to over-value assets associated with the technology sector. For instance, Player 17's allocation of 80,000 to stocks (nearly their entire portfolio) underscores a herd-driven confidence in the IPO's success, potentially overlooking risks.

Herding behavior dominated Round 2, with 18 players increasing stock allocations and 12 boosting crypto holdings, driven by the technology IPO's media-fueled hype. The average portfolio's 45.9% allocation to stocks and crypto underscores a collective chase for IPO-related gains, often at the expense of diversification. To counter herding in future rounds, players should critically assess market narratives and prioritize independent analysis over following the crowd.

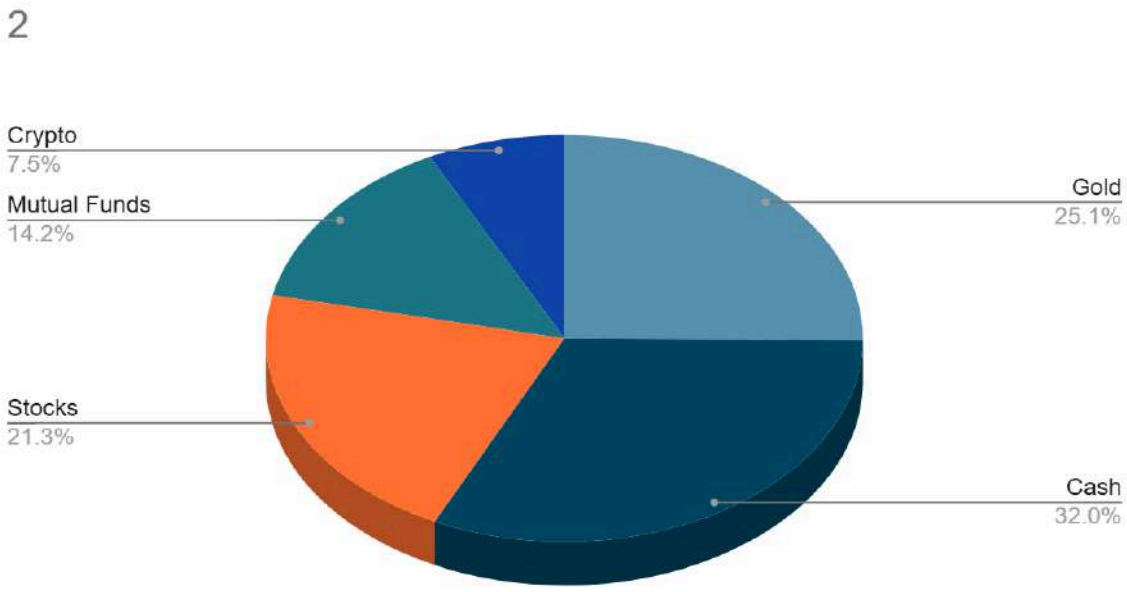


Figure 27

Round 3

Market Context

In Round 3, Bitcoin surged by 15% overnight, sparking excitement in the crypto market. Despite concerns about potential regulatory fallout, the price jump dominated investor focus, creating an environment ripe for **overconfidence bias**, where players overestimated their ability to predict market trends.

Analysis: Overconfidence Bias

Overconfidence bias is evident as 14 out of 30 players significantly increased crypto allocations, likely believing the Bitcoin surge signaled sustained gains. This bias led players to act with excessive certainty, often ignoring risks like regulation.

- **Crypto Allocation Increases**:
    - 14 players boosted crypto holdings from Round 2 to Round 3.
    - Examples:
        - **Player 2**: Crypto rose from 29,337 to 35,000 (35.7% of portfolio).
        - **Player 3**: Crypto doubled from 11,750 to 20,000 (15.8% of portfolio).
        - **Player 8**: Crypto increased from 10,000 to 23,000 (18.2% of portfolio).
        - **Player 24**: Crypto surged from 10,000 to 90,000 (86.5% of portfolio).
    - Average crypto allocation rose to 17.9% in Round 3 from 15.78% in Round 2.
- **Concentration in Crypto**:
    - Players with >30% crypto allocations:
        - Player 24: 86.5% (90,000)
        - Player 2: 35.7% (35,000)
        - Player 17: 77.3% (92,000, up from 0 in Round 2).
    - Total crypto allocation across all players up by 22.4% from the Previous Round .
- **Shift from Safer Assets**:
    - Players reduced investing gold and cash to funneling funds into crypto.

The aggressive crypto bets reflect overconfidence, with players assuming the Bitcoin surge guarantees future gains. The 22.4% increase in total crypto holdings and 17.9% average allocation highlight a collective belief in market predictability, despite regulatory risks.

Overconfidence bias drove Round 3, with 14 players increasing crypto allocations. The 22.4% rise in crypto holdings reflects overoptimism about Bitcoin's trajectory.

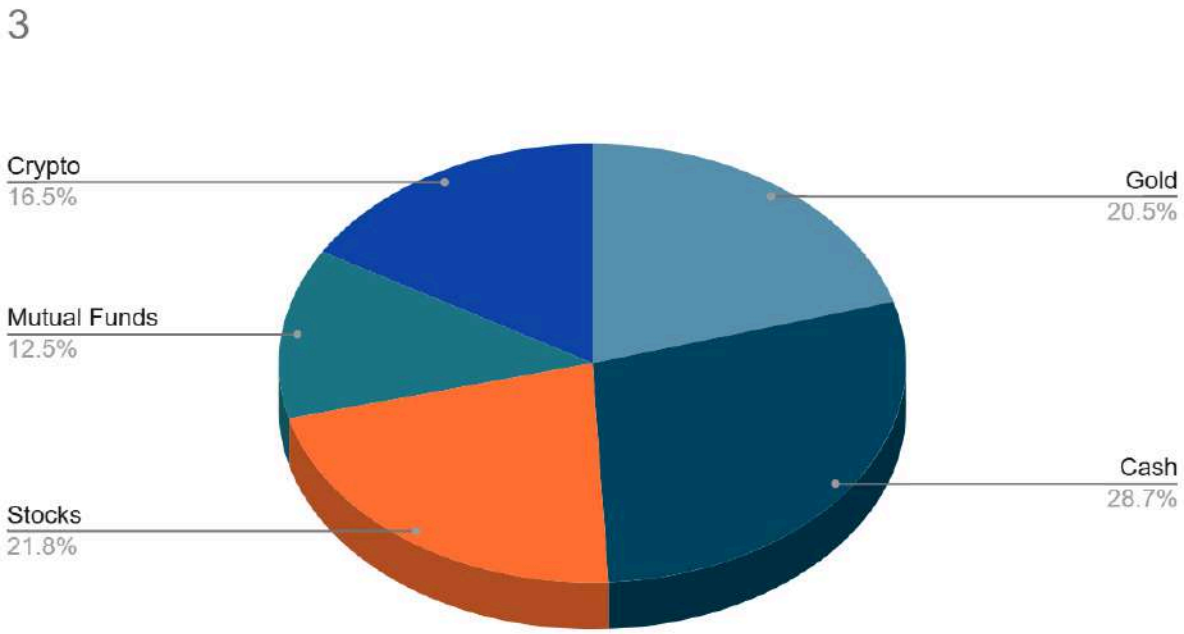


Figure 28

Round 4

Market Context

In Round 4, the RBI cut interest rates to stimulate the economy, typically a bullish signal for equities. However, the market's mixed reaction created uncertainty, fostering **anchoring bias**, where players relied on prior portfolio strategies rather than adapting to the new economic signal.

Analysis: Anchoring Bias

Anchoring bias is evident as 16 out of 30 players minimally adjusted stock allocations, clinging to Round 3's strategies despite the rate cut's equity-friendly implications. This led to suboptimal rebalancing, with many retaining high cash or gold holdings.

- **Limited Adjustments to Stock Allocations**:
    - 16 players maintained or slightly increased stocks from Round 3 to Round 4.
    - Examples:
        - **Player 1**: Stocks from 22,000 to 35,000 (26.7% of portfolio).
        - **Player 3**: Stocks dropped from 36,088 to 30,000 (23.7% of portfolio).
        - **Player 11**: Stocks from 5,500 to 7,000 (5.8% of portfolio).
        - **Player 28**: Stocks unchanged at 35,000 (29.2% of portfolio).
    - Average stock allocation: 31.8% in Round 4, up slightly from 30.12% in Round 3.
- **Persistence of Non-Equity Allocations**:
    - **Player 4**: Stocks static at 8,000 (6.7%), gold at 75,000 (62.5%).
    - **Player 15**: Stocks to 50,000 (41.7%), but cash high at 50,000 (41.7%).
    - **Player 29**: Stocks down from 15,000 to 12,000 (10.2%), cash at 59,552 (50.5%).
    - 10 players held >30% in cash or gold (e.g., Player 11: 66.7% cash).
- **Aggregate Trends**:
    - Total stock allocations: 928,187, up 9.6% from 846,559 in Round 3.
    - Average stock (31.8%) and mutual fund (20.9%) allocations remained close to Round 3 levels.

The muted stock allocation adjustments reflect anchoring to Round 3's defensive or crypto-heavy strategies. The 9.6% increase in stock allocations and 31.8% average suggest players underreacted to the rate cut, over-relying on past portfolios.

Anchoring bias drove Round 4, with 16 players minimally adjusting stocks. High cash/gold allocations and a 9.6% stock increase indicate anchoring to prior strategies.

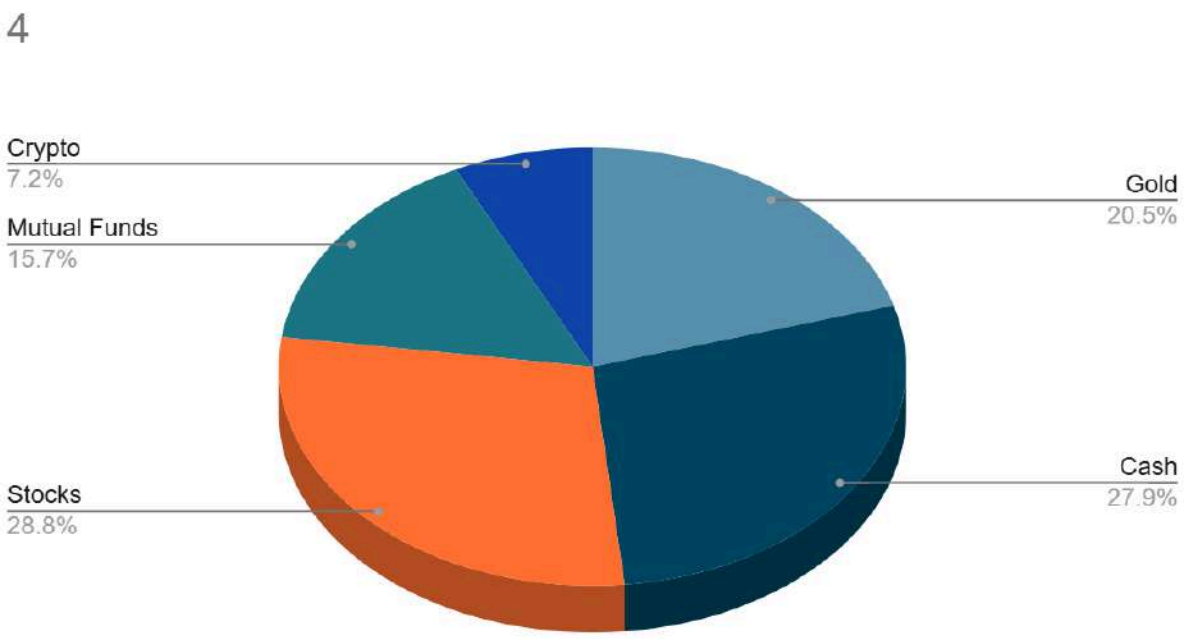


Figure 29

Round 5

Market Context

In Round 5, rumors of a major bank's financial trouble due to bad loans sparked depositor panic and market jitters, fostering **loss aversion bias**, where players prioritized avoiding losses over seeking gains, leading to conservative portfolio shifts.

Analysis: Loss Aversion Bias

Loss aversion is evident as 17 players increased gold and cash allocations, and 14 reduced stocks, reacting to the bank crisis with fear-driven decisions. This bias led to a flight to safety, often at the expense of potential market opportunities.

- **Shift to Safer Assets (Gold and Cash)**:
    - 17 players boosted gold, cash, or both.
    - Examples:

        - **Player 5**: Gold from 22,898 to 100,000 (61.7% of portfolio), stocks from 30,000 to 0.
        - **Player 11**: Cash at 75,000 (65.8%), stocks at 6,974 (6.1%).
        - **Player 15**: Cash at 50,000 (41.7%), gold to 25,000 (20.8%), stocks from 50,000 to 0.
        - **Player 26**: Cash from 18,566 to 68,252 (58.6%), stocks from 30,000 to 0.
    - Average gold allocation: 28.4% (from 23.67% in Round 4); cash: 14.2% (from 9.98%).
- **Reduction in Riskier Assets**:
    - 14 players cut stocks; 12 reduced crypto.
    - **Player 3**: Stocks from 30,000 to 5,000 (3.9%), gold to 44,018 (34.6%).
    - **Player 4**: Stocks from 8,000 to 0, gold at 75,000 (65.2%).
    - **Player 24**: Stocks from 70,000 to 5,000 (3.9%), crypto to 40,000 (31.5%).
    - Total stocks: 597,326, down 35.6% from 928,187. Crypto: 413,649, down 23.1% from 537,865.
- **Aggregate Trends**:
    - Average stock allocation: 20.7% (from 31.8%); crypto: 14.3% (from 17.9%).
    - Gold and cash: 42.6% of average portfolio (from 33.65%).
    - Players with >50% gold/cash: Player 4 (65.2% gold), Player 11 (65.8% cash), Player 26 (58.6% cash), Player 5 (61.7% gold).

The shift to gold and cash (e.g., Player 5: 61.7% gold; Player 26: 58.6% cash) and reductions in stocks (35.6% drop) and crypto (23.1% drop) reflect loss aversion. Players overreacted to bank crisis rumors, prioritizing safety over potential gains in a volatile market.

Loss aversion drove Round 5, with 17 players favoring gold/cash and 14 cutting stocks. Players 5, 11, 15, and 26 showed extreme caution, with gold/cash at 42.6% of the average portfolio.

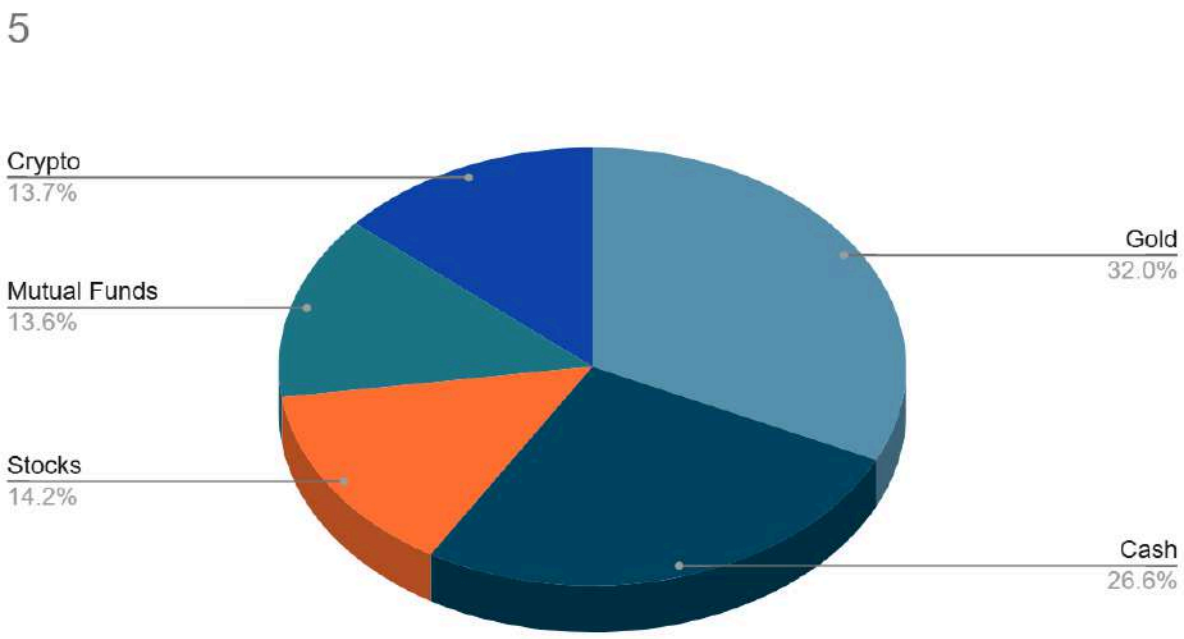


Figure 30

Round 6

Market Context

In Round 6, rumors of an economic slowdown, with job cuts and sluggish growth, fostered pessimism, priming **confirmation bias**, where players favored bearish data, reinforcing a downturn narrative while ignoring counter-signals.

Analysis: Confirmation Bias

Confirmation bias is evident as 15 players increased or maintained high gold and cash allocations, aligning with slowdown fears. This led to conservative portfolios, potentially missing opportunities in riskier assets.

- **Increased or Sustained Gold and Cash**:
    - 15 players boosted or kept high gold/cash allocations.
    - Examples:

        - **Player 3**: Gold from 44,018 to 66,120 (52.1%), stocks from 5,000 to 0.
        - **Player 15**: Cash to 60,000 (50.0%), gold at 25,000 (20.8%).
        - **Player 20**: Gold to 6,600 (5.7%), cash to 10,272 (8.9%).
        - **Player 27**: Gold to 100,000 (61.7%), cash to 28,278 (17.4%).
    - Average gold: 30.2% (from 28.4%); cash: 16.8% (from 14.2%).
- **Limited Adjustments in Riskier Assets**:
    - 13 players reduced or kept low stocks/crypto.
    - **Player 1**: Stocks at 25,000 (20.8%), cash to 7,269 (6.0%).
    - **Player 4**: Zero stocks, gold to 85,000 (71.4%).
    - **Player 11**: Stocks to 3,000 (2.5%), cash at 80,000 (66.7%).
    - Total stocks: 581,911, down 2.6% from 597,326. Crypto: 383,130, down 7.4% from 413,649.
- **Aggregate Trends**:
    - Average stocks: 19.8% (from 20.7%); crypto: 13.0% (from 14.3%).
    - Gold and cash: 47.0% (from 42.6%).
    - Players with >50% gold/cash: Player 4 (71.4% gold), Player 11 (66.7% cash), Player 3 (52.1% gold), Player 27 (61.7% gold).

The shift to gold/cash and reduced stocks (2.6%) and crypto (7.4%) reflect confirmation bias. Players focused on slowdown rumors, ignoring potential market resilience, leading to overly safe portfolios.

Confirmation bias was significantly seen in Round 6, with 15 players favoring gold/cash (47.0% of average portfolio). Players 3, 4, 15, and 27 reinforced bearish fears, missing potential opportunities.

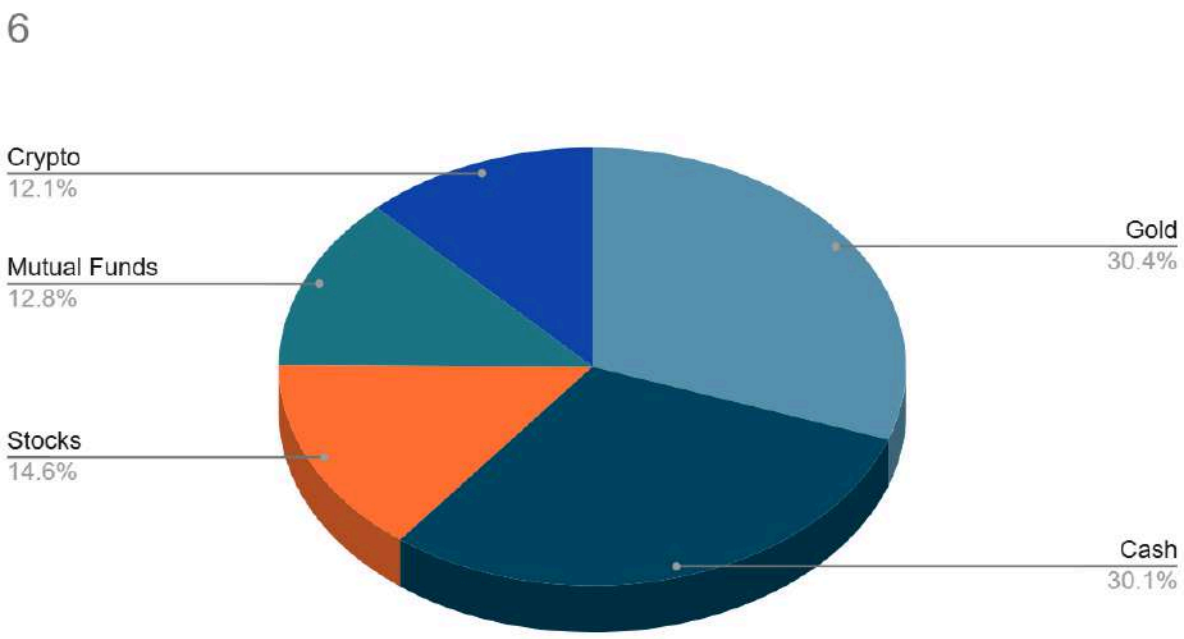


Figure 31

Round 7

Market Context

In Round 7, government incentives for green energy projects sparked excitement in the clean energy sector, fostering **availability bias**, where players overweighted the salient incentive announcement, prioritizing stocks while underconsidering broader market risks.

Analysis: Availability Bias

Availability bias is evident as 18 players significantly increased stock allocations, reacting to the vivid green energy incentives. This led to overweighting equities, potentially overestimating the sector's immediate gains.

- **Increased Stock Allocations**:

    - 18 players boosted stocks from Round 6 to Round 7.
    - Examples:
        - **Player 5**: Stocks from 0 to 90,000 (47.6% of portfolio).
        - **Player 7**: Stocks from 0 to 50,000 (31.3%).
        - **Player 14**: Stocks from 35,000 to 80,000 (53.3%).
        - **Player 23**: Stocks from 10,000 to 55,000 (39.3%).
    - Average stock allocation: 27.5% (from 19.8% in Round 6).
- **Reduced Other Assets**:
    - **Player 5**: Gold from 60,000 to 16,419 (8.7%), crypto from 50,000 to 0.
    - **Player 7**: Gold from 90,000 to 50,000 (31.3%), cash from 10,000 to 4,905 (3.1%).
    - **Player 14**: Gold from 15,000 to 0, crypto from 20,000 to 0.
    - Total stocks: 804,149, up 38.1% from 581,911. Gold: 595,307, down 15.7% from 706,469.
- **Aggregate Trends**:
    - Average stocks: 27.5% (from 19.8%); gold: 20.3% (from 30.2%); cash: 13.9% (from 16.8%).
    - Crypto: 12.8% (from 13.0%).
    - Players with >40% stocks: Player 5 (47.6%), Player 14 (53.3%), Player 17 (73.6%).

The 38.1% stock allocation surge (e.g., Player 5: 47.6%; Player 14: 53.3%) reflects availability bias, with players focusing on green energy incentives while potentially ignoring risks like policy delays. The 15.7% gold drop shows a pivot to equities driven by salient news.

Availability bias drove Round 7, with 18 players boosting stocks (average 27.5%, up 38.1%). Players 5, 7, 14, and 23 prioritized green energy opportunities, possibly overestimating gains.

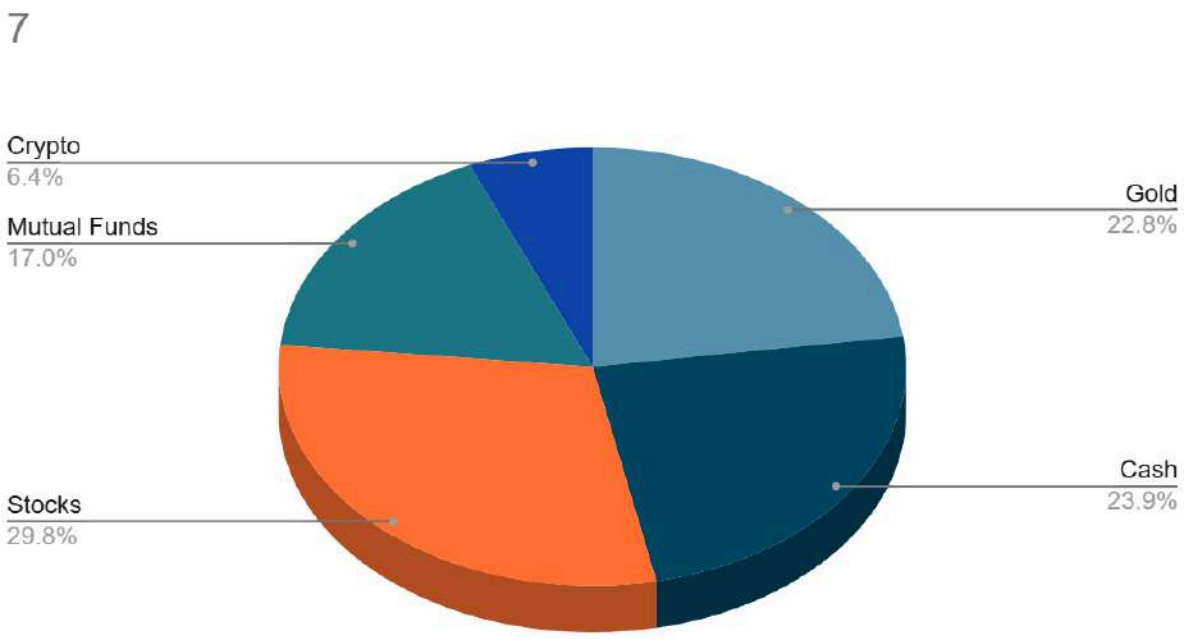


Figure 32

Round 9

Market Context

In Round 9, volatile oil prices due to conflicting production cut and demand news fostered **self-attribution bias**, where players attributed past stock gains to skill, increasing stocks, or blamed losses on external volatility, boosting gold/cash, leading to polarized choices.

Analysis: Self-Attribution Bias

Self-attribution bias is evident as 12 players increased stocks, attributing success to skill, while 14 boosted gold/cash, blaming external volatility. This divergence reflects decisions based on self-perception rather than balanced analysis.

Data and Numbers from Player Behavior

- **Increased Stocks (Success Attributed to Skill)**:

  12 players increased stocks.
  - Average stock allocation: 27.19% (from 29.16% in Round 8).
- **Increased Gold/Cash (Losses Blamed on Volatility)**:
  - 14 players boosted gold/cash.
  - Average gold: 26.12% (from 25.02%); cash: 19.47% (from 14.75%).

Polarized shifts (e.g., Player 9: 30.8% stocks; Player 15: 100% cash) reflect self-attribution bias, with 12 players increasing stocks, confident in their skill, and 14 boosting gold (+9.3%) and cash (+38.2%), blaming volatility, missing balanced opportunities.

Self-attribution bias dominated Round 9, with 12 players (e.g., Players 9, 21) boosting stocks and 14 (e.g., Players 7, 15) favoring gold/cash.

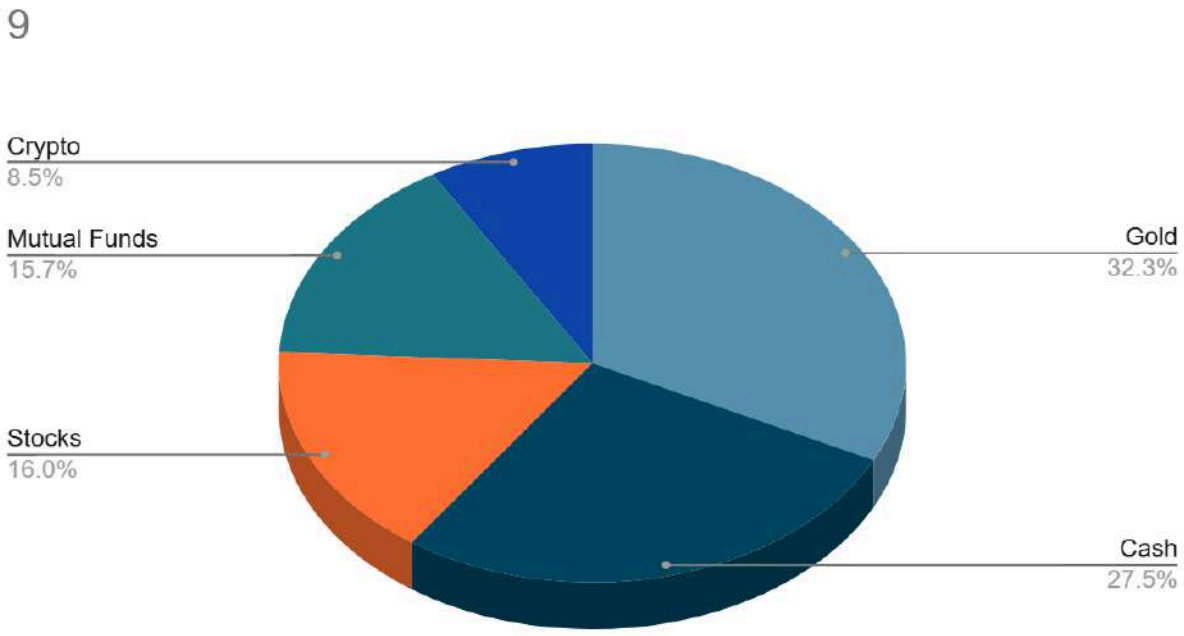


Figure 33

Round 10

Market Context

In Round 10, a calm, stable market with no major events promoted **status quo bias**, where players preferred maintaining existing allocations, which can miss opportunities to optimize in a low-risk environment.

Analysis: Status Quo Bias

Status quo bias is evident as 20 players made minimal or no portfolio changes from Round 9, sticking with prior allocations despite the stable market offering a chance to rebalance.

- **Minimal Portfolio Changes**:
    - 20 players adjusted <10% or kept allocations nearly identical.
    - Average allocations: stocks 26.5% (from 26.8%), mutual funds 13.6% (from 13.4%), crypto 11.3% (from 11.1%), gold 25.4% (from 25.7%), cash 18.9% (from 19.2%).
- **Limited Rebalancing**:
    - Total stocks: 775,297, down 1.2% from 784,790. Mutual funds: 397,643, up 7.6% from 369,493. Crypto: 330,263, up 0.8% from 327,606. Gold: 744,511, down 1.2% from 753,750. Cash: 553,130, down 1.6% from 561,895.
    - High single-asset allocations: Player 15 (65.7% cash), Player 11 (61.2% cash), Player 26 (57.7% gold).
- **Aggregate Trends**:
  Average allocations stable: stocks 26.5%, mutual funds 13.6%, crypto 11.3%, gold 25.4%, cash 18.9%.
    - Minor shifts (e.g., stocks down 1.2%) show inaction, with few outliers (e.g., Player 17: stocks to 128,000, 72.7%).

Minimal changes reflect status quo bias, with 20 players maintaining Round 9 allocations. The 1.2% stock and gold drops and the 7.6% mutual fund rise suggest that players miss rebalancing opportunities in a stable market.

Status quo bias drove Round 10, with 20 players minimally adjusting portfolios (e.g., Players 1, 8, 21, 30). Average allocations (stocks 26.5%, gold 25.4%) and minor shifts (e.g., stocks down 1.2%) reflect inaction.

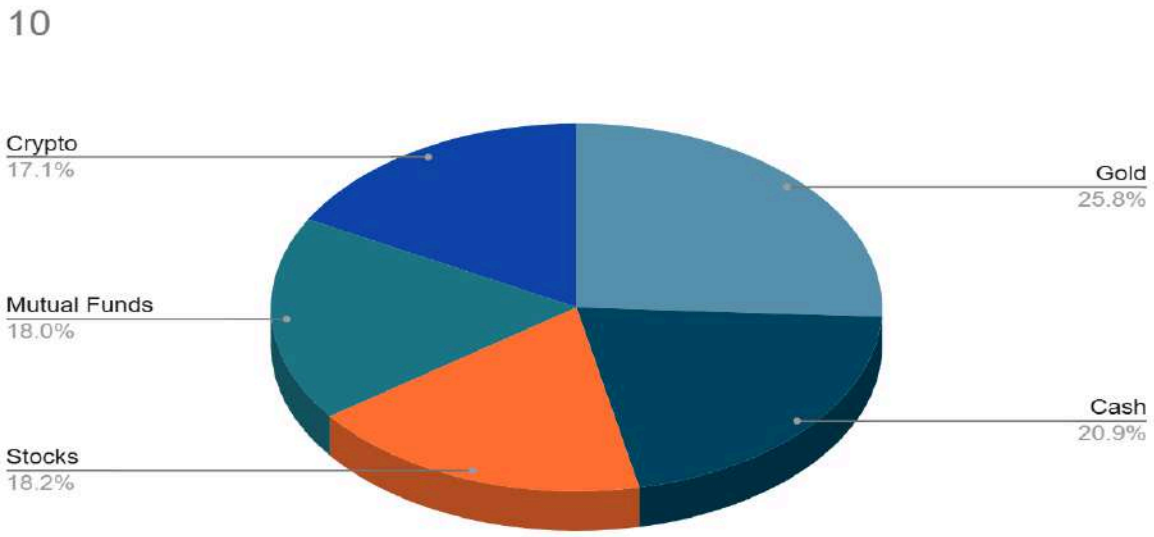


Figure 34

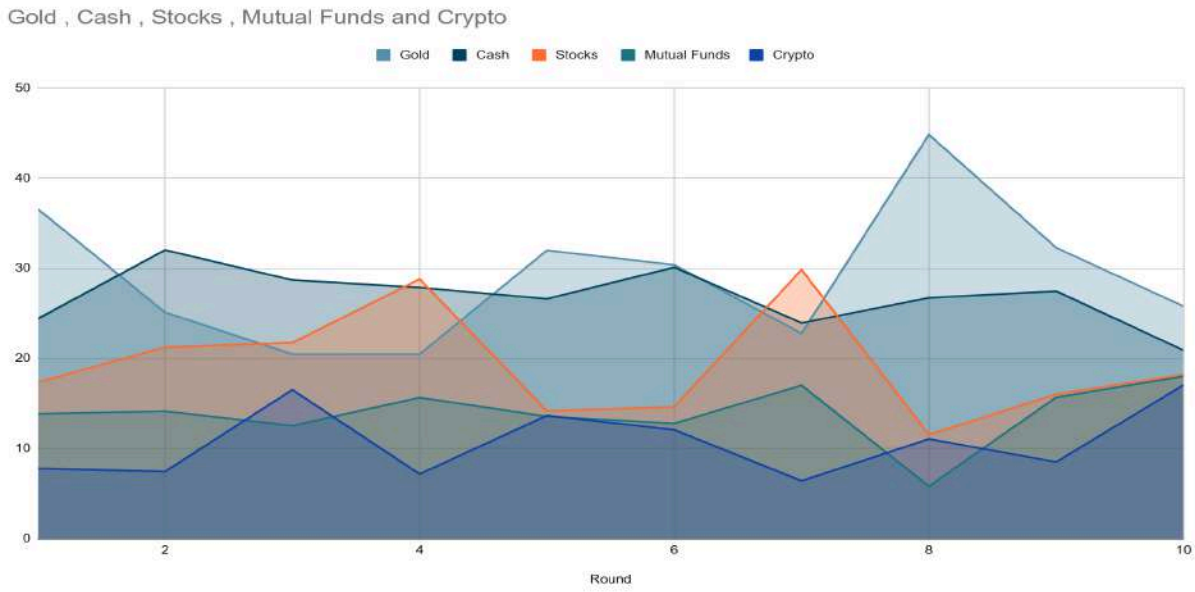


Figure 35

6. DIVERSIFICATION, CONCENTRATION, AND AGGRESSIVE STRATEGIES

1. Diversification Strategy

The basic principle of diversification strategy focuses on minimizing financial risks by adding investment funds into different asset classes systematically. Each category received ₹100,000 in equal parts from the investor's distribution which included Stocks, Mutual Funds, Crypto, Gold, Silver, and Cash/Bank deposits. The systematic distribution of funds across three or four asset classes at a time secured an overall balanced portfolio. This participant obtained leading results because they adjusted asset allocation patterns according to market condition modifications. During Round 5 when the banking sector experienced a crisis the investor allocated more funds to gold investments and earned a 9% profit because of its protective value status. When the crypto market was bullish during Round 3 this participant benefited from strategic exposure increases to crypto that generated a 20% return. The investor applied a balanced yet adaptable approach that allowed them to earn regular quarterly returns between 7% to 12% while enduring lower market fluctuations than the overall market movement. The investor demonstrated rational and emotionless investment behavior which protected him against making decisions influenced by overconfidence or fear. The participant recorded a positive performance by actively watching market indicators then cut back from profitable investments as the Round 10 correction unfolded. Through disciplined adaptation of their strategy the participant achieved top score in the game by showing how strategic diversification works with strategic adjustments.

2. Concentration Strategy

Under the concentration strategy the main focus was preserving capital since investors dedicated at least 80% of their funds to traditional safe assets including gold silver cash and bank deposits. These investors opted for basic and steady investments selecting valuable metals along with cash as their main assets instead of riskier financial instruments. The approach limited financial progress because of maintaining a conservative investment method. The concentrated investor failed to benefit from major market gains including the Round 2 stock market climb of 15% alongside the Round 3 crypto market increase of 20% due to their low or no investments in

equity and cryptocurrency markets. The concentrated investment in cash and bank deposits put the portfolio at risk for inflation that resulted in diminishing purchasing power. Over three years of the game the concentrated portfolio achieved limited annual profits of between 1.2% and 3.7% which produced total growth of just 19%. The investor demonstrated behavioral patterns of recency bias which made them maintain superior weights for initial gold returns and blocked them from adapting their investment mix despite fundamental market shifts. Loss aversion combined with the existing preference for the status quo made the investor fail to rebalance portfolios after small losses which restricted their portfolio's growth capacity while delivering the worst overall performance.

3. Aggressive Strategy

The use of the word aggressive refers to a high-risk high reward, meaning that a lot of investors would put money into this high reward and high-risk asset classes, such as cryptocurrencies and growth stocks. It was an approach of trying to make the most of short-term returns exploiting bubbles, market momentum, speculative opportunities. For example, in Round 3, allocating 50% towards crypto gave a substantial 20% return and thus ₹10,000 gains. As a 14% sector rally in the technology stocks equaled a 65% exposure in Round 7, the same percentage of exposure likewise amounts to that percentage of the sector rally. But these aggressive positions also made the portfolio very susceptible to volatility and drawdowns — in the round 10 crypto allocation of 55% that led to ₹8,250 loss because of a 15% price drop. The aggressive portfolio was aggressive and suffered a maximum drawdown of 34% over the course of the game, when annualized volatility was 48, which is much higher than market average. Investors were prone to behavioral biases, which included herd mentality, and chased popular assets during hype cycles, doubling down on crypto during social media driven rallies. However, overconfidence made them misread short-term wins as a measure of skill and the disposition effect inclined them to remain in loss making trades longer than necessary. While undertaking such a risky strategy through the execution of aggressive means, it still gave it a net return of 22% with a lot higher fluctuations and emotional stress than what we have on the diversified approach.

Distribution of Participants		
Strategy type	**No of Participants**	**Average Final Amount**
Diversified	8	₹114,000–₹122,000
Concentrated	10	₹95,000–₹110,000
Aggressive	12	₹108,000–₹118,000

Table 1

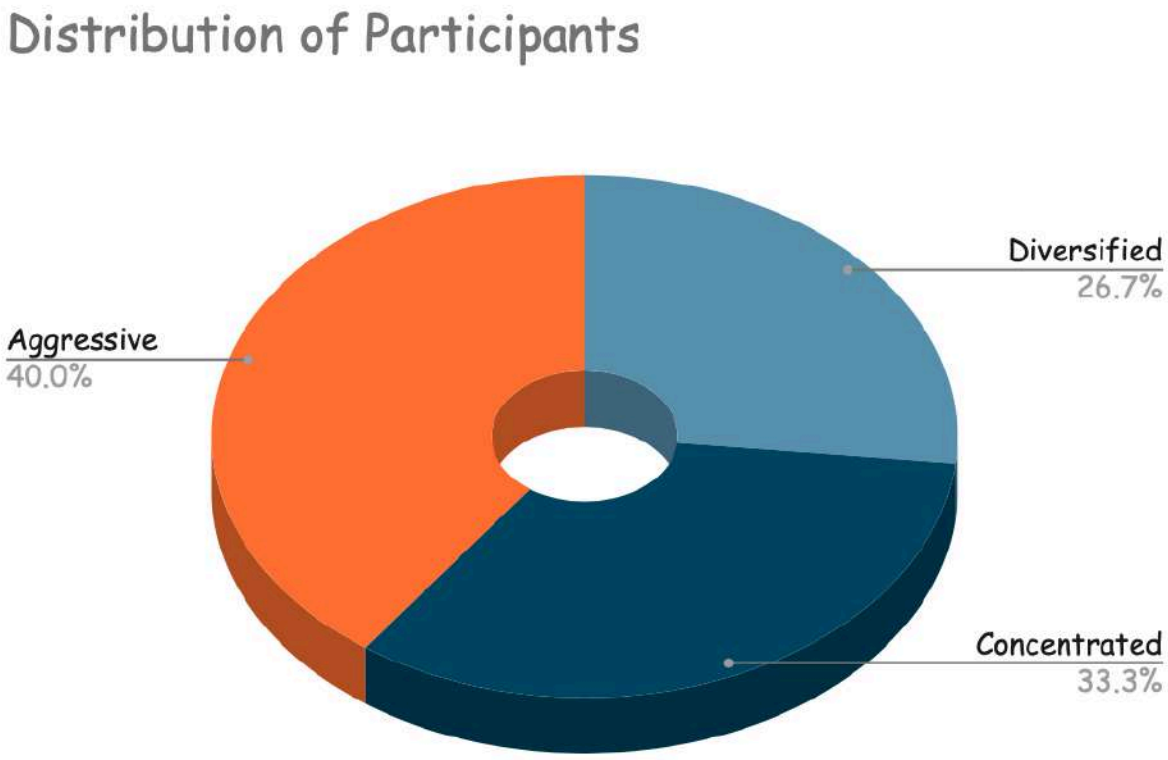


Figure 36

Other Observable Phenomena in Investor Behavior

Alongside cognitive biases and diversification, the Market Simulation game showed other psychological and behavioral phenomena that strongly impeded the decision making of young investors. In inexperienced investors, knowing these factors are just as important when explaining how external narratives and internal emotions influence behavioral finanical interactions. Consistently across the 10 rounds of gameplay, the following patterns appeared.

1. Emotional Decision-Making

Vivid and dramatic narratives strongly triggered emotional responses. For example, in Round 5, the scenario of "people lining up at ATMs" generated high allocation to Gold/Silver (investments of ₹75,000 to ₹82,500), as people fled to what they perceived as safer things. Just like Round 1's slip about a global tariff crisis, the mention of it instilled fear in participants, which led them to depositing in Cash/Bank.

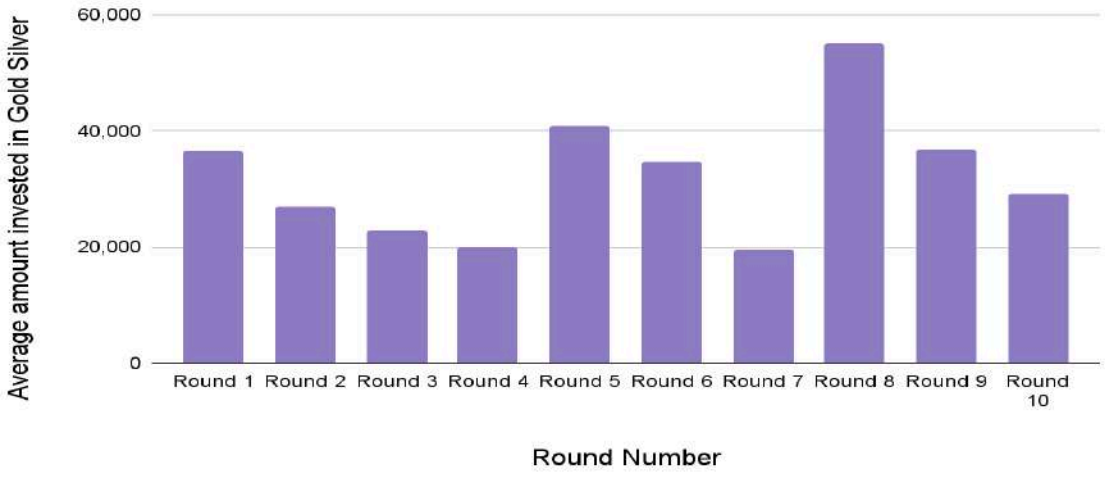


Figure 37

Observation: -Emotional reactions often superseded rational analysis and especially under fear scenarios. Consequently, this amplifies existing biases like the 'loss averse' and accordingly makes reactive and conservative financial decisions.

2. Learning Curve and Adaptation

The simulation also showed an example learning trajectory for some participants. As an example, the top performer investor, ₹142,627.14 initially started off with losses in the Stock category and adjusted his strategy by Round 10 to take his bet on diversified investments and hence reaped the benefits from Mutual Funds as well as from Gold. On the contrary, the lowest scorer (₹86,169.55) always invested in Cash/Bank, and could not adapt or take high return opportunities; he remained very constant across rounds.

Round 10				
The markets are calm (for now), and the options are endless—stocks, gold, crypto, savings, or even that new mutual fund everyone's talking about. But as always, timing is everything. What's your game plan?				
Category	**Starting Balance**	**Investment Amount**	**% Change (Effect)**	**Final Amount**
Stock	**73600**	40,000	5	42000
Mutual Funds	**77713.92**	30,000	5	31500
Crypto	**0**	50,000	-15	42500
Gold / Silver	**0**	0	2	0
Cash / Bank	**0**	31,314	1	31627.14
Amount left for investment:-		**0**		147627.14

Figure 38

Observation:- The learning curve for investing yielded information that exposure to simulated environments can facilitate young investors learning to identify and correct the errors they make in the face of bias (anchoring). As education and experience improve, so does decision quality.

3. Shifting Risk Perceptions

Each round of player decisions depended mostly on how risks manifested to participants. The setup of Stocks and Mutual Funds investments by players as government incentives for green energy shifted expectations of risk which led to good investments in each fund. Investors

transferred their funds to Gold and Silver during Round 8 following an increased sense of risk realized through a mutual fund scandal.

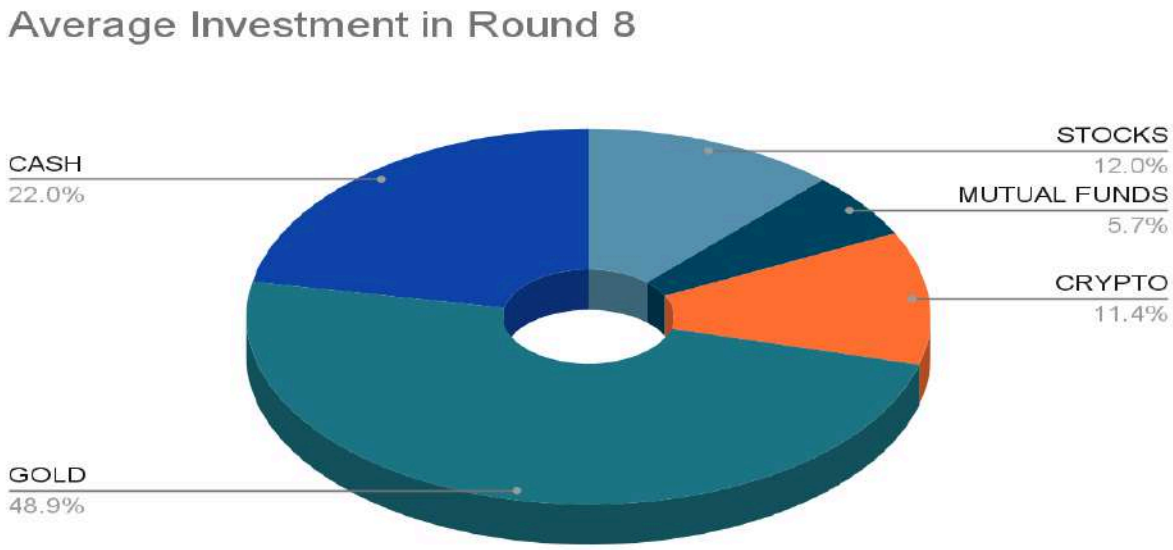


Figure 39

Observation:- Young investors enable the transformation of perceived risks through their combination of framing effects with availability biases. Under this situation investor choices become suboptimal since they do not understand the true market situation effectively.

4. Reaction to Volatility

Rebellious confidence levels combined with selected approaches demonstrated maximum variability after volatility became evident. The cryptocurrency market used volatility to prove how participants handled these global price fluctuations. The price increase of 20% within round 3 enticed investors to increase their risk by shifting their investments from ₹50,000 to ₹60,000 (average observation).

A -15% market decline caused a capital reduction from ₹50,000 to ₹42,500 (average observation) in the capital owned by players during Round 10.

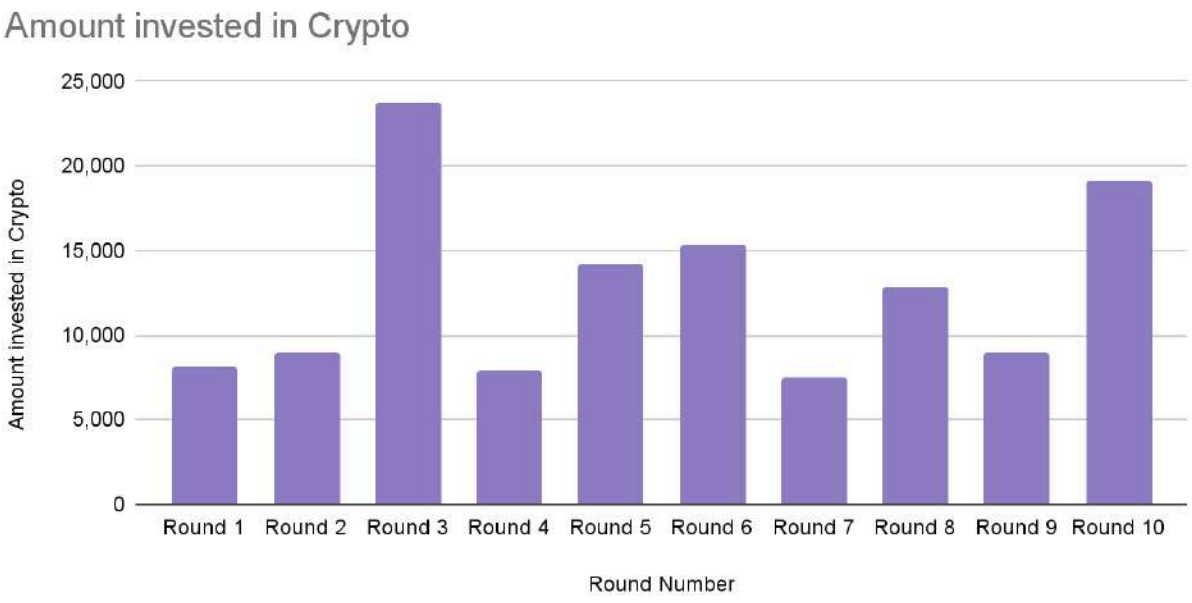


Figure 40

Observation:- The market condition reflected real-world cryptocurrency volatility resulting in users achieving variable returns as they proved too confident at particular times during their decision-making process.

5. Social Influence and Media Impact

In Round 3 when investors saw the "TO THE MOON!" comment along with IPO discussion from Round 2 they showed significant investment interest toward Crypto and Stocks. The main use of social media by young investors stems from their inability to properly evaluate trends and opinions independently.

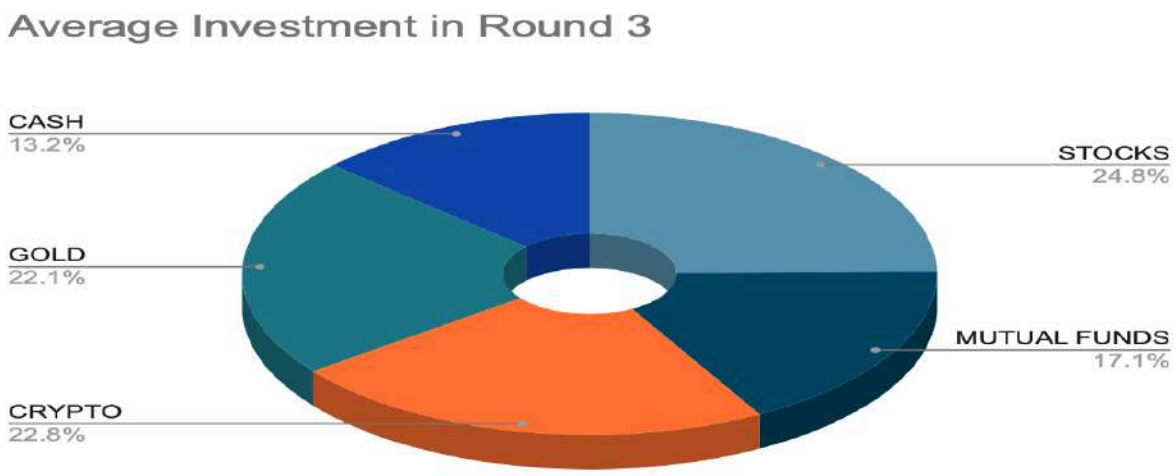


Figure 41

Observation:- Social dynamics cause individuals to follow what others do while prioritizing instant actions thus showcasing the requirement for financial literacy that teaches unbiased thinking.

6. Narrative-Driven Decision-Making

But the market stories for each round were metaphorically doing a kind of financial 'business deal' simulation situation. The risk/return kind of modeling that was used to make trading decisions by players was mostly based on how the story sounded and how it was presented rather than the real estimation of risk and return.

Observation:- The use of narratives in investment is fathomed at a deep level of why market participants will emotionally invest rather than based on the fundamentals. This investment behavior is also found in novel investors as well as young investors.

7. WHAT THE HIGHEST SCORER DID WELL (₹147,627.14)

By utilizing strategic investments to spread money across a number of assets and plan changes, as well as bias avoidance in making considered, well reasoned decisions in every round story, this participant achieved their superior outcome.

1. Diversified Their Investments:-

Based on their money they distributed it in Stocks along with Mutual Funds and Crypto and Gold/Silver investments. In Round 10 as well, they invested:-

- ₹40,000 in Stocks (+5%) → ₹42,000
- ₹30,000 in Mutual Funds (+5%) → ₹31,500
- ₹50,000 in Crypto (-15%) → ₹42,500

According to these particular periods of rising values in Stocks and Mutual Funds as well as falling in Crypto, the Market downturn was balanced out by rising values in Stocks and Mutual Funds.

Observation:- The choices showed that they did not have extreme fear nor did they have extreme confidence. Theirs were all safer and wiser in the aggregate as investments.

2. Adaptive Strategy:-

The player's investment strategy was changed depending on the current operating conditions.

In Round 3 they earned 20 % profit as they invested their ₹ 50,000 in Crypto generating ₹ 60,000. One of the green energy stories that brought them to invest ₹140,000 towards Mutual Funds which increased to ₹154,000 (+10%)

For Round 1, the stocks they chose against were Stocks simply because such investment would go down 20%.

Observation:- However, they watched each round's story, and did not copy crowd behavior without thinking. From their first errors, they learnt and decided better choices in the later stages.

3. Used Good Timing with High-Risk Assets:-

The investors employed risky assets Crypto and Stocks but did so during their periods of growth and decline. They made Crypto investments when it was increasing during Round 3 and reduced their exposure as it started declining during Round 10.

Observations:- The investors successfully managed their fear and greed throughout the game. The investors found the perfect timing for entering and exiting high-risk assets during their investment process. They understood the precise moments to pursue risks as well as when to protect themselves against losses. That's smart investing.

4. Avoided Common Biases:-

i) During a popular trend, people kept following the herd behaviour in doing the crypto investment and it became excessive.

ii) They were not ready to bear any loss so had kept all their assets in Cash/Bank. Although this investment method of Gold holding had anchored on the previous performance, in the past it was also successful (anchoring).

However, these tendencies did not force the investor to yield to them. There was no emotional impulse leading to their decisions, it was entirely rational.

Observations:- The fact is that this player refused to follow crowds or emotions so that now it became possible to think clearly. Furthermore, these results produced returns without causing a feeling of regret.

5. Calm Use of Narratives:-

Each round's narrative looked like news broadcast articles. Most other players lost their composure, but this player did not. When the participants started playing, they chose risk free financial instruments in Round 1. After observing the lower interest rates in Round 4, they went for the selection of Mutual Funds. Round 5 and 8, the player remained calm as the rest of the players panicked over ATM queue issues and financial scandal.

Observations:- The story was seen by them as signaling more than triggering fear. MAA allowed playing whilst at the same time avoiding the error which came from angst or hysteria whipped up by the media.

Round 1

The global financial news is looking grim. A major country just slapped new tariffs, and everyone's talking about a potential crash. Some experts say it's just a correction, but others are shouting 'Sell everything!' What's your move—panic, or patience?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	-	0	-20	0
Mutual Funds	-	30,000	-10	27000
Crypto	-	0	-5	0
Gold / Silver	-	50,000	10	55000
Cash / Bank	-	20,000	1	20200
Amount left for investment:-		0		102200
Investment Status:-		Investment Complete		

Round 2

India's most hyped tech startup is finally going public! People are lining up like it's a new iPhone launch. Social media is ablaze with predictions of overnight riches. But hey, remember what happened to the last 'can't-fail' IPO? Will you ride the wave or sit this one out?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	0	2,200	15	2530
Mutual Funds	27000	40,000	10	44000
Crypto	0	0	5	0
Gold / Silver	55000	0	-5	0
Cash / Bank	20200	60,000	1	60600
Amount left for investment:-		0		107130
Investment Status:-		Investment Complete		

Round 3

Bitcoin is suddenly back in the news, jumping 15% overnight! Influencers are yelling 'TO THE MOON!' and your cousin is considering quitting his job to day-trade. But with new regulations rumored to be coming next week... is this your moment to strike or step back?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	2,530	30,000	0	30000
Mutual Funds	44,000	0	-5	0
Crypto	0	50,000	20	60000
Gold / Silver	0	7,130	0	7130
Cash / Bank	60,600	20,000	1	20200
Amount left for investment:-		0		117330
Investment Status:-		Investment Complete		

Round 4

Boom! The Reserve Bank of India just cut interest rates in a surprise move. Borrowing gets cheaper, and markets are cheering. Experts say it's great for business and a potential boost for equities. But others warn this could signal deeper economic worries. What's your call?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	30000	0	-10	0
Mutual Funds	0	100,000	8	108000
Crypto	60000	0	5	0
Gold / Silver	7130	0	-5	0
Cash / Bank	20200	17,330	1	17503.3
Amount left for investment:-		0		
Investment Status:-		Investment Complete		

Round 5

Breaking news: One of India's top banks is in hot water. There's talk of bad loans and a panic among depositors. Social media shows people lining up at ATMs. Some say it's an isolated case; others fear a domino effect. Do you trust the system or make a dash for safety?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	0	10000	-10	9000
Mutual Funds	108000	0	-8	0
Crypto	0	65,503	5	68778.465
Gold / Silver	0	0	10	0
Cash / Bank	17503.3	50,000	1	50500
Amount left for investment:-		0		
Investment Status:-				

Figure 42

Round 6

Whispers of an economic slowdown are growing louder. Job cuts, sluggish growth numbers, and falling exports are spooking analysts. But a few optimists say the market always rebounds. So what do you do—go defensive, or bet on the bounce?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	9000	0	-12	0
Mutual Funds	0	0	-7	0
Crypto	68778.465	0	-10	0
Gold / Silver	0	100,000	12	112000
Cash / Bank	50500	28,278	1	28560.78
Amount left for investment:-		0		
Investment Status:-	Your Investment is different then your balance			

Round 7

The government just announced big incentives for green energy—solar, wind, EVs—the works. Investors are hyped, and the 'eco-friendly' trend is exploding. But will these bets actually pay off, or is this another bubble dressed in green?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	0	561	8	605.88
Mutual Funds	0	140,000	10	154000
Crypto	0	0	5	0
Gold / Silver	112000	0	-2	0
Cash / Bank	28560.78		1	0
Amount left for investment:-		0		
Investment Status:-	Your Investment is different then your balance			

Round 8

Shock alert: A major mutual fund house is under investigation for shady practices. NAVs are falling, and investors are panicking. Some say it's just FUD (fear, uncertainty, doubt), but others are rushing to pull their money. Is it a blip, or the beginning of a bigger mess?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	605.88	0	-5	0
Mutual Funds	154000	0	-20	0
Crypto	0	0	-5	0
Gold / Silver	0	120,000	5	126000
Cash / Bank	0	34,606	1	34952.06
Amount left for investment:-		0		
Investment Status:-	Your Investment is different then your balance			

Round 9

Oil prices are bouncing all over the place after surprise production cuts overseas. Some sectors like airlines are loving it; others—not so much. Is this a short-term hiccup or a full-blown shock to the system?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	0	80,000	-8	73600
Mutual Funds	0	80,952	-4	77713.92
Crypto	0	0	5	0
Gold / Silver	126000	0	3	0
Cash / Bank	34952.06	0	1	0
Amount left for investment:-		0		
Investment Status:-	Your Investment is different then your balance			

Round 10

The markets are calm (for now), and the options are endless—stocks, gold, crypto, savings, or even that new mutual fund everyone's talking about. But as always, timing is everything. What's your game plan?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	73600	40,000	5	42000
Mutual Funds	77713.92	30,000	5	31500
Crypto	0	50,000	-15	42500
Gold / Silver	0	0	2	0
Cash / Bank	0	31,314	1	31627.14
Amount left for investment:-		0		147627.14
Investment Status:-	Your Investment is different then your balance			

Figure 43

8. WHERE THE LOWEST SCORER WENT WRONG (₹86,169.55)

The outcome obtained by this player in the simulation time period was the least successful of all. There were three basic problems with their performance because they had too much cash and were held by excessive safety measures that were killing them and gave into fearful thinking and emotional influences. Here's what went wrong:

1. Too Much Money in Cash/Bank

This player had a Cash/Bank balance of exactly ₹10000 at all times during the whole game duration. During Round 9, they made ₹81,648 in Cash/Bank and kept this for total of ₹81,648, but these assets earned only ₹82,464.48 with a return rate of 1%.

Even though this participant did not invest their funds in Crypto in Round 3, the value of Crypto went up +20%.

Observations:- The risks that users face in case their funds are placed in cash are minimal but the growth in financial terms is very minimal too. Those players who dispersed their funds to multiple options would see higher profit returns. The player hesitated to take risk, and missed out on great profit opportunities.

2. Didn’t Diversify Investments

Various rounds allocated to Cash/Bank in combination with Gold/Silver is the majority of the investable funds. In the Fifth Round, the players put ₹44,018 into Gold/Silver and ended up with a 10% profit not investing into Stocks Mutual Funds or Crypto during most of the rounds. In rounds 2 and 7 Stocks +15% and Mutual Funds +10% were passed up, but not taken advantage of.

Observations:- Their financial choices were restricted to so called safe investments, and so they failed to increase their money balance. Since players chose from among multiple available investment options, money gained from diversified strategies to invest it exceeded money gained from single choice strategies.

3. Biases Controlled Their Decisions

Their decision making process during the challenge was affected by three important biases.In the first round when they lost -20% of their money, they did not choose risky investment instruments known as stocks. Given their performance in the first round (+10%), the participants kept on investing in Gold/Silver rather than other investment options in later rounds. For example, in the context of the studies investigating the effect of the Availability Bias, the participants were also avoiding risky choices they made after they read Round 5 "ATM panic" story, making them take overly cautious decisions.

Observations:- Inkomedia kept turning down potential new opportunities due to the mental tendency. The top scorer bases his/her choices off his measured actions instead of his emotions driving it.

4. Didn’t Change with the Market

The person never altered their investments in Cash and Gold across changing market conditions although the top player (their mentor) adjusted their actions every round. During Round 7 they did not invest any funds in Mutual Funds despite the opportunity to obtain a +10% return from green energy support.

Observations:- They didn’t learn or adjust. They stayed stuck with their established approach while neglecting many opportunities to boost their wealth.

5. Ignored Big Earning Rounds

The player avoided taking advantage of Round 3 Crypto +20% increase or Round 2 Stocks +15% increase. The player took cautious bets that turned into greater returns yet he chose to avoid opportunities that appeared too dangerous.

Observations:- Being cautious to an extreme results in the same manner as becoming excessively risky with your money choices. The only strategy they chose was safety which resulted in misses throughout the potential money rounds.

Round 1				
The global financial news is looking grim. A major country just slapped new tariffs, and everyone's talking about a potential crash. Some experts say it's just a correction, but others are shouting 'Sell everything!' What's your move—panic, or patience?				
Category	**Starting Balance**	**Investment Amount**	**% Change (Effect)**	**Final Amount**
Stock	-	50,000	-20	40000
Mutual Funds	-	15,000	-10	13500
Crypto	-	2,000	-5	1900
Gold / Silver	-	10,000	10	11000
Cash / Bank	-	23,000	1	23230
Amount left for investment:-		**0**		89630
Investment Status:-		**Investment Complete**		

Round 2				
India's most hyped tech startup is finally going public! People are lining up like it's a new iPhone launch. Social media is ablaze with predictions of overnight riches. But hey, remember what happened to the last 'can't-fail' IPO? Will you ride the wave or sit this one out?				
Category	**Starting Balance**	**Investment Amount**	**% Change (Effect)**	**Final Amount**
Stock	**40000**	10,000	15	11500
Mutual Funds	**13500**	5,000	10	5500
Crypto	**1900**	5,000	5	5250
Gold / Silver	**11000**	10,000	-5	9500
Cash / Bank	**23230**	59,630	1	60226.3
Amount left for investment:-		**0**		91976.3
Investment Status:-		**Investment Complete**		

Round 3				
Bitcoin is suddenly back in the news, jumping 15% overnight! Influencers are yelling 'TO THE MOON!' and your cousin is considering quitting his job to day-trade. But with new regulations rumored to be coming next week... is this your moment to strike or step back?				
Category	**Starting Balance**	**Investment Amount**	**% Change (Effect)**	**Final Amount**
Stock	11,500	40,000	0	40000
Mutual Funds	5,500	20,000	-5	19000
Crypto	5,250	5,000	20	6000
Gold / Silver	9,500	10,000	0	10000
Cash / Bank	60,226	16,976	1	17145.76
Amount left for investment:-		**0**		92145.76
Investment Status:-		**Your Investment is different then your balance**		

Round 4				
Boom! The Reserve Bank of India just cut interest rates in a surprise move. Borrowing gets cheaper, and markets are cheering. Experts say it's great for business and a potential boost for equities. But others warn this could signal deeper economic worries. What's your call?				
Category	**Starting Balance**	**Investment Amount**	**% Change (Effect)**	**Final Amount**
Stock	**40000**	50,000	-10	45000
Mutual Funds	**19000**	10,000	8	10800
Crypto	**6000**	10,000	5	10500
Gold / Silver	**10000**	5,000	-5	4750
Cash / Bank	**17145.76**	17,146	1	17317.46
Amount left for investment:-		**0**		88367.46
Investment Status:-		**Your Investment is different then your balance**		

Round 5				
Breaking news: One of India's top banks is in hot water. There's talk of bad loans and a panic among depositors. Social media shows people lining up at ATMs. Some say it's an isolated case; others fear a domino effect. Do you trust the system or make a dash for safety?				
Category	**Starting Balance**	**Investment Amount**	**% Change (Effect)**	**Final Amount**
Stock	**45000**	18,367	-10	16530.3
Mutual Funds	**10800**	20,000	-8	18400
Crypto	**10500**	30,000	5	31500
Gold / Silver	**4750**	10,000	10	11000
Cash / Bank	**17317.46**	10,000	1	10100
Amount left for investment:-		**0**		87530.3
Investment Status:-		**Your Investment is different then your balance**		

Figure 44 **LOWEST SCORER ROUNDS**

Round 6				
Whispers of an economic slowdown are growing louder. Job cuts, sluggish growth numbers, and falling exports are spooking analysts. But a few optimists say the market always rebounds. So what do you do—go defensive, or bet on the bounce?				
Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	16530.3	10,000	-12	8800
Mutual Funds	18400	20,000	-7	18600
Crypto	31500	30,000	-10	27000
Gold / Silver	11000	7,000	12	7840
Cash / Bank	10100	20,530	1	20735.3
Amount left for investment:-		0		82975.3
Investment Status:-		Your Investment is different then your balance		

Round 7				
The government just announced big incentives for green energy—solar, wind, EVs—the works. Investors are hyped, and the 'eco-friendly' trend is exploding. But will these bets actually pay off, or is this another bubble dressed in green?				
Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	8800	30,000	8	32400
Mutual Funds	18600	10,000	10	11000
Crypto	27000	3,000	5	3150
Gold / Silver	7840	20,000	-2	19600
Cash / Bank	20735.3	19,975	1	20174.75
Amount left for investment:-		0		86324.75
Investment Status:-		Your Investment is different then your balance		

Round 8				
Shock alert: A major mutual fund house is under investigation for shady practices. NAVs are falling, and investors are panicking. Some say it's just FUD (fear, uncertainty, doubt), but others are rushing to pull their money. Is it a blip, or the beginning of a bigger mess?				
Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	32400	7,000	-5	6650
Mutual Funds	11000	10,000	-20	8000
Crypto	3150	30,000	-5	28500
Gold / Silver	19600	20,000	5	21000
Cash / Bank	20174.75	19,325	1	19518.25
Amount left for investment:-		0		83668.25
Investment Status:-		Your Investment is different then your balance		

Round 9				
Oil prices are fluctuating significantly due to unexpected production cuts by major producers. While some industries, like airlines, are benefiting from the changes, others are struggling. Is this a short-term hiccup or a full-blown shock to the system?				
Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	6650	7,000	-8	6440
Mutual Funds	8000	10,000	-4	9600
Crypto	28500	17,000	5	17850
Gold / Silver	21000	20,000	3	20600
Cash / Bank	19518.25	29,668	1	29964.68
Amount left for investment:-		0		84454.68
Investment Status:-		Your Investment is different then your balance		

Round 10				
The markets are calm (for now), and the options are endless—stocks, gold, crypto, savings, or even that new mutual fund everyone's talking about. But as always, timing is everything. What's your game plan?				
Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	6440	40,000	5	42000
Mutual Funds	9600	20,000	5	21000
Crypto	17850	10,000	-15	8500
Gold / Silver	20600	7,000	2	7140
Cash / Bank	29964.68	7,455	1	7529.55
Amount left for investment:-		0		86169.55
Investment Status:-		Your Investment is different then your balance		

Figure 45

9. SCOPE AND LIMITATIONS

This capstone project lays emphasis on young individual investors who are aged between 18 and 35 years of age and are actively participating in personal investment activities including equity trading, mutual fund investments, and cryptocurrency. The research will adopt a mixed-method approach involving a literature review alongside primary data collection by online surveys and interviews with young investors. The study will analyze behaviors, decision-making patterns, and sources of information or advice considered as common.

However, this study has some limitations that should be recognized. The first limitation is that, regarding primary research, the sample size had time limitations and resource constraints. Hence, it may not represent all young investors in the world at large. Second, self-reports will act as the basis for results, which may then be affected by memory biases or the motives to present oneself more favorably. Third, there are cultural, regional, and economic differences specific to young investors that may influence the findings, but such factors will not be twisted into detailed analysis in this report.

Despite certain limitations, this study should help understand the patterns of behaviour that novice investors adopt and highlight the importance of financial literacy and self-awareness in promoting sound financial practices.

Behavioral finance and youth investing behavior are interesting things to study today when social influences and electronic platforms play a more significant role in financial decision-making. It is the general belief in conventional finance that financial decision-making is entirely rational; however, by practical observation, decisions, especially those of young investors, are often emotionally driven, burying cognitive biases and deficient financial understandings. The study mentions how these biases are manifested in the financial behavior of the young adult population and their long-term financial implications. The study set out to provide evidence in favor of building more customized financial education programs and improving the options available for investment complemented by evidence-based policy-making address the issues unique to this population through an understanding of both theoretical bases and practical applications in behavioral finance.

10. RECOMMENDATIONS

1. Recommendations for Investors

Awareness of all individual biases: Investors should realize the self-education for the usually known biases - overconfidence, loss aversion, confirmation bias, and herd behavior. Among the first thing that should be done is to recognize those patterns in their own decision making.

Keep an Investment Log or Journal: The logic behind the reasons for investments records whether the decisions were made with logic or emotional reasoning; it helps to self-reflect and thereby improve further.

Regularly get financial content: If certified financial educators consume the content of trusted financial media, it narrows the gap for misleading contents and increases financial literacy.

Don't buy impulsively, or get caught in a trend: Investments should be done on the basis of research and individual financial goals to tackle FOMO and herd mentality due to social media frenzies or peer influence.

Invest in an Inclusive Portfolio: So that the effects of volatility are less and the risk of being biased toward emotions from investing in one class is moderated, an investor would want to diversify his investments into different classes.

2. Financial Advisors' Professional Recommendations

Educate Clients on Common Biases: They should also provide guidance about the life-drag behavior that is sometimes used to rationalize client decision-making.

Use Behavioral Risk Profiling Instruments: Behavioral risk profiling instruments that enable advisers to identify how biases such as overconfidence or status quo bias affect their clients and thereby adjust their advice have now also become available.

Long-Termism in Investors' Strategy: Advisors should promote the goal-setting aspect of the investment process while inhibiting changes dictated by the changing conditions of market recession.

Encourage Regular Portfolio Checkups: Specific events should be set aside either once in a quarter or once in every six months to relieve behavior biases like recency effects and reactive investing.

Provide Simulations and Real-World Experiences: Deploy a combination of gamified interventions and storytelling so that people learn how biases affect outcomes and alternatives that constitute possible healthy behavior.

General recommendations:

Integrate behavioral finance in financial literacy curriculum: Universities, investment-wellness applications, and government projects need to have modules on behavioral finance in their early classroom teaching modules.

Create Bias-Aware Investment Platforms: Applications should enlist real-time nudges and offer alerts whenever their assets resemble behavioral bias patterns in terms of chasing after trending stocks or suddenly withdrawing.

Recognize Financial Content Creators: Encourage establishing a kind of accrediting system for influencers and financial educators to encourage that verified and non-biased content.

Provide Peer Learning Communities: Enact cross-forums where young investors may share insights and strategies while getting feedback to avoid super-confidence and reliance on echo chambers.

Encourage Robo-Advisory Usage with Bias Detection: Promote fintech tools that can provide decision-making trends analysis for users to avoid irrational or gut-feeling investments.

11. CONCLUSION

The research involved the influence of behaviorally grounded biases on financial decisions for young investors ranging from the ages of 18 to 30 years. The mixed-method approach using quantitative surveys and a market simulation game resulted in five key behavioral biases - overconfidence, herd behavior, recency effect, loss aversion, and anchoring. All of them distorted otherwise rational investment decisions.

The simulation data further anchored the theoretical framework in that topics on behavior have real-time observable choice behaviors for each bias, thus backing our hypothesis for the important emotional and cognitive shortcuts on financial actions. For example, from the discussions, participants were either persuaded into taking decisions with a great deal of emotional comfort based on a passionate tale or recent market events or counted against decisions using logical analysis. This strongly underlined the importance of the most prototypical forms of availability bias and present bias in this research. Such patterns contradict the impression that young investors often lack experience and financial literacy to nullify bias-mediated behavior.

Furthermore, the result concerning financial literacy indicated a moderate level for the participants, which implied that although they possessed a little knowledge of some financial literacy and investment principles, the knowledge was not sufficient to assist them always to be uninfluenced by all forms of biases. Instead, concerning investment behavior, the high scorers began to show slightly more consistent and diversified behavior, supporting partially our investigation on how it should have been correlated with a bias suppression mechanism.

In effect, the project has, by making a clear cause for the core objective, asserting that biases was not only there among the young investor but also created more robustly through emotional, social, and educational issues. These findings tell the immediate necessity of financial literacy programs on these issues and training exercises on behavioral finance and investor awareness with critical thinking and long-term planning. By knowing and factoring these psychological pitfalls, we can open much room for increasing the capacity of young investors to make informed, rational, and strong financial decisions in an increasing complex world.

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12. ANNEXURE

1. **Link of the simulation game**

   https://youtu.be/JxW5vP3vjPA

2. **Pictures of Participants playing Simulation game**



Figure 46

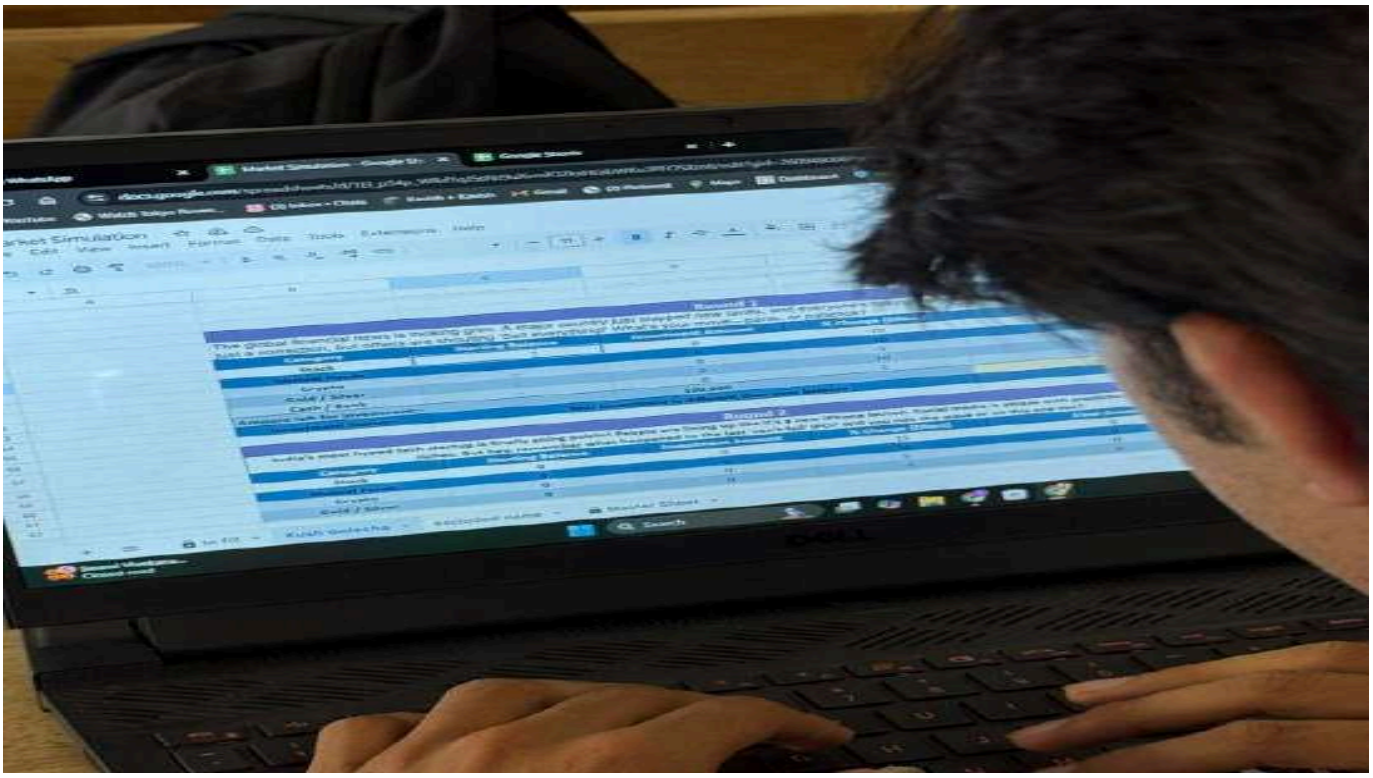


Figure 47



Figure 48



Figure 49

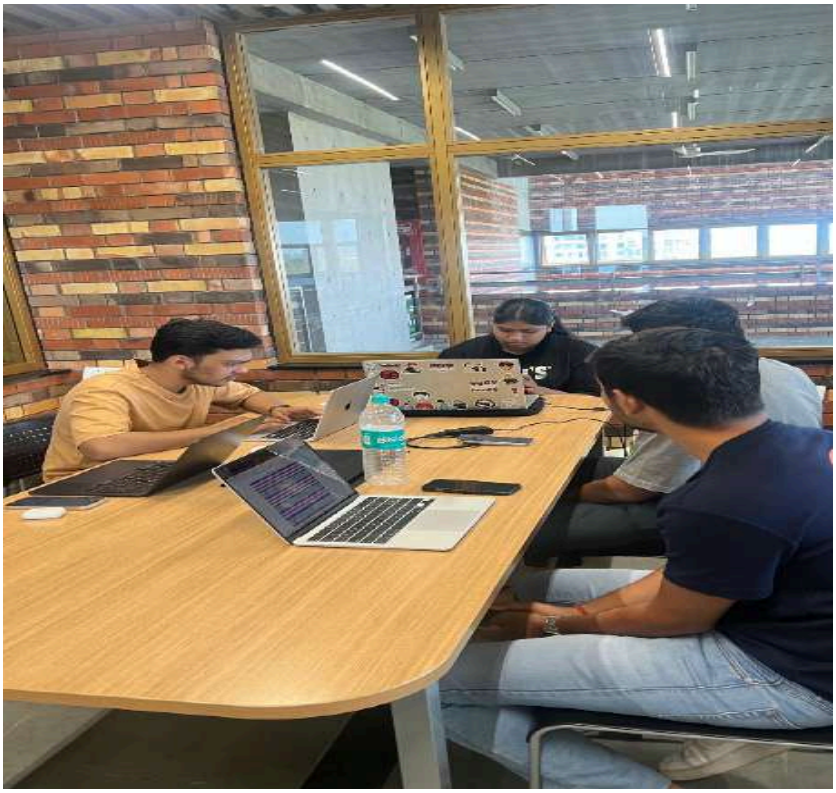


Figure 50



Figure 51

Objective:

Grow your virtual wealth over 10 investment rounds by strategically investing in different asset classes.
Your final balance determines how well you understood risk, reward, and timing!

Starting Conditions:

Each player starts with **₹100,000**.
You'll decide how much to invest in each asset:
Stock, Mutual Funds, Crypto, Gold/Silver, Cash/Bank.
You must allocate your funds completely in each round.

Game Rounds:

There are 10 rounds, and in each:

Market changes (% Effect) will be revealed.
Your investment returns will be calculated based on these changes.
You carry your new balance forward to the next round.

Rules:

You must try to invest 100% of your funds in every round. Any uninvested amount can be put under Cash/Bank to earn a 1% return.
Use the formula:
Final Amount = Investment × (1 + % Change / 100)
% Change will be applied by the facilitator after investments are locked.
Your goal is to maximize your total final amount by Round 10.

Tips:

Diversify to manage risk.
High returns come with high risks — choose wisely.
Don't put all your money in one basket (unless you're feeling brave).

Example:

If you invest ₹30,000 in stocks and the % change is -10%:
= 30,000 × (1 - 0.10) = ₹27,000

Round 1

The global financial news is looking grim. A major country just slapped new tariffs, and everyone's talking about a potential crash. Some experts say it's just a correction, but others are shouting 'Sell everything!' What's your move—panic, or patience?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	-	0	-20	0
Mutual Funds	-	0	-10	0
Crypto	-	0	-5	0
Gold / Silver	-	0	10	0
Cash / Bank	-	0	1	0
Amount left for investment:-		100,000		0
Investment Status:-		Your Investment is different then your balance		

Round 2

India's most hyped tech startup is finally going public! People are lining up like it's a new iPhone launch. Social media is ablaze with predictions of overnight riches. But hey, remember what happened to the last 'can't-fail' IPO? Will you ride the wave or sit this one out?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	0	0	15	0
Mutual Funds	0	0	10	0
Crypto	0	0	5	0
Gold / Silver	0	0	-5	0
Cash / Bank	0	0	1	0
Amount left for investment:-		0		0
Investment Status:-		Investment Complete		

Round 3

Bitcoin is suddenly back in the news, jumping 15% overnight! Influencers are yelling 'TO THE MOON!' and your cousin is considering quitting his job to day-trade. But with new regulations rumored to be coming next week... is this your moment to strike or step back?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	0	0	0	0
Mutual Funds	0	0	-5	0
Crypto	0	0	20	0
Gold / Silver	0	0	0	0
Cash / Bank	0	0	1	0
Amount left for investment:-		0		0
Investment Status:-		Investment Complete		

Round 4

Boom! The Reserve Bank of India just cut interest rates in a surprise move. Borrowing gets cheaper, and markets are cheering. Experts say it's great for business and a potential boost for equities. But others warn this could signal deeper economic worries. What's your call?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	0	0	-10	0
Mutual Funds	0	0	8	0
Crypto	0	0	5	0
Gold / Silver	0	0	-5	0
Cash / Bank	0	0	1	0

Amount left for investment:-		**0**		0
Investment Status:-		**Investment Complete**		

Round 5

Breaking news: One of India's top banks is in hot water. There's talk of bad loans and a panic among depositors. Social media shows people lining up at ATMs. Some say it's an isolated case; others fear a domino effect. Do you trust the system or make a dash for safety?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	**0**	0	-10	0
Mutual Funds	**0**	0	-8	0
Crypto	**0**	0	5	0
Gold / Silver	**0**	0	10	0
Cash / Bank	**0**	0	1	0
Amount left for investment:-		**0**		0
Investment Status:-		**Investment Complete**		

Round 6

Whispers of an economic slowdown are growing louder. Job cuts, sluggish growth numbers, and falling exports are spooking analysts. But a few optimists say the market always rebounds. So what do you do—go defensive, or bet on the bounce?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	**0**	0	-12	0
Mutual Funds	**0**	0	-7	0
Crypto	**0**	0	-10	0
Gold / Silver	**0**	0	12	0
Cash / Bank	**0**	0	1	0
Amount left for investment:-		**0**		0
Investment Status:-		**Investment Complete**		

Round 7

The government just announced big incentives for green energy—solar, wind, EVs—the works. Investors are hyped, and the 'eco-friendly' trend is exploding. But will these bets actually pay off, or is this another bubble dressed in green?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	**0**	0	8	0
Mutual Funds	**0**	0	10	0
Crypto	**0**	0	5	0
Gold / Silver	**0**	0	-2	0
Cash / Bank	**0**	0	1	0
Amount left for investment:-		**0**		0
Investment Status:-		**Investment Complete**		

Round 8

Shock alert: A major mutual fund house is under investigation for shady practices. NAVs are falling, and investors are panicking. Some say it's just FUD (fear, uncertainty, doubt), but others are rushing to pull their money. Is it a blip, or the beginning of a bigger mess?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	**0**	0	-5	0
Mutual Funds	**0**	0	-20	0
Crypto	**0**	0	-5	0
Gold / Silver	**0**	0	5	0
Cash / Bank	**0**	0	1	0
Amount left for investment:-		**0**		0
Investment Status:-		**Investment Complete**		

Round 9

Oil prices are fluctuating significantly due to unexpected production cuts by major producers. While some industries, like airlines, are benefiting from the changes, others are struggling. Is this a short-term hiccup or a full-blown shock to the system?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	**0**	0	-8	0
Mutual Funds	**0**	0	-4	0
Crypto	**0**	0	5	0
Gold / Silver	**0**	0	3	0
Cash / Bank	**0**	0	1	0
Amount left for investment:-		**0**		0
Investment Status:-		**Investment Complete**		

Round 10

The markets are calm (for now), and the options are endless—stocks, gold, crypto, savings, or even that new mutual fund everyone's talking about. But as always, timing is everything. What's your game plan?

Category	Starting Balance	Investment Amount	% Change (Effect)	Final Amount
Stock	**0**	0	5	0
Mutual Funds	**0**	0	5	0
Crypto	**0**	0	-15	0
Gold / Silver	**0**	0	2	0
Cash / Bank	**0**	0	1	0
Amount left for investment:-		**0**		0
Investment Status:-		**Investment Complete**		Total Return After 10 Rounds

Biases in Behavioral Finance

Hello, we are final-year students at Ahmedabad University, working on a Capstone project that explores **Biases in Behavioral Finance** as part of our academic coursework. Our faculty advisor for this project is **Professor Binny Rawat.**

We kindly request you to participate in this study by completing a short questionnaire designed to help us better understand **Behavioral Finance.** This questionnaire will take approximately 10 minutes to complete. We assure you that your responses will remain anonymous and be used solely for academic purposes.

If you have any queries, you can reach us at **Kavish Sheth - 7778085013.**

Your participation is highly valuable to our research, and we sincerely appreciate your time and effort. Thank you!

* Indicates required question

Personal Details

1. Name *

_____

2. Age *

_____

3. Gender *

Mark only one oval.

- ◯ Male
- ◯ Female
- ◯ Prefer not to say
- ◯ Other: _____

4. What category best describes your profession? *

Mark only one oval.

- ◯ Student
- ◯ Working Professional

- [ ] Business Owner
- [ ] Homemaker
- [ ] Other: _____

5. Income level (yearly) *

Mark only one oval.

- [ ] Upto 1 lakh
- [ ] 1-3 lakhs
- [ ] 3-5 lakhs
- [ ] 5-7 lakhs
- [ ] 7-10 lakhs
- [ ] Above 10 lakhs

6. Do you currently invest? *

Mark only one oval.

- [ ] Yes
- [ ] No *Skip to question 29*

Investment Behavior (To identify key behavioral biases that influence the financial decision-making of young investors.)

In this segment, we aim to understand your patterns, preferences, and attitudes toward investment decisions. The questions explore factors such as your risk tolerance, investment goals, decision-making influences, and preferred financial instruments. Your responses will help us analyze how individual behaviors and perceptions shape financial choices.

7. Do you have a financial plan for the future (e.g., savings, investments, retirement planning)? *

Mark only one oval.

- [ ] Yes
- [ ] No

8. In which of the following do you invest? *

Check all that apply.

- [ ] Stocks
- [ ] Mutual Funds
- [ ] Gold & Silver
- [ ] Cryptocurrency
- [ ] Government Bonds
- [ ] Real Estate
- [ ] Other: _____

9. Why do you invest in these? (Select all that apply) *

Check all that apply.

- [ ] Growth
- [ ] Diversification
- [ ] Safety
- [ ] Speculation
- [ ] Stability
- [ ] Income
- [ ] Retirement
- [ ] Other

10. Have you ever made an investment based on intuition rather than research? *

Mark only one oval.

- ◯ Yes
- ◯ No

11. If yes, what prompted your intuition-based decision? (Example: Investing in a friend's startup based on trust and vision, without reviewing the business plan or financials)

_____

_____

_____

_____

_____

12. How often do you believe your investment decisions outperform the market? *

Mark only one oval.

- ◯ Never
- ◯ Rarely
- ◯ Sometimes

- Often
- Always

13. Have you ever invested in an asset because others (friends, family or colleagues) were investing in it? *

Mark only one oval.

- Yes
- No

14. How do you react when an investment starts losing value? *

Mark only one oval.

- Sell immediately
- Hold and wait
- Buy more
- Ignore

15. Which would you prefer investing in? *

Mark only one oval.

- Familiar investments
- Unfamiliar investments with strong potential (after research)

Section 3: Financial Literacy & Bias Suppression

This section seeks to assess your understanding of financial concepts, tools, and resources. We aim to explore your familiarity with topics such as budgeting, investing, risk management, and the use of financial tools or platforms to make informed decisions.

16. How familiar are you with these financial concepts? (Scale: 1- Poor, 5- Excellent) *

Mark only one oval per row.

	1	2	3	4	5
Fiscal health					
Exchange-traded funds (ETFs)					
Credit Scores					

Asset liquidity					
Inflation & Deflation					

17. Do you regularly track your income and expenses? *

Mark only one oval.

- Yes
- No

18. How confident are you in making financial decisions? (Scale: 1- Poor, 5- Excellent) *

Mark only one oval.

	1	2	3	4	5	
Not						Extreemely

19. How often do you read or engage with financial news, reports, or resources? *

Mark only one oval.

- Never
- Rarely
- Occasionally
- Frequently
- Always

20. Have you ever been in a situation where financial misinformation influenced your decision? *

Mark only one oval.

- Yes
- No
- Maybe

21. How confident are you in distinguishing between trustworthy and misleading financial advice? (Scale: 1- Poor, 5- Excellent) *

Mark only one oval.

	1	2	3	4	5	
Not	◯	◯	◯	◯	◯	Extremely

22. Do you believe your background (e.g., education, family, culture) influences your financial decision-making?

Mark only one oval.

- ◯ Not at all
- ◯ Slightly
- ◯ Moderately
- ◯ Significantly
- ◯ Extremely

23. How do you decide which path to follow when faced with conflicting financial advice? *

Mark only one oval.

- ◯ Trust my instincts
- ◯ Follow experts I trust
- ◯ Conduct independent research
- ◯ Seek multiple opinions
- ◯ Other: _____

Section 4: Psychological & Emotional Factors

In this section, we delve into the psychological and behavioral aspects that influence your financial decisions. The questions aim to explore how emotions, attitudes, personality traits, and external stressors impact your approach to money management and investments.

24. How do you feel when the market is highly volatile? *

Mark only one oval.

- Anxious
- Excited
- Indifferent
- Confident

25. Do you tend to buy more when the market is rising and sell when it's falling? *

Mark only one oval.

- Yes
- No

26. If yes, what drives this behavior?

_____

27. How often do you review and adjust your investments? *

Mark only one oval.

- Never
- Rarely
- Sometimes
- Often
- Always

28. Imagine your recent investment, crashes by 10% overnight. What's your first reaction? * (Select all that apply)

Check all that apply.

- [ ] Panic and sell immediately
- [ ] Feel anxious but hold on
- [ ] See it as a buying opportunity
- [ ] Research the cause of the crash
- [ ] Consult a financial advisor
- [ ] Other: _____

PERSONAL INTERVIEW WITH INVESTING EXPERIENCE

29. Would you be interested in participating in a follow-up personal interview and an opportunity to experience an online simulator of the stock market itself? *

Mark only one oval.

- ◯ Yes, I am interested.
- ◯ No, I would prefer not to.

30. If yes, please provide contact details (Phone Number)

_____

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