Perceptions Towards Behavioral Finance Among Investors in Banking Industry: Evidence from Nepal Bank Limited

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Abstract

The purpose of this article is to investigate the attitudes that investors in the banking industry have towards behavioural finance for the purpose of gathering evidence from Nepal Bank Limited. In collaboration with Nepal Bank Limited, the purpose of this study is to investigate the implications of behavioural biases on investment decisions in the banking business. In the context of rational investment decision making on the stock market, the investigation of cognitive biases and emotional biases is measured. After careful consideration, the ontological research philosophy that employs interpretivism research philosophy has been chosen. The researcher has been hired with a semi-structured interview with three investors in the banking business with reference to the Nepal Bank Limited. The data analysis has been done qualitatively using theme analysis. This article presents the findings of the interview. All of the codes were arranged into categories, and themes were discovered. According to the findings of the study, the most common types of behavioural biases that investors in the banking business exhibit are cognitive biases and emotional biases. The evidence for this was obtained from Nepal Bank Limited. Both fundamental and technical analysis were utilised to determine how the outcomes of the study influenced the NBL stock market. In doing so, it brought to light arbitrage possibilities that arise from the psychological and behavioural flaws of investors. These biases include representativeness, availability biases, optimism, overconfidence, and herding behaviour. Because of these biases, individual investors in Nepal Bank Limited were impacted in both their opinions and their behaviour. When it comes to the emotional biases, investors are impacted by psychological and mental accounting, ambiguity aversion, and self-control when it comes to making investment decisions in the banking business, as evidenced by Nepal Bank Limited (NBL). The focus of this study is on individual investors; however, it is possible that future research paths may concentrate on institutional investors in the banking industry, supported by evidence from Nepal Bank Limited.

Keywords

Banking industry, behavioral biases, behavioral finance, individual investors, Nepal Bank Limited.

Introduction

The field of behavioural finance is extremely important because it examines the actions of individual investors in the banking industry and draws attention to the psychological biases that exist. The integration of perception with market efficiency involves tackling inefficiencies that are brought about by irrational behaviour from consumers. As a result, perception is a process that humans go through in order to organised and interpret the sensory impressions they get in order to provide meaning to their surroundings. There is a possibility that our perceptions are not at all consistent with the actual reality. Behavioural finance is concerned

with perception since the behaviour of investors is dependent on their perspective of what reality is, rather than on reality itself (Robbins et al., 2018). The process by which an individual searches for the most notable clarification of sensory information in order to arrive at a conclusion based on their degree of competence and previous experience is referred to as sensory clarification. Around the world, the 1990s saw the beginning of the development of a new area that is today known as behavioural finance. However, according to Ricciardi and Simon (2000), the origins of behavioural finance may be traced back more than 150 years. In 1912, Selden defined the area of psychology as the application of psychology directly to the stock market. This field was known as psychology of the stock market. The emotional and psychological elements that influence traders and investors in the financial markets have an impact on their behaviour.

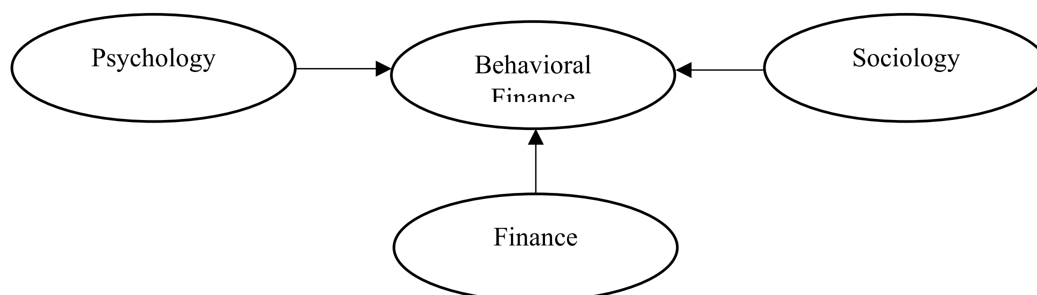
When we talk about behavioural finance, we are referring to the process of explaining and gaining a better knowledge of the reasoning patterns of investors, which includes the emotional processes and the degree to which they impact the decision-making process. The purpose of this article is to provide an explanation of the what, why, and how of finance and investment from a human lens. Behavioural finance, for example, is an attempt to understand financial markets and provides explanations for several abnormalities in the stock market. This field of study investigates the psychological and social aspects that influence the decision-making process of investors about their financial investments. According to Chaudhary (2013), this provides an explanation for why investors do not always execute the judgements that are anticipated of them and why markets do not consistently act in the manner that is anticipated of them. The field of behavioural finance investigates the influence that psychological factors have on the actions of market players and the results of those actions, with a particular emphasis on the behaviour of individual investors and the decisions they make. In addition to this, it investigates the manner in which investors understand and act upon certain information, as well as the sorts of effects that these findings have on the investors' views and prejudices. The year 2019 (Antony). According to Hirsheifer (2015), the term "behavioural finance" describes the application of psychology to the field of finance. There is a connection between an investor's psychology and a concept of behaviour. Investors have a difficult time being rational throughout their life, and oftentimes their decisions are swayed by their feelings. As a consequence of this, an investor could not choose to invest in the stock market by concentrating exclusively on the qualities of the firm, such as its fundamentals and the market environment (Tejahwini & Cirappa, 2022). When it comes to the stock market, the actual players are investors.

When it comes to the financial market, individual investors are likely to be less knowledgeable, more biassed, and more prone to engage in common noisy trading (Kyle, 1985; Black, 1986). The purpose of this study is to analyse the categorisation of behavioural biases in investment decisions and to evaluate the perspectives that investors in the banking sector have regarding behavioural finance. Regulatory bodies and policymakers in the stock market can benefit from this study by gaining a better understanding of the behavioural biases that influence investing decisions. According to Statman et al. (2008), when it comes to investments, investors make decisions based on their feelings, emotions, and sentiments, which play a significant role in the decision-making process during the investing process. As a result, psychological biases have a role in the decision-making process of individual investors about their investments. The results demonstrate that the behaviour of small investors in terms of their investments is impacted by a variety of factors, which are the ultimate drivers of the success of the market. According to Shabgou and Mousavi (2016), the decisions that investors make in the stock market have a substantial impact on the direction that the market trend takes, which in turn has an effect on the economy.The term "bank" originates from the Italian word "BANCO," which literally translates to "bench." Beginning in the early years, individuals in

Italy conducted their commercial transactions on benches located in the market square. Banks are the financial institutions that offer a wide range of financial services to their customers. Money is the subject of this. The cash that is saved by customers is collected by the bank, which then lends it out to customers. The funds are collected by banks through the acceptance of deposits, the borrowing of cash, and the issuance of stock. Each of the following categories of financial institutions may be found in Nepal: Commercial Banks, Development Banks, Finance Companies, and Micro-Credit Development Banks.The structure and composition of assets and liabilities can vary dramatically from one bank to another within the banking sector (Saunders & Cornett, 2012). This is true for banking institutions that have varying asset amounts. In the world of finance, commercial banks are the most important intermediaries, and their primary responsibility is to facilitate the movement of monetary resources from savers to consumers. The first commercial bank to be created was Nepal Bank Limited, which was established on November 15th, 1957. The Commercial Bank Act of 2031 B.S. (1974 A.D.) defines a commercial bank as a financial institution that engaged in activities such as the exchange of money, the receipt of deposits, the provision of loans, and the execution of commercial transactions.

A relatively new area, behavioural finance tries to blend behavioural and cognitive psychology theory with conceptual economic and finance in order to give reasons for why investors make irrational financial decisions (Chaudhary, 2013). Behavioural finance is a very young field. Research is conducted to investigate the ways in which sociology and psychology influence financial investors and, ultimately, the securities market. “Kishore (2006) states the field of behavioral finance has evolved in order to attempt to better understand and explain how emotions and cognitive errors influence investors and the decision-making process. The behavioral finance is combining with psychology, sociology and finance.

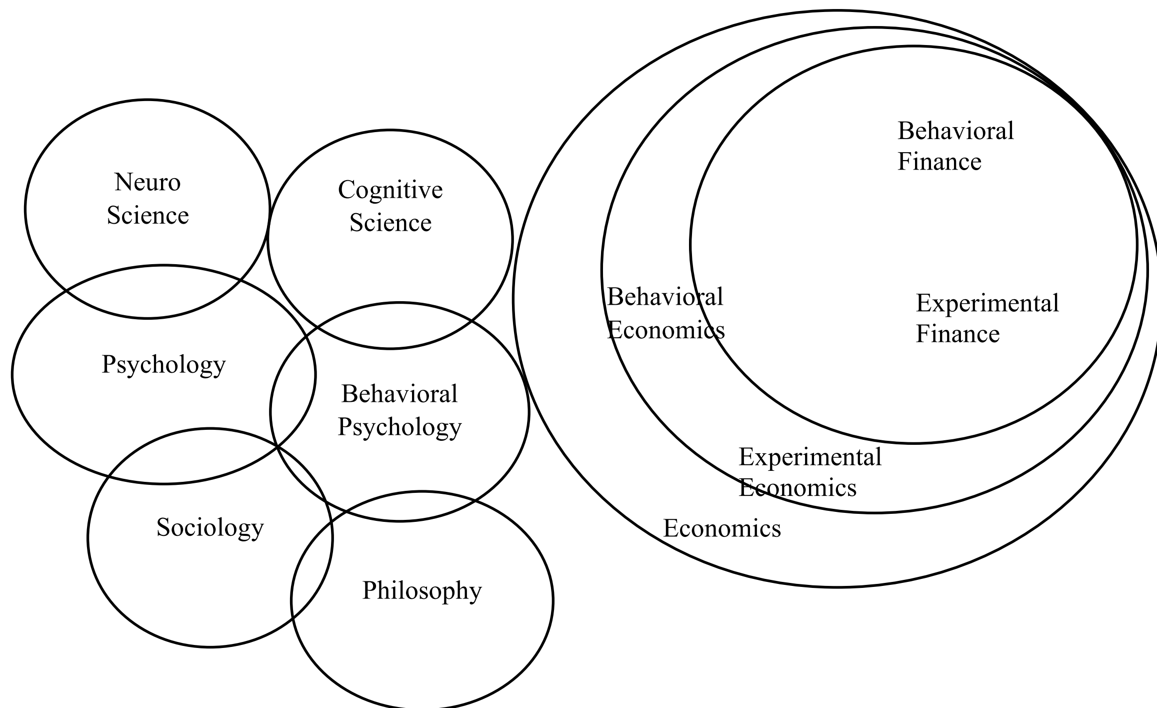
Figure 1 Foundations of Behavioral Finance



Source: Chaudhary (2013)

Behavioral finance integrates principles from psychology, sociology, and philosophy into the realm of finance, examining how human behavior influences financial decisions. Psychology contributes theories on cognitive biases and emotional responses, such as loss aversion and overconfidence. Sociology provides insights into how social dynamics and investor sentiment. Philosophy offers frameworks for understanding risk uncertainty, and ethical considerations in investment decision making. The fundamental field of science in connection with behavioral finance present in fig.2

Figure 2 The Fundamental Field of Science in Connection with Behavioral Finance



Source: Le Bon, G. (2009)

The main purposes of this study is to explore the components of behavioral biases on investment decision in banking industry and also identify the cognitive biases & emotional biases which are measured on rational investment decision on stock market evidence from Nepal Bank Limited. The rest of this study is divided into five sections. Important literature review is discussed in section II. Section III represents the research methodology adopted for this while data collection is discussed in section IV. Result and Discussions, research gaps are provided in section V conclusions including implications and future research avenues under perceptions towards behavioral finance among investors in Banking Industry: evidence from Nepal Bank Limited.

Literature Review

The traditional theories focus a widely accepted approach of “fully rational agent” where decision making is based solely on available data and mathematically proven concepts. Behavioral finance is a relatively new school of thought that deals with the influence of psychology on the behavior of financial practitioners and its subsequent impact on stock markets (Sewell, 2007). People in standard finance are rational. People in behavioral finance are normal. is during this time that the concept of utility was introduced which measured the satisfaction of individuals by consuming a good or a service (Bernoulli, 1738). For instance, these assumptions become the basis of the traditional financial framework that equilibrium solutions by maximizing marginal utilities of individual’s subject to situational constraints (Pompian, 2011).

Table 1. Traditional Financial Theories

Author	Year	Findings
Joha Stuart Mill	1844	Introduced the concept of economic man
Bernoulli	1738 ,1954	Expected utility theory
Von Neumann and Morgenstern	1944	Expected utility theory
Harry Markowitz	1952	Markowitz portfolio theory
Treynor, Sharpe and Lintner	1962,19641965	Capital asset pricing model
Jan Mossin	1966	
Eugene Fama	1970	Efficient market hypothesis

Source: Kapoor & Prosad (2015)

Veni and Kandregula (2020) emphasized modern portfolio theory and efficient market hypothesis, it explores the evolution of modern behavioral finance theories from standard finance framework. Behavioral finance is financial theory which hasrisen since 1980s.This involves the substitution of traditional finance theories with more realistic behavioral theories like the prospect theory (Kahneman & Tversky ,1979) under it. Some principles of behavioral biases including the heuristic factors, prospect theory and underlying psychology and their effect on financial system and investment decision makings. Many of studies have confirmed that human beings are perfectly irrational in their complex, and behavioral finance studies how cognitive, emotional and psychological decision making. Behavioral finance helps to find the difference between expectations of efficient, rational investor behavior and actual behavior (Veni & Kandregula, 2020). The behavioral finance theories are presented in Table 2.

Table 2. Behavioral Finance Theories

Author	**Year**	**Theory /Concept/Model**
Herbert Simon	1955	Models of bounded rationality
Festinger, Riccken and Schachter	1956	Theory of cognitive dissonance
Tversky and Kahneman	1973,1974	Introduced heuristic biases; availability, representativeness, anchoring and adjustment
Kahneman and Tversky	1979	The prospect theory, introduced loss aversion bias
Tversky and Kahneman	1981	Introduced Framing bias
Richard Thaler	1985	Introduced mental accounting bias
De Bondt and Thaler	1985	Theory of overreaction in stock markets
Barberis, Shleifer and Vishny	1998	Investor sentiment model for under reaction and overreaction of stock prices
Meir Statman	1999	Behavioral asset pricing theory and behavioral portfolio theory
Andrei Shleifer	2000	Linkage of behavioral finance with efficient market hypothesis to find that stock markets are inefficient.
Barberis, Huang and Santos	2001	Incorporation of prospect theory in asset prices.
Grinblatt and Keloharju	2001	Importance of behavioral finance. Emphasis on departure from "homo economicus" or traditional paradigm to more realistic paradigm.
Barberis and Thaler	2003	Survey of behavioral finance
Coval and Shumway	2006	Effect of behavioral biases on stock prices. The price reversal for biased investors is quicker than unbiased investors.

Source: Kapoor & Prosad (2015)

The field of behavioral finance delves into the myriad ways in which psychological biases influence investment decision making. Pompian (2006) delineates cognitive biases such as

overconfidence, representativeness, anchoring, and cognitive dissonance, alongside emotional biases including endowment bias, loss aversion, optimism, and status quo. Kunwar (2021) underscores the global impact of market anomalies and irrational investor behavior; particularly pronounced in smaller, less efficient markets like Nepal, herding heuristics, prospects, market factors, and herding effects are prevalent among individual investors. Morttezaee et al. (2016) highlight aim of behavioral finance to mitigate the influence of psychological variables in financial market dynamics, with a focus on cognitive parameters. Subramaniam et al. (2017) emphasizes the role of both traditional and behavioral finance in explaining investment decisions attributing irrationality primarily to psychological factors. Reyes et al. (2019) view behavioral finance through the lens of cognitive constructs.

Vaidu (2021) explore Nepalese investors decision making processes within the secondary market, revealing the influence of behavioral biases. Dhungana et al. (2022) explores the line between irrational financial decisions and cognitive biases like availability, overconfidence, and herd instinct the overconfidence bias exerting the greatest impact. Sapkota and Chalise (2023) find significant behavioral influence on equity investment decisions, echoing Pandit (2018) findings on behavioral biases among Nepalese investors. Sapkota (2022) asserts that market anomalies drive inefficient markets, with herding, loss aversion, overconfidence and risk propensity shaping stock investment decisions. Sinha (2015) underscores the noise and limitations in stock markets attributed to psychological biases while Kahneman and Tversky (1979) pioneered in the study of behavioral biases impact on financial markets. Kapoor and Prosad (2017) chart the evolution of behavioral finance focusing on investors psychological influences and Hyland et al. (2022) emphasize the role of human biases in investment irrationalities. Kahneman (2011) characterizes human thing as intuitive and heavily influenced by associative triggers, underlining the importance of understanding psychological effects, in decision making.” Thus, behavioral finance emerges as a critical discipline in unraveling the complexities of investment behavior.

Research Methodology

The ontological research philosophy, which employs interpretivism, has been accepted based on a single reality paradigm. Because it seeks to comprehend the subjective sensations and interpretations that investors assign to behavioural finance ideas. In this study, the researcher performed a semi-structured interview with three banking sector investors to gather evidence from Nepal Bank Limited, and data was analysed qualitatively using theme analysis. Among these, the study's ontological perspective was relativism, which recognised that how individuals / investors see the nature of reality cannot be the same for everyone. The epistemological viewpoint adopted was based on subjective and contextual reality. since a result, the study relied heavily on the interpretative paradigm, since investors interpret occurrences from many angles in order to grasp facts and explain stock market investing to individual investors.

Under banking industry, with reference to Nepal Bank Limited (NBL) in Pokhara. The researcher interviewed three investors who had invested in the stock market as well as NBL. One of them works in banking at NBL (as a branch manager), one teaches at the university level (at higher education institutions), and the other is a businessman. The NBL was chosen because of its easy access to research and the presence of government banks in Nepal's banking market. In terms of number of participants, just three investors were chosen since 'less is more' and can assist create significant information depending on the richness of the semi-structured interview, research objectives, research questions, and method of data analysis and interpretation (deMarais, 2004). The three investors included a male with a Master of Business Studies (MBS) from Tribhuvan University who is currently employed by NBL as a branch manager, one as a teaching professional at TU with MBA personnel management degrees from

the Faculty of Management (FOM), and the third as a businessman and investor with SLC. They had expertise and experience in the research issue. As a result, deliberate sampling was utilised since it is commonly used in qualitative research to discover and address behavioural finance biases. Using this approach, knowledge, feelings, perception, and experienced participants were found and chosen for the study's goal. During the exploratory procedure, the researcher met with three investors in one day. To answer the study questions, the researcher developed strong listening skills so that meaning could be extracted readily from the participants during a semi-structured interview as audio recorded on the stock market. The researcher began the interview by asking open-ended questions on the workers' and businessmen's codes of behaviour. The interview for the branch manager of NBL in Pokhara was conducted during office hours and lasted thirty-two minutes. Off-hours for a Lecturer of Prithvi Narayan Campus, Pokhara at their own house for thirty-one minutes, and the third as a businessman who has ran a company in Pokhara Trade Mall at seven p.m. for thirty-eight minutes on the research issue. To get detailed responses to the study topics, the researcher asked open-ended questions beginning with an introduction to each participant and followed by 'why', 'how', 'what', and 'when if'.

Result and Discussion

In order to conduct a qualitative analysis of the replies and data obtained from the semi-structured interview, a number of different codes were developed. All of the codes were arranged into categories, and themes were discovered. According to the findings of the study, the most common types of behavioural biases that investors in the banking industry exhibit are cognitive biases like awareness, ambiguity aversion/familiarity bias, availability bias, representative bias, mental accounting, gambler's fallacy, and emotional biases like optimism, herding behaviour, emotional factors, perceived and control / self-control, and loss aversion/regret aversion bias. The study was conducted with reference to Nepal Bank Limited.

Cognitive Biases

Various investing decision-making behaviours, as studied in psychological research, are referred to as biases. All decision-making is susceptible to these biases, but investment and financial matters are especially vulnerable. Behavioural biases have a part in investing decision making, which is a part of behavioural finance. Cognitive biases and emotional biases are the two main types of behavioural biases described by Pompian (2006). Systematic patterns of irrationality in assessment and decision-making are known as cognitive biases. Cognitive biases identified by Pompian (2006) include the following: availability, framing, overconfidence, cognitive dissonance, hindsight bias, psychological accounting, anchoring bias, ambiguity aversion, conservatism, regency bias, and illusion of control.

What we mean by "awareness" is how people in the banking business see NBL when they buy and sell shares. While investing in NBL shares, all participants emphasised the need of being aware of the potential for profit or loss. When I was a businessman, there were a lot of non-performing loans (NPLs) and the bank was losing money. By growing its investments in public welfare and improving its dividend, NBL assures its investors. He was well-versed in the company's ins and outs as a branch manager, so he didn't invest carelessly. Perhaps the government owns NBL shares, but he doesn't think he made a mistake buying in them. He claimed to have been an investor in the primary and secondary markets of the Nepal Stock Market since 1998, while working as a professor at TU. The stock market demanded a minimal initial investment, whereas other businesses required a large one. One illogical inclination is the familiarity bias, also known as ambiguity aversion, which leads people to choose the known over the unknown or missing information. As a general rule, people would rather take

calculated risks with known outcomes than with uncertain ones. A lecturer from TU did not exhibit ambiguity aversion bias, while a businessman and a branch manager did. Whereas a businessman stated that investment areas are distinct and depend on government policy, you, as the branch manager of NBL, are familiar with the stock/share market and have acquaintances in the firm who are also familiar with it. An example of availability bias would be when individual investors only consider the most current information when making investing decisions. There is insufficient knowledge about the stock market for a businessman. This report examines NBL's current employee, the company's state, its primary promoters, financial performance, and future prospects. According to him, that division should be in charge of making such data public. Working with NBL ensures that he is always well-informed about the stock market. Similarly, I was ignorant as a TU lecturer; I had to go out to a broker online and invest based on their advice, and I still get confused about the stock market and whether or not the quarterly report is good. When people make investment decisions and categories new information based on their own preconceived notions or experiences, this is called representative bias. Gains and losses are noticeable when working for NBL. Members of the public with bias while trading stocks. Just how the stock market is affected by the entire financial condition, a businessman has stated that there's no need to be pessimistic. The term "psychological accounting" refers to the way in which individual investors mentally categories and store data pertaining to certain occurrences, including as profits and losses. Investors may have differing opinions on occasion, but they should always be on the same page in theory. As shareholders in Nepal Bank Limited, all of the participants agreed that keeping track of the market's ups and downs helped them feel more secure in their NBL shares.

Individual individuals sometimes have a propensity to exaggerate their talents when it comes to investing. What this means is that investors put a lot of faith in their abilities and expertise to get the job done. This level of self-assurance is understandable, but it is more common among entrepreneurs. Because of NBL's performance and dividend, all participants are hoping that the value will improve one day. Manager of an NBL branch, more self-assured while representing the bank than when interacting with customers. When people make their investing decisions based on what they think the market will do in the future, they are committing the gambler's fallacy. He played for a while in this manner because, as an NBL employee, he thought the stock market was like gambling: you play to win, not lose. As a businessman, he also knows that the sharing market is only speculation and that the truth is different; he bases his speculations on the NBL network.

Emotional Biases

The term "emotional bias" describes the tendency for people to let their feelings cloud their judgement and cause them to act irrationally. A result of this is a skewed way of thinking and making decisions influenced by emotions. Since emotional biases stem from subjective experiences, they might be more challenging to alter. Distraction occurs when people let their feelings guide their reasoning rather than logical consideration of the facts. Behavioural variables of investors in banking business with relation to NBL. Emotional elements, optimism, herding behaviour, and loss aversion/regret aversion were discovered by the researcher.

When investors are too optimistic, they tend to overestimate or underestimate the hazardous assets predicted mean returns. When making a decision, optimistic investors solely consider positive news. Expectations for returns, tolerance for returns, and perceptions of risk are the three factors that drive optimism and pessimism, according to Hoffman and Post (2011). People have higher faith in NBL shares because, from a businessman's perspective, the government guarantees that they are safer than competing shares. He predicted that the NBL share market will continue to rise in value since the company had sufficient assets, easy access to cheap

funding, and the potential for both capital and dividend gains. He felt comfortable about it and understood that investors want a quick return. Next, NBL should move forward according to the government's limitations. In general, the NBL stock market is a safer bet. A dedicated NBL employee who believes in the power of discipline and the promise of a prosperous future for NBL stock. Furthermore, he invested in the secondary market, issued shares to students, and felt both hopeful and calm about the future of NBL as a market instrument. He is a lecturer at TU. When several investors act in unison, even when they are all purchasing or selling the same stocks at the same time, this phenomenon is known as herding. Investors that follow the herd tend to mimic the actions of other investors. According to a businessman, you should monitor the NBL share price often. If you're the branch manager of NBL, you know that herd mentality impacts the bank's investments and, by extension, macroeconomic indicators. Feelings of gaining the rights to execute the work of broker/herding behavioural, according to a TU lecturer, are similar. In order to prevent feeling remorse after a loss, investors practice loss aversion (Kahneman & Tversky, 1979). The amount of risk aversion shifts as a result of shifts in the market. During bull markets, investors are more likely to avoid losing money than during down markets. According to the branch manager, there is a larger incentive to consistently invest more and earn more. A businessman's emotional analysis also revealed that many investors had lost money. The certainty effect, the fear of loss or uncertainty, and the home money effect are all examples of emotional elements. In addition to past, present, and future emotions, it also incorporates mood and sentiments. According to this NBL employee, investors are influenced by their emotions when it comes to political instability. Furthermore, the actions of other people have little impact on a businessman. Since he was an expert, he advised that people study the market thoroughly before investing. Where one feels they are in charge, or the illusion of control, are concepts related to perceived and self-control. The stock market for NBL should see more investment, according to a businessman. Brokers, according to NBL's branch managers, frequently exert influence over businesses and deceive their investors; still, the latter should exercise caution.

The function of investors is critical, while that of brokers is secondary. In the teaching profession, emotional biases can have a significant impact on the stock market. Examining how investors' and stock markets' mental processes impact their decisions is the focus of behavioural finance. Technical and fundamental analysis are the two main tools that investors use when analysing investments. The mental processes that underlie the decision to purchase or sell Nepal Bank Limited (NBL) shares in the banking sector are the foundation of market behaviour. Intersecting real-world scenarios with more conventional financial theories, behavioural finance fills in the gaps. Behavioural finance posits that actual investors are susceptible to psychological biases; nonetheless, this is of little interest to traditional theories of finance. Fundamental and technical analysis, as well as the arbitrage opportunity presented by investors' beliefs (such as availability biases, optimism, overconfidence, and herding behaviour tendency), impacted the NBL stock market, according to the study's findings. While making investment decisions in the banking industry, investors are impacted by psychological/mental accounting, ambiguity aversion, and self-control, in relation to Nepal Bank Limited (NBL). This study issue lends credence to the claims made by Alsabban and Alarfaj (2020) that financial professionals, in accordance with prospect theory, breach anticipated utility maximization. Nepal Bank Limited (NBL) data does not back up the claim that behavioural finance takes into account the cognitive and emotional biases, emotions, and psychology of individual investors as potential causes of poor investment decisions (Sapkota, 2022). Investors' irrational behaviour is the subject of prospect theory, which is described by Kahneman and Tversky (1979) as the process by which investors weigh the likelihood of a profit or loss. This is borne out by the results of this study. One way an individual investor plans for the future is by thinking about how they would react. This study lends credence to

regret aversion theory and its potential application to NBL stock market investor psychology. According to the theory of cognitive dissonance (Morton, 1993), investors experience feelings of internal conflict and anxiety when confronted with contradictory ideas. This feeling is shared by NBL investors, who view the banking sector through the lens of behavioural biases.

According to Kunwar (2021), the stock market has been affected by market anomalies and the irrational behaviour of investors. With a focus on Nepal Bank Limited, this study examined the impact of investor biases and behavioural determinants on banking sector investment decisions. The findings of this study provide credence to the idea that NBL investors are acting irrationally. The study's findings pertain to cognitive biases such as optimism, ambiguity aversion, representatives, overestimation, herding effect, gambler's fallacy, and psychological/mental accounting. The research on this subject provides credence to the claims made by Morteza et al. (2016), who centered their study on the psychological aspects influencing the financial markets. In Pokhara, Dhungana et al. (2022) studied the impact of cognitive biases on investing decisions. These biases included overconfidence, herding behaviour, availability bias, and regret aversion. The heuristics theory employed in the Nepalese stock market is backed by research that examined the perspectives of banking sector investors with regard to NBL, with the exception of anchoring biases (Pandit, 2018).

Conclusions and Implications

This study reveals that certain psychological biases have a significant impact in the decision-making process about investments. The study came to the conclusion that the most common types of behavioural biases that investors in the banking business exhibit are cognitive biases and emotional biases. This was done with reference to Nepal Bank Limited. As a result of the findings of the study, the NBL stock market was influenced by fundamental and technical analysis, as well as by the psychological biases of investors. These biases included beliefs such as representativeness, availability, optimism, overconfidence, and herding behaviour, as well as emotional biases such as mental accounting, ambiguity aversion, and self-control. The study was conducted with reference to Nepal Bank Limited. The results of this study have a number of repercussions for stakeholders, including investors, brokers, and the government, who are working to encourage involvement in the stock market. When it comes to investment decision making, this study is especially important for stock market regulators and policymakers since it helps them better understand the behavioural biases and psychological elements that influence investing choices. The focus of this study is on individual investors; however, it is possible that future research would concentrate on institutional investors in the banking industry, with a particular emphasis on Nepal Bank International.

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