

**FINANCIAL BEHAVIOUR UNDER RISK AND
UNCERTAINTY: ROLE OF EXPERIENCE AND EMOTION**

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**THESIS SUBMITTED IN FULFILMENT
OF THE REQUIREMENTS
FOR THE DEGREE OF DOCTOR OF
PHILOSOPHY**

**FACULTY OF ECONOMICS AND ADMINISTRATION
UNIVERSITY OF MALAYA
KUALA LUMPUR**

2012

Abstract

The purpose of this research was to seek a better understanding of the role of learning and experience in moderating the influence of heuristics and biases in financial decision behaviour. The study was conducted using a mixed methods research approach where the quantitative analysis of self-reports from a survey questionnaire was supported by qualitative analysis of observed behaviour from case studies. The findings pointed to an inverse relationship when the choices involved risk or loss of money, and where the link could be the emotional state of the individual. The findings also highlighted the income variable as a significant predictor of irrational decision-making behaviour.

The study presented three contributions to behavioural decision research. One, the scope of the biases tested in relation to the experience variable was expanded to include the breakeven, house money, status quo and anchoring effects. Two, similarities and differences in decision behaviour between investment professionals and retail investors were examined under the same context. Three, the findings provided additional insights on the effect of loss aversion on riskless and risky choice tasks. It is hoped that the findings from this research will be of use to risk practitioners who seek to develop a judgement risk framework to complement the existing financial risk frameworks.

Abstrak

Tujuan penyelidikan ini adalah memperolehi pemahaman yang lebih dalam mengenai peranan pembelajaran dan pengalaman dalam meredakan pengaruh heuristik dan prasangka-prasangka dalam tingkah laku atau amalan membuat keputusan berkaitan urusan kewangan. Kajian dijalankan mengguna pendekatan penyelidikan dengan kaedah bercampur-campur dimana analisis kuantitatif laporan sendiri daripada bentuk soal-selidik banci akan dibantu oleh analisis kualitatif tingkah laku yang diperhatikan melalui kajian-kajian kes. Penemuan-penemuan menjurus kearah suatu hubungan songsang apabila pilihan-pilihan melibatkan risiko atau kehilangan wang ringgit dan dimana kaitan atau hubungannya mungkin keadaan emosi individu yang berkenaan. Penemuan-penemuan juga menyerlahkan pembolehubah pendapatan sebagai peramal penting tingkah laku membuat keputusan yang tidak logik atau tidak masuk akal.

Kajian memberi tiga sumbangan kepada penyelidikan tingkah laku membuat keputusan. Pertama, ruang prasangka-prasangka yang diuji berkaitan pembolehubah pengalaman diperluaskan untuk merangkumi kesan-kesan *breakeven*, *house money*, *status quo* dan *anchoring*. Kedua, persamaan-persamaan dan perbezaan-perbezaan dalam tingkah laku membuat keputusan antara para ahli professional pembuat pelaburan dan pelabur runcit telah dikaji didalam konteks yang sama. Ketiga, penemuan-penemuan memberi gambaran tambahan berkenaan kesan-kesan kebencian terhadap kerugian akibat tugas-tugas yang tiada berisiko dan yang berisiko. Adalah diharapkan penemuan-penemuan hasil penyelidikan ini berguna kepada para pengamal risiko yang berusaha membangunkan rangkakerja membuat pertimbangan mengenai risiko bagi melengkapi rangkakerja-rangkakerja risiko kewangan sedia ada.

Acknowledgements

My thanks go my three supervisors, Dr Tan Tok Shiong, Prof Dr Goh Kim Leng and Assoc Prof Tey Nai Peng; in particular Prof Dr Goh who lead me to my 'ah-ha' moment and the turning point for this study. To all my friends, you know who you are, thank you for knowing me so well that in the lowest parts of my journey, you goaded me on with reverse psychology, and pushed me over the finishing line. And, to Nadzim, your linguistic skills came in most handy to provide the final piece in this tome.

Finally, I dedicate this research to my late father. There were times like this, that he did not understand why I do the things I do, but supported me whole-heartedly all the way. This one is for you, dad!

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