ANALYSIS OF BEHAVIORAL FINANCE IN STOCK INVESTMENT OF SAM RATULANGI UNIVERSITY STUDENT

ANALISIS PERILAKU KEUANGAN DALAM INVESTASI SAHAM PADA MAHASISWA UNIVERSITAS SAM RATULANGI

By
Virginia Senewe
S. L. H. V Joyce Lapian
Willem J. F. Alfa Tumbuan

[123]Faculty of Economics and Business, International Business Administration, Management Department
Sam Ratulangi University Manado

E-mail:
[1]jelitavirginia85@gmail.com
[2]joyce_lapian@yahoo.com
[3] wjf_alfa@yahoo.com

Abstract: Behavioral finance is a field of finance that proposes psychology-based theories to explain stock market anomalies such as severe rises or falls in stock price. Stocks are an equity investment that represents part ownership in a corporation and entitles you to part of that corporations earnings and assets. This study was conducted to test whether investors in the capital market Indonesia is always rational, with students being subject as representatives of academics who invest in capital markets, then it is hoped the subject has a better knowledge of investment in capital market. The method used in this research is qualitative to examine the experience of every individuals. The population in this study consisted of student of Sam Ratulangi University. The results showed that all the informants had the same experience when going to invest. They all had a fear to not getting a profit and losing their money. In truth, they want more benefits from their investments as they want from almost all products and services. BEI have to introduce more about them to students and other people in addition to know BEI and provide an opportunity for them to become investors and get profit from being the investor itself.

Keywords: *behavioural finance, stock investment, investor behaviour, investor psychology*

Abstrak: *Perilaku keuangan adalah bidang keuangan yang mengusulkan teori berbasis psikologi untuk menjelaskan anomali pasar saham seperti kenaikan yang parah atau penurunan harga saham. Saham adalah investasi ekuitas yang mewakili kepemilikan bagian dalam sebuah perusahaan dan memberikan hak kepada Anda untuk bagian dari pendapatan dan aset perusahaan. Penelitian ini dilakukan untuk menguji apakah investor di pasar modal Indonesia selalu rasional, dengan mahasiswa yang menjadi subjek dari akademisi yang berinvestasi di pasar modal, maka diharapkan subjek memiliki pengetahuan investasi yang lebih baik di pasar modal. Metode yang digunakan dalam penelitian ini adalah kualitatif untuk memeriksa secara mendalam untuk menguji pengalaman setiap individu. Populasi dalam penelitian ini adalah mahasiswa Universitas Sam Ratulangi. Hasil penelitian menunjukkan bahwa semua informan memiliki pengalaman yang sama ketika akan berinvestasi. Mereka semua takut tidak mendapatkan untung dan kehilangan uang mereka. Investor rasional hanya peduli tentang kekayaan, sebagai konsumen, mereka peduli tentang manfaat, utilitarian, ekspresif, dan emosional. Sebenarnya, mereka menginginkan lebih banyak manfaat dari investasi mereka seperti yang mereka inginkan dari hampir semua produk dan layanan. BEI sebaiknya memperkenalkan lebih banyak tentang mereka kepada mahasiswa dan orang lain selain untuk mengenal BEI dan memberikan kesempatan bagi mereka untuk menjadi investor dan mendapatkan keuntungan dari menjadi investor itu sendiri.*

Kata Kunci: *perlaku keuangan, investasi saham, perilaku investor, psikologi investor*

INTRODUCTION

Research Background

For people, investing in capital markets is an opportunity to get a higher profit rate or return than investing in other financial assets. Invest on shares that are generally traded on the capital market, provide two profit for the community that is dividend and capital gain. The decision to choose to place funds on stock options available in the capital market, involves both cognitive and emotional factors human as investor. Rationally investors will choose stocks which is advantageous considering the level of return and risk from shares. But emotional factors make investors tend to be irrational by choosing an unfavourable stock, which is due to an error in analyzing and translating information so that stock prices are valued inappropriately.

Behavioral finance is in line with anomalies as in the research of behavioral finance. Adel and Mariem (2013) also showed that markets are not always efficient, and investors are not always rational, which eventually caused their investment decisions to be biased.

Education on capital market investment is increasingly widespread in colleges, even some universities that are not science-based economics or business, has developed its course of study by opening management and business courses. Students are of particular concern in the BEI capital market education program, because students are believed to have a high ability to invest in the capital market.

Surely there are many factors behind the decision of the students in investing. Such as fear and anxiety that can encourage students to make decisions. However, investors often make investment decisions that are not wise and even self-defeating. Based on the background exposure, the author is interested to conducting research to Analysing Behavioral Finance In Stock Investment of Sam Ratulangi University Student.

Research Objectives

The objectives of this research is to know the description of behavior in stock investment decisions and the differences in behavior that directly affect stock investment decisions.

THEORETICAL REVIEW

Behavioral Finance

Behavioral finance can affect investor decision. Behavioral finance is introduced from the efficient market hypothesis due to the latter's weakness (Shiller, 2003). Oh, Parwada and Walter (2008) examined the way that behavioral finance can affect the investment decision in Korea. Besides that, Kim and Nofsinger (2008) found out that the Asians suffer more from cognitive biases when making the investment decision. According to Shefrin (2007), behavioral finance approach which uses the behavioral asset pricing theory is clearly defined, quantifiable, and in which the impact can be obtained from market prices and risk premiums. The behavioral asset pricing theory is developed to take into account of a variety of issues, hence the items in this theory tend to be diverse. Issues including investor's errors in investment decision, however it varies from one model to another (Shefrin, 2007 and Lemy *et al,* 2013).

Behavioral finance is the financial research of examining psychological factors that influencing investment decisions which is not explained by efficient market hypothesis (EMH). EMH states that market is rational as the share price is able to portray the information completely by the prices of stocks and the stock prices are able to adjust quickly according to the latest information (Latif et al, 2011). This traditional finance theory is based on the assumption which guided by a belief in efficiency market and return maximization.

Investor Psychology

A rational investor is an ever-renewing investor his beliefs and responds to the information obtained in the proper way and also make normatively acceptable choices (Thaler, 1999). The fact that happens, not all investors apply rationally, the flavor or emotional factor in the investor influences the selection decision in investment in the capital market. Investor irrationality in the capital market making the market a panic and potentially disrupting the market, so market movement becomes abnormal. abnormal market movements creating anomalies or anomalies. January effect, Size effect, and the underpricing phenomenon at the initial public offering, is an anomalies that occur in the capital market.

According to Daniel et al (1998) the anticipation, diagnosis, and the management of investor discomfort and regret are central elements of responsible financial advising and therefore part of the financial advisor's job description.

Investor Behavior

There are a few factors that potentially influence the decision of the investors, which including risk profiles of investors, investment horizon, investible surplus, financial literacy and market outlook. Investment horizon refers to the length of period a sum of money is expected to be invested. It can be applied in determining the investor's income needs and desired risk exposure, and then security selection. Warren (2014) indicated a wide range of interrelated effects on investment horizon is depending on the situations, design of investment environment and the choices made. Liao, Chou and Chiu (2013) found that the professional investors also tend to invest based on irrational consideration. Liao, Chou and Chiu (2013) indicated the former ownership has a significant impact towards the decision to buy and sell and shares among the professionals. In another word, it means that if the investor has own a particular stock before, the decision to buy and sell the same stock in the future will be greatly influenced by the ownership now. If the investors find that they are holding winning stocks, they tend to buy the same shares in the future. In contrast, if they realize it is a losing stock, they will not trade the same stock in the future

Stock Investment

In most cases, every time you purchase an investment, it will cost you money (through commissions). Investing in stocks can be very costly if you trade constantly, especially with a minimum amount of money available to invest. Stocks are an equity investment that represents part ownership in a corporation and entitles you to part of that corporations earnings and assets. Common stock gives shareholders voting rights but no guarantee of dividend payments. Preferred stocks provides no voting rights but usually guarantees a dividend payment. In the past, shareholders received a paper stock certificate – called a security – verifying the number of shares they owned. Today, share ownership is usually recorded electronically, and the shares are held in street name by your brokerage firm. Investing in stocks can be tricky business. In fact, its best to treat all of your investment pursuits as a business.

Stock Market

Stock market is where investors meet to buy and sell shares. Markets used to be literal places – they were trading floors in New York, London, Tokyo and Frankfurt where prices for stocks were set in an ongoing live auction. Now most bids to buy and sell stocks are made electronically. You access these global electronic markets by placing an order through a broker. Stocks are listed on the market by short names known as ticker symbols. When you search the ticker symbol MSFT on a news site such as money or on your brokers website, the price quoted is the amount investors paid for the most recent lot of Microsoft shares traded. Prices on markets move very quickly, as demand for stocks ebbs and flows along with the latest news and investors moods. So the price quoted for a stock may not be exactly the price you pay when you try to buy it.

Previous Research

Statman (2014) in Behavioral Finance: Finance With Normal People, state that we often hear that behavioral finance is nothing more than a collection of stories about investors swayed by cognitive errors and misleading emotions; that its lacks the solid structure of standard finance. Yet todays standard finance is no longer solid, as wide cracks have opened between its theory and the evidence. Offering an outline of behavioral finance as a solid structure that incorporates parts of standard finance, replaces others, and includes bridges between theory, evidence, and practice. Behavioral finance is finance with normal people in it, people like you and me. Standard finance, in contrast, is finance with rational people in it. Normal people are not irrational. Indeed, we are mostly intelligent and usually normal-smart. But sometimes we are normal-stupid, swayed by cognitive errors such as hindsight and overconfidence, and misleading emotions such as exaggerated fear or unrealistic hope. Behavioral finance is under construction as a solid structure of finance.

Baker and Ricciardi (2014) in Investor Behavior: The Psychology of financial Planning and Investing (a review), have assembled a collection of 30 articles written by more than three dozen scholars in the field of behavioral finance. The articles encompass a wide range of topics in the psychology of investing, focusing on academic work on financial planning. Even readers who are somewhat familiar with the literature on behavioral finance will benefit because the book addresses a number of topics not usually covered in the mainstream behavioral finance literature. The first section, Foundations of Investor Behavior, begins with two excellent overviews of investor behavior. The first, by Baker and Ricciardi, recounts the origins of the psychology of investing. For many students of investments, the study of investor behavior begins with Amos Tversky and Daniel Kahneman's path-breaking work on prospect theory from the late 1970s. Their review includes not only many mainstream books on the role of psychology in the investment process but also some that may be less familiar to the reader. In the second chapter, Lucy F. Ackert compares traditional finance with behavioral finance. Newcomers to behavioral finance will benefit from this excellent overview of the two competing points of view.

Bakara and Yi (2015) in The Impact of Psychological Factors on Investors Decision Making in Malaysian Stock Market: A Case of Klang Valley and Pahang, found the finding shows that overconfidence has a positive significant impact on investors decision making. The result further demonstrates that the availability bias behaviour has a positive significant impact on investors decision making. The findings show that overconfidence, conservatism and availability bias have significant impacts on the investors decision making while herding behavior has no significant impact on the investors decision making. It is also found that the psychological factors are dependent of individuals gender. This study, hopefully will help investors to be aware of the impact of their own psychological factors on their decision making in the stock market, thus increasing the rationality of investment decisions for enhanced market efficiency.

RESEARCH METHOD

Type of Research

This research using qualitative approach to examine and explore deeply the experience of every individuals to analyze the Behavioral Finance in Stock Investment of Sam Ratulangi University student.

Place and Time of Research

This research is conducted in Manado city particulary at Sam Ratulangi University. These research use the students who do the stock investing in BEI Sam Ratulangi University as the respondent. This research will be held on May 2018.

Research Procedure

There are steps that have been taken to conduct this study:

1. Study about qualitative analysis interview method, behavioral finance and stock investment materials, especially from secondary data like journals, articles and books.
2. Collect data from the internet about the examples of stock investment and investor behavior.
3. Choose the student as potential informants to be interviewed. Contact them and make appointment.
4. Designing questions for the interview.
5. Conduct grand-tour observation while doing in-depth interview with the informants to get information.
6. Doing analysis while collecting data.
7. Doing final observation and interview and complete the materials.
8. Re-checking all the result of interview and observation results.
9. Writing results.

Population and Sample

Population is the entire group of people, events, or things of interest that the researcher wishes to investigate (Sekaran, 2003). Population is mainly observed in this current research is the investor in BEI and population for this research is the student of Sam Ratulangi University who had being investor in BEI.

Data Collection Method

The data used in this research are primary data. According to Hair,. et al (2006:407), primary data are the result of conducting some type the data needed for this research were gathered through interview and observation in the social situation. On this research the researcher use data collecting technique by the observation, documentation, and In-depth Interview**.**

Data Analysis Method

The steps in qualitative data analysis are data collection, data reduction, data display, drawing and verifying conclusion. In this research, the process of data analysis were done before entering the social situation while analysis process was done during collecting the data and after finishing the collecting data in certain period of time. Doing analysis before entering the social situation used secondary data to decide the tentative limitation of the research. During interview and observation process, analyzing the answers that were given by the informants was done. If the answers or descriptions that were explained by the informants are still unclear, then will continue to ask and find the answer to find credible data.

Validity and Reliability in Qualitative Method

Validity and Reliability in qualitative research is needed to test or check the accuracy of data that has been collected from this research process take place. According to Creswell (2010:30) that the validity and reliability in Qualitative research is an examination of the accuracy of research results by applying certain procedures.

Triangulation by Creswell (2010:31) is a technique of collecting different sources of data by examining the evidence derived from these sources and using them to coherently justify themes. Researcher use different types of data sources and evidence from different situations. There are 3 sub types of people, time and space.

1. People : The data are collected from different people who do the same activity.
2. Time : The data are collected at different times.
3. Space : Data are collected in different places.

The most complex form of data triangulation is to combine several sub-types or all levels of analysis. If the data is consistent, then validity is enforced.

RESULT AND DISCUSSION

Result

The Interview Results part will cover the answers encountered for each question. The answers will be ordered per respondent/informant and presented informant by informant from informant 1 to informant 10.

Table 1. Data of Informants

NO	Informant	Age	Sex	Major
1	Informant 1	20	Female	Accounting
2	Informant 2	19	Male	Economic Development
3	Informant 3	19	Female	Economic Development
4	Informant 4	20	Male	Accounting
5	Informant 5	20	Female	Accounting
6	Informant 6	21	Male	Management
7	Informant 7	20	Female	Accounting
8	Informant 8	19	Male	Accounting
9	Informant 9	21	Male	Accounting
10	Informant 10	20	Male	Accounting

Source: Data Processed 2018

Informant 1

Informant 1 has been investor in BEI for 3 years, since the mid of 2016. According to the informant 1 she knows about BEI through her friend. Her friend who first become and investor introduce her to BEI and she interested because she want to learn how to be investor and learn about economy since she from economic faculty. She invest her money idr 200.000 and first she hesitated to give her money for investment because of her needs she wants to buy. But a strong desire to learn investing makes her finally steadily choosing to become an investor. She uses the allowance his parents give to invest. According to informant 1 BEI is the place to buy and sell stock like market and she already has the profit of her investment in BEI.

She add the most successful investors do not show up in a day. Need to learn the ins and outs about the world of finance as well as your personality as an investor. It takes time and patience, not to mention the existence of trial and error. And that's the role of a process. At the end of the interview she said that she was not interested in investing elsewhere. She is satisfied with BEI and she is not sure about other investment places other than BEI.

Informant 2

Informant 2 has been an investor in BEI for a year. He knows about BEI from BEI itself and he want to join being investor because he want to save for the future. He doesn't want to always use his parents' money because he knows how hard his parents earn money. But at first he was afraid he would not get a profit and instead lost his money. He finally believed and invested idr 200,000 after researching and finding out through the internet and his friends who already being investor what it BEI. And just like informant 1, he set aside the pocket money from his parents to invest. He also has a profit even though only a year he become an investor. But unlike the informant 1 he keeps looking for opportunities to invest elsewhere.

He also said that in the world of investment, education and knowledge are the most effective tools for increasing income and lowering risk. Knowledge and understanding of the right investment is essential to avoid a loss. It is basically this knowledge that can give us investors to understand the ins and outs of the investments.

Informant 3

Informant 3 has been investor in BEI for 2 years and she knows about BEI through student organization. Just like informant 1, she want to be investor because she want to learn about stock investment. But unlike informant 1 and 2, informant 3 directly believe BEI and not afraid to invest. And she uses the money she gets from scholarships to invest. She already has benefited from investing in BEI and she's not interested in investing elsewhere.

She realizes that the information provided by this industry is often difficult to understand. A little financial knowledge can be a dangerous thing, so should take the time to read all the documents correctly. If the document is too long and complicated, ask for a clear summary before join the investment. It's good to avoid buying some investment products if it feels too complex and not too clear. At least once a week, should look at the financial pages of a newspaper or over the internet. Determine what information to know, what to read in detail and what to keep for future use. Use as many resources as possible. Do not rely solely on the Internet, but use books, magazines, newspapers, radio, TV and personal contacts. As a reliable investor, we must understand that the scope of investment extends to many areas including politics, psychology, sociology, environment and law.

Informant 4

Informant 4 has been an investor in BEI for 2 years and knows BEI from his family. His parents found out about BEI while reading the news paper and by chance was discussing BEI. His parents then told him to know more about BEI because they know on campus there is a BEI gallery. And he becomes interested in BEI because he wants to be rich and have a lot of money. And he doesn't need to set aside money from his pocket money because his parents support him by giving idr 500,000 and do not regret because it has gained profit.

He also gives tips to be honest with ourselves that we have limitations. This applies to education and experience, time, interests and motivation. Along with the development of the world, including the state of the market where we invest, we need the existence of others. Be sure to have a good relationship with colleagues or work partners make sure you meet them regularly and have enough time to communicate qualitatively with them. Even a reliable investor needs a good and productive relationship. Delegate all tasks to suit the right people.

Informant 5

Informant 5 has been investor almost a year. He uses the money he gets from his side job. He wants to invest because he wants to get money that doubled from what he invested. Different with informant 1, 2, 3, and 4 he said he has not benefited yet from his investment. But he's still waiting because he knows it will be time to get his profits. He said he would still look for another place to invest because he wanted to quickly earn a lot of money.

He add that no one knows ourselves and our situation other than ourselves. Recognize the personality traits that can help or prevent us from investing successfully, and manage according to our personality. Not surprisingly, the best investment results tend to be realized by an individualist personality, or someone who have self-confidence behavior. However, if we determine that our personality traits are similar to an adventurer, we can still achieve investment success if we adjust the strategy appropriately. In other words, regardless of which group fits, we must manage the core assets systematically and disciplined.

Informant 6

Informant 6 has been investor in BEI for one year. And she knows BEI from E-stock. She wants to learn how to be an investor and what is investing itself. So she ask her parents for give her idr 200.000 to invest in BEI. She has earned a profit and says she is not interested in investing elsewhere.

She also said beware of fake friends who only pretend to be on our side, we must also remember that as investors, we compete with large financial institutions that have more resources, including access to information larger and faster. Remember that we are also potentially the worst enemies for ourselves. It depends on the personality, strategy and the particular circumstances in which one day we may destroy our own success. Because we avoid risk and maintain wealth, we will be affected by the huge losses that can result from high-risk investments and high returns. Be honest with ourselves, identify and modify the factors that prevent us from investing successfully.

Informant 7

Informant 7 has been investing in BEI for 3 years. He first found out about BEI through the news on television and was finally attracted by coincidence on campus there is a BEI gallery. He then asked the students in BEI who had become an investor and told them that he was interested in trying to invest. Though in his heart he still was afraid to lose the money he had invested. After becoming an investor in BEI he said not close the possibility he will try investing elsewhere. But for now he don't know yet.

He gave tips before starting the investment we must find a reliable investor experienced and make him role models in investing. Behind every successful investor, they are the ones who are likely to make some expensive mistakes early on. In addition, any training, workshop or seminar can also be a teacher in investing too. Seminars can begin the path to successful investment in an educated and controlling financial future.

Informant 8

Informant 8 has invested in BEI for 2 years. She knows about BEI from her friend who has invested in BEI for a long time. Initially she only joined in after many of her friends have become investors in BEI but after engaging in it she did not regret because at this time she was able to pay her tuition fee. She felt proud to have money without asking her parents. For now she has not been interested in investing elsewhere but if there is a chance she wants to try somewhere else because she wants to earn a lot of money for her in the future.

She also added before investing should add this question within us when getting any information: Does this make sense to me? What's the cost to me? Will this get me closer to my financial goals?

Informant 9

Informant 9 has been investing in BEI for 3 years. He knew about BEI from his friend who was just about to invest. His friends invite him to invest together. Initially he was scared just like any other informant but his friend convinced him and promised to replace his money if they did not get profit. He is now getting the profit and is planning to continue investing in BEI. For now he has not been interested in investing elsewhere but if there is a chance he wants to try somewhere else because he also wants to earn more money.

He added we must decide that we have learned enough to make our first investment. We should have gained enough knowledge to avoid some of the most common pitfalls in an investment. But we may make some mistakes and experience some setbacks or failures in investing. No need to be discouraged! The important thing is that we learn from the situation and apply it to our next investment. Failure will teach us to be wiser in action later on.

Informant 10

Informant 10 has been investing in BEI almost a year. His friend introduce him to BEI. He then ask his parents for giving him money to invest and his parents support him by give him the money. For now he has not earned the profit yet. So he has not dared to try to invest elsewhere. Maybe later after getting a profit he will try to invest elsewhere.

He also said that there are many misconceptions about how to become a successful investor. Being a true success investor requires a mixed formula of knowledge, understanding and experience. Given this world will always evolve, so our knowledge needs to be updated constantly.

Discussion

Based on the results of interviews, shows that the most successful investors do not show up in a day. Need to learn the ins and outs about the world of finance as well as your personality as an investor. It takes time and patience, not to mention the existence of trial and error. And that's the role of a process. The information provided by this industry is often difficult to understand. A little financial knowledge can be a dangerous thing, so should take the time to read all the documents correctly. It's good to avoid buying some investment products if it feels too complex and not too clear. Be honest with ourselves that we have limitations. This applies to education and experience, time, interests and motivation. Along with the development of the world, including the state of the market where we invest, we need the existence of others. No one knows ourselves and our situation other than ourselves. Recognize the personality traits that can help or prevent us from investing successfully, and manage according to our personality. In addition, any training, workshop or seminar can also be a teacher in investing too. Seminars can begin the path to successful investment in an educated and controlling financial future. We must decide that we have learned enough to make our first investment. We should have gained enough knowledge to avoid some of the most common pitfalls in an investment. But we may make some mistakes and experience some setbacks or failures in investing. No need to be discouraged! The important thing is that we learn from the situation and apply it to our next investment. Failure will teach us to be wiser in action later on. That there are many misconceptions about how to become a successful investor. Being a true success investor requires a mixed formula of knowledge, understanding and experience. Given this world will always evolve, so our knowledge needs to be updated constantly.

Behavior in Stock Investment Decisions

All informants had the same experience when going to invest. They all had a fear to not getting a profit and losing their money. Rational investors are different from normal investors, whether ignorant or knowledgeable, in their willingness to separate their roles as investors from their roles as consumers. As investors, rational investors care about only about wealth, the utilitarian benefit of investments. As consumers, they care about the full range of benefits, utilitarian, expressive, and emotional, of the products and services they buy with the wealth they accumulate. Knowledgeable investors might deny their want of status when they speak to others, concerned that such want is unseemly. But knowledgeable investors are less likely to deny their want of status to themselves. Ignorant investors, however, might not know that low-cost index funds yield greater wealth, on average, than high-cost hedge funds, and able to deny it to themselves, even if they know .

Differences in Behavior That Directly Affect Stock Investment Decisions

When it comes to money and investing, people not always as rational as they think they are – which is why there's a whole field of study that explains people sometimes strange behavior. Such as:

1. Regret Theory
   Fear of regret deals with the emotional reaction people experience after realizing they've made an error in judgment.
2. Mental Accounting
   Humans have a tendency to place particular events into mental compartments and the difference between these compartments sometimes impacts our behavior more than the events themselves.
3. **Prospect/Loss-Aversion Theory**
   Prospect theory suggests people express a different degree of emotion towards gains than towards losses.
4. Anchoring
   In bull markets, investment decisions are often influenced by price anchors, which are prices deemed significant because of their closeness to recent prices.
5. **Over-/Under-Reacting**
   Investors get optimistic when the market goes up, assuming it will continue to do so. At the peak of optimism, investor greed moves stocks beyond their intrinsic values.
6. Overconfidence
   Many investors believe they can consistently time the market, but in reality there's an overwhelming amount of evidence that proves otherwise.

7. **Counterviews**
   Behavioral finance theories directly conflict with traditional finance academics. Each camp attempts to explain the behavior of investors and implications of that behavior
8. The Bottom Line
   Implementing a strategy that is well thought out and sticking to it may help you avoid many of these common investing mistakes.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

The conclusions acquired in the research is that behavioral finance has revolutionized the way we think about investments cannot be denied. But its intellectual appeal may lie in its cross-disciplinary nature, marrying the field of investments with biology and psychology. Behavioral finance is based on the alternative notion that investors, or at least a significant minority of them, are subject to behavioral biases that mean their financial decisions can be less than fully rational. Stocks are an equity investment that represents part ownership in a corporation and entitles you to part of that corporation's earnings and assets. Common stock gives shareholders voting rights but no guarantee of dividend payments.

Preferred stocks provides no voting rights but usually guarantees a dividend payment. An investor is an entity that commits money to a venture with an expectation of generating a return. Experts in the field of behavioral finance have a lot to offer in terms of understanding psychology and the behaviors of investors, particularly the mistakes that they make. Much of the field attempts to extrapolate larger, macro trends of influence, such as how human behavior might move the market.

Being an investor since college education is not difficult. Currently the Indonesia Stock Exchange (BEI) is working with various universities to provide investment gallery facilities. This is done to attract students to become investors in the capital market. Investment gallery also aims to increase student literacy to the world capital market. There are various benefits and advantages if the student has become an investor in the capital market. In addition to understanding the ins and outs of the stock market, later students can become a reliable investor, because it already has the knowledge and experience implanted since college.

Recommendation

BEI has become an appropriate place for students who want to learn to be investors and students who want to earn extra money to lighten the burden of parents. They have a desire to find out what it is like to buy stock or stock market. But there are still many people who do not know the existence of BEI and some are just know but not really understand the function of BEI itself. BEI have to introduce more about them to students and other people in addition to get to know BEI and provide an opportunity for them to become investors and get profit from being the investor itself. For universities, to provide knowledge of how behavioral finance can affect stock investment decision for student. How investor psychology and behavior can make impact to do stock investment and how can make success investor depends on the behavior itself.

REFERENCES

Adel, B., and Mariem, T. 2013. The Impact of Overconfidence on Investors Decisions. *Journal Business and Economic Research, 3*(2). http://www.macrothink.org/journal/index.php/ber/article/view/4200. Accessed on March *20th* 2018.

Baker, H.K., and Ricciardi, V. 2014. How Biases Affect Investors Behaviour. *The European Financial Review*. http://www.europeanfinancialre view.com/?p=512. Accessed on April 4th 2018.

Creswell, J.W. 2010. *Research Design: Pendekatan Kualitatif, Kuantitatif, dan Mixed*. PT Pustaka Pelajar, Yogyakarta.

Daniel, K., Kent, D., David, H., and Avanidhar, S, 1998. *Investor Psychology and Security Market Under- and Over-Reactions*. http://www.kentdaniel.net/papers/published/jf98.pdf. Accessed on February 20th 2018.

Hair, J., Arthur, M., Philip, S., and Mike, P. 2006. *Research Method for Business*. John Willey & Sons Ltd, New Jersey.

Kim, K.A., and Nofsinger, J.R. 2008. Behavioral Finance: Investors, Corporations and Markets. *Behavioral Finance in Asia*. http://www.ccsenet.org/journal/index.php/ijbm/article/download/28238/19009. Accessed on February 15th 2018.

Latif, M., Arshad, S., Fatima, M., and Farooq, S., 2011. Market Efficiency, Market Anomalies, Causes, Evidences, and Some Behavioral Aspects of Market Anomalies. *Research Journal of Finance and Accounting, 2*(9-10). Accessed on December 10th 2017.

Lemy, D. M., Bernarto, I., & Tulung, J. E. 2013. Pengaruh Bauran Komunikasi Pemasaran Jasa Terhadap Proses Pengambilan Keputusan Mahasiswa Memilih Perguruan Tinggi Swasta di Sulawesi Utara. Jurnal Manajemen: Derema

Liao, L., Chou, R.Y., and Chiu, B. 2013. Anchoring Effect on Foreign Institutional Investors Momentum Trading Behavior: Evidence From The Taiwan Stock Market. *North American Journal of Economics and Finance, 26*, 72-91.doi:10.1016/j.najef.2013.07.001. Accessed on November 12th 2017.

Oh, N.Y., Parwada, J.T., and Walter, T.S. 2008. Investors' Trading Behavior and Performance: Online Versus non-online Equity Trading in Korea. *Pacific Basin Finance Journal*, *16*(1-2), 26-43. doi:10.1016/j.pacfin.2007.04.009. Accessed on October 27th 2017.

Sekaran, U. 2003. *Research Methods For Business: A Skill-Building Approach 4th ed.* USA: John Willey & Sons.

Shiller, R.J. 2003. From Efficient Markets Theory to Behavioral Finance. *Journal of Economic Perspectives*, *17*(1), 83-104. http://www.unc.edu/~salemi/Econ423/Shiller%20From%20EM%20to%2 BF.pdf. Accessed on March 05th 2018.

Shefrin, H. 2007. Risk and Return in Behavioral SDF-based Asset Pricing Models. *Article*. http://www.nccr finrisk.uzh.ch/media/pdf/FS_spring08_Shefrin.pdf. Accessed on June 07th 2018.

Statman, M. 2014. Behavioral Finance: Finance With Normal People. *Borsa Istabul Review*, *14*(2), 65-73. Retrieved from http://www.sciencedirect.com/science /article/pii/S2214845014000143. Accessed on February 14th 2018.

Suzaida, B., and Yi, A. 2015. *The Impact of Psychological Factors on Investors. Decision Making in Malaysian Stock Market: A Case of Klang Valley and Pahang. Department of Finance and Economic*. https://www.researchgate.net/publication/297600598_The_Impact_of_Psychological_Factors_on_Investors%27_Decision_Making_in_Malaysian_Stock_Market_A_Case_of_Klang_Valley_and_Pahang. Accessed on February 13th 2018.

Thaler, R.H. 1999. Mental Accounting Matters. *Journal of Behavioral Decision Making,12*(3),183 206. Accessed on February 20th 2018.

Warren, G. 2014. Long-Term Investing: What Determines Investment Horizon?(Working Paper). Retrieved from *Centre for International Finance and Regulation* website:http://www.futurefund.gov.au/__data/assets/pdf_file/00 10/6004/LongTerm_Investing_Part_1__What_Determines_Investment_Horizon_May_01pdf. Accessed on May 14th 2018.