

***ANALYSIS OF BEHAVIORAL BIASES ON STOCK INVESTMENT
DECISIONS IN BATAM CITY***

**Cynthia Salim
NPM: 1641263**

ABSTRACT

The purpose of this study was to examine the factors of behavioral biases that influenced the decision to invest in Batam City. Such factors could lure investors to make irrational decisions resulting disruption to overall movement on exchange of stocks. These aforementioned factors were comprised of representativeness bias, overconfidence, herding bias, availability bias, and risk aversion.

This research was conducted by distributing questionnaires to 152 stock investment actors domiciled in Batam City. The sample of respondents from this study were stock investors from Jasa Utama Capital Sekuritas Batam, share investors from Batam Beginner Stock Investor community, and other individual stock investment actors residing in Batam City. Once questionnaires were collected, all data gathered were analyzed by using SPSS software.

Research concludes that decision to invest in Batam City has significant positive effect which influenced by overconfidence and risk aversion. Representativeness bias has significant negative effect on stock investment decisions, while the availability bias and herding do not have significant influence on investment decisions.

Keywords : *Investment decisions, representativeness bias, overconfidence, herding bias, availability bias, risk aversion*