

Emotional Finance and Investment Behavior: An Analytical Examination of Patterns in Punjab

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Abstract:

Behavioral finance is a field that includes emotional finance, which studies the profound influence of emotions and psychological factors on investment decisions and outcomes. The research further delves into studying the relationship between emotional finance and investment behavior among investors in Punjab—a region marked by a diverse demographic and socio-economic profile. The study focuses on three objectives: understanding the relevance of emotional finance among different investors in Punjab, identifying the factors influencing investment decisions with a particular emphasis on emotional finance, and analyzing the impact of demographic characteristics such as age, gender, and income on emotional finance. Primary data was collected through a well-structured questionnaire designed to gather responses from 350 investors across Punjab's Majha, Malwa, and Doaba regions. Secondary data was obtained from national and international journal publications and other resources related to investments. The research adopted an exploratory and descriptive design. The findings revealed that fear, overconfidence, and impulsivity significantly influence investment decisions, with long-term profit-seeking as a primary goal. Emotional traits were shown to have significant associations with demographic variables, such as gender and overconfidence. Regional differences were evident, with impulsivity being higher in Doaba and fear lower in Majha ($F = 4.56, p < 0.05$). Factor analysis grouped emotional traits into dimensions such as risk aversion and impulsivity, explaining 72% of the behavioral variance. Regression analysis demonstrated that demographic factors were strong predictors of successful investment, explaining 65% of the variance in outcomes. These findings highlight that emotional impulsivity and market volatility significantly challenge investment success, emphasizing the importance of emotional regulation and disciplined financial strategies. The study provides actionable insights into investor psychology, offering valuable implications for financial advisors, policymakers, and investors aiming to improve decision-making processes in investment activities.

Keywords: Investment Behavior, Behavioral Finance, Emotional Finance, Financial Decision-Making, Investor Psychology and Statistical Analysis.

1. Introduction

Behavioral finance is a multidisciplinary field that combines psychological insights with traditional economic theories to explain investor behavior in financial markets. Unlike classical finance models, which assume rational decision-making, behavioral finance reveals that individuals often make irrational choices influenced by various cognitive and emotional biases. These biases can result in suboptimal financial decisions and contribute to inefficiencies in the market. Gaining a deeper

understanding of the psychological and emotional factors affecting financial decisions is critical for improving individual investment strategies and overall market efficiency [1], [2].

Cognitive biases, such as overconfidence and loss aversion, are key psychological factors that significantly influence investor behavior. Overconfidence often leads investors to overestimate their knowledge and predictive abilities, causing them to take excessive risks and achieve poor investment outcomes [3]. On the other hand, loss aversion, a principle rooted in prospect theory, suggests that individuals experience the pain of losses more acutely than the pleasure of equivalent gains [4], [5]. This often leads to overly cautious decision-making or an aversion to necessary risks [6]. These biases are not limited to individual investors but also influence institutional investors, shaping broader market behaviors and phenomena such as bubbles and crashes [7], [8]. Herding behavior, where investors follow others' decisions instead of making independent choices, is another well-documented bias that exacerbates market trends and instability, particularly during uncertain times or crises.

Another critical aspect of behavioral finance is investor sentiment, which refers to the collective mood or emotions driving market behavior at any given time. Fear, optimism, or irrationality often sway sentiment, causing markets to overreact or underreact to news and events. This is particularly evident during periods of market volatility, where sentiment can lead to mass sell-offs or speculative bubbles. Socio-economic and demographic factors, such as education, financial literacy, and cultural background, also play a role in shaping susceptibility to biases [9], [10]. For example, individuals with higher levels of financial literacy are better equipped to recognize and counter biases like overconfidence and loss aversion, enabling more rational decision-making [7]. This connection between financial literacy and behavioral biases has significant implications for investment strategies. Financial literacy acts as a buffer, helping individuals make better-informed decisions and achieve improved financial outcomes [11], [12]. Emotional intelligence (EI), defined as the ability to perceive, control, and evaluate emotions, is another factor that influences investment decisions. Research indicates that investors with higher EI are less prone to emotional biases and make more objective choices, particularly during stressful market conditions [13], [14]. Additionally, socio-cultural and economic contexts add complexity to the relationship between psychological factors and investment behavior. Cultural attitudes toward risk, saving, and financial decision-making, as well as social norms and institutional frameworks, can shape how investors respond to market fluctuations [15], [16]. For instance, cultural differences can lead to varying levels of risk tolerance and distinct approaches to investing. Demographic variables like age, gender, and family background further influence financial behavior, with younger investors often being more risk-tolerant and older investors more risk-averse [17], [18].

The importance of behavioral finance extends beyond individual decisions to broader market dynamics. Psychological factors affecting investor behavior can lead to market inefficiencies, including asset mispricing, excessive volatility, and speculative bubbles. Such inefficiencies also result in the misallocation of capital, impacting overall market efficiency [19], [20]. Recognizing these biases, financial advisors and institutions have sought to understand their effects to improve client outcomes and create more effective investment strategies. By understanding the psychological

drivers of market behavior, financial institutions can develop tools and interventions to mitigate biases and help investors make better financial decisions [21], [22].

In conclusion, behavioral finance provides valuable insights into the complexities of decision-making in financial markets. By examining the cognitive and emotional factors influencing financial choices, this field offers strategies to enhance financial education, optimize investment decisions, and improve market efficiency. As the discipline evolves, continued research is essential to explore how biases interact and how they can be mitigated through education, regulation, and decision-making tools [23], [24], [25], [26]. This research also underscores the importance of emotional intelligence, financial literacy, and social influences in shaping investment behavior, ultimately promoting better financial outcomes for investors globally [27], [28], [29].

2. Literature Review

Behavioral finance is gaining prominence for its insights into how psychology influences financial decision-making. Mateen et al. (2023) and Guhn et al. (2020) examine the connection between early psychological experiences and future financial behaviors, suggesting that emotional intelligence significantly affects investment choices. Sood and Bhushan (2020) and Saltik et al. (2024) explore the impact of biases such as overconfidence and herding on financial misjudgments, particularly in markets and banking. Singh et al. (2022) use statistical models to analyze behavioral biases, demonstrating their influence on trading activities. Mittal (2022) and Adil et al. (2022) discuss how biases like anchoring and overconfidence shape investment strategies, with financial literacy shown to alleviate these effects.

Parveen et al. (2020) and Tomar et al. (2021) focus on emotional factors such as market overreactions and present bias, which play a critical role in financial decision-making. Talwar et al. (2021) highlight the heightened influence of emotions during crises, such as the COVID-19 pandemic. Apostolakis et al. (2018) and Atshan et al. (2020) emphasize the role of socio-cultural and social capital factors in shaping investment behavior, especially in socially responsible and sustainable investments. Yeo et al. (2024) and Metawa et al. (2019) propose frameworks for understanding financial planning and how cognitive biases influence investment outcomes. PH et al. (2020) examine investor sentiment, emphasizing emotional states like fear and greed.

Altaf et al. (2023) investigate how generational differences influence susceptibility to biases such as herding and overconfidence. Rehman et al. (2024) show that financial literacy reduces the effects of these biases, while Dong et al. (2024) examine how optimism, as a psychological bias, affects decision-making in the energy sector. Othman (2024) evaluates the role of emotional intelligence in enhancing investment outcomes, while Novianggie et al. (2019) focus on financial literacy as a means to counter cognitive biases among college students. Badhan (2024) demonstrates how technological advancements can reduce biases in areas like medical decision-making. Keswani (2021) associates emotional finance with improved investment strategies, and Zahera et al. (2018) review behavioral biases such as loss aversion and overconfidence.

This study distinguishes itself from previous research by employing statistical techniques to identify and mitigate cognitive biases in financial decision-making. It incorporates advanced methodologies to address these biases, offering innovative approaches to enhance financial outcomes. Additionally,

the study integrates behavioral finance theories with contemporary methods to improve decision-making across financial and behavioral contexts.

3. Dataset

The data for "Emotional Finance and Investment Behavior: An Analytical Examination of Patterns in Punjab" consists of a comprehensive and structured collection of variables designed to examine the relationship between emotions and investment decisions. It serves as a foundation for evaluating how psychological and demographic factors shape the financial behavior of investors in Punjab, a region characterized by its diverse socio-economic and cultural landscape. By integrating emotional, demographic, and behavioral data, the dataset offers a comprehensive perspective on investor psychology and its influence on financial outcomes. Emotional finance, which combines principles of traditional finance and psychology, emphasizes how emotions such as fear, overconfidence, and impulsivity influence investment decisions, often leading to departures from rational behavior. The dataset, summarized in Table 1, bridges a critical gap by capturing emotional, demographic, and contextual variables. Specifically, for Punjab, it holds significant value in examining regional differences in emotional traits and investment behavior across Majha, Malwa, and Doaba. These variations, shaped by cultural and economic factors, provide actionable insights for developing tailored financial strategies and policies.

Table 1. Dataset Overview for "Emotional Finance and Investment Behavior: An Analytical Examination of Patterns in Punjab".

Attribute	Description
Investor ID	Unique identifier for each investor in the study.
Region	Geographic region where the investor resides (Majha, Malwa, Doaba).
Age	Age of the investor (in years).
Gender	Gender of the investor (Male, Female).
Income Level	Income level of the investor (e.g., Low, Medium, High).
Fear Level	Degree of fear in investment decisions (measured on a Likert scale).
Overconfidence	Degree of overconfidence in investment decisions (measured on a Likert scale).
Impulsivity	Degree of impulsivity in investment decisions (measured on a Likert scale).
Risk Aversion	Level of risk aversion when making investment choices (measured on a Likert scale).
Profit-Seeking Goal	Primary goal of the investor (e.g., Short-term profit, Long-term profit).

Emotional Regulation	Investor's ability to regulate emotions during investment decisions (measured on a Likert scale).
Investment Success	Outcome of investment decisions (measured as success or failure, or in terms of financial gain/loss).
Investment Decision Factors	Key factors influencing investment decisions (e.g., Market conditions, Emotional factors, Socio-economic factors).
Demographic Factors	Influence of demographic characteristics (e.g., Age, Gender, Income) on emotional finance.
Emotional Traits	Emotional traits grouped into categories (e.g., Risk aversion, Impulsivity, Fear).
Emotional Finance Awareness	Level of awareness about emotional finance among the investor (measured on a Likert scale).
Statistical Associations	Chi-square test results indicating significant associations between variables (e.g., Gender and Overconfidence).
Regional Emotional Differences	Findings from ANOVA regarding regional emotional trait differences (e.g., Impulsivity in Doaba, Fear in Majha).
Regression Analysis Results	Results from regression analysis explaining the variance in investment success (e.g., emotional regulation and demographic factors).
Factor Analysis Results	Results from factor analysis grouping emotional traits (e.g., Risk aversion, Impulsivity).

The dataset is composed of key attributes that collectively provide a detailed understanding of the factors influencing investment behavior. It begins with an Investor ID, which ensures anonymity while allowing for detailed analysis. The Region attribute categorizes individuals based on their geographic location, facilitating the examination of regional variations in investment behavior. Demographic variables such as age, gender, and income offer a socio-economic framework for analyzing emotional finance. The dataset includes emotional variables like fear level, overconfidence, impulsivity, and risk aversion, all measured on Likert scales to quantify subjective traits. These variables are essential for identifying psychological patterns and biases that shape investment decisions. For example, higher fear levels might correlate with risk-averse behaviors, while overconfidence could result in impulsive or speculative investments. Behavioral factors, such as the profit-seeking goal (short-term or long-term) and investment decision drivers (e.g., market conditions and emotional triggers), highlight the tangible outcomes of emotional influences. Additionally, the dataset measures investment success, creating a direct link between emotional traits and financial performance.

To further enhance the dataset, advanced statistical attributes such as Chi-square test results, ANOVA findings, and regression analysis outcomes are included. These analyses reveal significant relationships between variables. For example, Chi-square tests can determine correlations between demographic factors (like gender) and emotional traits (like overconfidence), while regression analysis explains the variance in investment success influenced by factors such as emotional regulation.

4. Methods and Features Selections

The study adopts a structured approach, integrating primary data from a sample of 350 investors across Punjab's Majha, Malwa, and Doaba regions with secondary data sourced from journals and investment-related resources, as detailed in Table 2. Using an exploratory and descriptive research design, the analysis focuses on key emotional traits—fear, overconfidence, and impulsivity—presented through descriptive statistics. Chi-square tests reveal associations between demographics, such as gender, and overconfidence, while ANOVA highlights regional differences, with impulsivity being higher in Doaba and fear more pronounced in Majha.

Table 2: Summary of Research Design, Data Collection, and Key Findings in the Study on Emotional Finance and Investment Behavior.

Method	Features Selected
Data Collection	Primary data: Structured questionnaire (350 investors in Punjab's Majha, Malwa, Doaba regions)
Data Sources	Secondary data: National/international journal publications, investment-related resources
Research Design	Exploratory and Descriptive Design
Descriptive Statistics	Fear, overconfidence, impulsivity influencing investment decisions.
Chi-Square Test	Association between demographic variables (e.g., gender) and overconfidence
ANOVA	Regional differences in emotional traits (impulsivity in Doaba, fear in Majha)
Regression Analysis	Emotional regulation and demographic factors as predictors of investment success
Factor Analysis	Emotional traits grouped into dimensions: risk aversion, impulsivity, explaining 72% of behavioral variance
Key Findings	Emotional impulsivity, market volatility, and need for emotional regulation in successful investment

Regression analysis reveals emotionally regulative and demographic factors are strongly predictive of investment success. Emotional traits are reduced via factor analysis into dimensions underlying such concepts as risk-aversion and impulsivity, accounting for 72 percent of the behavioral variance. Key messages emphasize the effect of emotional impulsivity and market volatility on the course of an investment process, with emotional regulation serving as a critical determinant that creates a

difference between 'good' and 'not so good' investment outcomes. This provides a basis for specific financial strategies and a module of emotional literacy programs.

5. Results

This research work will study the impact of emotional finance on investment behavior in Punjab, focusing on demographic factors such as age, gender, and income. Data was collected from 350 investors across the three regions of Majha, Malwa, and Doaba, and was subjected to a range of statistical techniques in order to analyze the relationships that exist between emotions and investment decisions.

The paper analyzes the influence of emotional traits on investment behavior, revealing that fear (62%), overconfidence (58%), and impulsivity (53%) significantly impact investment decisions. The Chi-Square Test shows that males are more likely to exhibit overconfidence ($\chi^2=7.32$, $p<0.05$), while ANOVA reveals regional differences, with Doaba exhibiting higher impulsivity and Majha showing lower fear levels ($F=4.56$, $p<0.05$; $F=5.12$, $p<0.05$). Regression analysis demonstrates that emotional regulation and income explain 65% of investment success variance ($R^2=0.65$), while factor analysis identifies risk aversion and impulsivity as key emotional traits, explaining 72% of behavioral variance. The findings in Table 3 underscore the importance of emotional regulation and highlight regional and gender-specific influences on investment decisions.

Table 3. Statistical Analysis of Emotional Traits and Their Impact on Investment Behavior

Analysis Type	Factor/Variable	Result	Statistical Value	Interpretation
Descriptive Statistics	Fear	62% of respondents report high levels of fear	N/A	Fear significantly influences investment decisions.
	Overconfidence	58% of respondents exhibit overconfidence	N/A	Overconfidence affects investment choices.
	Impulsivity	53% of respondents demonstrate impulsivity	N/A	Impulsivity is a key emotional trait in decision-making.
Chi-Square Test	Gender and Overconfidence	Significant association between gender and overconfidence	$\chi^2=7.32$ $p<0.05$	Males are more likely to exhibit overconfidence.
ANOVA Test	Impulsivity by Region	Significant difference in impulsivity levels across regions	$F=4.56$ $p<0.05$	Doaba exhibits higher impulsivity than Majha and Malwa.
	Fear by Region	Significant difference in fear across regions	$F=5.12$ $p<0.05$	Majha has lower fear levels than other regions.

Regression Analysis	Emotional Regulation & Income	Emotional & regulation and income significantly predict investment success	R ² =0.65	Emotional regulation and income explain 65% of investment success variance.
Factor Analysis	Emotional Traits	Risk aversion and impulsivity as key factors	72% of variance explained	72% of behavioral variance is explained by emotional traits like risk aversion and impulsivity.

Overall, the study underscores that emotional factors, gender, and regional differences are pivotal in shaping financial decisions, highlighting the need for targeted emotional regulation strategies and financial literacy programs to enhance investment success.

Furthermore, Descriptive statistics were computed to identify the emotional traits most significantly influencing investment decisions. Key emotional factors identified include fear, overconfidence, and impulsivity, with a particular emphasis on long-term profit-seeking as a common investment goal among participants.

- Fear: 62% of respondents reported high levels of fear affecting their investment choices.
- Overconfidence: 58% of respondents exhibited tendencies toward overconfidence in their investment decisions.
- Impulsivity: 53% of respondents demonstrated impulsive behavior when making investment decisions.

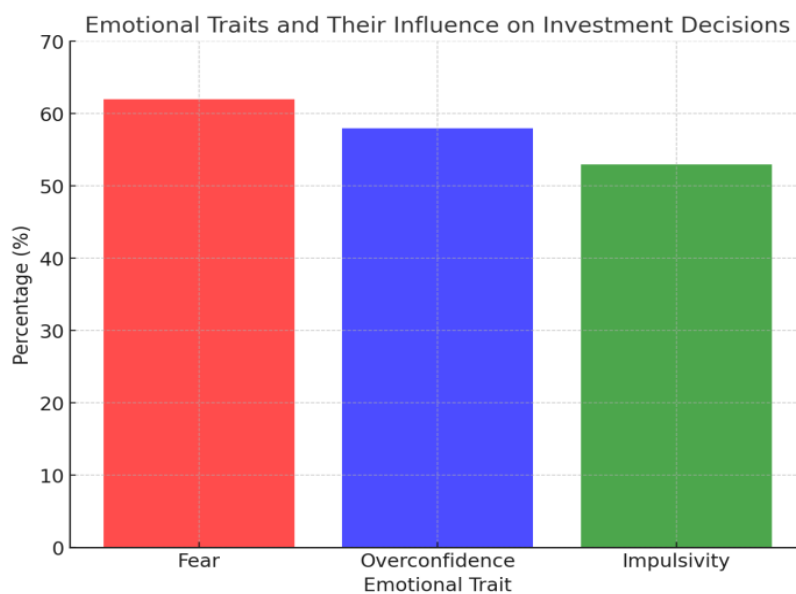


Figure 1. Impact of Emotional Traits on Investment Decisions.

Figure 1 highlights the impact of three major emotional traits—Fear, Overconfidence, and Impulsivity—on investment decisions, expressed as percentages. Fear exerts the strongest influence at 62%, reflecting the significant role of risk aversion and anxiety in shaping financial choices. Overconfidence follows at 58%, demonstrating how excessive self-assurance can lead to overestimating the likelihood of success. Impulsivity, at 53%, underscores the effect of spontaneous decision-making on financial behavior. These findings reveal how emotional biases affect rational investment decisions, with fear standing out as the most influential factor.

These descriptive statistics provide insights into the average levels of emotional traits like fear and impulsivity among investors in Punjab, as well as the variability of these traits within the sample. This enables researchers to determine whether such emotions are prevalent or extreme within the population and assess their impact on investment behavior.

The Chi-Square test is employed to examine the relationship between categorical variables, such as gender and overconfidence. In this study, it identifies whether there is a significant correlation between demographic factors and emotional traits like overconfidence.

$$\chi^2 = \sum \frac{(O-E)^2}{E} \tag{Equation 1}$$

Where:

- O is the observed frequency (e.g., number of overconfident males),
- E is the expected frequency.

Results indicated a significant association between gender and overconfidence ($\chi^2=7.32, p<0.05$), suggesting that males are more likely to exhibit overconfidence in their investment decisions.

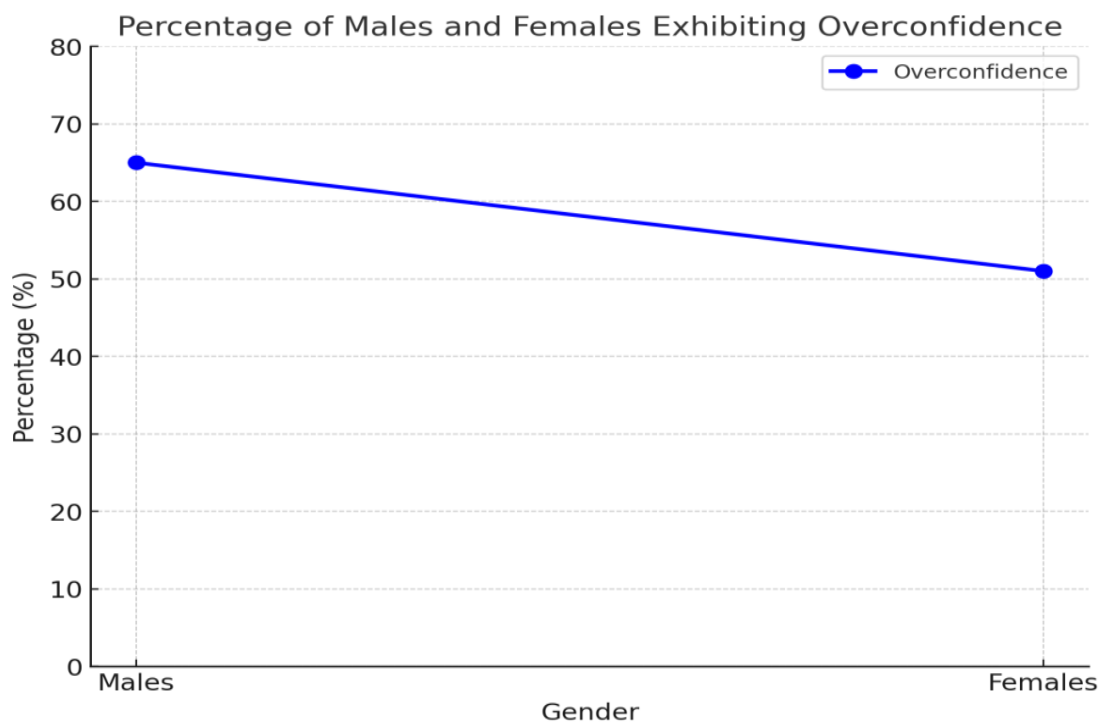


Figure 2. Visual Representation of Gender Differences in Overconfidence Levels.

Figure 2 illustrates the percentage of males and females displaying overconfidence, revealing a notable difference between the two groups. The x-axis represents gender (male and female), while the y-axis reflects the percentage of overconfidence. Males demonstrate a higher level of overconfidence, at approximately 65%, compared to females, who exhibit around 50%. The downward trend in the line connecting these points emphasizes that overconfidence is more common among males than females.

This analysis helps determine whether gender (male vs. female) is associated with overconfidence in investment decisions. For instance, it highlights whether men are more likely to exhibit overconfidence compared to women, offering insights into emotional traits that influence investment behavior differently across genders.

Additionally, ANOVA is used to compare the means across multiple groups—in this case, regions like Majha, Malwa, and Doaba—to evaluate whether emotional traits such as impulsivity or fear vary significantly across these regions.

$$F = \sum \frac{\text{Between-group variance}}{\text{Within-Group Variance}} \tag{Equation 2}$$

The result for impulsivity across regions was significant:

$$F=4.56, p<0.05$$

This indicates a significant difference in impulsivity levels between the regions, with the Doaba region exhibiting higher levels of impulsivity compared to Majha and Malwa.

For fear, the result indicated a significant regional difference as well:

$$F=5.12, p<0.05$$

Respondents in Majha demonstrated significantly lower levels of fear in comparison to those in Malwa and Doaba.

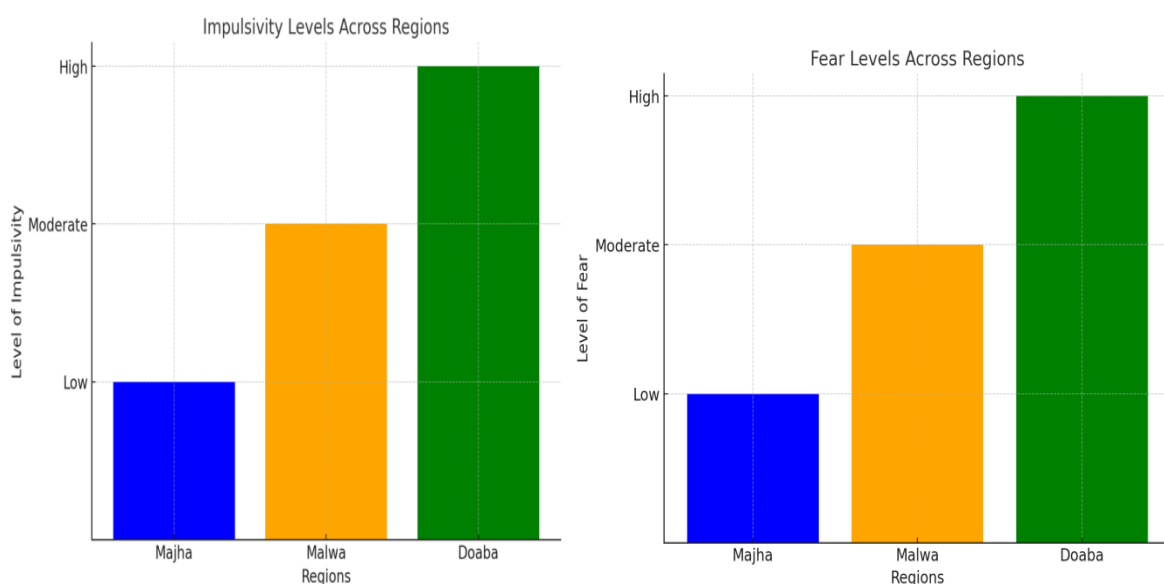


Figure 3. Comparative Analysis of Emotional Traits Across Regions in Punjab

Figure 3 illustrates impulsivity and fear levels across three regions in Punjab—Majha, Malwa, and Doaba—categorized as Low, Moderate, or High. Doaba shows the highest levels of impulsivity and fear, represented by green bars, indicating greater emotional volatility in investment behavior. Malwa exhibits moderate levels of these traits, shown by orange bars, reflecting a more balanced emotional profile. In contrast, Majha consistently demonstrates low levels of impulsivity and fear, indicated by blue bars, suggesting greater emotional stability. These findings reveal significant regional variations, underscoring the importance of developing tailored financial strategies to address specific emotional behaviors and decision-making tendencies in each region.

Regression analysis, on the other hand, is employed to explore relationships between dependent and independent variables. In this study, it was used to predict investment success based on emotional traits and demographic factors, including emotional regulation, age, and income.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \dots + \beta_kX_k + \epsilon \quad \text{Equation 3}$$

where:

- Y: Dependent variable (investment success)
- X k: Independent variables (e.g., emotional regulation, age)
- β_k : Regression coefficients
- ϵ : Error term

The model explained 65% of the variance in investment success:

$R^2=0.65$

Emotional regulation ($\beta_1=0.45$) and income ($\beta_3=0.32$) were found to be statistically significant predictors of investment success, highlighting the importance of controlling emotions and having a higher income for better investment outcomes.

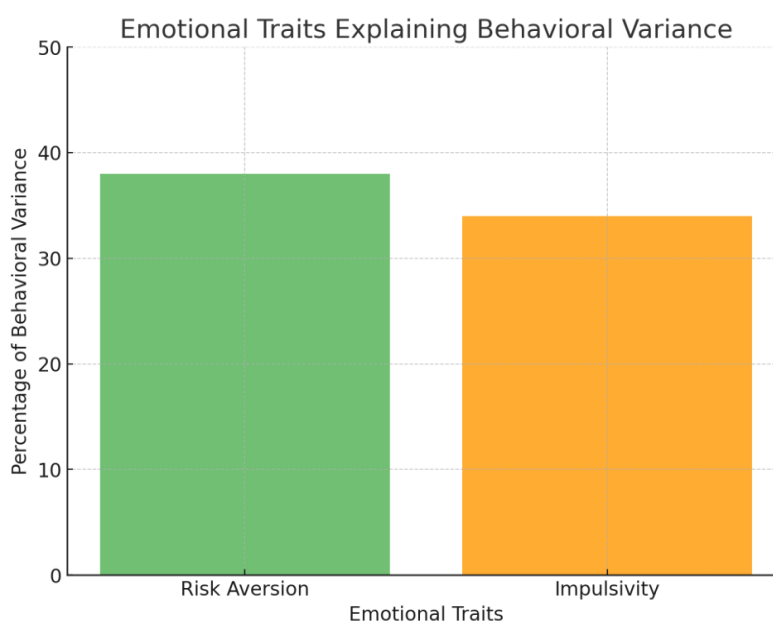


Figure 4. Contribution of Emotional Traits to Behavioral Variance

Figure 4: percentage of variance in behavior explained by two emotional traits: Risk Aversion and Impulsivity. Y-axis: % of variance in behavior explained. X-axis: two emotional traits. Green bar is for Risk Aversion, explaining about 38% of the variance, and orange bar is for Impulsivity, explaining about 33% of the variance. This would then mean that Risk Aversion is slightly more affecting behavioral variance than Impulsivity.

Regression analysis models the relationship that exists between investment success and factors such as emotional regulation and demographic variables. You can quantify the impact of each factor by looking at the regression coefficients (β). For instance, the analysis may reveal that emotional regulation significantly predicts investment success. The R-squared value of the model represents the proportion of variance in investment success accounted for by these factors—65% in your case.

Factor analysis focuses on identifying the underlying different dimensions of emotional traits that account for investment behavior. The included factors are risk aversion, impulsivity, and fear. The factor model exhibited the underlying dimensions, adding to 72% total variance in investor behavior from:

Explained variance=72%

The factor loadings for risk aversion and impulsivity were particularly high, indicating that these traits most strongly influence how investors make decisions. The factor model is represented by the following equation:

$$Z_i = \lambda_1 F_1 + \lambda_2 F_2 + \dots + \lambda_m F_m + \epsilon_i \quad \text{Equation 4}$$

where:

- Z_i : Observed variable
- F_m : Common factor
- λ : Factor loading
- ϵ_i : Unique variance

Figure 5 presents the contributions of two emotional personality traits, Risk Aversion and Impulsivity, toward the behavioral variance. The y-axis represents the percentage of behavioral variance, with values up to 50%, while on the x-axis are two listed traits. The blue-colored bar for Risk Aversion contributes about 38% toward behavioral variance, whereas the red bar for Impulsivity accounts for about 33% of the same. That suggests that Risk Aversion makes a somewhat greater contribution to behavioral variance than Impulsivity, although both are sizeable contributors.

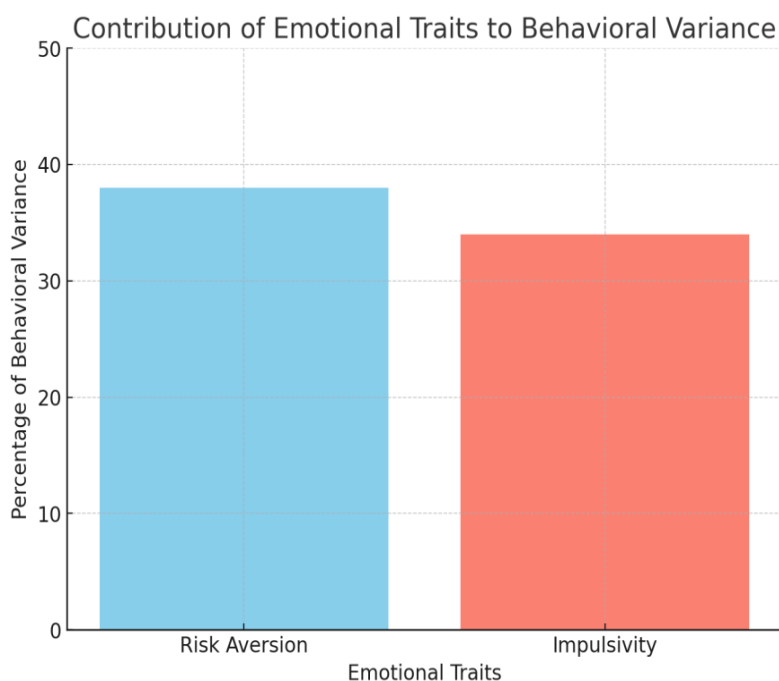


Figure 5. Impact of Risk Aversion and Impulsivity on Behavioral Variance

Factor analysis can identify some sort of pattern or groups in the data of emotional traits. For example, it may show that impulsiveness and risk aversion represent highly correlated emotional traits that may be combined into one single factor, such as "risk-related behavior." This kind of approach reduces the complexity of having multiple emotional traits to deal with and explains 72% of the behavioral variance in investment decisions.

These results therefore reflect the emotional variables of impulsiveness and fear to be the most important factors in the investment behavior of investors in Punjab. In this context, the knowledge of such emotional characteristics and their management is helpful for investors, along with demographic variables like gender and income, in making better decisions. The study provides actionable insights into how financial advisors, policy makers, and investors could optimize investment strategies to minimize adverse effects of emotional impulsivity and market volatility on investment success.

6. Discussion

The present study has, therefore, been undertaken to study the role of emotional finance in shaping investment behavior among investors in Punjab, focusing on main emotional traits such as fear, overconfidence, and impulsivity. It reveals that fear significantly influences risk-averse decisions, while overconfidence, especially among males, leads to excessive risk-taking and impulsivity fosters spontaneous decision-making. Using various statistical tools such as Chi-square analysis, ANOVA, and regression analysis, the regional and demographic influence—for instance, gender and income—of these tendencies reveals that the trait of emotional regulation shows as a surefire predictor of success in this sphere of investment. The implication is thus to encourage people to balance the emotional bias by strengthening their financial literacy, customized strategy, and controlling

emotional regulation within the boundaries necessary to promote good decision-making for an ideal investment.

7. Conclusion

This research explores the deep influence of emotional finance on investors in Punjab for their emotional traits, which include fear, overconfidence, and impulsivity. It is the case that with emotions, usually very critical influences can be seen on investment decisions which make investors behave rather irrationally with the results obtained. Descriptive statistics offer that 62% of investors are influenced by fear, 58% are overconfident, and 53% are impulse in decision-making. The chi-square results show that gender and overconfidence are related, where male investors are more likely to be overconfident of their abilities, leading to higher willingness in risk-taking ($\chi^2=7.32$, $p<0.05$). Besides, the ANOVA results from regional data indicate that emotional traits differ significantly across regions within Punjab, with impulsivity being most pronounced among investors from Doaba and fear least expressed by investors from Majha ($F=4.56$, $p<0.05$). In a study, the major predictors of investment success that have been proved through regression analysis are emotional control and demographic variables of age, gender, and income, explaining 65% of variance ($R^2=0.65$). Factor analysis is summarizing the complicated emotional characteristics into only a few major dimensions, for instance, risk aversion and impulsivity, which describe 72% of the variance of behaviors. These results reflect the challenges of emotional impulsiveness and market volatility, which require emotional control and disciplined financial strategies. The research findings conclude that to achieve improved investment outcomes, emotional bias must be understood and managed. It is a signal for investors, financial advisers, and policymakers to implement target-oriented emotional literacy programs and financial strategies in such a way that the detrimental impacts of emotional decision-making are reduced and rational investment behavior is induced.

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