An Investigation of the Impact of Psychological Factors on Investment Intention among Retail Investors in Colombo Stock Exchange in Sri Lanka

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Abstract

In the recent past, there has been an increase in retail investors' participation in the stock market. However, whether they engage in stock market investments with an understanding of the investment objectives is questionable. In fact, most of them fail to understand their investment objective. Within this backdrop, this research study aims to understand the impact of attitude, subjective norms & financial self-efficacy on the investment intention of retail investors in the Colombo stock exchange in Sri Lanka. Data was collected from 200 individual investors in the Colombo stock exchange by distributing a self-administrated questionnaire. The research findings reveal that attitude and subjective norms have a significant positive impact on Investment Intention and financial self-efficacy does not have a significant impact on Investment Intention. Further, the study also provides valuable managerial implications regarding psychological factors that impact the investment intention of retail investors which investment advisors need to take into consideration in providing investment advice to retail investors and in crafting awareness programs about investments in stock markets.

Keywords: Stock Market Participation, Investment Intention, Subjective Norms, Attitudes, Financial Self-Efficacy

1. Introduction

In the recent past, there has been an increase in retail investors' participation in the stock market because of the high level of liquidity in financial market instruments and individuals earn unprecedented profits from the stock market (Lim et al., 2013). Further prior studies revealed that investors require a clear-thinking pattern and proper investment knowledge of the investing process because it helps investors to get the correct investment decisions & manage their investment risk(Akhtar and Das, 2019; Charness and Gneezy, 2010).

However, Akhtar and Das, (2019) observed that there was 32 percent of retail investors failed to understand their investment objectives and another 30 percent of the retail investors had a conflict about their investment decision due to their financial advisors' suggestions. Further, they mentioned that another 30 percent of retail investors had the confidence to get a correct investment decision, but in the real world, they could not achieve their investment goal. Furthermore, retail investors doubt whether they can earn what they expect by investing in the stock market (Hoffmann and Post, 2017). Therefore, it is important to study factors affecting investment intention among retail investors in a stock market.

Further, similar studies were conducted on other stock exchanges such as the Nairobi securities exchange, and the Indian stock exchanges (Akhtar and Das, 2019; Njuguna, 2020). However, limited research studies were conducted in the Colombo stock exchange to understand the investment intention of retail investors in Sri Lanka. The Colombo stock exchange (CSE) is the one of best-performing stock markets in the world with a high amount of trading happening daily (Somathilake, 2020). Therefore, the present research study focused on Sri Lankan Context.

Moreover, most of the scholars used the theory of planned behavior (TBP) by substituting financial self-efficacy (FSE) instead of perceived behavioral control to predict investment intention among retail investors(Akhtar and Das, 2019). The present research study uses the theory of planned behavior by substituting financial self-efficacy (FSE) instead of perceived behavioral control to predict investment intention among retail investors in the Colombo stock exchange in Sri Lanka. Therefore, it aims to understand the impact of attitude, subjective norms & financial self-efficacy on the investment intention of retail investors in the Colombo stock exchange.

In this milieu, the current research study reveals how the theory of planned behavior impact to investment intention of retail investors. Therefore, this research study will provide proper guidelines for retail investors to understand their investment objectives and how to get the correct investment decision without conflict. Also, these findings will be vital for Stockbroker companies & investment advisors to use these facts to properly guide retail investors toward a correct investment decision. According to the above facts, retail investors can use this research article to identify how psychological factors of attitudes, subjective norms & financial self-efficacy influence the individual investors' investment intention. Then they can earn higher economic benefits & get good financial knowledge using that research study.

2. Literature Review

2.1 Stock Market Participation

Somathilake (2020) identified the stock market as the place where stocks (securities) are exchanged. Further, she examined that there were more investment products available such as stocks and bonds & in the stock market. Akbar et al., (2016), pointed out that the purpose of the stock market is to collect money from individual investors and institutional investors & then give it to businesses and industries. Stock market participation measures whether investors invest in the stock market (Sivaramakrishnan et al.,2017). Participation in the stock market is a significant economic result. Lack of participation in the stock market can result in significant welfare losses since exposure to equities and, consequently, the equity premium may play a significant role in determining an individual's long-term return (Cocco et al., 2005).

Growth has been observed in individuals' participation in the stock market in recent years (Lim et al.,2013; Akhtar & Das, 2019; Somathilake ,2020). Moreover, they pointed out that the high level of liquidity in stock market instruments, individuals' ability to gain an unprecedented profit, and the higher possibility of diversification are the reasons for the growth of individuals' participation in the stock market in recent years. Akhtar and Das, (2019) and Charness & Gneezy, (2010) mentioned that individual investors had to get rational investment decisions when investing in the stock market. Further, they analyzed individual investors require a clear-thinking pattern and proper investment knowledge to get the correct decision.

2.2 Investment Intention

“Intentions are assumed to capture the motivational factors that influence a behaviour and to indicate how hard people are willing to try or how much effort they would exert to perform the behaviour” (Ajzen, 1991, p. 181). According to the Theory of Planned Behaviour (Ajzen, 1991), intentions precede behaviour, the stronger the intention to engage in a behaviour, the more likely should be performance. According to Sashikala and Chitramani, (2018), investment intention can be defined as the reasons for investors to invest. Further, they examined, generally, there are two kinds of investment intentions namely short-term investment intention and long-term investment intention. Investors who have short-term investment intentions look at the quick returns in short time periods whereas investors with long-term investment intentions hold their investment for a longer period & they expect a stable return. Therefore, most of the prior scholars mentioned it is important to study factors affecting investment intention among individual investors in stock exchanges (Akhtar and Das, 2019; Njuguna, n.d.; Sivaramakrishnan et al., 2017). Further, this prior research investigated investment intention using the theory of planned behavior. East, (1993) investigated the application for shares in British industries. Further, he used the theory of planned behavior to determine the intention. Further, Akhtar and Das, (2019) examined factors affecting investment intention among retail investors in the Indian stock markets using the theory of planned behavior. They mentioned there was a minimum number of studies that used the theory of planned behavior to predict the investment intention of retail investors in stock markets.

2.3 Impact of Behavioral Factors on Stock Market Participation

2.3.1 Personality Traits

Nauman Sadiq and Ased Azad Khan, (2019) examined the relationship between personality traits and investment intention. Further, they proposed different prior studies proposed different personality traits. In addition to that, they examined mostly used the big five-factor model of personality traits developed by Allport and Odbert (1936). Further, Dolan et al., (2012) investigated personality traits consisting with the characteristic of cognitive, motivational & emotional. Most of the prior research examined these characteristics used by individual investors to get several decisions (Dolan et al., 2012; Nauman Sadiq and Ased Azad Khan, 2019).

2.3.2 Attitude

Ajzen (1991), defined attitude as the degree to which an individual has a favorable or unfavorable valuation from the performing specific behavior. Further, Ajzen, (2006) pointed out there were two dimensions of attitude. The first dimension is an attitude as an instrument and that explains whether an action is important, harmful, or valuable. The second dimension is attitude as a behavior is pleasant or enjoyable. Further, O'Connor & White, (2010) investigated that if a person has a favorable attitude toward a certain behavior, there may be a high probability to build up a positive intention to undertake that behavior. Further, Ajzen, (1991) and Roy et al., (2017) pointed out that most of the prior research used attitude as a first determinant to test the behavioral intention in the theory of planned behavior in many types of research fields such as phycology, marketing, health science, investment & finance. Therefore, most of the prior research studies examined attitude has a positive impact on an individual's behavioral intention. Ajzen (1991) mentioned that concepts of social attitude & personality traits played a major role when predicting the individual's intention. Further, he pointed out attitude as a component that captures the individual's behavioral intention. In addition to that, he defined attitude as the degree to which an individual has a favorable or unfavorable valuation from the performing specific behavior.

Gopi and Ramayah (2007) used attitude to capture the intention towards trading online in the stock market in Malaysia. Further, he examined attitude in two ways. Firstly, they mention attitude is a component that guides the future behavior of an individual. Secondly, they mention attitude is a cause of intention that determines a certain behavior. Further, they examined prior scholars who study the theory of reasoned action (Fishbein and Ajzen, 1975) and mentioned attitude can influence individuals feeling in a positive or negative way when performing a specific behavior. Further, Gopi and Ramayah (2007) mentioned that Ajzen & Fishbein, (2000) identified the most recent definition of attitude as the level of favorableness and un-favorableness of a particular person's emotions toward a psychological object. Citra Sondari and Sudarsono (2015) conducted a research study to identify predicted intention to invest in Indonesia & they used attitude to capture the intention to invest. Further, they analyzed attitudes as positive or negative feelings of an individual toward a certain psychological object. Lortie and Castogiovanni (2015), examined a research study on entrepreneurship & future direction of entrepreneurship & they used attitude to capture the entrepreneurship intention.

Further, defined attitude as the degree to which an individual has a positive or negative appraisal of a particular behavior. Further, they investigated whether individuals would construct their subsequent intentions based on how positively evaluate their behaviors. In addition to that, they examined the attitude construct founded on Fishbein and Ajzen's (1975). Sivaramakrishnan et al., (2017) examined factors affecting the consumer's investment decisions in the stock market. Further, they used attitude to identify the stock market participation. Further, they investigated attitude is a function of an individual's major behavioral beliefs which is one of the characteristics of the behavior. Further, Roy et al., (2017) conducted a research study to identify entrepreneurial intention among science and technology graduates & they used attitudes as one component to predict entrepreneurial intention. Further, they pointed out that most of the prior researchers such as Ajzen, (1991) used attitude as a first component to test the theory of planned behavior in a wide range of social science topics such as pure psychology, family planning behavior, consumer behavior, entrepreneurial intention &, etc.

Akhtar and Das, (2019) examined factors affecting investment intention among retail investors in the Indian stock markets and used attitudes as one component to predict investment intention among retail investors. Further, they defined attitude as the degree to which an individual has a favorable or unfavorable valuation from the performing specific behavior & they pointed out there were two dimensions in attitude. The first dimension is an attitude as an instrument and that explains whether an action is important, harmful, or valuable. The second dimension is attitude as behavior as pleasant or enjoyable. In addition to that, they identified If a person has a favorable attitude toward a certain behavior, there may be a high probability to build up a positive intention to undertake that behavior.

2.3.3 Subjective Norms

According to Ajzen (1991), subjective norms define social pressures which are pressurized by an individual to engage in a particular behavior. Further, Fishbein and Ajzen, (1975) examined, subjective norms that were developed from the theory of reasoned action. Further, they examined subjective norms dealing with social pressures. Therefore, Venkatesh and Davis, (2000) pointed out that an individual can develop the intention to carry out a specific behavior under social pressure, whether the individual wants to undertake that behavior. Sivaramakrishnan et al., (2017) pointed out that pressure can be brought explicitly through verbal or actions.

Further, Lortie and Castogiovanni, (2015) and Roy et al., (2017) identified individuals' close friends, significant others, relatives, and family members as the factors that can pressurize an individual towards a particular behavior. Armitage and Conner, (2001) pointed out that subjective norms are a major function of normative beliefs. Further, most of the prior researchers pointed out they used subjective norms as a second determinant to test the behavioral intention in the theory of planned behavior (Ajzen, 1991; Akhtar and Das, 2019; Citra Sondari and Sudarsono, 2015; Krueger and Carsrud, 1993; Roy et al., 2017; Sivaramakrishnan et al., 2017). Gopi and Ramayah, (2007) examined subjective norms that were developed based on the theory of reasoned action.

Further, they examined subjective norms dealing with social pressures on individuals’ behavioral intentions. In addition to that, the theory of reasoned action mentioned subjective norms are directly affected by behavioral intention. Further, they examined the rationale of this as, under social pressure, an individual engages in a particular behavior or does not engage with that behavior. According to Gopi and Ramayah, (2007), there were mixed results in subjective norms toward investment intention. Further, some prior research studies indicate subjective norms do not impact individual intention (Davis et al., 1989.; K Chau and Jen-Hwa Hu, 2001; Lewis and Miall, 2003). Moreover, some prior research studies indicate subjective norms impact individual intention (Ma’ruf et al., 2005; Taylor and Todd, 1995, n.d.; Teo and Pok, 2003; Venkatesh & Davis, 2000).

Citra Sondari and Sudarsono (2015) defined subjective norms as an individual perception of the likelihood that a group of other people will agree with or disagree with a specific action that they want to take. Lortie and Castogiovanni (2015) examined a research study on entrepreneurship & future direction of entrepreneurship & they used subjective norms as a second component to capture the entrepreneurship intention. Further, they defined subjective norms as define as social pressures which are pressurized a particular person to engage or not engage in a particular behavior. Further, they identified individuals' close friends, significant others, relatives, and family members as the factors that can pressurize an individual towards a particular behavior. According to Akhtar and Das, (2019), subjective norms define social pressures which are pressurized an individual to engage in a particular behavior. Further, they pointed out, individuals are willing to participate in the stock market if their close people such as friends, significant others, relatives, and family members advise them.

2.3.4 Financial Self-Efficacy

Ajzen, (1991), examined that the possibility of behavioral success must for some extent be determined by the opportunities and resources available for a person. However, the perception of behavioral control and how it affects intentions and behaviors is of greater psychological interest than actual control. Further, Ajzen, (1991), examined perceived behavior control as a major component in the theory of planned behavior. Because the difference between the theory of planned behavior and the theory of reasoned action is perceived behavior control. Gopi and Ramayah, (2007) examined perceived behavior control representing the control belief in the theory of planned behavior. Further, they examined perceived behavior control that was founded to avoid the limitation in the theory of reasoned action. Therefore, they defined perceived behavior control as the possibility of an individual's beliefs about how they can carry out a specific behavior. Further, perceived behavior control is based on prior experience & second-hand information obtained from family members, relations, friends &, etc. & these factors controlled the level of an individual's beliefs (Ajzen, 1991; Gopi and Ramayah, 2007; Lortie and Castogiovanni, 2015). Further, Ajzen, (1991) and Bandura, (1977) examined that, the current view of perceived behavioral control is aggregable with self-efficacy. Therefore, Bandura (1977), defined self-efficacy as a particular person's belief about his or her capability to carry out actions in order to achieve a specific goal.

Further, most of the prior research found self-efficacy is one of the most effective indicators to perform a specific behavior (Roy et al., 2017a; Stajkovic and Luthans, 1998). According to Libby and Fishburn (1977), making a decision to invest in a financial market is riskier. Because there was uncertainty in the decision-making process. Therefore, most prior scholars used perceived risk to measure that uncertainty (Cho and Lee, 2006). Moreover, Grable and Lytton (2000) investigated perceived risk based on the two components namely, self-efficacy & wealth position. Therefore, prior research identified if a particular person has a higher level of self-efficacy, he or she can predict accurate decisions based on limited & unclear information (Akhtar and Das, 2019; Cho and Lee, 2006). Further, Akhtar and Das, (2019) and Forbes and Kara, (2010), identified investment behavior, portfolio choices, financial knowledge, gender differences & saving strategies are factors that can influence self-efficacy.

Moreover, the critical part of this literature on the theory of planned behavior is whether perceived behavior control can be substituted with self-efficacy. Further, Akhtar and Das, (2019) mentioned the concept of substituting self-efficacy instead of perceiving behavior control was mostly discussed in the prior research areas of entrepreneurial intention (Lortie and Castogiovanni, 2015; Roy et al., 2017). Therefore, Armitage and Conner, (2001) mentioned that self-efficacy is well established & it represents a better correlation with the intention than perceived behavior control. Ajzen, (1991, p. 7) stated that "the theory of planned behavior places the construct of self-efficacy belief or perceived behavioral control within a more general framework."

2.4 Theoretical Background

The theory of planned behavior (TPB) is a psychological theory that explains motivational & informational influences on human behavior. The theory of planned behavior was developed by Icek Ajzen based on the theory of reasoned action. Further, the theory of planned behavior has three main components namely, attitude, subjective norms & perceived control behavior, and a combination of these three components to capture the individual's behavioral intention. The theory of planned behavior was used to predict behavior & intention in many types of prior research fields such as phycology, marketing, health science, investment & finance (Citra Sondari and Sudarsono, 2015; Lortie and Castogiovanni, 2015). Therefore, these prior research studies provided the basis for the applicability of the theory of planned behavior to capture the individual's behavioral intention.

Prior research studies used the theory of planned behavior to reveal investment intention and pointed out a minimum number of studies that used the theory of planned behavior to predict the investment intention of retail investors in stock markets (Akhtar and Das, 2019; East, 1993).

3. Hypotheses and the Conceptual Framework

3.1 Impact of Attitude on Investment Intention

Attitude means the degree to which an individual has a favorable or unfavorable valuation from the performing specific behavior. There were two dimensions of attitude. The first dimension is an attitude as an instrument and that explains whether an action is important, harmful, or valuable. The second dimension is an attitude as behavior as pleasant or enjoyable. If a person has a favorable attitude toward a certain behavior, there may be a high probability of building up a positive intention to undertake that behavior (O'Connor and White, 2010). Further, most of the prior studies used attitude as a first determinant to test the behavioral intention in the theory of planned behavior in many types of research fields such as phycology, marketing, health science, investment & finance. Therefore, most of the prior research studies examined attitude has a positive impact on an individual's behavioral intention (Ajzen, 1991; Roy et al., 2017).

Ajzen(1991), mentioned that concepts of social attitude & personality traits were playing a major role when predicting the individual's intention and pointed out attitude as a component that captures the individual's behavioral intention. Further, Gopi and Ramayah (2007), used attitude to capture the intention towards trade online in the stock market in Malaysia and they revealed attitude can influence individuals feeling positively or negatively when performing a specific behavior. Citra Sondari and Sudarsono (2015), conducted a research study to identify predicted intention to invest in Indonesia & they used attitude to capture the intention to invest. Further, they analyzed attitudes as positive or negative feelings of an individual toward a certain psychological object. Lortie and Castogiovanni (2015), examined a research study on entrepreneurship & future direction of entrepreneurship & they used attitude to capture the entrepreneurship intention and they examined whether attitude can influence individuals feeling positively or negatively when performing a specific behavior. Further, Roy et al., (2017) conducted a research study to identify entrepreneurial intention among science and technology graduates & they used attitudes as one component to predict entrepreneurial intention. Akhtar and Das, (2019) examined factors affecting investment intention among retail investors in the Indian stock markets and used attitudes as one component to predict investment intention among retail investors. Further, they defined attitude as the degree to which an individual has a favorable or unfavorable valuation from the performing specific behavior. In addition to that, they identified If a person has a favorable attitude toward a certain behavior, there may be a high probability to build up a positive intention to undertake that behavior. Therefore, most of the prior research studies revealed attitude has a positive impact on an individual's behavioral intention(Akhtar and Das, 2019; Citra Sondari and Sudarsono, 2015; East, 1993; Gopi and Ramayah, 2007). Therefore, based on this prior evidence, the following hypothesis is proposed as the first hypothesis in this research study.

H_1 = Attitude impacts investment intention

3.2 Impact of Subjective Norms on Investment Intention

Subjective norms define as social pressures which are pressurized an individual to engage in a particular behavior(Ajzen, 1991). Most of the prior studies mentioned that an individual can develop the intention to carry out a specific behavior under social pressure, whether the individual wants to undertake that behavior and they pointed out that pressure can be brought explicitly through verbal or actions(Sivaramakrishnan et al., 2017; Venkatesh and Davis, 2000). Further, prior studies mentioned family members, relatives, close friends, and significant others of an individual are the factors that can pressurize an individual towards a particular behavior(Lortie and Castogiovanni, 2015; Roy et al., 2017).

Most of the prior research used subjective norms as a second determinant to test behavioral intention in the theory of planned behavior(Akhtar and Das, 2019; Krueger and Carsrud, 1993). Further, Gopi and Ramayah, (2007), pointed out there were mixed results in subjective norms toward investment intention. Further, some prior research studies indicate subjective norms do not impact individual intention(Davis et al., 1989.; K Chau and Jen-Hwa Hu, 2001; Lewis and Miall, 2003) and some prior research studies revealed subjective norms impact on individual intention(Ma'ruf et al., 2005; Teo and Pok, 2003; Venkatesh and Davis, 2000). Therefore, based on this prior evidence, the following hypothesis is proposed as the second hypothesis in this research study.

H_2 = Subjective Norms impact investment intention

3.3 Impact of Financial Self-Efficacy on Investment Intention

Perceived behavior control defines as the possibility of an individual's beliefs about how they can carry out a specific behavior. Further, perceived behavior control is based on prior experience & second-hand information obtained from family members, relations, friends &, etc. & these factors controlled the level of an individual's beliefs(Ajzen, 1991; Gopi and Ramayah, 2007; Lortie and Castogiovanni, 2015). Most of the prior studies examined that, the current view of perceived behavioral control is aggregable with self-efficacy. Further, they defined self-efficacy as a particular person's belief about his or her capability to carry out actions in order to achieve a specific goal(Bandura, 1977; Roy et al., 2017; Stajkovic and Luthans, 1998). Moreover, prior research studies mention that investment behavior, portfolio choices, financial knowledge, gender differences & saving strategies are the factors that can influence self-efficacy.

Moreover, the critical part of this literature is whether perceived behavior control can be substituted with self-efficacy. The concept of substituting self-efficacy instead of perceived behavior control was mostly discussed in the prior research areas of entrepreneurial intention(Akhtar and Das, 2019; Lortie and Castogiovanni, 2015). Further, Armitage and Conner, (2001) mentioned that self-efficacy is well established & it represents a better correlation with the intention than perceived behavior control. Therefore, based on this prior evidence, the following hypothesis is proposed as the third hypothesis in this research study.

H_3 = Financial Self-Efficacy impacts investment intention

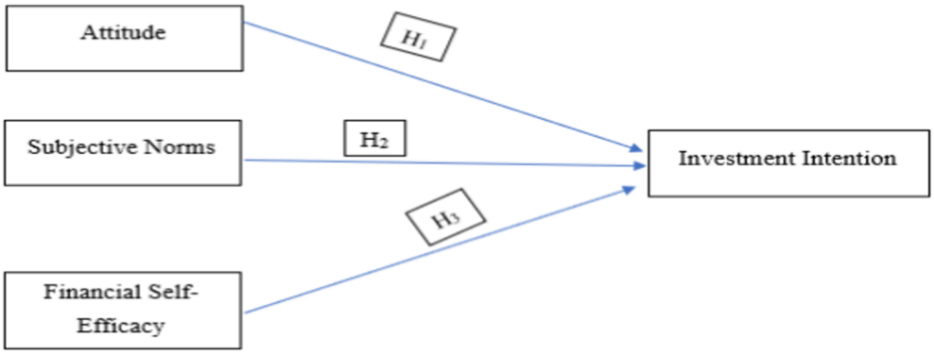

Figure 1: Conceptual Framework
(Source: Author)

4. Methodology

4.1 Participants and Procedure

The unit of analysis for the study was an individual aged between 20 to 30 who has invested in the Colombo Stock Exchange as the stock market participation records 94% from the age category below 30 years as per the 2021 annual report of the Colombo Stock Exchange and the purposive sampling strategy was used in collecting the data. This research study used a survey strategy to collect primary data from the participants by distributing a self-administrated questionnaire. Attitude, subjective norms, and investment intention were measured using a 3-item scale each, validated by Akhtar and Das, (2019). Financial self-efficacy was measured using 6 item scale, validated by Akhtar and Das, (2019). All the scales satisfied the reliability requirements with a Cronbach alpha above 0.7.

After cleaning the data and removing missing values 196 responses proceeded to the analysis. Thereafter 185 responses that met the relevant criterion in terms of age and stock market participation proceeded to the study. Further, 54.6% of the participants who responded to this questionnaire were female and 45.4% were male. Moreover, most of the participants who filled out this questionnaire were between 20 – 24 years & which represents 87% of the total 185 valid responses. The rest of the 13% of participants were aged between 25 – 30 years.

Table 1: Measurement Scale of the Research Study

Variable	Indicator	Measurement	Cronbach's Alpha	Source
Attitude	A1. Investment in stock market is a good idea A2. Investing in stock market is a wise choice A3. I like the idea to invest in stock market	(Five-point Likert scale) Strongly Disagree = 1 Disagree = 2 Neutral = 3 Agree = 4 Strongly Agree = 5	0.787	(Akhtar & Das, 2019)
Subjective Norms	SN1. My colleagues and friends are	(Five-point Likert scale)	0.785	(Akhtar & Das, 2019)

	investing in stock market SN2. Those have important influence on me think that I should invest in stock market SN3. People whose opinion I value would prefer that I should invest in stock market	Strongly Disagree = 1 Disagree = 2 Neutral = 3 Agree = 4 Strongly Agree = 5		
Financial Self Efficacy	FSE1. It is not hard to stick to my spending plan when unexpected expenses arise FSE2. It is not challenging to make progress toward my financial goals FSE3. When unexpected expenses occur, I usually have to use credit FSE4. When faced with a financial challenge, I do not find it hard to figure out a solution FSE5. I do not have lack confidence in my ability to manage my finances FSE6. I do not have to worry about running out of money in retirement.	(Five-point Likert scale) Strongly Disagree = 1 Disagree = 2 Neutral = 3 Agree = 4 Strongly Agree = 5	0.748	(Akhtar & Das, 2019)
Investment Intention	II1. I will invest in stock market frequently	(Five-point Likert scale)	0.750	(Akhtar & Das, 2019)

	II2.I will encourage my friend and family to invest in stock market II3. I will invest in stock market in near future	Strongly Disagree = 1 Disagree = 2 Neutral = 3 Agree = 4 Strongly Agree = 5

5. Data Analysis and Results

The data were first screened using SPSS, and then AMOS software was used for confirmatory factor analysis and structural equation modeling. The analysis met the necessary goodness-of-fit criteria. It was evident through the analysis that attitude and subjective norms have a significant positive relationship with the investment intention of individuals and there is no statistically significant relationship between financial self-efficacy and investment intention.

5.1 Measurement Model

Tables 2 and 3 report validity and reliability measures, and the relevant statistics were above 0.5 and 0.7 cutoff points. Additionally, convergent validity is established by factor loadings above 0.5 (Hair et al., 2014). Since the square root of the average variance extraction estimate of each scale was greater than the correlation of the corresponding construct to all other constructs, discriminant validity was also proven (Fornell & Larcker, 1981). Therefore, the aforementioned findings demonstrate the accuracy and validity of the data.

Table 2: Reliability and Validity Measures

Variables	No. of items remained	Standard factor loadings (Min-Max)	AVE Estimates	Cronbach's Alpha
Investment Intention	3	0.682 - 0.736	0.709	0.749
Attitude	3	0.701- 0.835	0.748	0.792
Subjective Norms	3	0.701 - 0.778	0.749	0.709

Financial Self-efficacy	6	0.505 - 0.658	0.605	0.761

Table 3: Discriminant Validity (AVE vs SMC)

	II	A	SN	FSE
II	**0.7097**	0.6257	0.4956	0.1303
A	0.6257	**0.7483**	0.4956	0.1772
SN	0.4956	0.4956	**0.7487**	0.3564
FSE	0.1303	0.1772	0.3564	**0.5912**

Notes: (1) II- Investment Intention ;(2) A- Attitude; (3) SN-Subjective Norms; (4) FSE-Financial Self-Efficacy
(Source: Survey Data)

5.2 Structural Model

The structural models seek to investigate findings about causal connections and forecasts from the data sample of the study. The tests on multivariate assumptions were first performed, and they confirmed that the sample data were suitable for additional multivariate analysis. The structural model was constructed to test the direct determinants of investment intention. Three hypotheses were advanced in order to test the three direct relationships: Attitude impacts investment intention (H1), Subjective norms impact investment intention (H2), and Financial self-efficacy impacts investment intention (H3). In order to validate the direct relationship described above, a structural model was created. With a 95% level of confidence, the impacts of H1 and H2 were accepted with a statistically significant positive relationship and H3 was not supported for a statistically significant relationship.

Table 4: Results of the direct path hypotheses tested

Path	Hypothesis	Beta Value	P-value	Decision
A → II	H1: Attitude impacts investment intention	0.652	0.000	Supported

SN → II	H2: Subjective Norms impact investment intention	0.422	0.000	Supported
FSE→ II	H3: Financial Self-Efficacy impacts investment intention	-0.015	0.849	Not Supported

(Source: Survey Data)

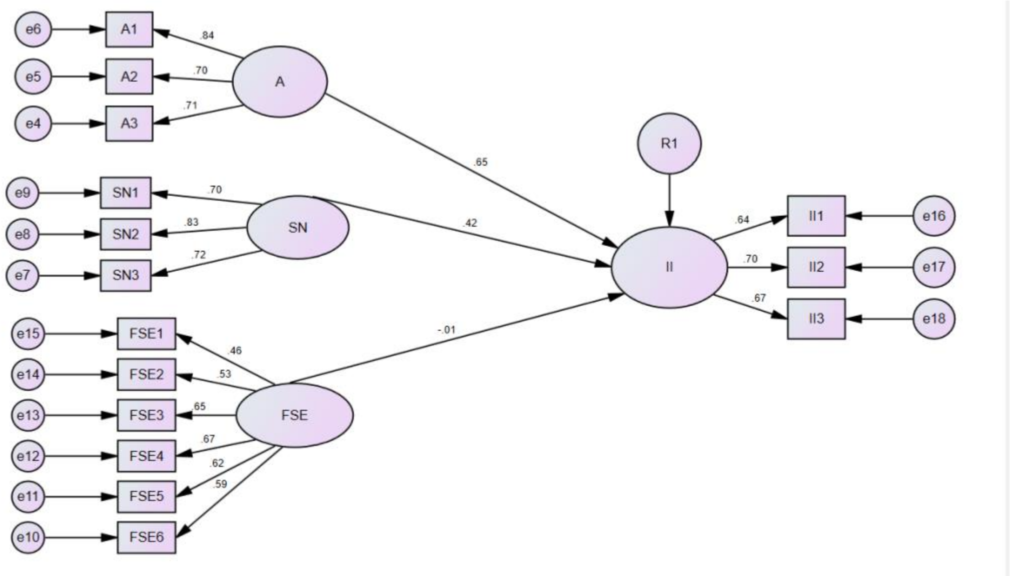

Figure 2: Structural Model
(Source: Survey Data)

6. Discussion

The current study found that attitude has a significant positive impact on investment intention (B=0.652***) and it has the most significant impact on investment intention which indicates that Sri Lankan investors are more concerned about their attitudes while deciding whether to invest in stock markets. These findings are in line with the previous studies which were similar to the current study. (Akhtar and Das, 2019; Citra Sondari and Sudarsono, 2015; East, 1993; Gopi and Ramayah, 2007).

Moreover, the current study found that subjective norms have a significant positive impact on Investment intention (B= 0.422***) which is in line with the previous studies indicating that social interaction and social pressure are prime influencers of stock market participation and trading behavior (Hong et al.,2004; Shanmugham & Ramya, 2012). Therefore, the findings of the current study can be used to prove the prior research finding of subjective norms' impact on individual intention that the subjective norms of retail investors can influence their investment intention postively. That indicates family members, close friends and significant others of a particular person can have a significant impact on investment intention (Akhtar& Das,2019).

Further, the current study found that financial self-efficacy does not have a statistically significant impact on investment intention although most of the prior studies which were similar to the current studies found out financial self-efficacy has a significant impact on investment intention(Akhtar and Das, 2019).

7. Managerial Implications

Prior research studies demonstrated that most retail investors failed to understand their investment objectives and investors had a conflict about their investment decision. Because most retail investors had investment decisions depending on someone's suggestions. In the real world, most high-net-worth individuals (HNWI) try to manipulate shares in the stock market & some retail investors are caught in that manipulation & getting losses. Further, the current study revealed family members, relatives, close friends, and significant other retail investors can influence their investment intention. Therefore, the current study provides proper investment knowledge about the investment intention of individual investors and this knowledge provides proper guidelines for retail investors to understand their investment objectives and get the correct investment decision.

Further, investment advisors can use this research article to identify how these phycological factors of attitudes, subjective norms & financial self-efficacy influence individual investors' investment intention. Moreover, they can provide proper guidance & suggestions to their investors by having proper knowledge of individual investors' investment intentions. Further, stockbroker firms can use this research article to identify what are the factors affecting investment intention and these firms can identify these retail investors' investment objectives. Therefore, stockbroker firms can conduct a webinar for retail investors to provide proper guidance & suggestions to take their investment decision without conflict with advisors' suggestions.

8. Limitations and Reflection on Further Research

This current research study of factors affecting investment intention among retail investors in the Colombo stock exchange has several limitations. The first limitation is research is mainly focused on the psychological factors of attitude, subjective norms & financial self-efficacy on the investment intention of retail investors and there can be other individual factors that are not considered in the current study, which can be focused on future studies. Further, the present study is a cross-sectional study, and a longitudinal study would provide a more comprehensive understanding of considered factors over a period of time.

9. Conclusion

The aim of the study was to contribute to the limited existing knowledge about the psychological predictors of investment intention in the Colombo Stock Exchange, Sri Lanka using the theory of planned behavior. Accordingly, the study investigated the impact of attitude, subjective norms, and financial self-efficacy on investment intention. The result of the study reveals that Attitude and subjective norms have a statistically significant positive impact on investment intention and the impact of financial self-efficacy on investment intention did not support a statistically significant relationship. The study also offers helpful managerial insights with regard to psychological factors that affect retail investors' investment intentions, which investment advisors must consider when giving advice on investments to retail investors and when developing education and awareness programs about stock market investments.

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