

The COVID-19 Pandemic has Changed Investors' Financial Behavior.

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- **Abstract:** The COVID-19 pandemic has spread at an alarming pace, infecting millions and bringing economic activity to a near standstill as countries impose strict restrictions on movement to stop the virus from spreading. This pandemic has changed people's financial behavior a lot because it has an impact on all aspects of life. The traditional financial paradigm fails to explain such dramatic volatility as it is today. This volatility, however, can be explained by the behavioral finance paradigm. Behavioral finance shows that investors and the market are not completely rational, and that investors are influenced by their biases and cognitive errors. The purpose of this study was to see if there was a difference in stock prices between before the pandemic and during the COVID-19 pandemic. The research method uses study events taken from 2018 (before the pandemic) to 2021 (when the pandemic is still hitting). The result of this study is that there is a difference in index stock prices between before the pandemic and during the pandemic.
- **Keywords:** Traditional financial paradigm, COVID-19 pandemic