

Proceedings of the Annual International Conference on Emerging Financial Markets and Policy

EFMP-2025

Navigating Sustainable
Growth and Innovation in
Emerging Financial Markets

21st November 2025



**PROCEEDINGS OF THE 5TH
ANNUAL INTERNATIONAL CONFERENCE ON
EMERGING FINANCIAL MARKETS AND POLICY
2025**

EFMP 2025

*“Navigating Sustainable Growth and
Innovation in Emerging Financial
Markets”*

**21st November 2025
Sri Lanka Finance Association
Colombo
Sri Lanka**

2025 © Sri Lanka Finance Association

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher. Authors retain full, but non-exclusive rights to use their manuscript in any way they see fit without obtaining permission from the publisher provided that appropriate credit to the publisher is noted. The content and the opinions expressed in the manuscripts of this proceedings are those of the respective author(s), and not necessarily the opinions of the Editorial Board or the Sri Lanka Finance Association.

National Library of Sri Lanka-Cataloging-In-Publication Data

Proceedings of the Annual Emerging Financial Markets and Policy Conference - EFMP 2025

ISSN 2792-1220 (Print)

ISSN 2806-514X (Online)

Editorial Board

Advisory Editors

Senior Prof. DBPH Dissabandara	University of Sri Jayewardenepura, Sri Lanka
Prof. Lalith P Samarakoon	University of St. Thomas. Minnesota, USA
Prof. Manjula K Wanniarachchige	University of Ruhuna, Sri Lanka

Editor-in-Chief

Prof. L.P.S. Gamini	The Open University of Sri Lanka
---------------------	----------------------------------

Co-Editors

Prof. H.D.D.C. Liyanagamage	The Open University of Sri Lanka
Prof. K.V. Aruna Shantha	The Open University of Sri Lanka
Dr. P.A.N.S. Anuradha	University of Sri Jayewardenepura, Sri Lanka
Dr. M.I.M. Riyath	South Eastern University of Sri Lanka

Editorial Assistant

Ms. W.T.D. Weerasinghe	The Open University of Sri Lanka
------------------------	----------------------------------

Published by the Sri Lanka Finance Association Colombo, Sri Lanka

Web: <https://slfa.lk/efmp2025/>

email: efmp2025@ousl.lk

THE 5TH ANNUAL INTERNATIONAL CONFERENCE ON EMERGING FINANCIAL MARKETS AND POLICY (EFMP 2025)

Keynote Address: *"Institutions as Scaffolding: Building Credible Finance in Emerging Markets"*

Professor Janice How

Faculty of Business and Law, The Queensland University of Technology, Australia.

Abstract

In emerging markets, the credibility of financial signals - board diversity, leadership appointments, certifications - depends on institutional scaffolding. Weak frameworks distort these signals into symbols, while robust ones anchor credible outcomes. This keynote draws on research across Asia-Pacific to show how scaffolding transforms signals. In Malaysia, economic patronage increases analyst forecast errors by 9.2 percentile-rank points, while Bumiputera IPO allocations illustrate redistribution taking precedence over price discovery. Across ASEAN, board diversity strengthens ESG performance only in countries with strong governance. Networks shape reporting outcomes: inter-ethnic ties improve quality, insular ties weaken it, and female leadership curbs earnings management in politically connected firms. In Islamic finance, sukuk certified by reputable Shariah boards trade at yields roughly 80 basis points lower, reflecting the structural credibility conferred by trusted oversight. Collectively, these findings underscore a simple but powerful lesson: financial signals gain force only when institutions make them transparent, enforceable, and costly to imitate. Markets are never free-floating; they stand or fall on the scaffolding of institutions.



Professor Janice How's research interests are primarily in corporate finance, with particular focus on corporate governance, capital raisings (IPOs and SEOs), analyst forecasts, payout policies, and the political economy of finance. Her work is published in leading international journals including *The Journal of Business*, *Journal of Corporate Finance*, *Journal of Accounting Auditing and Finance*, and *Journal of Business Ethics*. She is a strong advocate for regional research, with contributions to *Pacific-Basin Finance Journal*, *Accounting and Finance*, and *Australian Journal of Management*. Her research has been recognised through numerous international awards, and she has supervised over 150 Honours, Masters, and PhD theses.

Janice has held senior academic appointments across Australia and New Zealand, including Professor and Head of Finance at The University of Auckland, and academic roles at Curtin University and The University of Western Australia. She was the founding Director of Area of Research Excellence in Asia-Pacific Capital Markets at Curtin Business School and served as Director of Research Training in QUT's Faculty of Business and Law (2020-2023).

Program Committee of EFMP 2025

Co-Chairs

Prof. H.D.D.C. Liyanagamage	The Open University of Sri Lanka
Senior Prof. DBPH Dissabandara	University of Sri Jayewardenepura, Sri Lanka
Prof. A.G. Chandana Gunathilake	University of Sri Jayewardenepura, Sri Lanka
Prof. (Mrs.) R. Yogendarajah	University of Jaffna, Sri Lanka
Prof. S. Buvanendra	University of Colombo, Sri Lanka

Coordinator

Prof. K.V. Aruna Shantha	The Open University of Sri Lanka
--------------------------	----------------------------------

Secretary

Mr. C.P. Weerasekara	The Open University of Sri Lanka
----------------------	----------------------------------

Treasurer

Mr. K.G.P. Vijitha Gunarathne	University of Ruhuna, Sri Lanka
-------------------------------	---------------------------------

Committee Members

Dr. Sampath Kongahawatte	University of Sri Jayewardenepura, Sri Lanka
Dr. S.M.D.C.W. Senarathne	The Open University of Sri Lanka
Dr. W.A.R. Senevirathne	The Open University of Sri Lanka
Ms. W.T.D. Weerasinghe	The Open University of Sri Lanka
Dr. M.I.M. Riyath	South Eastern University of Sri Lanka
Ms. A.R.F. Thafani	South Eastern University of Sri Lanka
Ms. D.H.S.W. Dissanayake	Wayamba University of Sri Lanka
Ms. S.L.G.M.M. Samarasinghe	Wayamba University of Sri Lanka
Mr. J.M.N. Wijekumara	Rajarata University of Sri Lanka
Mr. V.G.N. Sameera	Rajarata University of Sri Lanka
Mr. K.R.K. Harshana	University of Ruhuna, Sri Lanka
Ms. W.Y.M.M.N. Ekanayake	University of Ruhuna, Sri Lanka

Scientific Committee

Prof. L.P.S. Gamini	The Open University of Sri Lanka
Prof. H.D.D.C. Liyanagamage	The Open University of Sri Lanka
Prof. M.K. Wanniarachchige	University of Ruhuna, Sri Lanka
Prof. S. Buvanendra	University of Colombo, Sri Lanka
Prof. S. Kodithuwakku	University of Peradeniya, Sri Lanka.
Prof. A.M. Perera	Wayamba University of, Sri Lanka
Prof. K.M.M.C.B. Kulathunga	Uva Wellassa University of Sri Lanka
Prof. D.A.T. Kumari	Wayamba University of, Sri Lanka
Prof. A.G. Chandana Gunathilake	University of Sri Jayewardenepura, Sri Lanka
Prof. A. Ekanayake	University of Peradeniya, Sri Lanka
Prof. K.V. Aruna Shantha	The Open University of Sri Lanka
Prof. P.R. Weerathunga	Rajarata University of Sri Lanka
Prof. R.M.N.C. Swarnapali	Rajarata University of Sri Lanka
Dr. P. A. N. S. Anuradha	University of Sri Jayewardenepura, Sri Lanka
Dr. M.S. Nanayakkara	University of Ruhuna, Sri Lanka
Dr. T.C. Ediriwickrama	University of Colombo, Sri Lanka
Dr. H.R. Sampath	Sabaragamuwa University of Sri Lanka
Dr. W.A.R. Senevirathne	The Open University of Sri Lanka
Dr. S.M.D.C.W. Senarathne	The Open University of Sri Lanka
Dr. E. Uduwalage	Wayamba University of Sri Lanka
Dr G.N. Kuruppu	University of Moratuwa, Sri Lanka
Dr. V. Welagedara	University of Moratuwa, Sri Lanka
Dr. H.M.S.N. Ariyadasa	Uva Wellassa University of Sri Lanka
Dr. W.A.N. Priyadharshanie	Wayamba University of Sri Lanka
Mr. K. Charith	Uva Wellassa University of Sri Lanka
Ms. H.M.A.K. Herath	Wayamba University of Sri Lanka
Ms. D.H.S.W. Dissanayake	Wayamba University of Sri Lanka
Ms. S.D.P. Piyananda	University of Kelaniya, Sri Lanka
Mr. C.P. Weerasekara	The Open University of Sri Lanka
Mr. A.G.D.L.K. Gunaratna	Wayamba University of Sri Lanka
Ms. U.G.V.D.D. Gunarathne	Wayamba University of Sri Lanka
Ms. M.N.F. Nuskiya	University of Peradeniya, Sri Lanka

Contents

Cover Page.....	i
Editorial Board	ii
Keynote Address.....	iii
Program Committee of EFMP 2025	iv
Scientific Committee.....	v
Full-paper publications;	
1. Unveiling the Influence of Sustainability Control Systems on the Adoption of Circular Economy Business Models: A Mixed Method Approach <i>Ariyasena.....</i>	1
2. Post-war relation between beta and returns in Sri Lankan stocks <i>Hewavitharana, Wanniarachchige, and De Silva</i>	28
3. The Impact of Financial and Digital Literacy on Awareness of Investment Scams: Evidence from Management Undergraduates in Sri Lankan State Universities <i>Herath, Wijekumara, and Ilangasinghe.....</i>	43
4. Heuristic Biases and Investment Decision-Making: The Mediating Role of Risk Attitude in an Emerging Market Context <i>Hasanka and Tharshiga.....</i>	54
5. Impact of Fundamentals on Share Price of Financial Firms in a Country Depressed by Economic Crisis <i>Wanasinghe and Uduwalage.....</i>	67
6. Factors Influencing Financial Management Behavior among Small and Medium Enterprise Operators in the Jaffna District, Sri Lanka <i>Mithila, Kengatharan, and Yathurshan</i>	93
7. The Mediating Role of Risk Tolerance in the Relationship between Emotional Intelligence and Investment Decisions <i>Wijekumara and Madushanka.....</i>	111

8. Audit Quality on Earnings Management: Evidence from Sri Lankan Listed Companies <i>Manthahine and Thevaruban</i>	121
9. Role of Investor Cognition and Psychology in Mitigating Loss Aversion Bias Occurred in Stock Trading <i>Ekanayake and Shantha</i>	145
10. Adoption of Responsible Finance Strategy for Good Governance in Sri Lankan State Universities <i>Gamlath</i>	163
Papers presented and published in abstract form;	
11. Does Stock Market React to Politically Appointed Central Bank Governors? <i>Herath, Uduwalage, Ediriweera, and Wijesinghe</i>	178
12. Reducing Agency Costs Through Balanced Decision-Making Power <i>Dissanayake and Uduwalage</i>	179
13. Barriers to Credit and Blockchain's Potential for Retail Micro-Enterprises in Harare, Zimbabwe <i>Nyisome, Rushwaya, Nyatsambo, and Makunura</i>	180
14. Influence of Herding Behaviour on Perceived Market Efficiency: A Study of Individual Investors in Stock Market of Sri Lanka <i>Pratheepan</i>	181