

Journal of Emerging Financial Markets and Policy

Volume 03, Issue 01/02

December 2025

ISSN 2783-8692

CONTENTS

- | | |
|---|----|
| Mitigating Overconfidence Bias in Investments: Exploring the Role of Experience, Self-Reflection, and Financial Literacy in a Moderated Mediation Model
<i>K.V.A. Shantha, L.P.S. Gamini</i> | 1 |
| Predicting Financial Distress among Listed Hotels in Post-War Sri Lanka
<i>G. Mithila, L. Kengatharan</i> | 17 |
| Reducing Agency Costs through Balanced Decision-Making Power in Sri Lanka
<i>K. Dissanayake, E. Uduwalage</i> | 36 |
| The Appointment Shock: How Politics Drives Stock Prices
<i>P. Herath, E. Uduwalage, I. Ediriweera, H. Wijesinghe</i> | 52 |

Journal of Emerging Financial Markets and Policy (JEFMP)

The Journal of the Sri Lanka Finance Association

Volume 03, Issue 01/02

December 2025

ISSN 2783-8692

The JEFMP is a peer-reviewed journal covering theoretical, empirical, and policy research related to all finance topics in emerging and frontier economies. It provides a specialized and leading outlet for academics and policymakers for the dissemination of high-quality research examining issues in the areas such as capital markets, banking and financial institutions, investments, corporate finance, international finance, central banking, and monetary policy in emerging and frontier markets to a wider community worldwide.

The JEFMP publishes articles mainly related to Finance, but also considers publishing articles in any other related discipline such as Accounting and Economics. The JEFMP welcomes high-quality theoretical, empirical, and policy research.

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 editor. The content and the opinions expressed in the manuscripts of the articles are those of the respective author(s), and not necessarily those of the editorial board or the Sri Lanka Finance Association.

ISSN 2783-8692

For the submission of papers and any other correspondence, please contact the Editor or the Managing Editor.

For contact information and author guidelines, visit www.slfa.lk/jefmp

Journal of Emerging Financial Markets and Policy (JEFMP)

The Journal of the Sri Lanka Finance Association

Volume 03, Issue 01/02

December 2025

ISSN 2783-8692

Editor

Lalith P. Samarakoon, University of St. Thomas, St. Paul, USA

Managing Editor

Manjula K. Wanniarachchige, University of Ruhuna, Sri Lanka

Co-Editors

Roshan R. Ajward, University of Sri Jayewardenepura, Sri Lanka

D. B. P. H. Dissabandara, University of Sri Jayewardenepura, Sri Lanka

Chandana Gunathilaka, University of Sri Jayewardenepura, Sri Lanka

Emil Uduwalage, Wayamba University of Sri Lanka

K. M. M. C. B. Kulathunga, Uva Wellassa University of Sri Lanka

Editorial Advisory Board

Jonathan Batten, RMIT University, Australia

Lloyd Blenman, University of North Carolina-Charlotte, USA

D. A. I. Dayaratne, Sabaragamuwa University, Sri Lanka

Bharat Ram Dhungana, Pokhara University of Nepal

Vihang R. Errunza, McGill University, Canada

Campbell R. Harvey, Duke University, USA

Iftekhhar Hasan, Fordham University, USA

M. Kabir Hassan, University of New Orleans, USA

Nathan Jithendranathan, University of St. Thomas, USA

Palani-Rajan Kadapakkam, University of Texas-San Antonio, USA

Evzen Kocenda, Charles University, Czech Republic

Praveen Kumar, University of Houston, USA

Rose Liao, Rutgers University, USA

Brian Lucey, Trinity College Dublin, Ireland

Suresh De Mel, University of Peradeniya, Sri Lanka

P. D. Nimal, University of Sri Jayewardenepura, Sri Lanka

C. Pathirawasam, University of Kelaniya, Sri Lanka

Ramesh Rao, Oklahoma State University, USA

A. L. Abdul Rauf, South Eastern University, Sri Lanka

Bruno H. Solnik, Hong Kong University of Science and Technology, Hong Kong

P. M. C. Thilakerathne, University of Kelaniya, Sri Lanka

K. G. A. Udayakumara, Rajarata University, Sri Lanka

Sohrab Uddin, University of Chittagong of Bangladesh

Fangjun Wang, Xi'an Jiaotong University, China

Wen Wang, Renmin University, China

Y. K. Weerakoon Banda, University of Sri Jayewardenepura, Sri Lanka

Suzuki Yasushi, Asia Pacific University, Japan

R. Yogendrarajah, University of Jaffna, Sri Lanka

Journal of Emerging Financial Markets and Policy (JEFMP)

The Journal of the Sri Lanka Finance Association

Volume 03, Issue 01/02

December 2025

ISSN 2783-8692

Associate Editors

Ruwan Abeysekara, University of Kelaniya, Sri Lanka
D. K. Y. Abeywardana, University of Kelaniya, Sri Lanka
P. A. N. S. Anuradha, University of Sri Jayewardenepura, Sri Lanka
A. A. Azeez, University of Colombo, Sri Lanka
Subramaniam Balendran, Eastern University, Sri Lanka
Sergey Barabanov, University of St. Thomas, Minnesota, USA
Munim Kumar Barai, Ritsumeikan Asia Pacific University, Japan
Mufaddal Baxamusa, University of St. Thomas, Minnesota, USA
S. Buvanendra, University of Colombo, Sri Lanka
Dunusinghe G. Dharmarathna, Sabaragamuwa University of Sri Lanka
Mohan Fonseka, Xi'an Jiaotong University, China
S. K. Gamage, Wayamba University, Sri Lanka
C. T. Gamage, Rajarata University of Sri Lanka
Rakesh Gupta, Griffith University, Australia
M. W. Indrani, University of Ruhuna, Sri Lanka
A. Jahfer, South Eastern University, Sri Lanka
Prabhath Jayasinghe, University of Colombo, Sri Lanka
Harendra Kariyawasam, University of Sri Jayewardenepura, Sri Lanka
Lingesiya Kengatharan, University of Jaffna, Sri Lanka
K. M. M. C. B. Kulathunga, Uva Wellassa University, Sri Lanka
Yulong Ma, California State University at Long Beach, USA
M. G. P. Damayanthi Menike, University of Peradeniya, Sri Lanka
L. M. C. S. Menike, Sabaragamuwa University, Sri Lanka
B. Nimalathasan, University of Jaffna, Sri Lanka
R. P. C. R. Rajapakse, University of Sri Jayewardenepura, Sri Lanka
R. A. Rathnasiri, Wayamba University, Sri Lanka
Ornella Ricci, Roma Tre University, Italy

Journal of Emerging Financial Markets and Policy (JEFMP)

The Journal of the Sri Lanka Finance Association

Volume 03, Issue 01/02

December 2025

ISSN 2783-8692

CONTENTS

- Mitigating Overconfidence Bias in Investments: Exploring the Role of Experience, Self-Reflection, and Financial Literacy in a Moderated Mediation Model 1
K.V.A. Shantha, L.P.S. Gamini
- Predicting Financial Distress among Listed Hotels in Post-War Sri Lanka 17
G. Mithila, L. Kengatharan
- Reducing Agency Costs through Balanced Decision-Making Power in Sri Lanka 36
K. Dissanayake, E. Uduwalage
- The Appointment Shock: How Politics Drives Stock Prices 52
P. Herath, E. Uduwalage, I. Ediriweera, H. Wijesinghe