
BICM Research Seminar 19

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Paper details	
Title	Local Religiosity and Insider Trading Activity
Authors	Avishek Bhandari, PhD The University of Wisconsin–Whitewater
	Md Nazmul Hasan Bhuyan, PhD, CFA North Carolina Agricultural and Technical State University
Presentation details	
Presenter researcher	Md Nazmul Hasan Bhuyan, PhD, CFA
Date:	December 14, 2022 (Wednesday)
Time:	10:00 AM - 11:30 AM
Venue:	BICM Multipurpose Hall
Expected Participants	Faculty Members of BICM & Invited Guests
Discussants	Dr S C Thusara Senior Lecturer Department of Commerce and Financial Management, University of Kelaniya
	Dr Dewan Rahman Lecturer in Finance, School of Business The University of Queensland
	Al-Amin Associate Professor Department of Accounting & Information Systems, University of Dhaka

About the presenter

Dr Md Nazmul Hasan Bhuyan, CFA is an Assistant Professor of College of Business & Economics at North Carolina Agricultural and Technical State University. He was initially graduated from department of Finance of University of Dhaka. Then he obtained his masters (MBA) in Financial Management from Lamar University and PhD in Finance from Florida Atlantic University. Dr Bhuyan has published several peer reviewed international journals including Journal of Behavioral and Experimental Finance, Applied Economics etc. Dr Bhuyan has presented numerous seminar presentation as invited keynote speaker. His research interest includes corporate finance, investment, banking etc.

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The paper abstract is given below. If you have any questions regarding the seminar or you wish to present a paper or invite a guest researcher, please do not hesitate to communicate S. M. Kalbin Salema, Lecturer, BICM at kalbin@bicm.ac.bd.

Local Religiosity and Insider Trading Activity

Avishek Bhandari, PhD¹

Md Nazmul Hasan Bhuyan, PhD., CFA²

Abstract

Based on the organizational psychology and social norms theories, we provide empirical evidence on the effect of local religiosity on insider trading activity. We find that local religiosity has a negative and statistically significant impact on insider trading activity, which is robust to alternative model specifications, selection bias, reverse causality, omitted variable bias, and measurement errors. Local religiosity negatively affects both insider purchase and sale activity, supporting the predictions of the morality and risk-aversion traits of local religiosity. However, the effect of the risk-aversion trait dominates the morality trait since the negative effect of local religiosity on insider sale transactions is higher. We also show that the level of information asymmetry, a key driver of insider trading activity, magnifies the effect of local religiosity on insider trading activity. Overall, local religiosity works as a compensatory control mechanism moderating the effect of managerial rent extraction motives on insider trading activity.

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