Financial Behavior

PLAYERS, SERVICES, PRODUCTS, AND MARKETS

H. KENT BAKER

GREG FILBECK

and

VICTOR RICCIARDI



Contents

```
List of Figures ix
List of Tables xi
Acknowledgments xiii
Acronyms and Abbreviations xv
About the Editors xix
About the Contributors xxi
```

Part One FINANCIAL BEHAVIOR AND PSYCHOLOGY

- Financial Behavior: An Overview
 H. KENT BAKER, GREG FILBECK, AND VICTOR RICCIARDI
- 2. The Financial Psychology of Players, Services, and Products
 VICTOR RICCIARDI

Part Two THE FINANCIAL BEHAVIOR OF MAJOR PLAYERS

- 3. Individual Investors 45

 HENRIK CRONQVIST AND DANLING JIANG
- 4. Institutional Investors 64

 ALEXANDRE SKIBA AND HILLA SKIBA
- 5. Corporate Executives, Directors, and Boards 79

 JOHN R. NOFSINGER AND PATTANAPORN CHATJUTHAMARD

6. F	Fin	an	ci	al	P	lar	nnei	rs	a	n	t.	Ac	lvi	İS	or	S	97
	R	FΝ	1	ΔΙ	M I	N	F	٢	П	М	М	T N	ı G	ς			

- 7. Financial Analysts 118 SUSAN M. YOUNG
- 8. Portfolio Managers 135 ERIK DEVOS, ANDREW C. SPIELER, AND JOSEPH M. TENAGLIA
- 9. Financial Psychopaths 153 DEBORAH W. GREGORY

Part Three FINANCIAL AND INVESTOR PSYCHOLOGY OF SPECIFIC PLAYERS

- 10. The Psychology of High Net Worth Individuals 173 REBECCA LI-HUANG
- 11. The Psychology of Traders 192 DUCCIO MARTELLI
- 12. A Closer Look at the Causes and Consequences of Frequent Stock Trading 209 MICHAL STRAHILEVITZ
- 13. The Psychology of Women Investors 224 MARGUERITA M. CHENG AND SAMEER S. SOMAL
- 14. The Psychology of Millennials 241 APRIL RUDIN AND CATHERINE MCBREEN

Part Four THE PSYCHOLOGY OF FINANCIAL SERVICES

15. Psychological Aspects of Financial Planning 265 DAVE YESKE AND ELISSA BUIE

- 16. Financial Advisory Services JEROEN NIEBOER, PAUL DOLAN, AND IVO VLAEV
- 17. Insurance and Risk Management 302 JAMES M. MOTEN JR. AND C. W. COPELAND
- 18. Psychological Factors in Estate Planning 318 JOHN J. GUERIN AND L. PAUL HOOD JR.
- 19. Individual Biases in Retirement Planning and Wealth Management 337 JAMES E. BREWER JR. AND CHARLES H. SELF III

Part Five THE BEHAVIORAL ASPECTS OF INVESTMENT PRODUCTS AND MARKETS

- 20. Traditional Asset Allocation Securities: Stocks, Bonds, Real Estate, and Cash 359 CHRISTOPHER MILLIKEN, EHSAN NIKBAKHT, AND ANDREW C. SPIELER
- 21. Behavioral Aspects of Portfolio Investments 378 NATHAN MAUCK
- 22. Current Trends in Successful International M&As 397 NANCY HUBBARD
- 23. Art and Collectibles for Wealth Management 422 PFTFR J. MAY

Part Six MARKET FEFTCTENCY ISSUES

- 24. Behavioral Finance Market Hypotheses 439 ALEX PLASTUN
- 25. Stock Market Anomalies 460 STEVE Z. FAN AND LINDA YU

26. The Psychology of Speculation in the Financial Markets	481
VICTOR RICCIARDI	

27. Can Humans Dance with Machines? Institutional Investors, High-Frequency Trading, and Modern Markets Dynamics IRENE ALDRIDGE

Part Seven THE APPLICATION AND FUTURE OF BEHAVIORAL FINANCE

- 28. Applications of Client Behavior: A Practitioner's Perspective HAROLD EVENSKY
- 29. Practical Challenges of Implementing Behavioral Finance: Reflections from the Field 542 GREG B. DAVIES AND PETER BROOKS
- 30. The Future of Behavioral Finance 561 MICHAEL DOWLING AND BRIAN LUCEY

Discussion Questions and Answers 579 Index 611