

Switching financial advisors:
An fMRI study of its neural correlates

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Abstract

Changing financial advisors during an advisor-intermediated stock-market game was more likely during periods of relative underperformance. Immediately prior to changing advisors, brain activation was greater in areas associated with error detection (dorsal anterior cingulate cortex) and number comparisons (inferior parietal and middle frontal gyri). This combination of activations was analogous to those associated with choosing to stop chasing losses in a gambling task. Advisors may consider using heuristics from gambling research and investment practice that re-characterize loss experiences as something other than errors. During non-switching “quiet” periods, subjects were more likely to be focusing on the images of advisors, reflected by activation in face-specific visual regions. These results may support client-retention strategies emphasizing personal connections rather than pure numerical performance.