

The evolution of financial decision-making: From traditional finance to behavioural perspectives

Sweta Dey Poddar

MBA Student, Vivekananda Global University, Jaipur

Corresponding Email: 23MGT3MB001@vgu.ac.in

Jatin Marwal

MBA Student, Vivekananda Global University, Jaipur

Email: 23MGT3MB002@vgu.ac.in

Arnav Lakhota

MBA Student, Vivekananda Global University, Jaipur

Email: 23MGT3MB003@vgu.ac.in

Abstract---Financial decision-making has traditionally been examined through the assumptions of rationality, complete information, risk evaluation and wealth maximization. Classical financial theories provided the foundation for understanding how individuals and organizations make investment, financing and portfolio decisions. However, the behaviour of financial decision-makers frequently differs from the predictions of purely rational models. Investors may rely on heuristics, demonstrate overconfidence, react differently to gains and losses, follow other market participants and make decisions influenced by emotions and social factors. These limitations contributed to the emergence and development of behavioural finance as an important extension of traditional financial theory. This study examines the evolution of financial decision-making from traditional finance to behavioural perspectives through a theoretical and literature-based approach. The paper reviews the foundations of rational financial decision-making and subsequently examines behavioural perspectives, cognitive biases, investor psychology, market sentiment and social influences. It also considers the emerging influence of digital finance, fintech and rapid information dissemination on contemporary financial decisions. The literature suggests that traditional financial theories remain important for explaining the normative dimensions of financial decision-making, but behavioural perspectives provide additional explanations for actual investor behaviour and market outcomes. The study further highlights that modern financial

How to Cite:

Poddar, S. D., Marwal, J., & Lakhota, A. (2024). The evolution of financial decision-making: From traditional finance to behavioural perspectives. *The International Tax Journal*, 51(1), 75–88. Retrieved from <https://internationaltaxjournal.online/index.php/itj/article/view/735>

The international tax journal ISSN 0097-7314 © 2024

This journal is open access and licensed under a Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International License.

Submitted: 09 November 2023 | Revised: 18 December 2023 | Accepted: 27 January 2024

decision-making is increasingly influenced by the interaction between financial information, psychological characteristics, technological developments and institutional environments. Overall, the evolution from traditional to behavioural finance represents not a complete replacement of rational financial theory but an expansion toward a more comprehensive understanding of financial decision-making in real-world financial environments.

Keywords---Financial Decision-Making, Traditional Finance, Behavioural Finance, Rationality, Cognitive Biases, Investor Behaviour.

Introduction

Financial decision-making has long remained one of the central areas of financial theory and practice. Decisions relating to investment, portfolio allocation, financing, saving, risk management and consumption influence both individual financial welfare and organizational performance. Traditional financial theory has historically approached these decisions through rational and mathematical frameworks, assuming that decision-makers evaluate available alternatives objectively and select choices that maximize expected utility or financial wealth. These assumptions have provided the foundation for a substantial body of financial literature and have contributed to the development of modern portfolio theory, risk-return analysis and efficient market perspectives.

The traditional approach to financial decision-making is primarily normative in nature. It explains how decisions should ideally be made when individuals possess adequate information, evaluate alternatives systematically and respond consistently to economic incentives. Under this framework, financial decision-makers are expected to assess risk and return, compare alternatives and select an optimal course of action. The theoretical strength of this approach lies in its ability to provide structured and mathematically consistent explanations of financial choices. Nevertheless, financial markets and individual investors have repeatedly demonstrated behaviour that cannot always be explained through assumptions of complete rationality. Investors sometimes trade excessively, retain poorly performing investments, respond disproportionately to particular information, follow the actions of other investors and make decisions that are inconsistent with conventional risk-return calculations. These observations have encouraged scholars to reconsider whether traditional financial theories provide a complete explanation of actual financial behaviour.

The debate concerning the realism of normative financial models has been present in the literature for several years. Peón and Antelo (2012), for example, specifically examine whether normative models in finance provide a realistic representation of financial decision-making. This theoretical debate contributed to a broader movement toward approaches that recognize the limitations of human decision-makers and incorporate psychological considerations into financial analysis. Behavioural finance emerged from this intellectual development. It incorporates concepts from psychology and behavioural economics into the study of financial decisions. Instead of assuming that investors always process information objectively and make optimal choices, behavioural finance recognizes that individuals have cognitive limitations, emotions, experiences, preferences and social influences that can affect their decisions.

The development of behavioural finance therefore represents an important transformation in the understanding of financial decision-making. Rather than focusing exclusively on the question of how a rational investor should behave, behavioural finance also considers how investors actually behave. This distinction is particularly important because systematic behavioural tendencies may influence investment decisions and, when aggregated across market participants, may contribute to observable market phenomena. The literature demonstrates the growing importance of behavioural perspectives in

finance. Sharma and Kumar (2019) examine emerging trends in behavioural finance, while Gomes (2023) reviews models, methods and tools associated with behavioural economics and finance. Badola et al. (2023) provide a systematic review of behavioural biases affecting individual investment decisions, demonstrating the increasing attention given to psychological factors in financial decision-making.

The evolution of financial decision-making has also occurred alongside broader changes in the financial system. Financial markets have become increasingly globalized, information is disseminated more rapidly and digital financial technologies have transformed how individuals access financial products and services. The expansion of fintech, digital finance, blockchain and decentralized finance has created new decision-making environments in which investors and other financial participants receive information and execute transactions with unprecedented speed. Research on fintech financing and blockchain-based financial systems reflects this broader transformation. The increasing availability of financial information does not necessarily eliminate behavioural influences. Rather, greater information availability may create new challenges. Investors may experience information overload, respond to short-term market signals, follow online discussions or make rapid decisions without adequately evaluating fundamental information. Consequently, technology may alter rather than eliminate the behavioural dimensions of financial decision-making.

The evolution of financial research itself also demonstrates the increasing diversification of the discipline. Alhenawi et al. (2022) examine the evolution of finance research over two decades and illustrate the expanding scope of financial research. This expansion includes behavioural finance and other emerging areas that extend beyond conventional financial models. Financial decision-making can therefore no longer be understood solely as a process of mathematical optimization. It represents an interaction between financial information, individual cognition, emotions, experience, social influences, technology and institutional conditions. The integration of these dimensions provides a more comprehensive perspective on financial behaviour. Against this background, the present study examines the evolution of financial decision-making from traditional finance to behavioural perspectives. The paper focuses on the theoretical transition from rational decision-making to approaches that recognize bounded rationality and psychological influences. It further discusses the role of behavioural biases, technological developments and digital finance in shaping contemporary financial decision-making.

Literature Review

The literature on financial decision-making has evolved considerably from traditional rational models toward broader behavioural and interdisciplinary perspectives. This evolution reflects increasing recognition that actual financial decisions may differ from decisions predicted by purely rational theories. The literature can broadly be organized around traditional financial theory, behavioural finance, psychological biases, social influences and technological transformation.

Traditional Finance and Rational Decision-Making

Traditional financial theory provides the foundational framework for understanding financial decisions. The rational approach assumes that decision-makers possess relevant information, evaluate alternatives systematically and seek to maximize their expected utility or financial wealth. Within this perspective, financial decisions are generally treated as optimization problems. Investors compare expected returns with associated risks and construct portfolios that provide an appropriate risk-return combination. The underlying assumption is that individuals can process relevant information and respond rationally to market conditions. This approach has been particularly influential because of its analytical clarity. By assuming rationality, researchers can establish formal relationships between risk, return, information and financial outcomes. Traditional financial models have consequently become central to investment analysis, corporate finance and financial economics. However, the assumptions underlying normative financial models have increasingly attracted theoretical criticism. Peón and Antelo (2012) address the question of whether normative financial models are realistic, reflecting a continuing debate concerning

the difference between theoretical assumptions and actual financial behaviour. The limitation of the traditional approach does not imply that rational financial models are irrelevant. Instead, their limitations indicate that additional perspectives may be required to understand decisions made under conditions of uncertainty, incomplete information and human cognitive limitations.

Emergence of Behavioural Finance

Behavioural finance emerged as an important alternative and complementary perspective to traditional finance. It integrates psychological insights into the study of financial decisions and recognizes that individuals may deviate systematically from rational behaviour. The behavioural perspective is based on the recognition that human beings have limited cognitive capacity. Individuals cannot always process all available information, evaluate every possible alternative and calculate the optimal decision. As a result, they frequently rely on simplified decision rules or heuristics. Sharma and Kumar (2019) identify behavioural finance as an important and evolving area of financial research. Their review demonstrates the growing interest in behavioural approaches and the increasing integration of psychological factors into financial analysis. Gomes (2023) further demonstrates the development of behavioural economics and finance through a review of models, methods and analytical tools. This indicates that behavioural finance has developed beyond an isolated criticism of traditional finance and has become an established area of financial research. Behavioural finance therefore changes the focus of financial analysis. Traditional finance emphasizes the optimal decision, whereas behavioural finance attempts to understand the actual decision-making process. The distinction is important because the process through which individuals interpret information may influence the final financial decision.

Bounded Rationality and Financial Decisions

One of the fundamental concepts underlying behavioural perspectives is bounded rationality. Individuals may intend to make rational decisions but face limitations in information, time, knowledge and cognitive processing capacity. Financial markets are characterized by large volumes of information, changing conditions and uncertainty. Investors therefore frequently have to make decisions without knowing the complete future consequences of their choices. Under such circumstances, decision-makers may use simplified mental processes rather than fully rational calculations. The use of heuristics can be useful because it reduces the complexity of decision-making. However, reliance on heuristics can also produce systematic errors. When such errors occur repeatedly across investors, they may influence market outcomes. Thus, behavioural finance does not necessarily assume that investors are irrational. Instead, it recognizes that rationality operates within practical cognitive and informational constraints.

Cognitive Biases and Investment Decisions

Behavioural biases represent one of the most important areas of behavioural finance. These biases influence how investors perceive information, assess risk and evaluate investment alternatives. Badola et al. (2023) provide a systematic review of behavioural biases affecting individual investment decisions, emphasizing the significance of psychological factors in investment behaviour.

Overconfidence Bias

Overconfidence refers to the tendency of individuals to overestimate their knowledge, abilities or capacity to predict outcomes. In financial decision-making, overconfident investors may believe that their analysis is superior to that of other market participants. This tendency may influence trading behaviour and risk assessment. An investor who overestimates forecasting ability may undertake decisions with insufficient consideration of uncertainty. Overconfidence therefore challenges the assumption that financial decisions are based solely on objective evaluation of risk and return.

Loss Aversion

Loss aversion refers to the tendency to experience losses more strongly than equivalent gains. The psychological impact of losing a particular amount may therefore be greater than the satisfaction associated with gaining the same amount. This behavioural tendency can influence investment

decisions. Investors may become excessively cautious when faced with potential losses or may hold declining investments in the hope of recovering previous losses. Loss aversion therefore demonstrates how psychological perceptions of gains and losses can influence financial choices beyond conventional expected-value calculations.

Anchoring Bias

Anchoring occurs when decision-makers rely excessively on an initial piece of information or reference point when evaluating subsequent information. In financial markets, an investor may continue to evaluate a security in relation to its previous price even when new information has altered the underlying financial conditions. The initial reference point can therefore influence subsequent judgments. Anchoring illustrates that financial information is not necessarily evaluated independently. Instead, investors may interpret new information relative to existing beliefs or previously observed values.

Herding Behaviour

Herding occurs when investors follow the actions of other market participants rather than independently evaluating information. The financial decision of one investor can therefore influence another investor's decision. As this behaviour spreads, groups of investors may make similar investment choices. Herding is particularly important because individual behavioural tendencies can become collective market phenomena. A decision that appears individually rational from a social perspective may contribute to collective behaviour that differs from fundamental financial conditions.

Confirmation Bias

Confirmation bias refers to the tendency to give greater attention to information that supports existing beliefs while discounting information that contradicts those beliefs. In investment decision-making, an investor who strongly believes that a particular security will perform well may selectively focus on positive information. Negative information may be interpreted as temporary or insignificant. This can reduce the objectivity of financial analysis and delay the recognition of changing market conditions.

Investor Psychology and Market Behaviour

Behavioural finance also emphasizes the role of investor sentiment and psychological expectations. Traditional financial models generally treat information as the principal basis for financial decisions, whereas behavioural perspectives recognize that the interpretation of information can vary among individuals. Two investors may receive the same information but interpret it differently because of differences in experience, expectations, risk tolerance and psychological characteristics. Investor sentiment can consequently influence financial decisions and market reactions. Positive sentiment may encourage investors to accept greater risk, whereas negative sentiment may increase risk aversion. The psychological dimension therefore provides an important explanation for variations in financial decisions that cannot be fully explained by changes in objective financial information.

Behavioural Finance and Traditional Finance

The evolution from traditional finance to behavioural finance should not be interpreted as a complete rejection of traditional financial theory. Traditional finance continues to provide important principles concerning risk, return, portfolio diversification and financial optimization. Behavioural finance complements these principles by examining how real individuals behave when making decisions. The two perspectives can therefore be viewed as addressing different dimensions of the same problem.

Digital Finance and Financial Decision-Making

Technological developments have created a new dimension in financial decision-making. Digital finance enables individuals to access financial services, information and investment opportunities through digital platforms. Hu et al. (2023) examine digital finance and household consumption upgrading, illustrating how digital financial systems can influence household financial behaviour. Han et al. (2023)

similarly examine digital finance in relation to women's bargaining power. The development of digital finance has reduced some traditional information barriers. However, access to information does not automatically result in rational decisions. Investors may now receive financial information continuously through digital platforms. Real-time prices, online financial content, notifications and social information can influence decisions rapidly. Consequently, digitalization can simultaneously improve information availability and intensify behavioural reactions.

Fintech and Financial Decisions

Fintech has significantly expanded the range of financial products and services available to individuals and businesses. Sanga and Aziakpono (2023) examine fintech and SME financing and identify the growing importance of technology-enabled financial systems. The integration of technology into financial decision-making can improve convenience, access and speed. However, it may also increase the frequency with which individuals make financial decisions. Banacian Far et al. (2023) discuss blockchain and related technologies in the context of decentralized finance and emerging digital businesses, reflecting the broader transformation of financial systems. The contemporary financial environment therefore combines traditional financial principles with behavioural and technological influences.

Financial Literacy and Behavioural Decision-Making

Financial literacy represents another important dimension of financial decision-making. Knowledge of financial products, risk, returns and financial concepts can influence an individual's capacity to evaluate alternatives. However, financial knowledge alone may not eliminate behavioural biases. An individual may possess financial knowledge but still experience overconfidence, loss aversion or herd behaviour. Siddik et al. (2023) examine fintech adoption, financial literacy and corporate sustainability performance, highlighting the relationship between technological access, financial knowledge and financial outcomes. This suggests that effective financial decision-making requires both financial capability and behavioural awareness.

Table 1: Evolution of Financial Decision-Making from Traditional to Behavioural Perspectives

Sr. No.	Author(s) & Year	Focus Area	Methodology/Approach	Key Findings/Contribution	Relevance to Present Study
1	Peón & Antelo (2012)	Normative models in finance	Theoretical analysis	Examines the realism of normative financial models	Establishes the theoretical debate concerning rational financial decision-making
2	Sharma & Kumar (2019)	Behavioural finance	Literature review	Identifies emerging trends in behavioural finance	Supports the evolution of behavioural finance
3	Alhenawi et al. (2022)	Evolution of finance research	Literature-based research	Demonstrates the changing and expanding scope of finance research	Provides a broader foundation for examining the evolution of financial thought
4	Badola et al. (2023)	Behavioural biases	Systematic literature review	Highlights behavioural biases affecting	Establishes the importance of psychological

Sr. No.	Author(s) & Year	Focus Area	Methodology/Approach	Key Findings/Contribution	Relevance to Present Study
				individual investment decisions	factors
5	Gomes (2023)	Behavioural economics and finance	Selective review	Reviews behavioural finance models, methods and tools	Supports behavioural finance as an established research perspective
6	Sanga & Aziakpono (2023)	Fintech and SME financing	Systematic literature review and bibliometric analysis	Highlights the development of technology-enabled financing	Links technological transformation with financial decision-making
7	Banaeian Far et al. (2023)	Blockchain and decentralized finance	Literature/conceptual analysis	Examines emerging blockchain-based financial systems	Demonstrates the changing technological environment of finance
8	Hu et al. (2023)	Digital finance	Empirical analysis	Examines the influence of digital finance on household consumption	Demonstrates changing financial behaviour under digitalization
9	Han et al. (2023)	Digital finance and household behaviour	Empirical analysis	Examines digital finance and women's bargaining power	Highlights broader behavioural effects of financial digitalization
10	Siddik et al. (2023)	Fintech and financial literacy	Empirical analysis	Examines fintech adoption, financial literacy and access to finance	Connects financial knowledge and technology with financial outcomes
11	Skare et al. (2023)	Financing decision support	Decision-support approach	Examines decision support for startup financing through crowdfunding	Demonstrates increasing sophistication of financial decision systems
12	Al-Suwaidi & Nobanee (2021)	Financial regulation and finance literature	Literature survey	Reviews developments and future directions in financial regulation	Highlights institutional influences on financial decision-making

Sr. No.	Author(s) & Year	Focus Area	Methodology/Approach	Key Findings/Contribution	Relevance to Present Study
13	Silva et al. (2021)	Finance-growth relationship	Literature/empirical analysis	Examines the role of banks in finance and economic growth	Demonstrates the broader economic significance of financial decisions
14	Piñeiro-Chousa et al. (2023)	Decentralized finance	Empirical/conceptual analysis	Examines social dimensions within decentralized finance	Extends financial decision-making into emerging digital environments
15	Pandey et al. (2023)	Venture capital financing	Bibliometric review	Examines the development of venture capital financing research	Demonstrates evolution of financing decision literature

The literature presented in Table 1 demonstrates a gradual broadening of financial decision-making research. Earlier work primarily emphasizes normative and rational approaches, whereas more recent literature increasingly incorporates behavioural biases, digital finance, fintech and emerging financial technologies. The progression supports the argument that contemporary financial decision-making requires an integrated theoretical perspective rather than reliance on a single traditional framework.

Methodology

This study adopts a **theoretical and exploratory research design** to examine the evolution of financial decision-making from traditional financial perspectives to behavioural finance. The study follows a qualitative, literature-based approach and relies on existing academic literature concerning traditional finance, behavioural finance, investment behaviour, cognitive biases, digital finance and fintech. The objective is not to conduct primary empirical testing but to synthesize existing theoretical perspectives and identify the major stages in the evolution of financial decision-making. The literature is organized around several thematic areas, including rational decision-making, normative financial models, behavioural finance, cognitive biases, investor psychology, social influences and technological transformation.

The first stage of the review examines traditional financial perspectives and the assumption of rational decision-making. The second stage focuses on the emergence of behavioural finance and the recognition of psychological influences. The third stage examines specific behavioural biases and their implications for investment decisions. The fourth stage considers the influence of digital finance, fintech and technological developments on contemporary financial decision-making. A comparative and integrative approach is used to synthesize these perspectives. The study considers traditional and behavioural approaches not as mutually exclusive theories but as complementary dimensions of financial decision-making. Traditional finance provides a normative framework for evaluating optimal financial decisions, whereas behavioural finance contributes explanations concerning actual human behaviour.

The analytical framework therefore integrates three broad dimensions:

1. **Financial factors** – risk, return, information and financial objectives;
2. **Behavioural factors** – cognitive biases, emotions, heuristics and social influences; and

3. **Technological factors** – digital finance, fintech, information accessibility and technology-enabled financial services.

This methodology is appropriate for theory-driven research because it enables the consolidation of diverse theoretical perspectives and provides a structured understanding of the evolution of financial thought. The approach is consistent with literature-based financial research that synthesizes existing studies to identify theoretical developments and future research opportunities. The supplied literature similarly demonstrates the use of review-based and conceptual approaches in examining behavioural finance, finance research evolution and fintech.

Discussion

The findings from the reviewed literature demonstrate that financial decision-making has undergone a significant theoretical transformation. The traditional finance perspective established rationality as the central assumption underlying financial decisions. However, increasing recognition of deviations from rational behaviour resulted in the emergence of behavioural finance as an important complementary perspective. Traditional financial theory remains valuable because it provides a structured framework for evaluating financial alternatives. Concepts such as risk, return, diversification and financial optimization remain fundamental to financial decision-making. Nevertheless, the assumption that individuals consistently process information objectively and select optimal alternatives does not fully capture actual human behaviour.

Table 1: Publication-Year Distribution

Publication Year	No. of Studies	Percentage
2012	1	6.67%
2019	1	6.67%
2021	2	13.33%
2022	1	6.67%
2023	10	66.67%
Total	15	100%

The theoretical debate concerning normative financial models demonstrates this limitation. Peón and Antelo (2012) specifically question whether normative financial models are realistic, reinforcing the broader argument that theoretical assumptions should be evaluated against actual decision-making behaviour. Behavioural finance contributes to this debate by recognizing that decision-makers are influenced by psychological and cognitive factors. Investors may not always evaluate information objectively because their decisions can be affected by overconfidence, loss aversion, anchoring, confirmation bias and herding. The importance of behavioural biases is reinforced by the systematic review conducted by Badola et al. (2023), which examines behavioural biases affecting individual investment decisions.



Chart 1: Publication-Year Distribution

The presence of behavioural biases has important implications for financial decision-making. When investors are overconfident, they may overestimate their ability to predict market movements. When investors are loss averse, they may respond differently to potential gains and losses. Anchoring may cause investors to rely excessively on historical information, while herding may lead individuals to follow the behaviour of other market participants. These behavioural tendencies demonstrate that financial decisions are influenced not only by the objective characteristics of financial alternatives but also by the psychological processes through which individuals interpret those alternatives. Another important finding is that behavioural finance should not be considered a complete replacement for traditional finance. Rather, the two approaches address complementary aspects of financial decision-making.

Traditional finance provides the normative benchmark. It explains what an investor would ideally do under specified assumptions. Behavioural finance provides a descriptive dimension by explaining why actual investors may depart from that benchmark. This distinction allows financial decision-making to be understood more comprehensively. The evolution of finance research supports this broader interpretation. Alhenawi et al. (2022) examine the evolution of finance research over two decades, indicating that financial scholarship has become increasingly diverse. Behavioural finance has consequently become part of a broader transformation in finance research. The discipline increasingly incorporates psychological, technological and interdisciplinary perspectives. Another important finding concerns the role of technology. The emergence of digital finance has fundamentally changed the environment in which financial decisions are made. Digital financial platforms provide rapid access to information and financial services. Investors can monitor prices, obtain financial information and execute transactions almost instantaneously. This development can reduce information barriers and improve access to financial services.

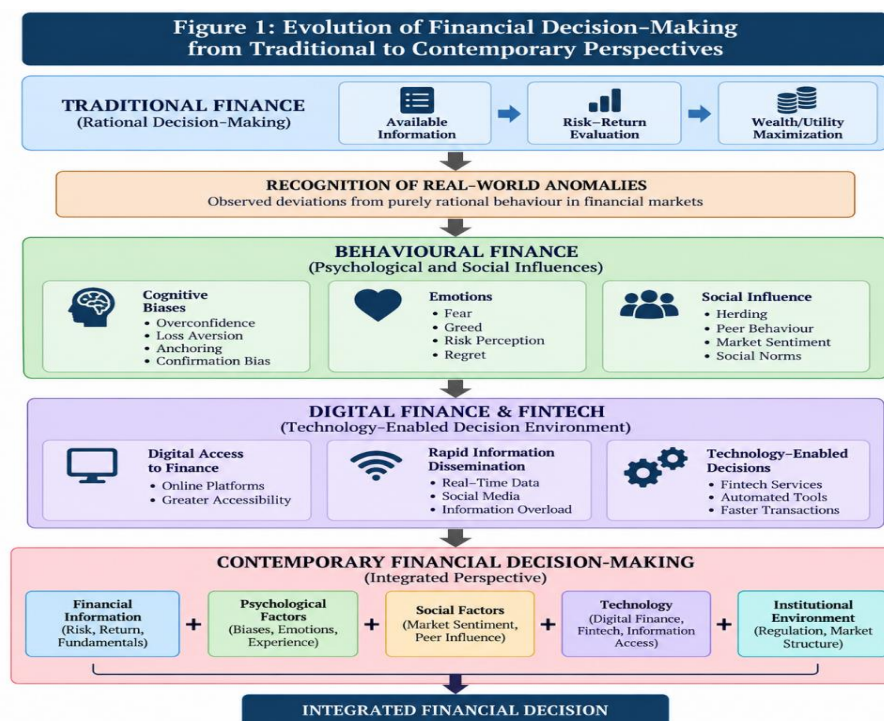


Figure 1: Evolution of Financial Decision-Making from Traditional to Contemporary Perspectives

The conceptual illustration demonstrates the transition from a rational decision-making framework toward an integrated perspective. Traditional finance begins with information processing, risk-return evaluation and wealth maximization. The recognition of behavioural anomalies introduces psychological factors, including cognitive biases, emotions and social influences. The subsequent development of digital finance and fintech adds technological factors to the decision-making environment. The contemporary perspective therefore considers financial decisions as the outcome of interactions among financial, psychological, social, technological and institutional factors.

Conclusion

The evolution of financial decision-making from traditional finance to behavioural perspectives represents a significant development in financial thought. Traditional finance established the fundamental assumption that individuals make rational decisions by evaluating information, risk and return and selecting alternatives that maximize expected financial outcomes. These theories remain essential to the study and practice of finance because they provide structured frameworks for investment, portfolio management and financial decision-making. However, real-world financial behaviour demonstrates that individuals do not always behave according to the assumptions of complete rationality. Investors may be influenced by cognitive limitations, emotions, previous experiences and social interactions. The emergence of behavioural finance has therefore expanded the understanding of financial decision-making by incorporating psychological factors into financial analysis.

The literature reviewed in this study demonstrates the increasing importance of behavioural finance. Research on behavioural biases, behavioural economics and investment decisions illustrates that psychological factors can significantly influence how individuals process financial information and make investment choices. Badola et al. (2023), Sharma and Kumar (2019) and Gomes (2023) collectively

reflect the growing development of behavioural perspectives within financial research. The study also highlights that behavioural finance should not be viewed as a complete replacement for traditional finance. Instead, behavioural finance complements traditional financial theory by providing explanations for actual human behaviour. Traditional finance provides a normative benchmark for how decisions should ideally be made, while behavioural finance contributes a descriptive understanding of why actual decisions may differ from that benchmark.

The increasing digitalization of financial systems has added another important dimension to financial decision-making. Digital finance, fintech, blockchain and decentralized finance have changed how individuals and organizations access information and financial services. These technologies can improve access to financial information and services, but they can also create new behavioural challenges through rapid information dissemination, continuous market monitoring and technology-enabled transactions. Consequently, contemporary financial decision-making should be understood as an integrated process involving financial information, rational evaluation, psychological characteristics, social influences, technological environments and institutional conditions.

The central theoretical implication is that financial decision-making is neither exclusively rational nor exclusively behavioural. Instead, it represents an interaction between rational financial objectives and the human characteristics of the individuals making those decisions. The evolution of finance research itself supports this broader interpretation. As financial scholarship has expanded into behavioural finance, digital finance and fintech, the discipline has increasingly moved toward interdisciplinary explanations of financial behaviour. Future financial decision-making is likely to become even more complex as artificial intelligence, digital investment platforms, automated financial advice, social-media-based financial information and other emerging technologies become increasingly integrated into financial markets. Understanding these developments will require continued integration of traditional financial theory with behavioural economics, psychology and technology. Overall, the evolution from traditional to behavioural finance represents not the disappearance of rational financial theory but the development of a broader and more realistic understanding of financial decision-making. The integration of these perspectives provides a stronger theoretical foundation for understanding how individuals and organizations make financial decisions in increasingly complex and technology-driven financial environments.

References

- Al-Suwaidi, N. A., & Nobanee, H. (2021). Anti-money laundering and anti-terrorism financing: a survey of the existing literature and a future research agenda. *Journal of Money Laundering Control*, 24(2), 396–426. <https://doi.org/https://doi.org/10.1108/JMLC-03-2020-0029>
- Alhenawi, Y., Hassan, M. K., & Hasan, R. (2022). Evolution of research in finance over the last two decades – A topographical view. *Research in International Business and Finance*, 59, 101550. <https://doi.org/https://doi.org/10.1016/j.ribaf.2021.101550>
- Arena, M., Bengo, I., Calderini, M., & Chiodo, V. (2018). Unlocking finance for social tech start-ups: Is there a new opportunity space? *Technological Forecasting and Social Change*, 127, 154–165. <https://doi.org/https://doi.org/10.1016/j.techfore.2017.05.035>
- Badola, S., Sahu, A. K., & Adlakha, A. (2023). A systematic review on behavioral biases affecting individual investment decisions. *Qualitative Research in Financial Markets*, 16(3), 448–476. <https://doi.org/https://doi.org/10.1108/QRFM-05-2022-0095>
- Bai, Y., Liu, Y., & Yeo, W. M. (2022). Supply chain finance: What are the challenges in the adoption of blockchain technology? *Journal of Digital Economy*, 1(3), 153–165. <https://doi.org/https://doi.org/10.1016/j.jdec.2022.12.002>
- Banaeian Far, S., Imani Rad, A., & Rajabzadeh Asaar, M. (2023). Blockchain and its derived technologies shape the future generation of digital businesses: a focus on decentralized finance and the Metaverse. *Data Science and Management*, 6(3), 183–197.

- <https://doi.org/https://doi.org/10.1016/j.dsm.2023.06.002>
- Blanck, M., & Ribeiro, J. L. D. (2021). Smart cities financing system: An empirical modelling from the European context. *Cities*, 116, 103268. <https://doi.org/https://doi.org/10.1016/j.cities.2021.103268>
- Chauhan, R., & Patel, A. (2026). Assessing the impact of emerging educational technologies on student performance, retention and ethical engagement in higher education post-pandemic. *Discover Education*.
- Goldbarsht, D., & Harris, H. (2020). Transnational regulatory networks: a study in compliance and legitimacy in counter-terrorist financing. *Journal of Financial Crime*, 27(3), 855–870. <https://doi.org/https://doi.org/10.1108/JFC-01-2020-0013>
- Gomes, O. (2023). Behavioral economics and finance: a selective review of models, methods and tools. *Studies in Economics and Finance*, 40(3), 393–410. <https://doi.org/https://doi.org/10.1108/SEF-06-2022-0304>
- Guo, W., Yang, B., Ji, J., & Liu, X. (2023). Green finance development drives renewable energy development: Mechanism analysis and empirical research. *Renewable Energy*, 215, 118982. <https://doi.org/https://doi.org/10.1016/j.renene.2023.118982>
- Habib, A., & Hasan, M. M. (2019). Corporate life cycle research in accounting, finance and corporate governance: A survey, and directions for future research. *International Review of Financial Analysis*, 61, 188–201. <https://doi.org/https://doi.org/10.1016/j.irfa.2018.12.004>
- Han, X., Zhang, H., & Zhu, W. (2023). The impact of digital finance on women's bargaining power: Evidence from China. *China Economic Review*, 80, 102007. <https://doi.org/https://doi.org/10.1016/j.chieco.2023.102007>
- Hu, D., Zhai, C., & Zhao, S. (2023). Does digital finance promote household consumption upgrading? An analysis based on data from the China family panel studies. *Economic Modelling*, 125, 106377. <https://doi.org/https://doi.org/10.1016/j.econmod.2023.106377>
- Ibrahim, N., & Mohd Sopian, S. (2022). Does Tawarruq still remain the top option for Islamic home financing (IHF) products in Malaysia? *Qualitative Research in Financial Markets*, 15(1), 160–189. <https://doi.org/https://doi.org/10.1108/QRFM-07-2021-0118>
- Jia, F., Blome, C., Sun, H., Yang, Y., & Zhi, B. (2020). Towards an integrated conceptual framework of supply chain finance: An information processing perspective. *International Journal of Production Economics*, 219, 18–30. <https://doi.org/https://doi.org/10.1016/j.ijpe.2019.05.013>
- Karakoç, B. (2023). The ebb and flow of trade credit: implications for financing financially dependent firm growth. *International Journal of Emerging Markets*, 20(6), 2581–2610. <https://doi.org/https://doi.org/10.1108/IJOEM-12-2022-1903>
- Kumar, R. B. T.-S. F. M. C. (2017). *1 - Perspectives on strategic finance* (pp. 1–29). Academic Press. <https://doi.org/https://doi.org/10.1016/B978-0-12-805475-8.00001-X>
- Lahmar, O., & Piras, L. (2023). Making sense and transparency in finance literature: Evidence from trends in readability. *Research in International Business and Finance*, 64, 101900. <https://doi.org/https://doi.org/10.1016/j.ribaf.2023.101900>
- Li, X., Zhou, W., Lin, J.-J., & Chang, C.-H. (2023). Insurer financing for borrowing producers in a supply chain under alternative carbon allowance trades. *Energy Economics*, 121, 106684. <https://doi.org/https://doi.org/10.1016/j.eneco.2023.106684>
- Martín-Barrera, G., Zamora-Ramírez, C., & González-González, J. M. (2016). Application of real options valuation for analysing the impact of public R&D financing on renewable energy projects: A company's perspective. *Renewable and Sustainable Energy Reviews*, 63, 292–301. <https://doi.org/https://doi.org/10.1016/j.rser.2016.05.073>
- Moretto, A., Grassi, L., Caniato, F., Giorgino, M., & Ronchi, S. (2019). Supply chain finance: From traditional to supply chain credit rating. *Journal of Purchasing and Supply Management*, 25(2), 197–217. <https://doi.org/https://doi.org/10.1016/j.pursup.2018.06.004>
- Pandey, D. K., Hunjra, A. I., Hassan, M. K., & Rai, V. K. (2023). Venture capital financing during crises: A bibliometric review. *Research in International Business and Finance*, 64, 101856. <https://doi.org/https://doi.org/10.1016/j.ribaf.2022.101856>

- Peón, D., & Antelo, M. (2012). Are normative models in Finance realistic? *Cuadernos de Economía*, 35(98), 89–99. [https://doi.org/https://doi.org/10.1016/S0210-0266\(12\)70026-2](https://doi.org/https://doi.org/10.1016/S0210-0266(12)70026-2)
- Piñeiro-Chousa, J., Šević, A., & González-López, I. (2023). Impact of social metrics in decentralized finance. *Journal of Business Research*, 158, 113673. <https://doi.org/https://doi.org/10.1016/j.jbusres.2023.113673>
- Sanga, B., & Aziakpono, M. (2023). FinTech and SMEs financing: A systematic literature review and bibliometric analysis. *Digital Business*, 3(2), 100067. <https://doi.org/https://doi.org/10.1016/j.digbus.2023.100067>
- Sharma, A., & Kumar, A. (2019). A review paper on behavioral finance: study of emerging trends. *Qualitative Research in Financial Markets*, 12(2), 137–157. <https://doi.org/https://doi.org/10.1108/QRFM-06-2017-0050>
- Siddik, A. B., Rahman, M. N., & Yong, L. (2023). Do fintech adoption and financial literacy improve corporate sustainability performance? The mediating role of access to finance. *Journal of Cleaner Production*, 421, 137658. <https://doi.org/https://doi.org/10.1016/j.jclepro.2023.137658>
- Silva, T. C., Tabak, B. M., & Laiz, M. T. (2021). The finance-growth nexus: The role of banks. *Economic Systems*, 45(1), 100762. <https://doi.org/https://doi.org/10.1016/j.ecosys.2020.100762>
- Skare, M., Gavurova, B., & Polishchuk, V. (2023). A decision-making support model for financing start-up projects by venture capital funds on a crowdfunding platform. *Journal of Business Research*, 158, 113719. <https://doi.org/https://doi.org/10.1016/j.jbusres.2023.113719>
- Stefanelli, V., Ferilli, G. B., & Boscia, V. (2022). Exploring the lending business crowdfunding to support SMEs' financing decisions. *Journal of Innovation & Knowledge*, 7(4), 100278. <https://doi.org/https://doi.org/10.1016/j.jik.2022.100278>
- Tao, Z., & Chao, J. (2023). A bibliometric and visualized analysis of research on green finance and energy in a global perspective. *Research in Globalization*, 7, 100156. <https://doi.org/https://doi.org/10.1016/j.resglo.2023.100156>
- Tian, T., Lai, K., & Wong, C. W. Y. (2022). Connectedness mechanisms in the “Carbon-Commodity-Finance” system: Investment and management policy implications for emerging economies. *Energy Policy*, 169, 113195. <https://doi.org/https://doi.org/10.1016/j.enpol.2022.113195>
- Tseng, M.-L., Bui, T.-D., Lim, M. K., Tsai, F. M., & Tan, R. R. (2021). Comparing world regional sustainable supply chain finance using big data analytics: a bibliometric analysis. *Industrial Management & Data Systems*, 121(3), 657–700. <https://doi.org/https://doi.org/10.1108/IMDS-09-2020-0521>
- Villaseca, D., Navío-Marco, J., & Gimeno, R. (2021). Money for female entrepreneurs does not grow on trees: start-ups' financing implications in times of COVID-19. *Journal of Entrepreneurship in Emerging Economies*, 13(4), 698–720. <https://doi.org/https://doi.org/10.1108/JEEE-06-2020-0172>
- Wang, H., Li, T., Zhu, J., Jian, Y., Wang, Z., & Wang, Z. (2023). China's new environmental protection law: Implications for mineral resource policy, environmental precaution and green finance. *Resources Policy*, 85, 104045. <https://doi.org/https://doi.org/10.1016/j.resourpol.2023.104045>
- Wang, X. (2023). Exploring the role of resource industry dependence and green finance in green development efficiency in the context of post-Covid-19 period. *Resources Policy*, 85, 103866. <https://doi.org/https://doi.org/10.1016/j.resourpol.2023.103866>
- Xie, Q., Ma, D., Raza, M. Y., Tang, S., & Bai, D. (2023). Toward carbon peaking and neutralization: The heterogeneous stochastic convergence of CO2 emissions and the role of digital inclusive finance. *Energy Economics*, 125, 106841. <https://doi.org/https://doi.org/10.1016/j.eneco.2023.106841>
- Zeng, S., Yu, Y., & Li, W. (2023). Prediction and evaluation of the energy structure under the green finance development in Chongqing municipality, China. *Heliyon*, 9(12), e22481. <https://doi.org/https://doi.org/10.1016/j.heliyon.2023.e22481>