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Abstract Title: Confidence in one's own investment skills: A survey of demographic differences, luck attribution, and the influence of perceived market mood

Aim: Economic studies of overconfidence have explored decisions outcomes among defined groups of economic agents. While behavioral economists acknowledge the importance of overconfidence for such collective phenomena in financial markets as overtrading and market bubbles, psychological insights into the role of self-esteem in everyday people's self-evaluations shed light on the underlying dynamics and conditions leading to overconfidence.

Method: Based on a representative survey among the Austrian population (n=503), this study first examines people's confidence judgments in their own investment skills and whether demographic differences exist in how confident people are regarding their investment skills. The study then examines the role of self serving attributions in people's self-ratings of their investment success. Finally, the study examines whether market mood serves as priming condition for people's assessment of their investment skills. This question was addressed by comparing subgroups of participants who rated their perception of the current market mood before or after judging their investment skills.

Results: Our results show that that while people cannot generally be considered as overconfident regarding their investment skills, there is a clear connection between demographic characteristics and perceived investment success. People with lower levels of education are less confident in their investment skills and attribute more importance to luck in investment success than do people with higher levels of education. While there is a statistically significant negative correlation between perceived market mood and perceived investment success among rural residents, for urban residents, no such connection between perceived market mood and investment confidence can be found. Only female rural residents were influenced by the priming manipulation in their confidence judgments of their investment success.

Conclusions: Our results suggest that maintaining self-esteem is an important psychological motive in people's confidence of their investment skills. We integrate these findings into a hypothetical model of investment (over)confidence which stresses the role of self-esteem.