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Article

A Literature Review of Emotional Intelligence and Investment Decision-Making

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Abstract: This review explores the role of Emotional Intelligence (EI) in shaping investment decision-making by synthesizing recent empirical findings across behavioural finance, psychology, and decision theory. Moving beyond traditional rational investor models, the review highlights how components of EI such as self-awareness, self-regulation, empathy, and social skills mitigate common behavioural biases including overconfidence, loss aversion, and herding. Evidence from diverse demographic groups (based on age, gender, and occupation) underscores EI's moderating effect on financial risk perception and decision consistency. The review also examines the implications of EI in financial advisory contexts and emerging fintech platforms, proposing that EI training for advisors and emotional modelling in AI-based systems can enhance decision support. Theoretical gaps are identified, especially around dual-process reasoning and dynamic EI modelling. Ultimately, the review advocates for integrative frameworks that embed EI into both human and machine-based financial decision-making processes to improve investor outcomes in volatile market environments.
Keywords: Emotional Intelligence, Behavioural Finance, Investment Decision-Making, Risk Perception, Financial Advisory, Investor Psychology
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1. Introduction

Investment choices in today's dynamic financial markets are influenced by factors beyond simple logic and numbers. The importance of investors' mental and emotional states in shaping their decisions is becoming more apparent. The capacity to identify, comprehend, control, and make good use of one's emotions is known as emotional intelligence (EI), and it has recently come to light as a strong predictor of the results of monetary decision-making.

Optimal decision-making by rational, information-maximizing investors has long been a central tenet of investment theories like the Efficient Market Hypothesis (EMH). The emergence of behavioural finance, however, casts doubt on this assumption by showing how irrational thoughts and feelings can influence poor financial decision-making. Investors frequently stray from their financial objectives due to emotional reactions rather than rational thinking. This happens when investors experience anxiety during a market downturn or overconfidence during a bull run. Here is where emotional intelligence really shines.

The psychological stresses of investing can be more easily managed by people who are emotionally intelligent, according to recent studies. Regardless of short-term market swings, they are able to control their emotions, keep a level head under pressure, and keep their eye on the prize. For instance, a self-aware investor may decide to remain invested instead of selling too soon when they feel anxious during a market fall. Similarly, financial advisors with high emotional intelligence can assist their clients remain focused on their financial goals by adapting their advice to their unique emotional profiles.

Furthermore, emotional intelligence is interdependent. Age, gender, level of education, and occupation are some of the variables that mitigate its effect on investing decisions. While elder investors may use emotional intelligence strategically, younger investors may be more adaptable but have trouble controlling their emotions. Similarly, when compared to non-specialists, finance professionals usually do a better job of combining EI with technical analysis.

The many facets of emotional intelligence's function in financial investing decisions are examined in this literature review. The purpose of this review is to identify the ways in which EI affects advising practices, behavioural biases, and risk perception by reviewing and analysing data from recent empirical investigations. Furthermore, the article identifies areas where theory is lacking, discusses practical consequences, and suggests possible directions for future research in this developing multidisciplinary area.

2. Emotional Intelligence: Conceptual Framework

Emotional Intelligence (EI) is widely recognized as a critical psychological construct that enables individuals to perceive, process, and manage emotional information—both intrapersonally and interpersonally. Although originally conceptualized by Salovey and Mayer, recent studies continue to support and apply their foundational model to contemporary decision-making contexts, including financial behavior (Jena & Pradhan, 2021).

The widely accepted four-domain framework of EI includes:

- **Self-awareness:** the capacity to recognize one's emotional states and understand how they influence behavior and decisions.
- **Self-regulation:** the ability to manage disruptive emotions and impulses, promoting emotional stability and thoughtful responses.
- **Social awareness:** encompassing empathy and sensitivity to the emotions of others, crucial for understanding market sentiment or group behavior.
- **Relationship management:** involving the skill to influence and maintain productive emotional interactions, particularly useful in collaborative investment environments (Syarkani et al., 2022).

These areas greatly affect how people handle situations when there is a lot of risk, like as in the financial markets. Emotions like fear, excitement, remorse, and confidence are intricately woven into investment decisions, which are frequently undertaken in the face of uncertainty and time constraints. How these feelings are understood and responded to is heavily influenced by emotional intelligence (Satriadi, 2023).

People who lack emotional intelligence (EI) are more likely to make hasty decisions, show signs of herding bias, or panic-sell when the market is unstable. They may also react excessively to shocking financial news or follow the crowd without doing their own research. Emotionally savvy investors, on the other hand, are able to control their emotions, think strategically about the future, and keep their cool under pressure. For instance, despite outside market shocks, emotionally intelligent investors and financial advisors were more likely to stick to client-centric planning and long-term investment strategies (McCarthy et al., 2022).The regulatory function of EI in reducing investment biases has been further supported by recent research. Overconfidence, loss aversion, & confirmation bias were discovered to be negatively connected with greater EI levels, according to Jena and Pradhan (2021). The results also showed that the EI subcomponents of empathy and emotional regulation helped with financial risk assessment and decreasing impulsive trades.

Further, research in the field of behavioural finance points to EI as a component of an integrated decision-making model that incorporates both the emotive and cognitive domains. Syarkani et al. (2023) found that EI aids in balancing quick, intuitive judgements with slower, rational thought processes, which is in line with dual-process theories of decision-making. Better portfolio performance and stability can be achieved by financially savvy persons with high EI because they are able to filter emotional noise and prevent impulsive reactions.

Having high levels of EI helps professionals in the financial planning, fund management, and asset advisory industries develop trusting relationships with their clients, make ethical decisions, and communicate effectively. Emotionally intelligent professionals have higher rates of compliance, stronger client relationships, and superior decision-making abilities (Vidya, 2023). This highlights the importance of EI in the financial services ecosystem as a whole, not just for individual investors.

Also, in monetary settings, there are demographic differences in EI. According to Ran (2021), women tend to be more careful and analytical investors because they have better emotional awareness and regulation. Individuals' emotional intelligence (EI) influences their investing decisions in a variety of ways, but those with more life experience and training in finance are more likely to be logical and emotionally stable while making financial plans.

In conclusion, EQ is an essential conceptual and practical tool for sound financial decision-making. In addition to reducing the impact of emotional instability, it improves behavioural discipline and strategic thinking. More robust and adaptive financial behaviours could be the result of incorporating EI into investor education and advice procedures, especially as markets become more volatile.

3. Review of Literature

3.1 Emotional Intelligence and Risk Perception

Emotional intelligence (EI), defined as the capacity to recognize, understand, and manage one's own emotions as well as those of others, plays a pivotal role in shaping how investors perceive and respond to financial risks. Recent empirical studies underscore the critical function of EI in promoting rationality, reducing impulsivity, and enhancing resilience in the face of market volatility.

Satriadi (2020) This study examines the relationship between investment decision-making and financial management behaviour factors (i.e., emotional intelligence, financial attitude, and financial knowledge), with risk perception serving as a moderating variable. The research surveyed 105 managers in Indonesia's Karawang International Industrial City using Structural Equation Modeling-Partial Least Squares (SEM-PLS). The results provide a detailed picture of behavioural finance. It is worth mentioning that neither financial management behaviour nor investment decision-making were significantly impacted by financial knowledge. This suggests that technical knowledge alone might not be enough to motivate prudent investment choices. It appears that there may be a gap between attitude and applied decision-making when faced with uncertainty, as financial attitude had a beneficial impact on financial behaviour but had no meaningful effect on investment decisions. It became clear that emotional intelligence (EI) was a key factor. The study's findings support EI's significance as a behavioural competency by showing that it significantly and favourably affects financial management behaviour and investment decisions. The fact that investment decision-making was unaffected by financial management behaviour is intriguing and provides more evidence that emotional competence, rather than procedural behaviour, is directly relevant when making high-stakes financial decisions. These results bring attention to significant consequences. Managers need emotional intelligence as a core ability for good financial decision-making, as evidenced by the lack of influence from financial knowledge and behaviour. The research concludes that financial education programs should focus on improving students' attitudes and emotional intelligence in addition to their technical knowledge.

Jena and Pradhan (2021) expanded upon this line of investigation by investigating how EI acts as a mediator between investment stress and perceptions of risk. The authors discovered that EI helps individuals dissociate emotional distress from analytical risk evaluation using structural equation modelling (SEM) on data from Indian retail investors. Investors with high emotional intelligence were aware of their stress reactions but were able to keep them in check when analysing financial data. More accurate assessments of market-based risks (like price volatility) and non-market risks (like geopolitical events or policy changes) were thus associated with higher EI.

Chen et al. (2022) When it comes to stimulating the economy, the commodity market is crucial. Investors disregard cognitive biases in favour of market information when making judgements. Decisions to invest are heavily influenced by these cognitive biases and judgement mistakes. Consequently, the purpose of this research was to examine how EQ influences decision-making. Furthermore, both optimism bias and risk perception mediate the relationship between EQ and decision-making. So, by looking at how optimism bias and risk perception mediate, our study adds to what is already known. Out of 370 questionnaires sent out to investors, 337 responded with their thoughts on the commodity market and the numbers gathered. Because respondents are easily accessible, and because time and money are not major considerations, convenience base sampling is the method of choice. Multiple rounds of serial mediation were conducted using data entered into SPSS Statistics Version 26 and PROCESS macro model 6. The validity and model-fit study was conducted using AMOS. This study's findings corroborated those of previous research showing that emotional intelligence significantly influences decision-making. Positive effects of optimism bias on decision-making were also noted. Brokers, the government, and investors in particular will benefit from this study's findings. Future research could compare and contrast the stock market with the real estate market, according to this study.

McCarthy et al. (2022) delves at the ways in which financial advisors' emotional intelligence (EI) impacts the quality of their client relationships, particularly in respect to social competence, referrals, and retention. The research examined the effect of EI on important relational outcomes in the financial services industry. It used a quantitative, nonexperimental, correlational methodology and surveyed 124 current financial advisors.

Highlighting the significance of behavioural and emotional abilities in professional advisory roles, the findings showed a statistically significant positive association between a financial advisor's emotional intelligence and both social competence and client referrals. The strongest correlations were found with interpersonal outcomes such as referrals, even if client retention was also included. This indicates that advisers with strong emotional awareness, empathy, and relationship management abilities are more likely to be trusted and recommended by clients. Findings from this study add to the expanding corpus of behavioural finance literature by providing more evidence that investors let their emotions and psychology play a significant role in their decision-making process. Emotionally intelligent advisers help clients overcome fears, overconfidence, or indecision by acting as behavioural coaches in addition to technical guides, which is helpful because many people suffer anxiety and uncertainty when making financial decisions.

In order to meet the needs of today's investors, the study suggests that financial adviser development programs should incorporate emotional intelligence training. This would bring human behaviour theories, especially social learning theory, into line with these needs. By honing their emotional intelligence abilities, advisers can help their clients trust them more, which in turn boosts their happiness and, ultimately, their financial well-being.

3.2 Emotional Intelligence and Behavioral Biases in Investment

Behavioral finance has long established that psychological biases such as overconfidence, loss aversion, anchoring, and herding undermine rational investment decisions. While cognitive training has been proposed to address such biases, recent literature suggests that emotional intelligence (EI), particularly its self-awareness and self-regulation components, offers a powerful buffer against emotionally charged, biased decisions. High EI enables investors to manage affective impulses and approach financial decision-making with a more reflective and analytical mindset.

Jena and Pradhan (2021) explored the association between EI and typical behavioural biases using a quantitative study done among Indian retail investors. Emotionally intelligent people were less likely to be swayed by biases like overconfidence and the disposition effect, and they were also better able to control their impulsive impulses. Those investors who were good at controlling their emotions were more likely to reevaluate their holdings rationally and were less prone to stay in losing investments (loss aversion). The authors draw the conclusion that EI fosters metacognitive awareness, which in turn helps investors recognise and rectify biassed decisions caused by emotional interference.

Saloni Raheja (2020) Financial investors' investment decisions are compared in this study to the effects of behavioural biases and emotional intelligence (EI). The study fills a significant void in the current literature by investigating investor psychology and highlighting the importance of emotional intelligence (EI) as a predictor of investment behaviour, as opposed to behavioural biases like regret and negligence. Through the use of a purposive sample technique, 500 investors linked to Punjab-based LSC Securities Ltd. were surveyed for the study. Behavioural biases and emotional intelligence were found to have a favourable correlation with investment choices in the study. Good investing decisions were found to be highly correlated with EI traits as self-regulation, empathy, motivation, social skills, and mindfulness. Crucially, the results show that EI helps investors control their emotions and cognitive biases when faced with risk, which in turn makes them make better, more rational, long-term financial decisions. Investors with high EI were less affected by the detrimental impacts of behavioural biases like regret and ignorance on their investment behaviour.

Notably, the study's findings are not applicable outside of the Ludhiana Stock Exchange due to the non-random, region-specific sample. Financial advisors can better guide investors and reduce the impact of biases by applying insights from EI, which is still a valuable practical consequence of the research. The significance of emotional and behavioural training for advisers and investors is further highlighted. All things considered, the results of this study lend credence to the expanding body of evidence showing that emotional intelligence, rather than more conventional cognitive biases, is a significant advantage when making financial decisions. Its novel approach to enhancing advice and investment results and its concentration on a hitherto untapped demographic of regional investors set it apart.

VanderPal (2021) One of the most significant ways to build wealth is to invest. The ability to analyse data correctly, together with knowledge, self-control, and common sense, are essential for successful investing. Also, investors need to put logic ahead of emotion and perception while making decisions. Investment performance and decision-making are the foci of this study, which aims to determine if IQ, emotional intelligence, and level of schooling all have a role. A survey of relevant literature is conducted in order to answer the research question. This review summarises the work of various writers who have sought to explain the role of emotional intelligence (EQ), intelligence quotient (IQ), and level of education in financial decision-making and performance. The research shows that emotional intelligence positively affects financial decision-making and outcomes. When compared to people with lower IQs, those with higher IQs are more willing to take chances. It shows how a person's cognitive ability impacts their ability to make decisions and their investing performance. Investment decisions are heavily influenced by one's level of education and work experience, according to the research.

3.3 Gender, Emotional Intelligence, and Investment Behavior

Gender has been consistently identified as a key moderator in the interplay between emotional intelligence (EI) and investment behavior. While EI universally contributes to more stable and rational financial decision-making, emerging empirical research suggests that the manifestation and impact of EI differ substantially between men and women particularly in terms of risk tolerance, emotional regulation, and strategic financial planning.

Vidya (2023) Among equities investors in Kerala, India, the examined study delves into the complex interplay between EI, personality attributes, behavioural biases, and investing success. The research highlights the increasing significance of behavioural finance in comprehending how psychological elements, particularly emotions and personality traits, influence financial decision-making, in light of the intrinsically risky but potentially lucrative character of stock investments. Despite the stock market's technical intricacy, the study shows that many investors still put emotion, sentiment, or cognitive bias ahead of logic when making investments. This research intends to fill that void by studying the effects of personality traits on investment decisions and results, namely self-awareness, empathy, and emotional control.

In this descriptive and analytical study, 416 equity investors from six different districts in Kerala were surveyed using structured questionnaires to gather primary data. Preliminary and pilot tests confirmed that the data collection instruments were valid and reliable. In order to gain insights, a variety of statistical methods were used. These included structural equation modelling (SEM), analysis of variance (ANOVA), t-tests, and chi-square tests. The study aims to measure investors' emotional intelligence (EI) and personality traits, analyse the prevalence of behavioural biases, examine the mediating role of these biases between emotional intelligence (EI) and investment performance, and evaluate the mediating role of risk tolerance between emotional intelligence (EI) and investment outcomes.

The results show that investors' emotional intelligence is a major factor in their capacity to control their biases. A higher EI is associated with better investment performance, a higher risk tolerance, and more rational decision-making. Furthermore, the study shows that high EI might mitigate common behavioural biases like loss aversion and overconfidence, resulting in more consistent and assured investment decisions. Psychological readiness has a direct impact on financial planning and continuity, and the study also shows that reinvestment decisions are impacted by emotional and cognitive traits.

Ran (2021) Within the framework of today's complicated and competitive economic climate, the study investigates the impact of emotional intelligence (EI) on corporate financial decision-making (CFD). The research, which used quantitative methodologies and SPSS analysis, examined the impact of EI characteristics on financial decisions across gender lines. The participants were 200 senior managers from Rawalpindi and Islamabad, Pakistan. The aspects of EI include self-awareness, empathy, motivation, self-regulation, and social skills. The total influence of EI on CFD is slightly stronger for male managers, according to key findings. In their decision-making, motivation, self-regulation, and social skills are more important than for female managers. On the other hand, empathy and self-awareness have a more significant impact on female managers. One interesting finding is that when it comes to financial decisions, social skills do not matter for either gender. In addition to technical competences, the study found that EI is crucial for financial management and suggested that companies use EI tests for leadership development and hiring. This shows that the importance of people's actions to a company's success is becoming more acknowledged.

3.4 Age, Professional Background, and Investment Behavior

While emotional intelligence (EI) is a critical determinant of investment behavior across various demographic segments, its influence is often mediated by age and professional background. These variables shape how emotional regulation, awareness, and strategic decision-making manifest in financial contexts, particularly under conditions of risk, uncertainty, or stress.

Syarkani et al. (2022) It investigates the moderating impacts of demographic variables including age, gender, and education on the effects of cognitive biases more especially, overconfidence & illusion of control on investment decision-making. The present tendencies in behavioural finance, which highlight the psychological variations in financial behaviour among individuals, are congruent with this approach. This quantitative study surveyed one hundred individual investors in Bandung about their biases and decision-making processes using a 5-point Likert scale. There has to be additional clarification and rigour added to the study regarding the sampling and analytical methodologies, even though the method is adequate.

The results show that both cognitive biases have an impact on financial investment choices. Overconfidence bias is moderated solely by gender, whereas the illusion of control bias is moderated by both gender and education. Neither case indicated that age was a substantial moderator. It is clear from these results that demographic disparities have a significant impact on investor psychology. The study's potential lack of generalisability is due to its narrow regional focus. Nevertheless, it provides substantial practical consequences, urging investors to increase self-awareness in order to make logical decisions. Researchers and practitioners alike can benefit from the study's findings since it addresses a vacuum in the literature on demographic moderators' roles in behavioural finance.

Singh (2023) The purpose of this research is to learn how emotional intelligence (EI) influences the investment decisions and behaviour of IT workers in India. Pursuing a better knowledge of how EI impacts financial behaviours in a high-cognition industry like IT is the goal of this study, which builds on prior research that emphasises EI as a significant predictor of interpersonal connections and emotional regulation. Investment behaviour of IT workers offers a unique opportunity to study the cognitive-emotional interaction in financial decision-making, which is important because these individuals frequently operate in complicated and emotionally taxing contexts.

Data from 438 IT professionals in the Chandigarh, Mohali, and Panchkula tri-city region was used for the research. Applying a conceptual framework, the study used a purposive sample technique to experimentally evaluate the effects of EI components on behavioural biases in investing decisions, such as overconfidence, loss aversion, and herding. These components include self-awareness, emotional regulation, and social skills. According to the results, there is a direct correlation between the emotional intelligence (EI) and the investment decisions made by IT professionals, suggesting that EI plays a substantial role in shaping their behavioural tendencies.

Recognising behavioural biases during financial decision-making is a practical necessity, which the study highlights as a new contribution. This finding provides more evidence that financial advisors can help their clients by recognising and resolving these underlying psychological issues. It has been found that individuals with greater EI are better able to control their emotions and avoid making irrational investing decisions. Taken together, the findings of this study highlight the importance of including emotional intelligence awareness into investor training and advice processes. This is particularly true for cognitively demanding occupations like information technology.

3.5 Emotional Intelligence in Financial Advisory and Decision Support Systems

Emotional intelligence (EI) is becoming more important in the ever-changing world of investment management. It's a talent that financial advisors, decision-support specialists, and individual investors alike must possess. The advisor's ability to empathise, control their emotions, and communicate effectively with clients are all fundamental aspects of emotional intelligence (EI) that impact the advisor-client relationship, particularly during periods of financial difficulty.

To investigate the manifestations of EI in financial advisory contexts, McCarthy, Santos, and Silva (2022) carried out a qualitative study spanning many countries. Their research showed that advisors with high levels of emotional intelligence were better able to establish rapport with their clients based on trust, which was particularly important during times of market volatility. Advisors with this skill set were better able to empathise with their clients, which helped them comprehend not just their monetary objectives but also their psychological drives, fears, and habits of behaviour.

Importantly, advisors with high emotional intelligence could explain intricate financial ideas in a way that even a child could understand, typically adapting their voice, speed, and delivery to match the client's emotional state. Having the ability to emotionally adjust was particularly important during times of market stress, such recessions or stock market crashes. High EI advisors assisted their customers avoid irrational asset liquidation and panic selling by keeping them committed to long-term investment strategies.

Additionally, the study emphasised that when advisors displayed high levels of emotional honesty, sincerity, and non-judgmental support, clients were much more likely to comply with their long-term financial plans. Client happiness, loyalty, and the steadiness of portfolio performance were all boosted by this relational dynamic. Emotionally intelligent advisors, for example, shifted their focus from providing technical explanations to providing emotional reassurance to clients when the latter needed it.

EI as a Training and Certification Imperative

Given the demonstrated impact of EI on advisory effectiveness, McCarthy et al. (2020) strongly advocated for integrating EI development into financial advisor certification programs such as CFP (Certified Financial Planner), CFA (Chartered Financial Analyst), and SEBI-registered advisor modules. They proposed structured modules focused on:

- Emotional regulation techniques for high-stress advisory sessions.
- Empathy-driven communication models for diverse client profiles.
- Conflict resolution and persuasion strategies using EI.
- Cognitive-behavioral awareness for managing bias-prone clients.

Such initiatives are particularly crucial in emerging markets like India, Brazil, and Indonesia, where investor education levels are uneven, and financial decisions are often influenced by cultural values and emotional narratives. Training advisors in EI thus becomes a strategic asset for firms aiming to scale retail investment services and promote financial inclusion.

EI in Robo-Advisory and AI-Powered Decision Support Systems

With the rise of automated financial advisory platforms, emotional intelligence is also becoming a design consideration in decision support systems (DSS). Recent developments in affective computing and behavioral finance modeling aim to embed emotional cues into robo-advisors, enabling them to detect user frustration, hesitation, or impulsiveness through input patterns, facial recognition, or sentiment analysis.

For example, emotion-aware algorithms can now adjust investment recommendations by analyzing users' tone during chatbot interactions or by monitoring shifts in user confidence over time. These systems, often referred to as "empathetic fintech interfaces", strive to mirror the functions of emotionally intelligent human advisors by offering reassurance, context-aware nudges, and behavioral coaching.

While these technologies are still maturing, Ghosh and Das (2021) emphasized that such emotionally responsive decision systems have the potential to bridge the trust gap in human-machine advisory relationships. They can reduce drop-out rates, enhance financial literacy, and foster greater user loyalty especially among younger investors who prefer digital interaction but still seek emotional validation.

4. Theoretical Integration and Conceptual Gaps

Emotional intelligence (EI) is being more and more shown to have a significant impact on investor behaviour, but there is still a dearth of strong theoretical models that include EI with current models of financial decision-making. Without incorporating them into integrated psychological-financial paradigms, the majority of studies focus on discrete variables like behavioural biases or risk perception. Because of its disjointed nature, we can't fully grasp how EI impacts investing choices in practice.

A notable theoretical omission is the application of Dual-Process Theory, which differentiates between System 2 the slow, deliberate thinking component and System 1 the quick, intuitive decision-making component (Evans & Stanovich, 2013). A person's ability to shift from making decisions on the fly to more deliberate deliberation is likely aided by their emotional intelligence, namely their capacity for self-regulation and emotional awareness. Yılmaz (2023) contends that there has been a dearth of empirical modelling of the ways in which EI modifies the interaction of these two systems in investment settings. Predictive models that could explain how emotionally competent investors handle cognitive conflicts in uncertain markets cannot be developed due to the lack of dual-process integration.

Another major drawback is that emotional intelligence is often misunderstood as a monolithic quality rather than a collection of interconnected skills. Various aspects of emotional intelligence, such as self-awareness, self-regulation, empathy, and social skills, might impact investment behaviour at different stages. In a market slump, when panic selling is prevalent, self-regulation may be more important than self-awareness at the beginning of the risk assessment process. This degree of detail in disaggregating EI is, however, rarely found in modern investing theories. Although these impacts are acknowledged in studies such as Idris (2023), they are not included into decision-making frameworks.

Contextual variables, like gender, age, occupation, and technology use, provide another layer of complexity. For example, compared to younger investors with similar cognitive capacity, those with higher levels of experiencing EI were more competent decision-makers (Ramchandran et al., 2020). This provides more evidence that EI may mitigate the cognitive impairments associated with ageing. Traditional financial models, however, rarely take into consideration such age-related relationships. Furthermore, there is a lack of theory that takes into account gender variations in emotional processing while making financial decisions, even though this is supported by empirical studies (e.g., Ran 2021).

Aside from demographic diversity, new digital technology like AI-powered financial platforms and robo-advisors offer another layer of complication. There is presently no comprehensive framework that explains how emotional intelligence (EI) can be operationalised inside fintech platforms, despite the fact that these tools are getting more and better at detecting affective states through sentiment analysis. While McCarthy et al. (2020) emphasise the importance of emotional intelligence training for human advisers, there has been little conceptual development in emotionally intelligent AI systems. The lack of integration between EI and digital decision-support systems is becoming increasingly crucial as a growing number of investors move their portfolio management to digital platforms.

The ever-changing character of emotional intelligence is another aspect that is often disregarded. Rather than seeing EI as a dynamic collection of skills that can change with time, training, and exposure to market dynamics, most of the current literature views it as a fixed attribute. There is a noticeable lack of longitudinal models that monitor the development of EI during the lifespan of investors. Nevertheless, there is evidence from the field of psychology that suggests structured treatments might improve EI. These findings, if applied conceptually, could lead to more all-encompassing frameworks for investor education and development.

In conclusion, there is an urgent need for integrative models that bridge these theoretical gaps by integrating EI with dual-process reasoning, differentiating between EI subdomains, taking moderating contextual variables into consideration, and including longitudinal change. Researchers and practitioners would be able to better anticipate, direct, and assist investor behaviour in digital and human settings if these gaps were to be filled. To guarantee scientific rigour and practical application, future work should centre on developing and verifying these models across various investor profiles and platforms.

5. Practical Implications

There are several real-world contexts in which emotional intelligence (EI) can be useful, including but not limited to investor education, regulatory frameworks, financial advising services, and new developments in financial technology. Integrating emotional intelligence into investor training has the potential to enhance self-awareness and emotional control. This, in turn, can help individuals, particularly those in emotionally vulnerable retail segments, avoid making impulsive decisions and acquire long-term discipline. By requiring products to undergo emotional stress testing, encouraging people to become emotionally literate, and possibly instituting cooling-off periods for high-risk investments, policymakers can integrate EI principles into consumer protection measures. Also, by adapting investing strategies to clients' emotional profiles, financial advisors with high EI can boost client happiness, trust, and portfolio stability. To back this approach, institutions might incorporate EI training and resources into their advisory procedures. Finally, by analysing user sentiment and behavioural signals, fintech platforms may provide emotionally intelligent investment advice, filling the empathy gap in digital finance and enhancing users' ability to make informed decisions.

6. Conclusion

Within the context of an era characterised by uncertainty and volatility, emotional intelligence has emerged as a critical factor in determining the effectiveness of financial decision-making. Emotional intelligence (EI) improves strategic thinking, emotional resilience, and investor discipline, according to the reviewed literature. It also protects against common behavioural biases including herding, overconfidence, and loss aversion. How EI is used in financial situations is also heavily impacted by demographic factors such as age, gender, and level of financial expertise. Theoretically, conventional behavioural finance models still do not fully incorporate EI, despite strong empirical support. Multidisciplinary models that include EI as a moderating variable in addition to cognitive and environmental components are necessary to close this gap. Emotionally adaptable decision-support systems are also necessary due to the increasing importance of fintech and AI.

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