**Priming Effects on Investing Decisions of Laymen and Finance Professionals.**

**Abstract:**

The talk integrates a series of research projects exploring the role of textual and color priming in financial decision making situations. Priming is a process of activating particular connections or associations in memory prior to carrying out an action or task. The associations occur when a certain stimulus or event increases the availability of specific information categories and, as a result, affects decision making.

We start by exploring the influence of textual priming on financial decisions. To that end, we reinforced subjects' risk-seeking behavior under uncertainty and compared it to behavior in control groups. We focused on professionals: commercial banks' investment advisors and accountants in CPA firms. Results indicate that priming plays a significant role in forming subjects' risk attitudes and investment decisions. Professionals' decisions were affected more than undergraduates', suggesting they employ a more intuitive and less analytic approach in making their decisions.

We then investigate the role of color exposure as a priming factor in financial decision making. Colors are widely present in the financial decision making arena: at firms' and data providers' websites; television reports; newspaper publications; advertisements; and security market displays, with colors such as red and green prominently employed. Our experimental analysis involved a between subject design exposing subjects to financial substance on colored backgrounds. We focused on financial decisions under uncertainty about probability, examining subjects' investment valuations and the probabilities they assign to the possible outcomes. The results indicate that red color priming emphasizes value losses of the underlying asset. To wit, subjects who were exposed to red (R) assigned higher valuations and probabilities to events involving the loss domain, than to events involving the gain domain, relatively to the valuations assigned by subjects who were exposed to green (G).