

Chapter 5

Neuromarketing and Financial Decision Making

Simanpreet Kaur

Chandigarh School of Business, Chandigarh Group of Colleges, Jhanjeri, India

Anjali

Chandigarh School of Business, Chandigarh Group of Colleges, Jhanjeri, India

ABSTRACT

Neuromarketing itself represents an application of neuroscience to marketing, guiding the very neural and emotional mechanisms of consumer behavior and providing important insights into financial decision-making. EEG and functional magnetic resonance imaging are two techniques researchers use to trace the ways in which financial stimuli, including investment options, risk assessments, and financial product advertisements, activate different regions of the brain. This paper is aimed at analyzing the role of emotional and neurological processes in financial decision-making. This research found out that consumers are likely to engage and trust if the financial commercials and product presentations arouse positive emotional responses. These findings mean that through the use of neuromarketing concepts in marketing and product development plans, financial institutions would increase the confidence and engagement of customers in their services and bring about more efficient and client-oriented financial services.

INTRODUCTION

Neuromarketing is a field that brings together neuroscience and marketing, where one can better understand how consumers' brains react to marketing stimuli. By using techniques such as electroencephalography and functional magnetic

DOI: 10.4018/979-8-3693-9351-2.ch005

resonance imaging, the studies are able to investigate brain activity over time and locate the regions that the brain uses, when customers are shown commercials, goods, or brands. The technique is also used to track eye movements which help in understanding what draws customers to certain elements (Bhardwaj, Kaushik, & Arora (2024); Taneja, Shukla & Arora (2024); Malik, Malhan & Arora (2024). (Eds.). (2024)). These techniques will be helpful in shaping methods that will successfully appeal to irrational consumer preferences and decision-making processes, hence making the marketing campaigns more effective. Neuromarketing techniques can be effectively used in financial decision-making if neuroscience principles in consumer behavior and decision-making processes are well understood. Cordeiro et al. (2024) defined neuromarketing as one that integrates neuroscience and marketing and helps to understand emotions as well as senses that affect consumer behavior, it aids the marketers to develop an effective strategy for customers as well as sales. Millagala & Gunasinghe (2024) explained neuromarketing as a strategy that is digital using neuroscience and integrating it with digital marketing and it helps to bring personalised content for customer. Financial decision making refers to the process of choosing the best course of action from various options available to satisfy certain goals and objectives. It is a bundle of activities, which involves investment, debt management, and retirement planning. According to Soto Arias & Quintero-Martínez (2019) neuromarketing strategies may successfully improve financial decision-making, hence leading to the advantage of financial institutions in a rather cutthroat market through the use of neuroscience in understanding consumer behavior better. Tolzmann et al. (2024) explained that understanding the concept of costs, quantifying them, cost analysing, budgeting, calculating contribution margin and break-even point, and creating capital acquisition plans using net present value are important components of laboratory finance decision making. . The person involved in the decision-making must be much more aware of risk and return, keep a close eye on all the financial data, and work out short- and long-term implications. According to Huang & You (2023) artificial intelligence has helped in FinTech lending, investment, and overall decision-making processes through the aid of Machine Learning, wherein data extraction and analysis take place efficiently. Good financial decisions are those that seek to ensure the stability, increase, and ability of a person, business, or organization to meet their future obligations or needs. According to Singh & Gupta (2024) managing money over time through acts of borrowing, creating capital, investing, and managing assets and liabilities. It consists of different operational, investment, and financial decisions that result in long-term financial success. The present study focuses on studying the concept of Neuromarketing in Financial Decision Making. Besides, financial advertising using neuromarketing techniques used in Financial advertising were studied to understand their significance in financial decision-making. was reviewed. This study

28 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-global.com/chapter/neuromarketing-and-financial-decision-making/360211

Related Content

Insights From a Romanian Public Sector Innovation Lab on How to Build Urban Resilience in the Face of COVID-19

Anamaria Vrabie and Monica Dudian (2021). *International Journal of Applied Behavioral Economics* (pp. 40-50).

www.irma-international.org/article/insights-from-a-romanian-public-sector-innovation-lab-on-how-to-build-urban-resilience-in-the-face-of-covid-19/270237

The Affective Economy and Online Fan Communities: A Case Study of Johnny & Associates

Nur Aliah Mansor, Rizalniyani Abdul Razak, Zam Zuriyati Mohamad, Norrina Dinand Arbaiah Abdul Razak (2020). *Leveraging Consumer Behavior and Psychology in the Digital Economy* (pp. 91-105).

www.irma-international.org/chapter/the-affective-economy-and-online-fan-communities/255440

User Perception and Influencing Factors of Technology in Everyday Life

Elena Druica (2013). *International Journal of Applied Behavioral Economics* (pp. 77-80).

www.irma-international.org/article/user-perception-influencing-factors-technology/77647

Online Social Gambling and Its Implications for the Study of Marketing Communications

Wilson Ozuem and Jason Prasad (2015). *International Journal of Applied Behavioral Economics* (pp. 22-50).

www.irma-international.org/article/online-social-gambling-and-its-implications-for-the-study-of-marketing-communications/130347

Neuromarketing and Financial Decision Making

Simanpreet Kaur and Anjali (2025). *Impact of Sensory Marketing on Buying Behavior* (pp. 125-154).

www.irma-international.org/chapter/neuromarketing-and-financial-decision-making/360211