# Chapter 13
# Mapping 25 Years of Emotion-Driven Decision Making in Economics and Finance:
## Insights Into Behavioral and Emotional Finance

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## ABSTRACT

*This chapter analyses the evolution and thematic diversity of emotion-driven research in economics and business finance disciplines over the last 25 years from a bibliometric perspective. Analyses of 2,889 studies from the Web of Science (WOS) database reveal a steady increase in the number of publications over time, but a relative decline in the number of citations in recent years. Thematic analyses show that early studies were mainly shaped around cognitive biases in individual decision processes and behavioural finance perspective. More recently, artificial intelligence and neuroscience-based approaches have started to appear, but have not yet become dominant. This chapter emphasises that in the future, interdisciplinary methods, especially text mining and the use of biometric data, will make significant contributions to the literature both theoretically and methodologically.*

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## 1. INTRODUCTION

In the disciplines of economics and finance, the study of individuals' decision-making processes has been an area of research for many years. This has been undertaken within the framework of information and cost-benefit analysis, with the assumption that individuals always have full information and make all their decisions based on logic and calculations (Pompian, 2012, p. 75). However, recent research has demonstrated that investors' risk perceptions, their reactions to market fluctuations, and even their daily spending habits may change depending on their emotional state. Emotions such as fear, regret, overconfidence, and excitement have been shown to have a detrimental effect on rational decision-making, especially in situations of uncertainty and risk (Loewenstein, 1996; Loewenstein, 2000; Rick & Loewenstein, 2008).

Emotions have also been demonstrated to influence the formation of trust and risk perceptions in social relationships, meaning that individuals make economic and financial decisions not only with rational thoughts but also with emotional reactions (Ackert et al., 2003; Tuckett & Taffler, 2012; Wang et al., 2014).

The critical importance of emotions in economic and financial decision-making processes has led to an increase in research in this field in recent years. The extant literature addresses the impact of emotions on economic and financial decisions primarily through research aimed at understanding irrational decision-making processes, with emotions typically analysed within general theoretical frameworks (Angner & Loewenstein, 2007; Bossaerts & Murawski, 2015). However, emotions can be defined not only as an influence factor but also as a determinant component in decision-making and risk assessment processes (Byrne & Brooks, 2008).

This study presents a bibliometric analysis to understand the role of emotions in decision-making processes in economics and finance literature. The study employs bibliometric analysis to examine the publication trends, impact factors, and collaboration networks of research on emotional decision-making conducted between 2000 and 2024. The aim is threefold: firstly, to examine the trends of research in the field of emotional finance; secondly, to reveal emerging themes in this field; and thirdly, to explain the impact of emotions on economics and finance through a broad literature analysis.

The remainder of this chapter is structured as follows: Section 2 outlines the data search methodology and findings. Section 3 provides a theoretical framework for emotion-based research in economics and finance. Section 4 presents results on publication trends, citation network analysis, co-citation analysis, active research areas, and emerging themes. Section 5 includes the discussion, implications, limitations, and suggestions for future research, concluding with final remarks.

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