The Impact of CFP® Certification on Consumers’ Cognitive Processes during Performance Fluctuations: An fMRI Neuroimaging Study

Russell N. James III, Texas Tech University

Abstract

This paper examines the effect of Certified Financial Planner® (CFP®) certification on the neural activation of participants in an advisor-intermediated stock market game using functional magnetic resonance imaging (fMRI). Brain activations were greater in regions associated with continued decision-making and error detection when employing an underperforming non-CFP® advisor as compared with an underperforming CFP® advisor. This greater activation may reflect greater uncertainty or “second guessing” associated with the use of a non-CFP® advisor during periods of underperformance. In contrast, when advisors outperformed the overall market, there were no significant differences in brain activations when using CFP® or non-CFP® advisors. In this experiment, the CFP® mark generated observable behavioral and neurological differences in participant decisions to retain an investment advisor during underperformance. To the extent that maintaining a consistent investment strategy during inevitable market fluctuations is a desirable goal, the behavioral and neurological impact of a designation of expertise such as the CFP® may benefit consumers by engendering relatively greater confidence during temporary periods of underperformance.

1Professor, Texas Tech University, Department of Personal Financial Planning, Texas Tech University, P.O. Box 41210, Lubbock, TX 79409; (806) 742-5050x273; russell.james@ttu.edu