

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

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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.

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