

THE RISE OF BEHAVIOURAL FINANCE TOOLS IN INVESTMENT APPS

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Abstract: In recent years, the financial services sector has undergone significant transformation due to rapid technological advancement and the growing adoption of digital investment platforms. Investment applications have become widely popular among retail investors as they provide easy market access, real-time data, and simplified trading mechanisms. However, the integration of behavioural finance tools within these platforms has also influenced how investors make financial decisions. These tools are designed based on psychological insights and aim to guide investor behaviour through features such as alerts, notifications, robo-advisory services, gamification, and behavioural nudges.

This study examines the rise of behavioural finance tools in investment applications and their impact on investor decision-making patterns. The research highlights how these tools can both support and influence investor behaviour by improving financial awareness while also potentially encouraging emotional and impulsive trading. The study further evaluates how design elements within digital platforms may trigger behavioural biases such as overconfidence, herd behaviour, and excessive trading among retail investors.

By analysing the role of behavioural finance mechanisms in modern investment platforms, the study provides insights into how technology is reshaping investor behaviour in the digital era. The findings emphasize the importance of responsible platform design, investor education, and regulatory awareness to ensure that behavioural finance tools enhance rational investment decision-making rather than amplifying psychological biases.

Keywords: Behavioural Finance, Investment Apps, Investor Behaviour, Digital Trading Platforms, Behavioural Biases, FinTech.

I. INTRODUCTION

The global financial landscape has experienced a profound paradigm shift over the last decade, primarily facilitated by digital innovation and the expansion of financial technology. Investment activities, which were historically restricted to traditional brokerage services, are now broadly accessible via mobile applications and digital trading platforms (Chaudhry & Kulkarni, 2021). These interfaces allow investors to monitor global markets, analyze complex financial data, and execute transactions instantaneously. The proliferation of these applications has significantly expanded retail investor participation, offering unparalleled convenience, lower transaction costs, and user-friendly interfaces that lower the barrier to entry for individuals with limited financial expertise (Liu et al., 2024). Consequently, there has been a rapid influx of new market participants, particularly among younger demographics (DV, 2025).

However, the design and functionality of modern investment applications extend beyond the mere provision of financial information; they actively shape investor behavior through various behavioral finance tools. Rooted in behavioral economics and psychology, these tools acknowledge that financial decision-making is often governed by emotions, cognitive biases, and social influences rather than purely rational analysis (Gupta et al., 2025). Features such as push notifications, social trading indicators, and gamified interfaces can encourage high-frequency trading and alter investor perceptions of market opportunities (Chapkovski et al., 2024; Dorfleitner & Scheckenbach, 2021). While some features are designed to provide helpful guidance, others may inadvertently stimulate impulsive, emotion-driven decisions. Specifically, behavioral finance tools may trigger biases such as overconfidence, herd behavior, and the fear of missing out (Aftab et al., 2025). For inexperienced investors, these psychological triggers can result in overtrading and increased risk exposure (Bregu, 2020; DV, 2025).

II. OBJECTIVES OF THE STUDY

1. To examine the rise of behavioural finance tools within modern investment applications.

2. To analyse how these tools influence investor decision-making behaviour.
3. To evaluate the role of behavioural biases such as overconfidence and herd behaviour in digital investing.
4. To understand how investment app design features affect trading behaviour among retail investors.

III. SCOPE OF THE STUDY

I am doing a study of the role of behavioural finance in the use of modern investment applications. I would like to witness the influence of the technological aspects of the digital trading platforms on the behavior and decision making of investors.

The article primarily draws information through second-hand research such as research journals, reports on fintech, and scholarly articles on behavioural finance and digital investing. I hope to understand the intersection of behavioural fintech with tech innovation.

Even though I can provide some valuable information about how investors operate in digital platforms, the findings are made relying on the available data and may not represent all types of investors and markets. Nevertheless, this research contributes to the perception of behavioural finance instruments in modern-day investing.

IV. STATEMENT OF THE PROBLEM

The high growth of online investment websites has radically altered the way individuals engage with the financial markets. These apps are convenient, provide instant access, and real-time data, and at the same time, they also slip in behavioral-finance tricks that can actually influence the way you make your trade decisions.

Many of the retail investors, particularly beginners may lack sufficient financial expertise to evaluate risk appropriately. Hence they are likely to rely on the functionality of the platform such as push alerts, trending-stock tags and automated tips when making decisions on where to invest their money. Such small pushes may cause impulsive trading, over-trading, or even herding.

Add to that, these platforms have gamified features, which transform investment into a game rather than a serious financial undertaking. That may put one to wondering whether these behavioral aides are really assisting us to think rationally or whether these are simply guiding us into speculative routines.

It is why it is important to explore the impact of behavioral finance tools on investor behavior when trading online. An understanding of such impacts can aid us in devising solutions to improve financial literacy and invest in a smarter and more responsible way.

V. RESEARCH METHODOLOGY

5.1 Data Source

The study is based mainly on secondary data. Information was collected from academic journals, research articles, fintech reports, and published financial studies related to behavioural finance and digital investment platforms. These sources helped establish the theoretical background and provided insights into behavioural patterns observed in digital investing.

5.2 Tools Used

1. Literature Review Analysis – Used to examine existing research on behavioural finance and fintech platforms.
2. Comparative Analysis – Used to analyse different behavioural tools used in digital investment platforms.

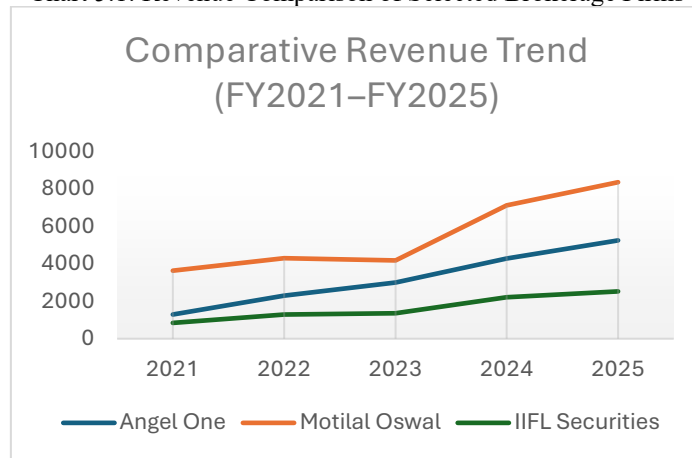
5.3 Techniques

The study follows a descriptive research approach to understand behavioural finance tools and their influence on investor decision-making. Secondary information collected from research studies and reports was analysed to identify patterns, trends, and behavioural responses among investors using digital platforms.

5.4 Analysis

To understand the growth trends of the selected brokerage firms, revenue performance from FY2021 to FY2025 was analysed. The comparison highlights differences in operational scale and expansion strategies among the companies.

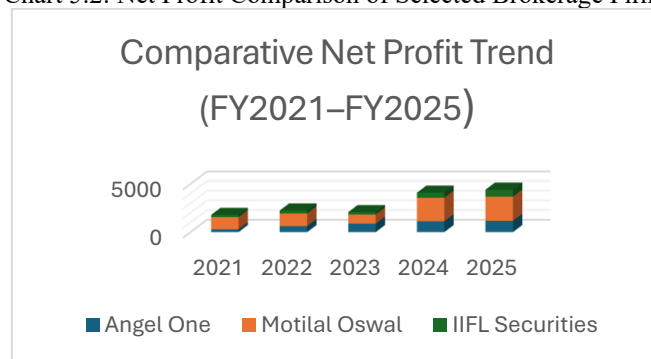
Chart 5.1: Revenue Comparison of Selected Brokerage Firms



Interpretation

The chart indicates that Motilal Oswal maintains the highest revenue scale during the study period. However, Angel One demonstrates faster growth due to its strong digital platform and increasing retail investor participation.

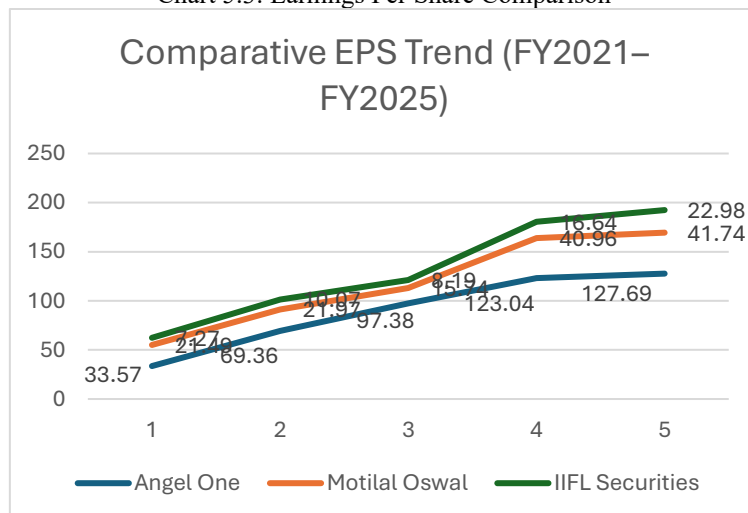
Chart 5.2: Net Profit Comparison of Selected Brokerage Firms



Interpretation

The net profit analysis shows that Motilal Oswal records the highest absolute profits, while Angel One demonstrates steady year-on-year growth. IIFL Capital shows moderate but consistent improvement in profitability.

Chart 5.3: Earnings Per Share Comparison



**Interpretation**

The EPS comparison reflects shareholder value creation. Angel One demonstrates the strongest EPS growth, indicating effective profitability and strong earnings potential.

VI. FINDINGS

- Digital investment platforms have increased retail investor participation in financial markets.
- Behavioural finance tools such as notifications and trending indicators strongly influence investor engagement.
- Many investors rely on platform signals rather than conducting independent financial analysis.
- Gamification features encourage frequent trading activity among users.
- Young investors show higher adoption of digital investment platforms compared to older investors.
- Behavioural biases such as overconfidence and herd behaviour are more visible in digital trading environments.
- Financial literacy plays an important role in reducing impulsive investment decisions.
- Responsible platform design and investor education can improve rational investment behaviour.

VII. SUGGESTIONS

- Investment platforms should include educational tools that help users understand financial risks and investment principles.
- Financial literacy programs should be encouraged to improve investors' knowledge of financial markets.
- Platforms should design behavioural features carefully to avoid encouraging excessive trading.
- Regulators should monitor fintech platforms to ensure transparency and investor protection.
- Investors should be encouraged to conduct independent financial analysis before making investment decisions.

VIII. CONCLUSION

The emergence of the digital investment platforms has radically transformed the way we as students and in the coming days as professionals will be engaged with the financial markets. I have witnessed applications that provide us with real-time access to the world of trading, financial data, and portfolio management. On top of the behavioural-finance gadgets, these sites are not just a passive media, but they actively influence the way we identify the opportunities and implement our financial actions.

This paper brings out the fact that behavioural-finance characteristics can contribute to our behaviour as well as affect it. On the one hand, they enhance our access to information and expand the involvement in the markets; on the other hand, I fear they stimulate the impulse trade and support psychological prejudices, particularly the investors who are still developing the investing abilities.

The results indicate that technology itself will not ensure intelligent investment decision-making. Healthy financial habits are also essential, and financial literacy and responsible platform design as well as regulatory oversight are essential to foster healthy financial behavior. On the responsible use of these tools, they can enhance our level of awareness and contribute to better decision-making. Altogether, the emergence of behavioural-finance tools can be defined as one of the most important changes in contemporary markets. With the further development of digital platforms, students and future investors will have to comprehend how the latter affects them and develop a more responsible attitude towards investing.

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