The Journal of Behavioral Finance
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ANNOUNCEMENT

What's in a Name?

The Journal of Psychology and Financial Markets becomes The Journal of Behavioral Finance

The term "Behavioral Finance" has received widespread acceptance in recent years. The field of Behavioral Finance examines the influence of human cognition and social behaviors on financial decisions and financial markets. In contrast to the current finance paradigm, humans and their feelings and reactions are believed to contribute significantly to market pricing mechanisms.

Specifically, research in Behavioral Finance finds that decision makers are often inductive, affectively influenced, and focused on optimization when making portfolio decisions. Behavioral Finance emphasizes adaptive learning as the engine of change, wherein positive feedback may lead to overreaction, unstable equilibria and ultimately, bubbles and crashes. Preferences are often found to be multifaceted, socially informed and influenced by decision context and processes. Finally, significant decision complexity, coupled with nonlinear market processes, leads to a poor learning environment and to inaccurate, sometimes biased, and often mediocre, portfolio performance. This is the real reason for many of the so-called anomalies found in financial markets in the last generation. Due to their repetitive and predictive characteristics, such anomalies call for a Behavioral Finance paradigm that seeks to understand their causes rather than simply viewing them as random aberrations.

Given the increasing popularity of Behavioral Finance, the Editors believe that the new title of "The Journal of Behavioral Finance" is more focused and more clearly delineates or purpose than our former title which was created at a time when it was important to reach out to non-finance professionals and bring their insights into the field. The journal will stay consistent with the original and unchanged purpose/scope, reprinted below from our inaugural issue.

> In the *Journal of Psychology and Financial Markets*, leaders in many fields will be brought together to address the implications of current work on individual and group emotion, cognition, and behavior in markets. They include specialists in personality, social, cognitive and clinical psychology; psychiatry; organizational behavior; accounting; marketing; sociology; anthropology; behavioral economics; finance and the multidisciplinary study of judgment and decision making.
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> This journal will foster debate among groups who have keen insights into the behavioral patterns of markets but have not historically published in more traditional financial and economic journals. Further, it will stimulate new interdisciplinary research and theory that will build a body of knowledge about psychological influences on market fluctuations. The most obvious benefit will be a new understanding of markets that can greatly improve investment decision making. Another benefit will be the opportunity for behavioral scientists to expand the scope of their studies via use of the enormous databases that document behavior in markets. The Journal will bring together leaders in many fields including personality, social and clinical psychology; psychiatry; organizational behavior; accounting; marketing; sociology; anthropology; behavioral economics; experimental economics; finance and the multidisciplinary study of judgment and decision making.
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> The Journal will cover such topics as overreaction and underreaction in markets; perceptions of risk; investor panic; psychological elements of risk; investor expectations that are neither rational or homogeneous; why contrarian strategies work; expert error in the financial markets; the need for more realistic expectations of forecast accuracy; exuberance and investor panic in financial markets; when statistics lead investors astray, group interaction, herding behavior and contagion across groups and markets.
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> Offering penetrating insights into the performance of today's financial markets, The Journal of Psychology and Financial Markets will be an indispensable resource for academics and practitioners who want to utilize behavioral concepts to understand the "how, what, when and where" of investing.

We look forward to your continued support as we help launch a new era in finance as the *Journal of Behavioral Finance*.