

PREF

Academic partner(s) : University of Orleans

Financial partner(s) : Yomoni

Scientific director(s) : Alexis Direr

RESEARCH PROGRAM DESCRIPTION

The IDR's research topics take place in a context of increased savers' participation in financial markets, driven by the development of retirement savings and favorable tax incentives. Savers' participation in financial markets raises important issues such as appropriate knowledge about financial markets functioning, ability to understand financial risks, or capacity of holding positions by avoiding buying and selling at the worst times of the financial cycle.

Those issues are particularly acute for robo-advisors like Yomoni, which provide financial advice and investment management online with minimal human intervention. Robo-advisors face a delicate balance between fully automating the financial decision making process while maintaining customers' financial responsibility of their choices. Bringing the mass of savers to financial markets necessitates simplifying the whole decision process while still making sure customers have a sufficient knowledge to make right portfolio decisions and show a good understanding of financial risks they are exposed to. Another challenge is how to prevent users from mis-timing the market, buying when prices are going up and selling when prices are down.

In light of those concerns, the IDR's research team pursues the general objective of producing original and useful researches on households' behavior in financial markets. Based on those researches, the team aims at drawing conclusions on how best robo-advisors may assist investors in making appropriate financial decisions. In particular, the IDR members investigate the following questions:

1. What minimum financial knowledge is necessary to properly understand financial risks and make appropriate financial decisions?
2. How should financial information about risks and returns be presented in a way that leads investors to understand the trade-offs?
3. How to raise investors' awareness about good risk management practices?
4. Which part of the decision process should be delegated to the contract manager and which part should be controlled by customers?
5. How far do savers understand and trust financial recommendations made by the robo-advisor's algorithm?
6. What investors' characteristics (age, investment horizon, wealth, financial knowledge, liquidity needs, stock market conditions, etc.) better explain their portfolio choices?

RESEARCH TEAM

Alexis Direr, Professor of economics, University of Orléans

Béatrice Boulu Reshef, Professor of economics, University of Orléans Sylvain Benoit, Assistant Professor of economics, University Paris-Dauphine Jérémy Dudek, Lab4Fin and CREST

Indigo JONES, PhD student, recipient of the IdR's doctoral funding, University of Orleans, PhD start date October 2021

Mehdi Louafi, PhD student, University of Orléans, PhD start date October 2022

PUBLICATIONS OF THE YEAR DIRECTLY RELATED TO THE RESEARCH PROGRAM

No publications yet, but five working papers from which two are currently submitted:

Béatrice Boulu-Reshef, Alexis Direr et Nicole von Wilczur "Algorithmic vs. Human Portfolio Choice", Document de travail du LEO, (submitted)

Béatrice Boulu-Reshef et J. Indigo Jones "Goof Old Lockdown: Household Investment Behavior during the Covid-19 Crisis" (submitted)

Sylvain Benoit (Université Paris Dauphine - PSL), Jérémy Dudek (CREST), et J. Indigo Jones (Université d'Orléans - LEO) "Managing a Lazy Investment: Being Actively Passive", (working paper)

J. Indigo Jones, "Poor Planning: Investors who Save Regularly Save Less Overall" (working paper)

Alexis Direr, J. Indigo Jones, "Who invests on behalf of their children and how?: Evidence from a robo- advisor" (working paper)

MAJOR COMMUNICATIONS RELATED TO THE RESEARCH PROGRAM

Major academic conferences, invited speaker, etc.

16th Financial Risk International Forum (20-21 mars 2023), Béatrice Boulu-Reshef, "Algorithmic vs. Human Portfolio Choice".

Guest lecture for the Economics & Psychology Master's program at the Paris School of Economics (2023/06/15), J. Indigo Jones, "Thesis in less than ten minutes."

GDRE Monnaie-Banque-Finance, Université de Lille (22-23 juin 2023), Alexis Direr, "Algorithmic vs. Human Portfolio Choice".

ASFEE PhD graduate meetings (12/12/2023), Mehdi Louafi, "Do Concerns for Privacy Leak Risks impact Decision-Making in Finance?".

Events organized by the program

Workshop on Financial Advice and Risk Preferences, co-organized by IdR PREF and FAIR, Paris Campus Santé, 7 /12/23 (40 participants, introduction de la conférence par Laurent Arnau (CPO, Yomoni)).

[Link](#)

OTHER HIGHLIGHTS

Awards, scientific recognition, organization of calls for projects, involvement in master's courses, PhD program visiting researchers, etc...

Course by PhD students:

Indigo Jones « Enjeux du droit de l'économie numérique », Fall 2023 at the University of Orleans for the double-license droit-economie-gestion.