

Behavioral Finance in a Platform-Driven World

The digitalization of the economy is drastically changing the financial landscape. New financial technologies (FinTechs), such as crowdfunding, blockchain-based applications, and new brokerage platforms, offer opportunities for small and unsophisticated investors to participate in financial markets. Furthermore, social media allows investors to connect with peers and discuss investment targets and strategies. At the chair of Financial Markets, Investment, and Banking, we study how investors use these technologies, explore ways to leverage financial innovation to create economic value, and investigate the optimal design of financial technology and regulation.

Recent Research:

Münster, M., & Walther, M. (2025). Investor-level common ownership, stock return comovement, and competition. *Financial Markets and Portfolio Management*, 1-38.

<https://doi.org/10.1007/s11408-025-00484-7>

Reichenbach, F., & Walther, M. (2025). Attention allocation of investors on social media: the role of prospect theory. *Journal of Behavioral Finance*, 26(3), 317-334.

<https://doi.org/10.1080/15427560.2024.2309145>

Schön, C., & Walther, M. (2025). The power of neural networks in stochastic volatility modeling. *Journal of Risk*, 27(3). <https://doi.org/10.21314/JOR.2024.019>

Münster, M., Reichenbach, F., & Walther, M. (2024). Robinhood, Reddit, and the news: The impact of traditional and social media on retail investor trading. *Journal of Financial Markets*, 71, 100929.

<https://doi.org/10.1016/j.finmar.2024.100929>

Showcase Example:

In Münster, Reichenbach and Walther (2024), we investigate how publications of traditional news and social media posts affect stock holdings on Robinhood, a major retail trading platform. We find that both types of publication lead to an increase in holdings. However, the impact of social media posts is significantly higher. Furthermore, positive social media posts lead to an increase in holdings, while positive traditional news articles lead to investors selling stocks. This highlights the relevance of new technologies, such as social media, for the new generation of investors. Furthermore, it showcases that findings on traditional finance cannot simply be transferred to new financial technologies. Therefore, research in this area is vital, and allows us to upgrade university teaching to enable students to master the likely challenges in finance and management of the future.

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