

The Mediating Role of the Financial Recommender System Advising Acceptance in the Relationship between Investments Trust and Decision-Making Behavior

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Abstract. *The issue discussed in this paper is how the financial recommendation system intertwines the individuals' distrust in the act of investing and the outcome of the incurred damages. This study involving a total of 150 participants was conducted. The purpose of the current research is elucidated by identifying the affected variables and using descriptive statistics and correlation analysis. The survey shows that weakening confidence in investments correlates positively with formulation of a demand for the recommendation service of a financial advisor on the one hand, and with caution and rational thinking on the other, which steer the path to careful and rational investment decisions. An attempt to study mediation was performed using PROCESS Model 4 and it should be noted that financial recommender system advising acceptance mediated the relationship between distrust of quality of investment and cautious decision-making. Significant standardized coefficients gave direct evidence of a cause-effect relationship between a lowered trust in decision-making and the preceding caution, with financial advisement adding up to guidance as a mediator illustrating the significance of its role in decision-making. The trust transfer theory that claims the transfer of trust by individuals is just one of the previous experiences, is possibly a good explanation of the outcomes. Losses due to investments may render investors skeptical, and they eventually transfer trust in these financial market to other sources, such as financial recommender systems. The existing paper gets us to the more complex connection between financial information systems, trust, and the choice in the asset industry which, in turn leads to better understanding of the psychological processes that a person uses while making an investment decision. Furthermore, this article highlights the present practicality that is usually directly tied to the process of adoption and integration of financial technology. The results of this study indicate that it may be possible to reduce drastically the negative effect of drops in*

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the confidence of investments in this case or maybe even eliminate the problem. It is clear that the universality of the financial recommendation system is a good helper in this direction.

Keywords: Financial Trust, Recommender Systems, Decision-Making Behavior, Investment Psychology

Introduction

The financial theories that have been already applied to the complicated audit investigation may be used to identify the implication of the investors' behavior towards investment according to the investment environment with the eroded trust and the financial losses. The behavioral finance theory will aid in understanding the arguments that can arise when other financial choices are in consideration because of the influence psychology and emotions play on the financial decision-making process of people. Particularly, investors' reactions to losses and a declining level of trust in financial markets are significantly influenced by two behavioral phenomena: loss aversion and the anchoring effect (Kahneman & Tversky, 1979; Ruggeri et al., 2020).

Kahneman and Tversky (1979) defined loss aversion as the psychological tendency in which an investor experiences a disproportionate amount of dread in relation to the happiness that results from comparable returns. This aversion can result in overblown reactions to financial losses, which can lead to suboptimal decisions. Similarly, according to Ruggeri et al., the anchoring effect exemplifies how investors tend to have a compulsive attachment to the past. With decreasing confidence in the markets, this fixation might lead to an under-adjustment of future expectations and can further complicate the decision-making process.

At the same time, the information agents theory, advanced by Grossman and Stiglitz, lends a relevant perspective with which to probe how investors access and interpret information in financial decision-making. The financial recommendation system, in the theoretical framework of the aforementioned theory, plays an intermediary role in providing information and advice to the investors. The recommendations emanating from such systems wield considerable influence over investor perceptions and decisions (Petrariu et al. 2023).

Further analysis of behavioral finance theory reveals that the reaction of investors to fluctuations in the market is mostly determined by the exchange of psychological and emotional factors. The identification of loss aversion and the anchoring effect by Kahneman, Tversky, and Ruggeri points out that more comprehensive understanding of these behavioral subtleties is in demand. The academic debate around these events underlines their strong influence on the processes of making decisions by investors, especially under the influence of adverse financial conditions.

At the same time, the theory of information agents, according to Grossman and Stiglitz, adds a needed dimension to this academic exploration. It describes the complex relationship between investors and information and presents financial recommendation systems as central intermediaries. In times of declining trust and financial losses, this intermediary becomes increasingly important as it influences investor perceptions and decisions in an uncertain environment. In this regard, a detailed look at investor behavior in the context of declining confidence and financial losses should necessarily be conducted from a multi-faceted perspective. In this regard, the insights from information agency theory and behavioral finance theory will provide a sound theoretical framework for understanding the complex interaction of psychological, emotional, and information-related factors of investor decision-making in difficult financial situations.

In his 1952 theory of risk and reward, Markowitz offers an in-depth look at how investors analyze risks versus returns when making investment decisions. This causes investors to become more cautious by nature and risk averse by choice. Investors therefore undertake a rigorous exercise aimed at minimizing any potential risks and putting themselves in positions where they can harvest long-term benefits.

Within the framework of these financial theories, a nuanced and invaluable conceptual scaffold emerges, facilitating an enhanced comprehension and elucidation of the intricate relationship between heeding advice emanating from the financial recommendation system and the ensuing decision-making comportment exhibited by investors. This sophisticated interaction takes place amidst a heightened uncertainty and the aftershocks of losses suffered in the wild world of financial speculation.

The objective of the study will be to investigate how the financial recommendation system, which advises acceptance, mediates the relationship between reduced investment confidence resulting from financial losses and subsequent prudent investment decision-making. This research is based on the results of a questionnaire in which 150 respondents participated. The SPSS software was used to run mediation analysis under the PROCESS Model 4.

Understanding how policy recommendations from financial support systems map onto or deviate from these principles will help improve our understanding of how investors grapple with the intricacies involved with risk management in investment allocations. Elucidating the mechanisms at work is important for a comprehension of the wider implications that such systems might have for investors' behavior, in a general context of investment losses and eroding confidence in financial markets. The paper is organized in the following way. In the next section, we present the literature review. In section 3, we present the applied methodology. In the subsequent section, we present our results and discuss them. We conclude with conclusions, limitations of the study, and directions for future research.

Literature review

In spite of the extensive scholarly endeavors in the domains of behavioral finance and decision theory, a discernible lacuna persists within the current body of literature, necessitating further inquiry. A salient deficiency is evident in the paucity of research that comprehensively explores the intricate ramifications of financial recommendation systems on the decision-making behaviors exhibited by investors. This lacuna becomes particularly pronounced when considering the contextual backdrop of prior financial losses and the concomitant erosion of confidence in financial markets. As posited by Barberis and Thaler (2003), behavioral finance constitutes an interdisciplinary framework that analyses the interplay of psychological and emotional factors influencing financial decisions (Toader et al. 2023). In addition to this central theoretical understanding, it is apparent that provision of advice and financial support systems becomes a vital element in responding to recommendations during times of unpredictability and financial distress.

The risk and reward theory, an essential component of the financial scholarship paradigm, offers an intellectual apparatus that goes beyond mere guesswork, providing a comprehensive foundation that explains the interrelatedness of psychological and strategic factors and their impact on the investor behavior. When tensions run higher and confidence ebbs, the outlined theory comes into focus more readily as it shows investors the mechanisms they could use to refocus their risk exposures and strategic principles for prolonged wealth receiving.

Moreover, the symbiotic relationship between the investor and the financial recommendation system, as explicated within this academic discourse, becomes paramount for discerning the intricate ballet of decision-making behaviors within the ever-fluctuating landscape of financial markets. The integration of this theoretical prism show complex interrelationships of these factors as factors considered to be important in considered in decision making matie. The intention is to present a more solid understanding of the dynamic at play in the financial advice. In this way, the provided analysis of risk and reward of investors and investigating the interrelation of investors and decision making system, all at once offers an understanding for decision making behavior when faced with uncertainties and losses that are induced by the speculation in financial market.

In the recent past, a group of researcher in the field of behavioral finance has been often serious about their investigation of the connection between the attention given by financial advice systems and the decision-making behavior ultimately on the part of the investors themselves. It is hence accentuated further when confidence averred in investments is decreasing and the outcomes are financial losses that were made carelessly. A Mitroi and Stancu, 2014) report stand out in this regard, dealing with this subject, namely on how loss aversion influences financial decision-making. This research examines how loss-aversion can influence the approach of the systems of financial recommendations which deal with the feelings of loss. The research also focuses on whether these systems limit or rather increase the emotional reactions among loss experiences.

Mitroi and Stancu's study is not only about the development of a theory of the psychological processes regulating investor behavior but also about the creation of the signature of practical applications which can be applied in investment practices. The study points to the mechanism that financial recommendations systems contribute to shaping aversion responses. Firstly, the findings are crucial as they provide a basis for developing a suitable policy intended to make investors more than insecure in the face of the wobbling economy.

Extending their expertise, the foremost scholars of this subject - namely Koestner and alikes (2017) - have conducted a thorough examination of the degree financial recommendation systems can influence investor behavior in a condition of extremely high market volatility. Koestner's (2017) in depth research skillfully magnifies the feature systems that less also neutralize the devastating emotional effects that are caused by market trails. Besides just the suppressing volatility of the market, the study uncover the future capability of financial recommendation system to be used to encourage a more sensible and objective mindset in every investment decision making. The work done in that direction is not only enriching our theoretical concepts but also has practical value in the financial sector while the economy is suffering from the crisis.

Finally, academics see the market reality from a more integrated perspective. The behavior, loss aversion, as well as financial recommendation systems act as separate parts of the nature of how the money flow and decision making work in the world. Such thorough assessments serve as a meaningful starting point for both practicing theory and its applications. They help the growing profession to be aware of ever changing dynamics of behaviours of investors in the complex financial environment.

Simultaneously, the scholarly endeavors undertaken by Heath and O'Hair (2020) and Raut (2020) analyze the topic of financial decision-making by emphasizing the pivotal role played by information and its nuanced interpretation. Apart from that, research of this kind also shows the high significance of information as well as the incontrovertible power of intermediaries like financial recommendation systems which in essence explain what goes on in the heads of investors. To conclude, the findings of these examinations are based on the reminder that these

recommendation system channels serve as active and useful mechanisms for the spread of information and guidelines to investors. As drivers of perception to the investors, the systems have the transformative capacity in moments of rebellion, a context of diminishing the role of investing as a trustworthy tool or when trying to sidestep economic difficulties experienced by speculating activities.

The research by Heath and O'Hair (2020) reveals a cognitive mechanism that operates behind investors' decisions including whether and how information is detected or perceived. This research in this aspect is very narrowly linked to the outstanding mercurial environment of modern finance defined by stable volatilities. Lastly, the analysis establishes an important position for financial advice systems as the intermediaries providing a bridge through which the information is seen by the investors.

The systems, by virtue of their design and functionality, emerge as influential actors capable of shaping investor perceptions and, subsequently, their decisions.

Indeed, Raut (2020) has also given us a wider picture of investor behaviour as the results of the paper suggest that recommendation systems can also influence investor decision-making behaviour when confronted with financial loss and uncertainty. This research sheds light into how interacting systems, being go-betweens, communicate with investors' cognitive activities. It testifies to the financial recommendation systems' abilities to go beyond the matter of sharing the information; they also act as cognitive agents for navigation through the maze of decision-making inside a financial setting that is continuously changing.

In conclusion, the overall parallels drawn from the incursions of these scholarly studies on the themes of behavioural-finance and financial-recommendation systems represent the archetype of the complexity and comprehensiveness of the coordination of investor information consumption and decision-making behavior.

Besides, grounded in the trust transfer theory (Wang & Emurian, 2005; Rad et al. 2023), which implies that trust acquired in one specific context may also be used as a source for trust in a contrary, separate context, this research delves deeper into the role of financial recommender system advice in mediating such link between the decreasing trust in investments and the corresponding conservative decision-

Moreover, among missing components of existing frameworks is the linkage of economic theories to psychological theories which in earlier studies was not paid so much attention to.

As eloquently articulated by Kahneman (2011), traditional financial theories have habitually neglected the profound influence yielded by psychological factors in shaping investor behavior. The absence of this component, however, might implicitly affect the exhaustiveness of the understanding in regard to the reactive nature of investors towards the guidance which is being provided via the financial assistance systems. Subsequently, a necessary formulation of an integrative approach becomes evident which, in turn, should present a blending of theoretical perspectives from financial as well as psychological viewpoint. This shall be the way to a much broader view and in the most diversified context to recognize what customers do in financial losses and how recommendations systems guide them.

The result then is why a synthesizing approach is found to be essential which collects the different schools of thoughts from both financial and emotional point of views. As such, it constitutes a necessary part of this task of grasping a broader scope of investor behavior, especially the link of investor loss and the financial operations systems. This study is followed by a research conducted by Pelau and associates (2023a) to address how the sudden strong emotion aroused by breaking news accounts affects the confidence and integrity of the information perused social

media. This proves the central need for research to discover and check on the implications of the psychological factors concerning information processing on online platforms. In their research, Pelau and coworkers (2023b), physical appearance-based measures and distance relationship between consumer-AI business factors are highlighted, having a positive effect on the marketing strategies and effective business-to-consumer interaction. This emphasizes the relationship between the psychological factors and technological devices in decision-making processes of consumers. The experiments not only highlight the critical role of theory from both financial studies and psychology, but they also emphasize the fact that the complexities underlying investors' behavior and decision-making processes cannot be explained comprehensively without the theory from both the financial and psychological areas in modern-day financial environment. Another evidence of this integrative approach can be seen in a study done by Csorba and colleagues (2023) that investigates how consumer conduct is driven by their fundamental rights. In addition, they stress the psychological nature of their beliefs, and attitudes that, in turn, influence their behaviors in favor of environmental sustainability. Furthermore, Watkins et al (2022) emphasised tagging and eradicating issue-based self-efficacy implication that contribute in apprehending the psychological dimension in structuring decision-making in different context. Besides, the work of Vaduva et al., (2024) presents the effect of the public policies and civil society on the sustainable mental process of a consumer and thus, it gives an additional evidence of the intricacy between external factors, psychological phenomena, and consumers' decision-making methods. Further, Țigan and colleagues (2022) conduct investigation on sustainable communication practices during Western Romanian corporations' telework period. Thus, insight into psychological facets that define management forms and labor force behavior is also offered.

The field maybe has just started scratched the surface as more depth degree studies are required to give us the entire picture, which goes beyond simply looking at the basic movement of investors as well as the relative efficiency of the financial markets when faced with adversity. Excising these fissures, academicians can not only berate the theory of behavioral finance but also address enabling decision-making processes grounded in the highly complex and ever-changing environment of current financial products and markets.

In addition to all these subjects that are already studied in great detail, very little is written pertaining to the domestic market components of portfolio diversification and risk management in the outlooks of financial service providers. In the investment field, the prominent Markowitz work, comprised in the Modern Portfolio Theory, has been regarded as the epitome of the risk management. Recognizing the magnitude of imperative factor that the acceptance or rejection of recommendations from financial assistance systems poses to portfolio diversification processes and the refinement of risk techniques; a thorough study on the mentioned point is crucial. The objective of this inquiry is the aim at developing the capacity of the investors to opt for a more rational and much deeper analysis of the results of such financial systems.

Therefore, thanks to the modern portfolio theory investors understand that risk management is not just diversifying investments, but a method to achieve maximum finished results. Conclusively, meticulous examination of the current shortcomings in scholars' work can pave the way for the following investigations.. In so doing they show how this type of interaction helps to balance between recommendations to financial assistance borrowing and borrowers decision making behavior. Such research is in the same way likely to add to the killings of how the investors then transform their portfolio strategies as well as risk management approaches attuned to the advice availed in the financial systems, most prominently amid the erratic situations of investment losses and eroding stock market confidence.

Given what has been discussed so far, the central question motivating this study is: Can financial recommender system advising acceptance act as a mediator between the decreasing investment trust that follows any losses in financial speculation and subsequent cautious behavior in investments? It is still debatable to understand how the weakened trust, the challenging emotional reactions to financial losses and investing recommendations provided by financial experience systems make investment decisions in the future.

Methodology

The methodology section of this study delineates the procedures and techniques employed to address the research objectives effectively.

The study used convenience sampling, with the questionnaire shared among groups of financial consultants and brokers, on the one hand, as well as teaching staff and students from business faculties from two universities in western Romania, on the other hand. The collection of data was carried out, maintaining compliance with all ethical standards, and proper consent was obtained from all participants. The sampling method was chosen for its practicality and accessibility within the target population of financial professionals and beneficiaries of financial investments. Data collection was done from September 2023 to January 2024. The data collection tool consisted of an online questionnaire on Google Form. All responses were collected, and the final number of valid questionnaires analyzed was 150. Data were processed with the PROCESS Model 4 from SPSS Software.

There were almost identical group by gender: 50.6% were male and 49.4% female. Responses were obtained from a wide range of individuals: 27.8% disclosed incomes below 3000 RON, 25.3% reported earnings between 3000 and 5000 RON, and 17.7% confirmed earnings between 5000 and 7000 RON. The largest section, including 29.1% of respondents, earned more than 7000 RON. Furthermore, we tested participants' professional background in the financial industry, proving that 35.4% had less than one year of experience, 36.7% had between one and ten years of experience, and 27.8% had more than ten years of experience.

Also, regarding age, our participants age ranged between 18 and 64 years, recording a mean of 33.56 years (SD = 13.681). The demographic information is displayed in Table 1.

Table 1. Demographic data

Characteristic	Category	Percentage
Gender	Male	50.6%
	Female	49.4%
Education Level	High school	27.8%
	College	44.3%
	Master's or Doctorate	27.8%
Income	Below 3000 RON	27.8%
	3000-5000 RON	25.3%
	5000-7000 RON	17.7%
	Above 7000 RON	29.1%
Experience in Financial Domain	Less than 1 year	35.4%
	1-10 years	36.7%
	More than 10 years	27.8%

Source: Authors' own research.

Diverse demographic composition of the study participants serve as a basis of this study's comprehensive and extensive data, which in turn lead to an analysis with a robust structure, and hence address the research questions properly.

To measure the decline in trust in investments following losses in financial speculation, we devised a scale consisting of five items, drawing inspiration from relevant scientific literature (Johnson et al., 2023; Brooks et al., 2020; Van der Crujisen et al., 2023; Makin & Layton, 2021; Van Rooij et al., 2011). Participants were asked wheather they have encountered any capital loss due to speculation. The severity of losses was assesed were on a Likert scale from 1 (not at all) to 5 (significant losses). They're also asked to describe the emotional impact of these losses, from 1 (very little) to 5 (very much). Additionally, participants assess how these financial losses have influenced their overall trust in investments, ranging from 1 (not at all) to 5 (very much). They are also queried about their willingness to continue investing after experiencing financial losses, providing responses from 1 (not at all) to 5 (very willing). They are also queried about their willingness to continue investing after experiencing financial losses, providing responses from 1 (not at all) to 5 (very willing). Lastly, subjects rated how closely they can see the connection between their loss of financial knowledge and their personal losses on scale 1-5. These points considered as a whole give the risk which have more complex features of erosion of investor confidence in which investor's behavior and attitudes is the most important thing to be known in the context of the study in hand. The scale obtained a Cronbach's alpha coefficient of 0.75.

The scale measuring subsequent decision-making behavior in investments encompasses ten items designed to assess various aspects of investors' decision-making processes, items inspired from the scientific literature (O'Connor, 2013; Nguyen et al., 2016; Dhaliwal et al., 2010; Custódio & Metzger, 2014; Hue et al., 2019; Wood et al., 2013; Pelau et al., 2023) and rated on a 1 to 5 Likert scale.

The Cronbach's alpha coefficient for this scale was computed to evaluate its internal consistency and reliability. The obtained Cronbach's alpha coefficient was found to be satisfactory, yielding a value of 0.77. A value of 0.79 indicates that the construct measured by these items is sufficiently correlated with each other and apparently can explain the outcomes related to the subsequent investment decisions.

Although the scale includes a series of decision-making aspects central to investor behavior, such as reading market information, reviewing daily performance of the portfolio dynamics, considering risk tolerance with diversification strategies, attending to the stock market, reliance to financial advisors, emotional impacts, long-term investment preferences, potential to receive immediate returns, and have comfort in handling risky investments, it also includes exchange rate and inflation. In general, the scale serves as a tool for assessing all aspects in investment making which include behavioural and psychological aspects. Its satisfactory reliability coefficient makes this scale a pivotal tool which, in the view of the scope of investors' decision - making process, gets to capture even the subtleties of their behaviour while investing.

This single-item research question establishes how willing the participants are to accept recommendations from the AI-based financial system with regard to the management of their income. A five-point rating system was used to indicate the level of agreement with the content of the statement. This question gauges the financial recommender system advising acceptability by amassing participants' sentiments about using AI-driven financial advice to manage their income. A single-item research topic can be chosen to speed up the gathering and analysis of data, making it more simple and focused. For example, Pu, Chen, and Hu carried out a survey of the state of the art in the evaluation of recommender systems from the user's perspective, reviewing different

methodologies for assessing recommender systems and giving valuable insights into understanding user preferences and satisfaction, including item selection.

Further, a correlational study will be conducted to investigate whether financial recommender system advising acceptance acts as a mediator in the relationship between declining trust in investments following losses in financial speculation and subsequent cautious decision-making behavior in investments. This analysis will be guided by the trust transfer theory (Castelfranchi, Falcone, 2010).

Results and discussions

Table 2 provides descriptive statistics for all the research variables. The mean scores indicate that, on average, participants reported moderate levels of declining trust in investments following losses in financial speculation ($M = 2.6835$, $SD = 0.75353$), high levels of financial recommender system advising acceptance ($M = 3.9873$, $SD = 1.17117$), and moderate levels of subsequent cautious decision-making behavior in investments ($M = 3.4582$, $SD = 0.63581$).

Table 2. Descriptive statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Declining trust in investments following losses	150	1.00	4.20	2.6835	0.75353
Financial recommender system advising acceptance	150	1.00	5.00	3.9873	1.17117
Subsequent cautious decision-making behavior in investments	150	1.10	4.70	3.4582	0.63581

Source: Authors' own research.

Correlation analysis was further used to analyze the relationships between the variables. As shown in Table 3, there were significant positive correlations between declining trust in investments following losses in financial speculation and financial recommender system advising acceptance ($r = 0.443$, $p < .001$) as well as subsequent cautious decision-making behavior in investments ($r = 0.584$, $p < .001$). Moreover, financial recommender system advising acceptance was positively correlated with subsequent cautious decision-making behavior in investments ($r = 0.299$, $p = .001$).

Table 3. Correlation matrix

	Declining trust	Financial recommender system	Subsequent cautious decision-making
Declining trust in investments following losses	-		
Financial recommender system advising acceptance	0.443**	-	
Subsequent cautious decision-making behavior	0.584**	0.299**	-

Note: ** $p < .001$

Source: Authors' own research.

The mediation analysis findings support the study's hypotheses. Firstly, the total effect of declining trust in investments (X) on subsequent cautious decision-making behavior (Y) was found to be statistically significant (effect = 0.6919, SE = 0.1097, $t = 6.3093$, $p < .001$, LLCI = 0.4735, ULCI = 0.9102). This indicates that as declining trust in investments increases, subsequent cautious decision-making behavior also tends to increase.

Furthermore, after controlling for the mediator (financial recommender system advising acceptance), the direct effect of declining trust in investments (X) on subsequent cautious decision-making behavior (Y) remained significant (effect = 0.5875, SE = 0.1085, $t = 5.4145$, $p < .001$, LLCI = 0.3714, ULCI = 0.8036). This suggests that even when accounting for the influence of the mediator, declining trust in investments still exerts a significant direct effect on subsequent cautious decision-making behavior.

Additionally, the indirect effect analysis revealed a significant indirect effect of declining trust in investments (X) on subsequent cautious decision-making behavior (Y) through financial recommender system advising acceptance (Mediator) (effect = 0.1044, BootSE = 0.0697, BootLLCI = 0.0052, BootULCI = 0.2705). This supports the hypothesis that financial recommender system advising acceptance mediates the relationship between declining trust in investments and subsequent cautious decision-making behavior.

The completely standardized indirect effect of declining trust in investments (X) on subsequent cautious decision-making behavior (Y) through financial recommender system advising acceptance (Mediator) was also significant (effect = 0.0881, BootSE = 0.0576, BootLLCI = 0.0044, BootULCI = 0.2252). Results are depicted in Tabel 4.

Table 4. Total, Direct, and Indirect Effects

	Effect	se	t	p	LLCI	ULCI	c'_cs	c'_cs
Total effect	.6919	.1097	6.3093	.0000	.4735	.9102	.5838	-
Direct effect	.5875	.1085	5.4145	.0000	.3714	.8036	-	.4957
Indirect effect(s)								
Financial recommender system advising acceptance	.1044	.0697	-	-	.0052	.2705	-	-

Source: Authors' own research.

Overall, these findings lend empirical support to the study's assumptions, revealing the financial recommender system's role as a mediator in affecting the link between diminishing trust in investments and subsequent cautious decision-making behavior. Following the analysis of the mediation effects, a path analysis graph was constructed to visually represent the relationships between the variables involved in the mediation model. The graph depicts the direct and indirect pathways from declining trust in investments (X) to subsequent cautious decision-making behavior (Y), mediated by the financial recommender system advising acceptance (Mediator). This graphical depiction clearly shows how the variables are interrelated and the pathways via which their effects are transferred. It provides important insights into the function of a financial recommender system in recommending acceptance in the link between diminishing trust in investments and subsequent cautious decision-making behaviour.

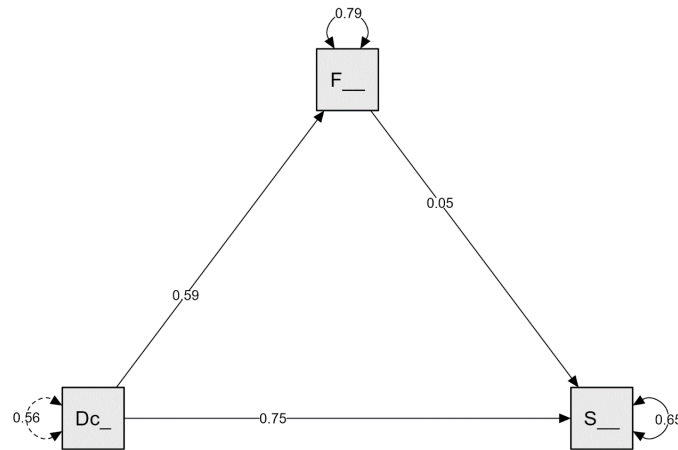


Figure 1. Path analysis

Source: Authors' own research.

According to trust transfer theory, people transfer trust from one setting to another based on past experiences. In the context of our research, falling trust in the investments as a result of financial speculation losses may lead individuals to shift their trust to alternative sources, such as financial recommendation systems. According to this theory, if individuals have positive experiences or trust in a particular system, like a financial recommender system, they are more likely to extend that trust to the recommendations provided by the system. As financial recommender system advising acceptance was found to be positively correlated with declining trust in investments, this could be explained by the phenomenon of trust transfer.

As people lose money in financial speculation and their trust in conventional investment approaches decreases, they might look for alternative sources of guidance. If a financial recommender system is seen as credible or trustworthy, people may transfer their trust to it, and then its advice may be more likely to be accepted. This transfer of trust, in turn, may influence future cautious investment decisions. The theory of trust transfer, therefore, gives a theoretical viewpoint through which the dynamics of trust across domains can be explained and how positive or negative experiences might relate to judgments of trust in related settings. It impresses a necessity to consider previous experiences of trust by an individual in measurements of their acceptance of new systems or technologies and logically explains the mediating effects in our study.

Secondly, the strong indirect effect, mediated by a financial recommender system, advocating acceptance, contributes to empirical evidence toward the supposition that these systems are important moderators in the change of the decision-making process of investors as trust in investments goes down.

These findings show the complexity of investor decision-making, where trust, information sources, and decision tools play their role in investment habits. The study was able to portray the mediating function of financial recommender systems and thus further our understanding of how technology innovations in financial advice provision might offset the effect of falling trust on investment decisions.

Conclusion

To sum up, the study explored the interaction between future smart investment decisions and a decrease in the confidence of investments after the personal loss and how the financial recommendation system advocating for acceptance moderates this negative relationship. Findings of the mediation research revealed an interwoven process of the poor trust of investors, acceptance-based financial recommender systems, and the negative effect of the latter on the decision-making. The direct and indirect effects, however, were also very significant. To sum up, the overall findings underpin the complexity of investor decisions and call for a concerted effort by the legislators and the financial institutions to ensure trust-building measures are enhanced, coupled with technology-driven initiatives, promoting informed and safe investment practices. This contributes to the literature by addressing mediation analysis. The empirical results of this study can benefit both scholars and practitioners.

There are several limitations to note. First of all, the fact that all information was self-reported means that participant's rationality of viewed and answered questions may have not been full. Second, sample size could make the results inapplicable to other groups, as it was small and consisted of a special type of population, namely financial experts. As for the directions for future research, the link between decreasing investment trust, financial recommender system adoption and decision-making behavior can be researched. Moreover, differences in the effect of age, wealth and education on the variables also require further large general population studies. Longitudinal study design could also provide information about the long-term consequences of using financial recommender systems on investment or general behavior. Furthermore, experimental methods might be used to investigate the causal links between these factors, as well as potential treatments to alleviate the detrimental consequences of falling trust on investment decisions. Furthermore, studying how psychological factors such as emotions, cognitive biases, and risk perception influence investment behavior may reveal vital new insights into the underlying mechanisms governing decision-making in financial contexts.

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