

Behavioral finance theories towards traditional finance theories Literature review

MSc. Blerina Dervishaj
University of Vlora "Ismail Qemali"

Abstract

Traditional Finance and Behavioral Finance try to explain investor's behavior with different arguments and theories. The simplest way to think, is to think about theories of traditional finance how financial markets should function and how investors should behave in an ideal world, whereas for behavioral finance theories, how financial markets function and how investors actually behave in the real world. Understanding both theory and reality, helps investors in making better investment decisions. This paper aims to summarize the main theories of Traditional Finance and Financial Behavior based on the existing literature for the two schools of thought.

Keywords: Traditional Finance, Behavioral Finance, Theories, Investing Decision.

Full Text: [PDF](#)



This work is licensed under [Creative Commons Attribution 3.0 License](#).

European Journal of Economics, Law and Social Sciences ISSN 2519-1284 (print) ISSN
2510-0429 (online)

Copyright © IIPCCL-International Institute for Private, Commercial and Competition law