Systematic Literature Review of Applications of Neuroscience in Finance: A Perspective of Neurofinance

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Abstract: Neurofinance is an emerging field that integrates neuroscience and psychology with financial theory to enhance understanding of financial decision-making. This discipline examines how individuals assess financial information and how emotions, psychological biases, and individual differences impact these decisions. Through neuroscience experiments, neurofinance seeks to identify the underlying causes of deviations from classical finance theories in investor behavior. This study introduces the field of neurofinance and assesses the effectiveness of neuroscience experiments in contemporary financial decision-making. The literature review identifies existing research gaps and suggests directions for future inquiry. By focusing on the neural mechanisms underlying investor behavior, this article addresses a notable gap in the literature and demonstrates that neurofinance offers a more comprehensive explanation of investor behavior.

Keywords: Traditional Finance, Behavioural Finance, Neurofinance, Neuroscience, Psychology in Finance

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