## Question 3 – Using the domain selected in the previous question, along with all the available data from the dataset, conduct a new analysis of the data.

1. **Formulate a new research question or hypothesis that can be answered using the data available in the survey.**

Our study aimed to examine how personal financial characteristics of financial analysts influence their risk recommendations. Specifically, we focused on two main variables:

Debt-to-Income Ratio (DIR): Calculated as the ratio of an analyst’s total debt to their income, representing the relative financial pressure they may face.

Absolute Debt Level: The total debt amount, which serves as a measure of the absolute financial burden without considering income.

In addition, we analyzed other demographic and professional factors such as age, education level, and work experience, to understand their potential roles in shaping risk recommendation tendencies.

**b.) Develop a conceptual or theoretical framework to address the question. Back your predictions with work from the literature and knowledge from the field.**

The aim of this study is to explore the impact of financial advisors' level of personal debt (Debt-to-Income Ratio) on their financial product recommendation behaviour. By analysing the Debt-to-Income Ratio (DIR) and Direct Debt of financial advisors, we seek to understand how these variables affect their product selection tendencies in different contexts. The data contains a variety of variables such as age, education level, work experience, income and other control variables to ensure a comprehensive examination of the factors influencing advisor recommendation behaviour. A multinomial logistic regression (MNLogit) model is used to analyse advisers' choices for each option to quantify the effect of debt level on recommendation behaviour and identify the significant effect of debt burden on financial product recommendation preferences.

Drawing inspiration from Gerrans and Hershey's (2017)[3] exploration of financial advisor anxiety and behavior, we incorporate advisors’ personal financial conditions as a key factor impacting their recommendations. Using a multinomial logit (MNLogit) model, as seen in recent work by d’Astous et al. (2024)[5] on the quality of financial advice, we examine how debt levels and other controls (age, education, income, and work experience) affect advisors' preferences across various financial products. The inclusion of DIR as a variable is informed by the framework established in the study on certification in private debt markets (2024), which emphasizes the relevance of personal debt burden in professional financial decisions. Furthermore, insights from Vijayakumar and Daniels (2006)[4] on the behavior of financial advisors in municipal bond markets guide our approach to analyzing advisor behavior. Together, these sources provide a comprehensive foundation for understanding the role of personal debt in shaping financial advisors' product recommendations.

**c.) For your main new empirical analysis, present your results in a table. Explain your methods (e.g., OLS, Probit, etc) and justify why they are applicable here (e.g Probit for binary data, OLS for continuous, etc). Additionally, the mean and standard deviation of all variables used in your analysis must be presented in one descriptive statistics table.** & **d. )Interpret your results, explaining the significance of the estimated effects and whether they verify your hypothesis. Discuss possible explanations if the hypothesis is not verified.**

图表, 箱线图

描述已自动生成

why they are applicable here

the mean and standard deviation of all variables used

## Bibliography

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## Annexe: Replication of Table 2 (descriptive statistics) from the paper



