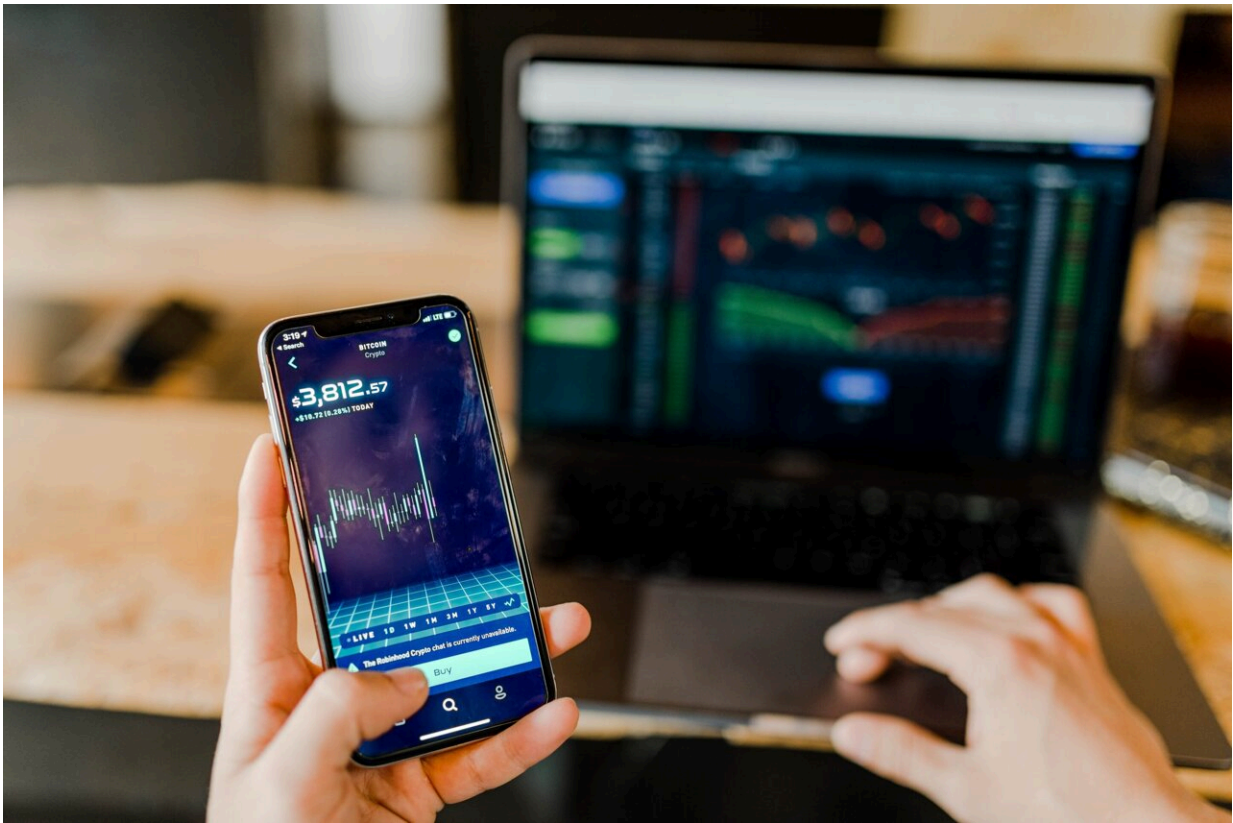


Consumers are likely to be susceptible to slick graphic design of trading platforms

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Credit: Unsplash/CC0 Public Domain

In today's digital society, online investment trading tools have become commonplace. So are user design elements like flashing graphs, zero commission trading, and notifications on mobile devices. But

preliminary findings from a new study out of the Lally School of Management at Rensselaer Polytechnic Institute indicate that new investors may be falling prey to these sophisticated elements of web design, thereby putting their money at risk.

Research conducted by Gaurav Jain, a behavioral economist and assistant professor at Rensselaer, and John Chen, an [undergraduate student](#) studying biology in Rensselaer's accelerated B.S./M.D. program, explored how certain graphic designs on decentralized finance (defi) apps can target an investor's inexperience to elicit decisions that are quick and uninformed, using an investor's intuition rather than information.

"Though the research has yet to be peer-reviewed, these early findings clearly indicate new traders are more fallible to behavioral biases and heuristics that may negatively impact their trading," Jain said.

Over the past few years, breakthrough developments in blockchain technology combined with the isolating effects of the pandemic to bring an unprecedented number of inexperienced individuals to use defi and cryptocurrency services like Coinbase, Gemini, and OKCoin.

Despite all of the new tools available to them, many of these new traders lack the proper training and cross checking available to institutional traders. The findings suggest that left unchecked, many individuals may end up squandering their hard-earned savings as a result of bad trading decisions categorized as errors in cognition.

The influential design components Jain found on defi apps applied a wide range of behavioral science theories. Features such as randomized rewards, where sites randomly give away various amounts of cryptocurrency to users, thereby gamifying the investment process, the scaling effect of non-linear axis on graphs that skew people's perception,

and even the choice to show price changes in red and green, were all shown to influence a cryptocurrency investor's behavior.

"The field of behavioral science analyzes the shortcomings humans face in their decision-making through a psychological lens," Jain said.

"Getting this information to everyday retail traders may allow them to make better choices for their portfolios by being aware and understanding the designs and heuristics they are subject to."

The behavioral effects of graphic design choices and [design](#) architecture have been well documented already on other apps, from [social media platforms](#) to travel sites. Jain's [research](#) reviewed data from cryptocurrency apps.

Next steps for the researchers will be to complete the comprehensive analysis and submit for [peer review](#).

Provided by Rensselaer Polytechnic Institute

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