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FINANCIAL ADVICE SEEKING AND INVESTMENT PERFORMANCE: RESEARCH ON INDIVIDUAL INVESTORS IN THE VIETNAM STOCK MARKET

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ABSTRACT

This study investigates how seeking financial advice affects the investment performance of individual investors in the Vietnam stock market. Based on primary data collected from an online survey of 362 investors from December 2023 to March 2024, the research measures performance via self-reported satisfaction on a 5-point Likert scale. Utilizing an Ordered Probit regression model and marginal effect analysis, the findings demonstrate that seeking financial advice, possessing higher financial literacy, and maintaining a reasonable trading frequency significantly enhance investors' perceived performance. Conversely, the disposition effect, self-protection bias, and mental accounting bias exert significant negative impacts. Other behavioral factors, such as overconfidence and hindsight bias, alongside demographic characteristics, show no statistically significant influence. The study contributes to behavioral finance theory by proposing that in emerging markets with low financial literacy, professional advice serves not only as an informational signal but also as a structured bias-correction mechanism, with its effectiveness increasing with the degree of delegation. Practical recommendations are provided for investors, advisors, and regulators to enhance the advisory ecosystem.

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1. Introduction

The Vietnamese stock market is classified as a frontier market, with a large number and a rapidly increasing proportion of individual investor trading accounts, which contributes to market liquidity and helps create a dynamic and growing stock market. Market capitalization has shown substantial growth, rising from 0.22% of GDP in 2000 to 33.52% of GDP in 2010 and 58.1% of GDP in 2023. However, the widespread participation of individual investors also introduces certain risks, as Vietnamese citizens have low financial literacy; only 24% of adults are considered financially literate, ranking 118th out of 144 countries worldwide (Klapper & Lusardi, 2020; Dinh et al., 2023).

Previous international studies have primarily focused on the relationships between financial literacy, behavioral biases, and the investment performance of individual investors. According to Grinblatt et al. (2012) and Kuo et al. (2014), investors with low financial literacy often exhibit poor investment performance. These investors are prone to behavioral biases, leading to less diversified portfolios (Goetzmann & Kumar, 2008), excessive trading (Barber et al., 2000; Graham et al., 2009), selling winning stocks too early and holding losing stocks too long (Odean, 1998; Shefrin & Statman, 1985), or attributing past successes to their own abilities while blaming the market for losses (Daniel et al., 1998; Gervais & Odean, 2001), resulting in overconfidence and inefficient investment (Czaja & Röder, 2020).

In addition, another stream of research highlights the role of financial advice. Some studies indicate that professional financial advisors can improve investment returns due to their expertise and objective recommendations (Bhattacharya et al., 2012; Von Gaudecker, 2015). Conversely, other studies point out that financial advisors may reduce investment efficiency due to agency problems between advisors and clients (Hackethal et al., 2012; Hoechle et al., 2017; Parker et al., 2012; Von Gaudecker, 2015). Despite these debates, the role of financial advisors in supporting the sustainable development and quality of the stock market is undeniable. In practice, however, few investors actively seek advice (Bhattacharya et al., 2012), and even when they do, they rarely follow recommendations and continue to exhibit biased investment behaviors (Bachmann & Hens, 2015).

In Vietnam, research by Phan et al. (2024) shows that investors with higher financial literacy are more likely to use financial advice compared to those with lower financial literacy. Nevertheless, the annual financial reports of securities companies indicate that revenue from stock financial advice seeking accounts for only a very small portion of total net revenue, reflecting the tendency of Vietnamese individual investors to invest independently and place limited importance on advisory services.

Therefore, previous research has highlighted the links between financial literacy, behavioral biases, and financial advice on investment performance, yet gaps remain: few studies examine the simultaneous impact of both the choice to use and the extent of financial advice seeking on investment performance in emerging markets, where financial literacy is still limited and psychological factors strongly influence investment behavior. Additionally, few studies control demographic characteristics, psychological factors, trading activity, and educational attainment simultaneously.

Based on this context, the present study aims to examine the impact of the choice of financial advice seeking and the extent of financial advice seeking on the investment performance of Vietnamese individual investors, while controlling for financial literacy, behavioral biases, psychological factors, stock trading activity, and demographics. The findings will

contribute to the behavioral finance literature in emerging markets and provide practical evidence for policymakers, financial advisory organizations, and investors to make more effective investment decisions.

2. Literature review

2.1. Impact of the choice financial advice seeking and extent of financial advice seeking on investment performance

Previous research findings show no consensus on whether financial advisors improve or worsen investment performance. On one hand, some studies suggest that financial advisors harm investment returns due to conflicts of interest arising from fee structures or information asymmetry between advisors and investors (Carlin & Manso, 2011; Hoechle et al., 2017; Iannicola & Jonas Parker, 2010; Stoughton et al., 2011). If financial advisors are compensated through fees and commissions, their advice may be biased (Gennaioli et al., 2015; Inderst & Ottaviani, 2012). Moreover, biased advice can lead to misselling of financial products (Inderst & Ottaviani, 2009), excessive trading (Mullainathan Markus Noeth Antoinette Schoar et al., 2012; Shapira & Venezia, 2001), and excessive risk-taking (Piccolo et al., 2016), ultimately harming Investment performance for clients. Accounts advised by financial advisors have lower average net returns and poorer risk-return trade-offs (Sharpe ratio) (Hackethal et al., 2012). Clients advised by financial advisors achieve lower net returns than independent investors (Hoechle et al., 2018). Conversely, objective financial advice can improve investors' returns (Bhattacharya et al., 2012; Von Gaudecker, 2015).

Meanwhile, Ziying Yang et al. (2023) found no evidence that financial advice improves investor performance (Yang et al., 2023). This finding is consistent with the previous research of Kramer (2016). The study by Bhattacharya et al. (2012) shows that investors who receive advice (about 5%) rarely follow the advice, and therefore do not significantly improve their portfolio performance, suggesting that the availability of objective financial advice is a necessary but insufficient condition to benefit individual investors (Bhattacharya et al., 2012).

2.2. The impact of other factors on investment performance

Previous research has also demonstrated that other factors can influence investment performance, such as persons with poor levels of financial knowledge facing larger hurdles to market investment. Many previous studies have documented that limited financial literacy is associated with poor financial behavior and investment performance; for example, they are related to behavioral abnormalities such as cognitive ability (Dohmen et al., 2007) and cognitive reflection (Frederick, 2006), low stock market participation (Christelis et al., 2010; Grinblatt et al., 2011), and poor investment performance (Grinblatt et al., 2012; Kuo et al., 2014).

Previous studies have also confirmed the link between behavioral biases and investment performance. For example, in investing, overconfidence can lead to overtrading, poor diversification, and taking on too much risk (Mccannon et al., 2016; Merkle, 2017). Meanwhile, there are some studies that suggest that investors who are overconfident and trade more can benefit from increased investment performance. For example, overconfidence has a negative effect on the investment results of US investors (S. Kanojia & D. Malhotra, 2023) and Moroccan investors (Lebdaoui et al., 2021) but has a positive impact on the investment performance of UK investors (S. Kanojia & D. Malhotra, 2023).

Asymmetry in self-attribution suggests that individuals tend to ascribe positive investment results to their investment skills

while attributing unfavorable results to external variables or bad luck (Miller & Ross, 1975). This leads to overconfident and underconservative investing methods (Hirshleifer, 2001), which can result in poor investment performance.

With mental accounting, investors pay attention to profits and losses (Barberies & Huang, 2001). That is, the investor has mentally divided the investment portfolio into two independent accounts: the risk prevention account, which avoids losses, and the investment account, which pursues profits. Mental accounting increases the risk of financial and investment decisions for Palestinian investors (Al-Abdallah, 2018) and has a negative impact on the investment performance of Indian investors (S. Kanojia & D. Malhotra, 2023).

Regarding hindsight bias, Tversky and Kahneman (1974a) argue that while investors' life experiences can help them invest better, they can also lead to investing biases, one of which is hindsight, which leads to inefficient investment performance. Hindsight bias alters investing decisions, influencing portfolio allocation and causing investors to take on excessive risks (Pezzo & Beckstead, 2008; Pompian, 2006; Monti & Legrenzi, 2000; Hussain et al., 2013) due to the probability of event misprediction (Tavor, 2013). Hindsight bias also causes decreased risk perception and investing success (Biais & Weber, 2009).

The disposition effect refers to investors' inclination to sell successful equities too soon and hold on to loser stocks for too long (Shefrin & Statman, 1985), resulting in poor investing performance. The disposition effect has been proven in most prior studies to have a detrimental impact on both individuals and the market (Kaustia, 2004; Dhar & Zhu, 2006; Frazzini, 2006; Choe & Eom, 2009; Aspara & Hoffmann, 2015). S. Kanojia and D. Malhotra (2023) found that the disposition effect has a detrimental impact on the investment results of US investors.

Hind Lebdaoui et al. (2021) found that demographic characteristics such as gender, age, education level, and monthly income level of investors have no significant impact on investment performance. Risk aversion is detrimental to Chinese investors' stock investing performance, although income and investment expertise are beneficial (Yang et al., 2023).

2.3. Theoretical framework

The study draws on both standard finance theory and behavioral finance to explain the mechanisms through which financial advice affects investment performance. According to CAPM (William Sharpe, 1960), the expected return of an asset depends on its risk (beta) and the risk-free rate, indicating a positive relationship between risk and return: to achieve higher returns, investors must accept higher levels of risk. However, behavioral finance suggests that biases such as risk aversion or the disposition effect can distort this relationship, leading to suboptimal investment outcomes. In this context, financial advisory services act as a behavioral adjustment mechanism, providing analytical information, portfolio recommendations, and risk management guidance to help investors make more rational decisions. At the same time, financial literacy influences the ability to understand and apply advice, optimizing investment performance. This theoretical framework explains the mechanism through which the choice and extent of financial advice seeking, combined with financial literacy and psychological factors, can enhance individual investors' investment performance in emerging markets.

2.4. Develop research hypotheses

Previous research has found no consensus on the impact of financial advisory services (FAS) on individual investors' investment performance. Some studies suggest that financial advice may reduce returns due to conflicts of

interest, information asymmetry, and biased recommendations (Carlin & Manso, 2011; Hoechle et al., 2017; Gennaioli et al., 2015), while other studies indicate that objective financial advice can enhance investment performance by providing information, analysis, and portfolio strategy recommendations (Bhattacharya et al., 2012; Von Gaudecker, 2015). More recently, Kadoya et al. (2025) found that free financial advice improved the investment performance of Japanese households, whereas professional financial advice did not generate significant benefits.

In Vietnam, the choice to seek FAS reflects proactive behavior in acquiring information and investment knowledge, which can enhance financial literacy, mitigate behavioral biases, and improve decision-making (Lusardi & Mitchell, 2014; Von Gaudecker, 2015; Gennaioli et al., 2015). Furthermore, the extent of financial advice seeking indicates the level of consultant intervention in investment decisions. A higher extent allows investors to access more specialized recommendations, continuously enhance their financial knowledge, and better control behavioral biases, thereby optimizing investment performance (Collins & O'Rourke, 2010; Hackethal et al., 2012). Therefore, the research hypothesis is proposed:

Hypothesis H1: The choice of financial advice seeking has a positive impact on investment performance.

Hypothesis H2 The extent of financial advice seeking has a positive impact on investment performance.

3. Data collection and research methodology

3.1. Sample

Data were collected from an online survey of individual investors in the Vietnamese stock market. The questionnaire was designed and distributed through the Unipark platform (www.unipark.de). The research team employed the Snowball Sampling method to expand the survey scope and enhance sample randomness; this method has the advantage of reaching hard-to-access investor groups while leveraging social networks to collect a diverse and rich sample. The survey took approximately 30 minutes to complete and consisted of four sections: (a) measuring behavioral biases, (b) measuring financial literacy and trading activities, (c) measuring investment performance, and (d) collecting demographic information.

The initial sample included 2,686 responses, of which 379 were completed by individual investors. From this subset, 17 responses were excluded based on two criteria to ensure data quality: (i) excessive survey completion time (over 45 minutes), which could indicate lack of focus or insincere responses, and (ii) implausible answers, including outliers or contradictory information, which could bias the analysis. These criteria were applied according to standard data quality control principles in online survey research (Collins & O'Rourke, 2010).

After removing unreasonable observations, a total of 362 responses were retained for further analysis, ensuring that the data accurately reflect the actual behavior, cognition, and investment performance of individual investors.

3.2. Research model

Investment performance

Investment performance in the stock market is typically measured by the return on an investment portfolio. However, collecting data on individual investors' stock investment outcomes in Vietnam is highly sensitive and strictly regulated due to legal requirements on the confidentiality of personal information and trading account data. At the same time, in the context of behavioral finance, satisfaction with investment decisions or with actual outcomes relative to expected returns can also

serve as a measure of investment performance. Specifically, this involves analyzing investors' satisfaction with their expected returns as well as their satisfaction with their investment decisions (Phung Thai Minh Trang & Nguyen Huu Tho, 2017; Vuković & Pivac, 2023). Higher satisfaction indicates higher investment performance. In this study, investment performance is measured in three ways, corresponding to three questions using a 5-point Likert scale developed by Oberlechner and Osler (2008), which have been widely used in previous studies (Phung Thai Minh Trang & Nguyen Huu Tho, 2017; Vuković & Pivac, 2023). The three questions are: (1) The return rate of my recent stock investment meets my expectations; (2) My rate of return is equal to or higher than my previous rate of return; (3) I feel satisfied with my investment decisions. The variable "investment performance" is calculated as the average of the responses to these three questions and coded as follows: "1" = Very dissatisfied and dissatisfied, "2" = Neutral, "3" = Satisfied and very satisfied.

This study does not directly ask investors about actual gains or losses because respondents may refuse to answer or may provide biased responses. For instance, Fisher (1993) on social desirability bias and the validity of indirect questioning shows that sensitive topics such as finance, income, or investment performance often lead to bias due to the desire to be viewed favorably. Respondents are rarely fully truthful when answering direct questions about personal finance. Similarly, Charness and Gneezy (2012) compared self-reported investment outcomes with actual investment results and found that participants tended to overstate their investment performance, particularly males.

Investment performance is measured through three indicators. Therefore, we tested the reliability of the measurement scale. The result of the Cronbach's Alpha coefficient for the overall scale is 0.8887, which is higher than the Cronbach's Alpha coefficient if any variable is removed. The item-rest correlation coefficients for all the component measurement variables are greater than 0.3. This indicates that the "Investment Performance" scale is suitable. When performing factor analysis, the KMO index is 0.741, which is greater than 0.5. Additionally, the Bartlett's Test shows a p-value (sig.) of 0.000, which is less than 0.05, indicating that the test is statistically significant. The investment performance factor was extracted with an Eigenvalue of 2.45467, which is greater than 1, and the total variance extracted is 81.82%, which is greater than 50%. This indicates that the extracted factors explain 81.82% of the variability in the observed data, meaning that the factor analysis model is appropriate. Finally, the factor rotation shows that all three observed variables have factor loadings greater than 0.5. Therefore, all three observed variables are retained for measuring "investment performance".

Choice of financial advice seeking

To measure whether investors seek financial advice or not, we adopted the approach developed by Brenner and Meyll (2020). Specifically, participants were asked if they had received advice (in-person meetings, via messaging apps like Zalo, Messenger, Telegram, email, or phone) from a financial advisor when making investment decisions in the past 12 months. Those who received advice from a financial advisor were coded as "1," and those who did not were coded as "0."

The extent of financial advice seeking

Given that the need for investment advice may vary among investors, depending on the extent to which advisors are involved in their investment decisions (Bachmann & Hens, 2015; Hsu, 2021), we further explored this by asking participants the question used by

Bachmann and Hens (2015): "Which of the following best describes your willingness to delegate investment decisions to your current financial advisor?" There were five possible answers, but to simplify estimation, we grouped the responses and coded them as follows: "1" = level 1, listens to advice but makes all decisions independently; "2" = level 2, delegates a small portion of the portfolio to the advisor; and "3" = level 3, is willing to delegate all or most decisions to their advisor.

Other factors

The study uses financial literacy, behavioral biases, psychological factors, stock trading behavior, and demographic characteristics as control variables in the research model.

People with higher financial literacy frequently have greater investing capacity than those with low financial literacy, resulting in more sensible and productive investment decisions. Furthermore, persons with high financial literacy understand the market's complexity and are often more careful when making investing decisions. To measure financial literacy, the scale developed by Lusardi and Mitchell (2007) and M. van Rooij (2011) is widely used in research. In this study, we used the scale of Maarten C.J. van Rooij (2011) and retained all 16 questions as they measure both basic and advanced financial knowledge related to securities, thus better reflecting the financial literacy level of individual equity investors. Respondents could score from 0 to 16, corresponding to the number of correct answers. Subsequently, we coded "0" as low financial literacy if the respondent scored at or below the average, and "1" for high financial literacy if the respondent scored above the average.

Behavioral biases are systemic errors or impacts that people make while reading data or making judgments. Thus, behavioral biases are inherently bad. Meanwhile, when investing in the stock market, calculation is deemed necessary and important in determining an asset's genuine and appropriate value. However, behavioral biases cause investors to avoid the time-consuming and repetitive calculating procedure (Rabin & Thaler, 2001) and to underestimate the risks they are taking (Rizzi, 2008). As a result, behavioral biases are inherently wrong and, in the long or short term, will lead to incorrect decisions (Baker et al., 2019). Wrong decisions result in poor investment performance. As a result, the study incorporates certain common behavioral biases that individual investors frequently experience into the model, including overconfidence, self-attribution bias, mental accounting, hindsight bias, and the disposition effect.

As with prior studies (Allgood & Walstad, 2016; Kramer, 2016), this study assesses overconfidence in two ways: (i) certainty overconfidence and (ii) prediction overconfidence. Specifically, certainty overconfidence is coded as "1" = "Yes" if the score of self-assessed financial literacy is higher than the score of measured financial literacy, and "0" = "No" otherwise; (ii) Prediction overconfidence is coded as "1" = "Yes" if the score of self-assessed financial literacy is higher than the average financial literacy score of others, and "0" = "No" otherwise.

Individuals tend to attribute their past successes to their own abilities and blame failures on chance or external influences (Doukas & Petmezas, 2007; Hoffmann & Post, 2014; Miller & Ross, 1975), a phenomenon known as self-attribution bias. This bias leads to overconfident and less cautious investment strategies (Hirshleifer, 2001). Self-attribution bias is divided into two components: (i) self-enhancement bias, which refers to the attribution of past successes; and (ii) self-protection bias, which refers to the attribution

of past failures. To measure self-attribution bias, this study relies on questions from previous research (Hsu, 2021; Pompian, 2011; Rieger et al., 2020). Self-enhancement bias is coded as "1" = "Yes" when respondents attribute their success to their investment skills through the question "When returns to your portfolio increase, to what do you believe the change in performance is mainly due?"and "0" = "No" otherwise. Self-protection bias is coded as "1" = "Yes" if respondents attribute their losses to market conditions and bad luck in response to the question "When returns to your portfolio decrease, to what do you believe the change in performance is mainly due?" and "0" = "No" otherwise.

Mental accounting causes individuals to categorize their money into different categories and assign varying levels of utility to each asset group, which influences their consumption, investment, and other behaviors. Mental accounting is measured based on two questions used in previous studies (Hsu, 2021; Pompian, 2011; Rieger et al., 2020). Each question involves a scenario of purchasing an item at a nearby store with different prices in the two questions, both items being offered at the same discount amount. Participants answer whether they would agree to purchase the items at the discounted price in each question. Mental accounting is coded as "1" = "Yes" if the answers differ between the two questions, and "0" = "No" if they do not.

When evaluating past decisions, people often believe that they could have predicted events much better than they did. In hindsight, people tend to exaggerate what could have been predicted. They may even misremember their own predictions to exaggerate what they knew beforehand. It seems that when we gain insight into the outcome, we immediately show our judgment by integrating it into what we already knew. For investors, the problem with hindsight bias is that even when one is aware of it, one may still not fully understand what it is. Warnings about its dangers have little effect. A more effective approach is to force oneself to argue against the inevitability of reported outcomes (i.e., try to convince oneself that things could have gone differently). In this study, hindsight bias is measured based on a question by Rieger et al. (2020) and is coded as "1" = "Yes" if the respondent believes it is easy/ somewhat easy to predict when asked, "Was the 2008 financial crisis easy to predict?" and "0" = "No" otherwise.

The disposition effect is a common irrational behavior exhibited by investors in the stock market (Ho, 2011). It is the phenomenon where investors sell winning investments too early and hold onto losing assets for too long (Odean, 1998; Shefrin & Statman, 1985) because they are reluctant to realize losses and hope that prices will recover, leading to poor investment performance. The disposition effect is measured by a question used in previous studies and is coded as "1" = "Yes" if the respondent answers that they would sell more of Stock A than Stock B in response to the question, "You bought two stocks: Stock A at 150,000 VND, currently priced at 200,000 VND, and Stock B at 250,000 VND, currently priced at 200,000 VND. You own 100 shares of Stock A and 100 shares of Stock B. To get 20,000,000 VND, you need to sell 100 shares. How would you allocate the shares to be sold between A and B?" and "0" = "No" otherwise.

Psychological factors include trust in financial advice and risk aversion. To measure trust in financial advice, the author asked survey participants to rate their agreement on a 7-point Likert scale with the question, "Most financial advisors can be trusted?". Risk aversion is scored from "0" to "9" based on the question: "In general, are you someone who takes risks or tries to avoid risks?" The responses were then grouped and

coded as "1" for below-average risk tolerance and "2" for above-average risk tolerance.

Securities trading behavior, including investment experience, was measured by the duration of investment, stock allocation, and trading history; trading frequency was based on the number of trades in the past three months.

Demographic characteristics include gender, which was coded as "0" for female and "1" for male; Marital status was coded as "0" for unmarried or other, and "1" for married; Age was coded as "1" for under 30 years old, "2" for 30 to under 39 years old, and "3" for 40 years old or older; Education was categorized as: 1 = high school or below, 2 = College/University, and 3 = Master's/PhD; Income (in million VND) was coded based on the survey sample, where 56% had an income below 8 million VND: 1 = below 8 million, 2 = from 8 to under 16 million, and 3 = 16 million or above[1].

Research model

Based on the research objectives, the general regression equations are as follows:

$$INVEST_i = \alpha_2 + \beta_2 X_i + \mu_2 Z_i + \varepsilon_i$$

Where: $INVEST_i$ is the dependent variable representing the investment performance of investor i.

X_i is a set of independent variables, including the choice to use financial advice seeking and the extent of financial advice seeking.

Z_i is a set of control variables, including financial literacy, certainty overconfidence, prediction overconfidence, self-enhancementbias, self-protection bias, mental accounting, hindsight bias, disposition effect, trust in financial advice, risk aversion, investment experience, trading frequency, age, gender, marital status, educational, and income.

The overall research model is presented in Figure 1.

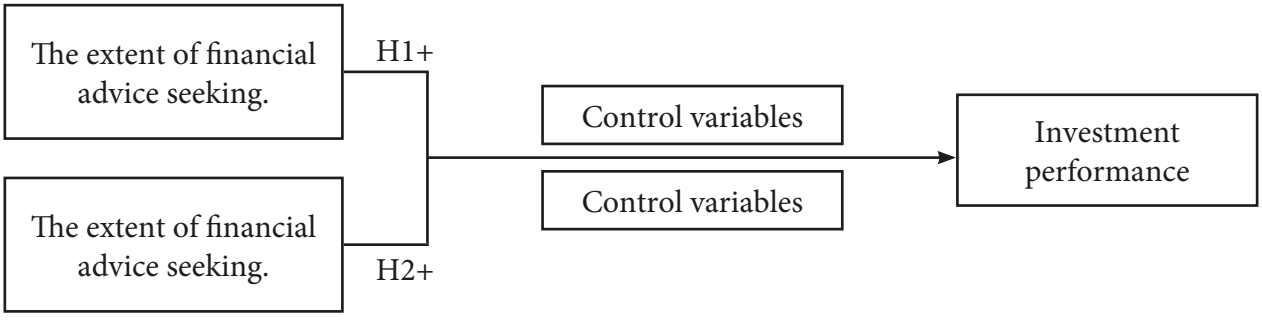

Figure 1. Overall Research Model

4. Research results

4.1. Descriptive statistics

The research sample consists of 36% of investors who do not use financial advisory services and 64% who do, with over 67% of those investors relying partially or entirely on advisors for their decisions. The sample has a relatively high level of education, with more than 64% holding a college degree or higher. Males make up nearly 52% of the sample. The majority of respondents are under 30 years old (69.9%) and unmarried (75.7%). Half of the sample has a monthly income of less than 8 million VND (52.7%). Detailed statistics are presented in Appendix 1 *(see Appendix 1 online)*.

4.2. Regression results

Impact of the choice of financial advice on investment performance

This study uses the hierarchical probit regression technique and marginal effects to

[1] The exchange rate of 1 USD = 23,978 VND

estimate the impact of the choice to use financial advice seeking on the investment performance of individual investors. The results are presented in Appendix 2 *(see Appendix 2 online)* shows that the choice of financial advice seeking positively impacts investment performance. Specifically, compared to those who do not use financial advice, individuals who use financial advice are more likely to be satisfied and less likely to be "very dissatisfied and dissatisfied" with their investment performance. Hypothesis H1 is supported. Furthermore, all variables' VIF coefficients are less than 5, indicating that the multicollinearity problem has little impact on the calculations in this study.

Impact of the extent of financial advice seeking on investment performance

Because the extent of financial advice seeking varies among investors. Therefore, we continue to evaluate the impact of each level of using financial advice on investment performance. The results are presented in Appendix 3 *(see Appendix 3 online)* demonstrate that the extent of financial advice seeking has a beneficial impact on investment performance. Specifically, compared to Vietnamese individual investors seeking advice at level 1, investors seeking advice at levels 2 and 3 are more likely to be "satisfied and very satisfied," while the likelihood of being "neutral" and "very dissatisfied and dissatisfied" with investment performance is decreased. Hypothesis H2 is supported.

4.3. Discussion

The results confirm that both the choice and extent of financial advice seeking enhance investment performance for Vietnamese individual investors. This aligns with studies emphasizing the value of objective advice when followed (Bhattacharya et al., 2012; Von Gaudecker, 2015). Crucially, our findings move beyond a binary view by establishing the extent of advice seeking as a significant graduated factor, challenging prior treatments (e.g., Hackethal et al., 2012).

The positive marginal effect from Level 1 to Levels 2-3 suggests advice in emerging markets like Vietnam functions not only informatively but also architecturally. Higher delegation acts as a pre-commitment device (Thaler & Shefrin, 1981), structurally limiting the enactment of harmful biases like the disposition effect and mental accounting. This implies that for low-literacy investors, advice derives value as much from ceding decision authority to a "cool" system (the advisor) as from the "hot" information provided.

This perspective positions our study within the theoretical landscape. Prior debates cast advisors as "babysitters" (Hackethal et al., 2012), sources of conflicted signals (Hoechle et al., 2017), or providers of objective information (Von Gaudecker, 2015). We propose a structured bias-correction mechanism for high-bias environments, where the depth of engagement itself becomes a corrective tool, extending the model beyond advice-as-information to include advice-as-architecture.

The findings also reconcile mixed global evidence. In developed markets with higher literacy (Kadoya et al., 2025), delegation may offer marginal benefit. In Vietnam's frontier market, however, structured advisory intervention becomes disproportionately valuable, indicating that market maturity and investor sophistication moderate the advice-performance relationship. Unlike Kadoya et al. (2025), we find professional advice effective in Vietnam, likely due to its role in bridging knowledge gaps and mitigating biases.

Control variables further illuminate the context. Financial literacy and prudent trading frequency correlate positively with performance, reinforcing their importance. Notably, trading frequency's positive role contrasts

with Barber and Odean (2000), potentially reflecting Vietnam's short-term volatility and the moderating role of professional advice in managing associated risks.

In summary, in Vietnam's context of modest financial literacy and strong behavioral influences, professional financial advice - particularly when deeply integrated - serves as a key mechanism for improving performance and fostering market development.

5. Conclusion and policy implications

This study confirms that both the choice and the extent of using professional financial advice positively impact the investment performance of individual investors in Vietnam. Investors seeking advice, especially at higher delegation levels (Levels 2 & 3), report greater satisfaction and better outcomes. Key positive influences include financial literacy and prudent trading frequency, while biases like the disposition effect and mental accounting harm performance. These findings align with prior work (Bhattacharya et al., 2012; Von Gaudecker, 2015) and underscore the unique context of emerging markets where low financial literacy and strong behavioral biases prevail.

5.1. Academic contributions

This research offers three main theoretical contributions. First, it moves beyond the binary view of advice-seeking to establish the degree of reliance on an advisor as a significant graduated factor, extending models that consider engagement depth (e.g., Bachmann & Hens, 2015). Second, it proposes a contextual mechanism for low-literacy settings: advice acts not only through education but also as a "delegation-as-restraint" tool, where ceding decision rights pre-emptively limits bias enactment, integrating commitment device theory into financial advice literature. Third, it identifies a critical boundary condition: the strong positive effect in Vietnam contrasts with neutral/negative results in some developed markets, indicating that market maturity and investor sophistication moderate advice effectiveness, challenging universal conclusions and calling for context-aware theories.

5.2. Practical and policy implications

The findings translate into actionable insights:

For Regulators: Strengthen the legal framework for advisory services, enforce professional standards, and promote national financial education.

For Advisory Firms: Develop transparent, tiered service models (e.g., Information-Only to Discretionary Management) that frame higher-tier services as behavioral risk-management tools. Train advisors in behavioral finance coaching to identify and mitigate client-specific biases.

For Investor Education: Integrate modules on behavioral biases and the strategic use of professional advice to improve decision-making.

For Service Design: Innovate with low-cost, algorithm-driven "behavioral nudge" products (auto-rebalancing to counter the disposition effect) and evaluate advisors on client outcome metrics (reduced trading frequency, better diversification) alongside returns.

5.3. Limitations and future research

This study has limitations. Its cross-sectional survey data (Dec 2023–Mar 2024) cannot capture long-term performance or market cycles, and it examines only a subset of behavioral biases. While proposing bias reduction as a key mechanism, the design does not permit formal mediation testing. Future research should: (1) use longitudinal or experimental methods to test long-term effects and causality; (2) empirically validate the bias-mediation pathway; and (3) conduct comparative studies across similar emerging

markets (e.g., within ASEAN) to generalize the contextual theory proposed here.

Declaration for using AI

During the preparation of this manuscript, the authors partially used Grammarly to assist with language editing. The authors have carefully reviewed and revised the content and take full responsibility for the final version of the articles.

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