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# Blame testosterone for crippling economic crisis, says top academic

## **Charlie Weston**

PERSONAL FINANCE EDITOR

TESTOSTERONE levels influence risk taking, which means men are more inclined to take risks than women, a leading Irish academic said.

The dominance of men in the finance industry could be one of the reasons for the current economic turmoil, Dr Liam Delaney of UCD's **Geary** Institute said.

Studies show that gender plays a big role in how investors perceive risk, and also influences investment judgments.

Men tend to have a higher

tolerance for risk than women and also diversify less.

"We're now beginning to appreciate how factors such as testosterone levels can influence risk taking.

"There are even people talking about whether having male-dominated finance industries might be contributing to instability in financial markets," the academic told a RaboDirect conference on savings and investment yesterday.

Too often people allow their emotions to get in the way of sensible financial decisions, he said.

One example of this was

"betrayal aversion". This is a complex feeling of not wanting to be made a fool of, Dr Delaney said.

No one wants to be the person left standing when the music stops. These emotions can be paralysing, particularly if people have been burnt once. The effect can be disastrous, with losses spiralling out of control, he explained.

"Similarly, people have a tendency to react to market conditions based on what others are doing. This can lead to investors buying at peaks, and panicking and selling at bottoms - the Irish property market being a case in point."