

About the Presenter

Alessandro Previtro is an Assistant Professor of Finance at Kelley School of Business and a Faculty Research Fellow at NBER. Originally from Italy, Alessandro received his PhD from the University of Lecce (in his hometown) and completed a Postdoctoral Fellowship at the UCLA Anderson School. Before joining Indiana University, he visited the University of Texas Austin and was at the University of Western Ontario.

Alessandro's research focuses on behavioral finance and household finance. His work investigates: saving for retirement and annuities, the biological drivers of financial decisions, and the value of financial advice. His work has been published in top-tier academic journals such as the *Journal of Finance*, the *Review of Financial Studies*, the *Journal of Financial Economics* and has been covered by the *New York Times* and the *Wall Street Journal*.

Abstract

We show that financial advisors increase stock market participation and risk-taking. We first exploit a regulatory change in Canada that restricted the supply of financial advisors in all provinces except Quebec. Our estimates suggest that having a financial advisor increased stock market participation and reduces investments in cash accounts. We also use micro-level data on financial advisory accounts to document that the length of the advisor-client relationship – a measure of trust – increases clients' willingness to take financial risk. Using exogenous shocks to advisor-client pairings as an instrument for the relationship length, we find that clients who started with a new advisor before the 2007-2009 financial crisis were less likely to remain invested in the stock market throughout the crisis.