Behavioral Finance Theory and Its Application in College Counselors' Daily Student Education Management

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Abstract: Against the backdrop of evolving socio-economic conditions and increasingly diverse consumption patterns, contemporary college students face complex financial decisions, accompanied by prominent issues such as excessive consumption, reckless borrowing, and financial cognitive biases. This paper adopts a purely theoretical research approach to systematically summarize the core concepts of behavioral finance, analyze typical irrational financial behaviors among college students, and explore feasible pathways for applying behavioral finance principles to daily student assistance work, consumption guidance, risk management, and group education.

Keywords: Behavioral Finance; University Students; Counselor Management; Financial Literacy; Irrational Behavior; Ideological and Political Education

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1.Introduction

Along with economic globalization and the rapid upgrading of digital consumption scenarios, modern college students are situated in a diversified and complicated financial environment. E-commerce platforms, installment payment services and various consumer credit products greatly enrich students' daily life, while triggering a series of behavioral and psychological problems. In daily consumption and financial decision-making, numerous college students exhibit typical bounded rationality, such as conspicuous consumption, advanced overdraft, insufficient risk awareness and improper allocation of grants and subsidies. These phenomena not only affect students' physical and mental health and life quality, but also pose new challenges to the daily educational management of college counselors.

Traditional financial economics is built on the rational economic man assumption, which fails to fully explain various irrational behaviors and psychological characteristics of young college students. As an interdisciplinary subject, behavioral finance integrates psychology, sociology and finance theories, focusing on how cognitive limitations, emotional fluctuations and group norms affect individual decision-making processes. It provides a more realistic and humanized analytical perspective for interpreting daily behavioral choices of college students.

As the most closely connected educators with students, college counselors ought to integrate professional economic theories into daily student affairs. The introduction of behavioral finance into consumption concept guidance, campus financial risk prevention, financial aid education and collective construction can significantly improve the pertinence and effectiveness of ideological and political education. Based on theoretical analysis, this paper sorts out major irrational financial behaviors among college students, and puts forward targeted application strategies for counselors' daily work, so as to offer effective

2.Core Theoretical Basis of Behavioral Finance

2.1 Definition and Core Connotation of Behavioral Finance

Behavioral finance is a comprehensive interdisciplinary discipline combining finance, behavioral psychology and social science, which breaks the limitations of the rational man hypothesis dominating traditional financial economics. Traditional financial research generally assumes that individuals can obtain complete information and make optimal rational decisions, while behavioral finance emphasizes that real individual behaviors are inevitably restricted by cognitive ability, emotional state, social relations and external environments. In most cases, people's decision-making belongs to bounded rationality rather than absolute rationality.

The core research direction of behavioral finance is to explore the internal psychological motivation behind individual financial behaviors and explain abnormal economic phenomena that cannot be covered by classical financial theories. For college student groups in the transitional period of growth and values formation, this theory can effectively analyze their consumption habits, fund management methods and risk judgment logic. It also builds a solid theoretical connection between individual psychological activities and daily behavioral performance on campus.

2.2 Main Core Theories of Behavioral Finance

2.2.1 Bounded Rationality Theory

Bounded rationality serves as the fundamental theoretical premise of behavioral finance. It proposes that individuals have obvious limitations in information collection, cognitive processing and time arrangement, making it impossible to realize fully rational decision-making. College students lack sufficient social experience and professional financial knowledge, and their psychological development is not yet mature. When facing various consumption temptations and financial choices, they can hardly conduct comprehensive analysis and rational judgment. Most daily decisions are made based on subjective intuition and limited information, which naturally leads to diverse irrational behavioral tendencies.

2.2.2 Cognitive Bias Theory

Cognitive bias refers to systematic thinking deviations formed in people's long-term cognitive activities, mainly including herd effect, overconfidence, anchoring effect and loss aversion. Among college students, herd mentality is particularly prevalent. Many students pursue trendy goods and high-consumption entertainment just to integrate into peer groups, ignoring their own family economic conditions. Besides, overconfidence makes students underestimate the hidden dangers of online loans and blind installment consumption. Such cognitive biases are the essential psychological causes of unreasonable financial behaviors on campus.

2.2.3 Mental Accounting Theory

Mental accounting indicates that individuals will set up independent psychological accounts for different sources of income and types of expenditure, and formulate different consumption principles accordingly. In campus life, college students usually distinguish grants, scholarships, family living expenses and part-time income into separate psychological accounts. A small number of students hold a casual attitude towards grants and subsidies, regarding them as unexpected extra income and spending them randomly on entertainment and luxury goods. Such unreasonable fund management is a typical reflection of mental accounting deviation among college students.

2.3 Differences Between Behavioral Finance and Traditional Financial Economics

Traditional financial economics focuses on macro financial market operation and institutional operation, taking absolute rationality and benefit maximization as the basic logical starting point. Its theoretical model is relatively idealized and difficult to adapt to the complex behavioral performance of individual groups. In contrast, behavioral finance focuses on micro individual behaviors and psychological changes, fully recognizing the universality of irrational factors in social activities.

In the field of college student management, traditional economic theories can only provide macro guidance, while behavioral finance can accurately capture the psychological characteristics and behavioral rules of college students. It helps counselors view students' problems from a more objective and detailed perspective, and form more scientific and humanized management methods.

3.Current Situation and Manifestations of College Students' Irrational Behaviors

3.1 Blind Herd Consumption and Excessive Advanced Consumption

With the rapid development of social media and live-streaming economy, campus consumption culture is becoming increasingly diversified. Influenced by group psychology and comparison mentality, many college students take the initiative to pursue fashion trends, luxury goods and high-cost social activities. They ignore their actual economic affordability and form blind and impulsive consumption habits.

At the same time, various online borrowing and installment payment tools lower the threshold of advanced consumption. Some students rely excessively on consumer credit to maintain high daily expenses, resulting in long-term economic pressure and even debt problems. These unreasonable consumption behaviors not only affect students' learning and living conditions, but also cause negative emotions such as anxiety and inferiority, bringing long-term hidden risks to campus management.

3.2 Weak Risk Awareness and Potential Hidden Dangers of Campus Informal Credit

Most colleges and universities lack systematic financial risk education courses, leading to the general lack of risk identification ability among college students. Affected by overconfidence and short-sighted decision-making, many students cannot clearly distinguish formal financial channels from illegal lending platforms. They only focus on the convenience of quick borrowing, while ignoring high compound interest, overdue penalties, privacy leakage and violent debt collection risks behind informal loans.

From the perspective of behavioral finance, students' bounded rationality makes them lack long-term risk prediction and comprehensive consequence assessment. Once trapped in illegal campus loans, students may face credit damage, mental breakdown and even campus safety incidents. Preventing campus financial risks and guiding students to stay away from non-standard lending have always been key tasks in counselors' daily management.

3.3 Irregular Use of Student Grants and Lack of Long-term Planning

Financially disadvantaged students receiving grants are key groups concerned in college student work. Nevertheless, affected by unreasonable mental accounting cognition, some aided students fail to correctly understand the policy significance of financial aid. They fail to make reasonable plans for grant funds and randomly use special subsidies for unnecessary entertainment and high consumption.

These students generally lack gratitude awareness and long-term life planning capabilities. They show low participation willingness in collective activities and volunteer services, with weak self-restraint and collective responsibility. The disorderly use of financial aid reflects the deficiency of values education and daily behavior guidance, which also highlights the urgency of introducing behavioral finance theories into financial aid education.

3.4 Imbalanced Financial Cognition and Imperfect Value Orientation

College stage is a critical period for young people to shape their outlooks on life, values and wealth. At present, most college students have fragmented financial knowledge and one-sided understanding of credit, consumption and wealth accumulation. Influenced by the utilitarian social atmosphere and negative online consumption concepts, individual students overemphasize material enjoyment and despise frugality and rational consumption.

Conventional moral education and rigid institutional constraints can hardly correct deep-seated cognitive deviations. Only by analyzing the psychological roots of students' irrational behaviors with the help of behavioral finance theories, can counselors carry out targeted educational guidance and fundamentally optimize the comprehensive quality of college students.

4.The Practical Value of Behavioral Finance Theory for Counselors' Work

4.1 Understanding Students' Behavioral Psychology Logic Accurately

Daily student management used to focus on behavioral results and standardized constraints, while ignoring the internal psychological causes of inappropriate behaviors. Behavioral finance provides a systematic analytical tool for counselors to interpret students' behaviors. Through analyzing bounded rationality, herd bias and emotional decision-making, counselors can realize that most adolescent irrational behaviors come from immature cognition rather than subjective mistakes.

This theoretical cognition helps counselors adopt a more inclusive and rational attitude in daily communication. Instead of simple criticism and restriction, counselors can conduct targeted psychological counseling and behavioral guidance, reduce teacher-student confrontation, and make student management more humane and effective.

4.2 Enriching the Connotation of Financial Aid and Gratitude Education

Financial aid work is an indispensable part of college counselors' daily affairs. For a long time, college financial aid work has paid more attention to material assistance and qualification review, while ignoring the shaping of students' values and financial literacy. The application of behavioral finance theories makes it possible to upgrade traditional financial aid work.

By correcting students' mental accounting deviation, counselors can guide aided students to correctly recognize the care from the state and schools, establish rational fund management concepts, and develop thrifty living habits. Combining financial aid with gratitude education, collective participation and responsibility cultivation can realize the organic integration of material assistance and spiritual education, and improve the comprehensive effect of funding work.

4.3 Improving the Pertinence of Campus Financial Risk Prevention

Campus financial fraud, illegal online loans and telecom fraud are important safety risks that counselors need to prevent for a long time. Behavioral finance theory clearly reveals students' cognitive defects in risk judgment, such as overconfidence, loss aversion and short-term vision.

In daily theme class meetings and safety education, counselors can combine real campus cases to analyze students' wrong decision-making logic, helping them recognize the essential risks of informal financial behaviors. Different from rigid safety warnings, case analysis based on psychological mechanisms is easier for students to accept and internalize, so as to enhance their initiative of risk prevention.

4.4 Innovating the Mode of Daily Ideological and Political Education

Modern ideological and political education requires interdisciplinary integration and innovative educational methods. The combination of behavioral finance and student management breaks the single indoctrination education mode. It starts from students' real life scenarios such as consumption, borrowing and fund management, and integrates value guidance into trivial daily affairs.

Economic theories and behavioral analysis can make ideological and political education more logical and realistic, helping students establish a correct view of wealth, labor and consumption. It is also conducive to promoting the professional development of college counselors and enriching the theoretical system of college student ideological and political work.

5.Application Strategies of Behavioral Finance in Counselors' Daily Work

5.1 Correct Cognitive Bias and Carry Out Targeted Financial Literacy Education

To solve college students' irrational financial behaviors, counselors must first focus on correcting inherent cognitive biases. It is feasible to carry out regular financial literacy lectures, theme class meetings and sharing sessions to popularize basic financial knowledge, and explain the adverse effects of herd consumption, overconfidence and short-sighted decision-making.

Combined with typical campus cases, counselors can guide students to reflect on their daily consumption habits, recognize their bounded rationality in decision-making, and gradually form independent, objective and rational financial judgment, laying a foundation for standardized daily behaviors.

5.2 Guide Rational Consumption and Optimize Daily Values Guidance

Based on mental accounting theory, counselors should guide students to establish scientific fund allocation awareness. It is suggested to encourage students to formulate monthly consumption plans, distinguish rigid living expenses from optional entertainment expenses, and form the consumption concept of living within one's means.

In daily heart-to-heart talks, counselors should pay close attention to students with serious comparison psychology and excessive consumption. Through gentle guidance and positive value advocacy, relieve peer consumption pressure, correct impulsive consumption tendencies, and take the cultivation of rational consumption values as a long-term daily educational task.

5.3 Avoid Herd Risks and Strengthen Collective Positive Guidance

In view of the prominent herd behavior among college students, counselors should optimize class and dormitory collective culture construction. By creating a simple, positive and pragmatic collective atmosphere, the spread of unhealthy consumption trends and material comparison can be effectively curbed.

For freshmen and groups with weak independent judgment, early intervention and targeted guidance should be strengthened to prevent blind conformity in online borrowing and high consumption. Giving play to the exemplary role of outstanding students can form positive group behavioral norms and weaken the negative impact of irrational herd psychology.

5.4 Improve Incentive Mechanisms and Standardize the Management of Subsidized Students

In view of the insufficient participation of some aided students in collective activities, counselors can build a sound incentive and restraint mechanism on the basis of humanistic care. Clarify the behavioral requirements for aided students, and take active participation in collective activities, volunteer services and daily self-discipline as important contents of funding education assessment.

By strengthening gratitude and responsibility education, reverse the wrong cognition of grant funds, and guide financially disadvantaged students to feed back the campus collective with positive behaviors, so as to achieve synchronous improvement of behavior cultivation and ideological progress.

5.5 Strengthen Early Warning and Build a Long-term Financial Risk Prevention System

Counselors should take abnormal economic behaviors as important early warning indicators of student risks. Timely attention and targeted intervention should be given to students with sudden overspending, frequent borrowing and long-term emotional anxiety. With the help of loss aversion theory, deepen students' understanding of the long-term harm of financial risks.

Integrate financial risk investigation into daily dormitory visits and student information statistics, and strengthen home-school cooperative education. Through multi-dimensional linkage, a long-term campus financial risk prevention system can be constructed to fully guarantee students' safe and stable campus life.

6.Conclusion

6.1 Main Conclusions of the Research

As digital finance continues to penetrate into campus life, college students' financial behaviors are becoming more diversified and complicated. Irrational consumption, blind herd decision-making, weak risk awareness and non-standard use of grants have become common problems in current college student management. Traditional educational means cannot fully adapt to the psychological characteristics of contemporary college students, resulting in limited educational effects.

This paper systematically sorts out the core contents of behavioral finance, including bounded rationality, cognitive bias, herd effect and mental accounting. On this basis, it summarizes the main manifestations of college students' irrational financial behaviors, and discusses the unique value of behavioral finance in counselors' daily work from multiple dimensions. Furthermore, targeted application strategies are proposed from financial literacy education, consumption guidance, collective construction, financial aid management and risk early warning.

The research proves that behavioral finance theory has strong practical value for college student education. It can help counselors grasp students' behavioral psychological laws, improve the pertinence of daily management, and guide college students to establish correct wealth and consumption values, so as to promote their healthy growth.

6.2 Research Limitations

This study mainly adopts theoretical analysis and normative research methods, without combining questionnaire surveys, data statistics and empirical analysis. The relevant research conclusions are mainly derived from theoretical deduction and practical summary, lacking quantitative data support.

Meanwhile, this paper takes college student groups as a whole for general analysis, without classified discussion according to differences in grades, majors and family economic backgrounds. The behavioral characteristics of different student groups are different, which needs to be supplemented and improved in follow-up in-depth research.

6.3 Research Prospects

In the future, with the continuous innovation of financial technology and consumption modes, college students' financial behavior and risk types will also present new changes. College counselors need to keep pace with the times, continuously expand interdisciplinary learning, and absorb the latest research achievements of behavioral economics and financial literacy education.

It is necessary to further promote the deep integration of economic theories and ideological and political work, form a normalized financial education system, and realize refined and professional student management. Continuously enriching educational methods and management concepts will help counselors better respond to new campus management challenges in the new era.

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