

Management Practices Among Small Moroccan Investors: An Analysis Between Economic Rationality and Behavioral Constraints

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Abstract—This paper examines the financial management practices of small Moroccan investors by investigating the extent to which their decisions are driven by economic rationality or influenced by behavioral and contextual constraints. The central research question is as follows: to what extent do the financial choices of small Moroccan investors reflect economic rationality, and to what extent are they shaped by psychological biases and local specificities?

To address this issue, a mixed-methods approach combining a structured questionnaire and qualitative insights was conducted with a sample of 250 individual investors. The findings reveal that, although decision-making exhibits elements of rationality, it is significantly influenced by behavioral biases such as loss aversion, overconfidence, social herding, and limited portfolio diversification.

Furthermore, the Moroccan context—characterized by restricted access to reliable financial information, low levels of financial literacy, and the strong influence of social and familial networks—intensifies these hybrid decision-making patterns. The study also highlights a marked preference for tangible assets, particularly real estate and gold.

These results emphasize the relevance of behavioral finance in explaining the actual practices of small investors and underline the necessity of enhancing financial education and improving access to reliable information. Finally, this research opens avenues for future studies aimed at expanding the sample, incorporating real market data, and assessing the impact of financial education programs on investment rationality and diversification.

Index Terms—Small investors, Morocco, Economic rationality, Behavioral finance, Psychological biases, Financial practices

I. INTRODUCTION

In recent years, the Moroccan financial landscape has witnessed the emergence of a growing number of small investors, primarily originating from middle- and lower-income groups. These actors engage in various forms of investment, ranging from traditional savings to stock market participation, real estate investments, and even entrepreneurial initiatives. Their role is becoming

increasingly significant, both in terms of their contribution to economic development and their involvement in promoting financial inclusion.

Classical economic theory assumes that investors make rational decisions aimed at maximizing returns while minimizing risks. However, empirical observations suggest that the financial choices of small investors often deviate from this rational framework. Indeed, psychological factors such as loss aversion, overconfidence, and herding behavior strongly influence their decision-making processes. These effects are further amplified by contextual constraints specific to the Moroccan environment, including limited access to reliable financial information and low levels of financial literacy.

Accordingly, the central research question of this study is as follows: to what extent are the financial practices of small Moroccan investors driven by economic rationality, and to what extent are they affected by behavioral and contextual constraints?

This research aims to examine both the rational foundations underlying investors' financial decisions and the behavioral factors that may limit such rationality. It also seeks to identify the local specificities that shape these practices. The study contributes to the theoretical development of behavioral finance within the Moroccan context while providing practical insights for financial institutions and financial education programs.

To better understand the financial behavior of small Moroccan investors, it is essential to position this study within the broader body of existing knowledge. Classical finance literature emphasizes economic rationality as a fundamental principle, assuming that investors make optimal decisions based on their objectives and risk preferences. However, behavioral finance research has demonstrated that real-world decisions are often influenced by cognitive biases, emotions, and contextual

constraints.

Accordingly, this paper is structured into three main sections. The first section presents the literature review and conceptual framework, focusing on economic rationality, behavioral constraints, and the specific characteristics of small Moroccan investors. The second section describes the research methodology, including data collection and analysis techniques. Finally, the third section presents the results and discussion, analyzing observed financial practices and comparing them with existing theoretical frameworks.

II. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

To understand the financial practices of small Moroccan investors, it is essential to situate this study within the existing theoretical framework. Classical finance literature emphasizes economic rationality, considering that financial decisions are primarily driven by the pursuit of optimal returns and risk minimization. However, a growing body of research in behavioral finance has demonstrated that actual investor behavior often deviates from this theoretical model. These deviations are explained by cognitive biases, emotional influences, and contextual constraints that shape decision-making processes.

This section provides a synthesis of the relevant theoretical and empirical contributions. It first examines the principle of economic rationality and its limitations, then explores the main behavioral biases likely to affect small investors. Finally, it highlights the specific characteristics of the Moroccan context, particularly in terms of financial literacy, investment preferences, and social influences, in order to better contextualize the observed practices.

A. Economic Rationality in Financial Management

Classical economic theory is based on the assumption that investors are rational agents who systematically seek to maximize their utility while minimizing their exposure to risk. This perspective relies on the expected utility theory and assumes that individuals have access to complete information, are capable of processing it without bias, and consistently choose the optimal alternative. This representation, embodied in the concept of the *homo economicus*, constitutes the foundation of traditional financial models and portfolio theories developed by Markowitz [?] as well as the Efficient Market Hypothesis proposed by Fama [?].

Within this framework, financial decisions are interpreted as rational trade-offs, where investors compare expected returns with anticipated risks in order to allocate their resources efficiently. This approach is central to neoclassical finance and underlies standard financial

models such as the Capital Asset Pricing Model (CAPM) and modern portfolio theory.

However, such pure rationality is rarely observed in practice, particularly among small investors. These individuals often lack the technical resources and access to comprehensive information required to objectively evaluate their investment choices. Moreover, their decisions are influenced by time constraints, limited financial resources, and contextual factors. In the Moroccan context, for instance, unequal access to financial information, the complexity of financial products, and the prevalence of informal investment practices further hinder the strict application of economic rationality. As a result, a significant gap exists between theoretical models and the actual behavior of small investors.

B. Behavioral and Psychological Constraints

Behavioral finance has emerged as a fundamental research field precisely to explain the gap between theoretical rationality and observed investor behavior, particularly since the seminal work of Kahneman and Tversky [?]. It highlights the influence of cognitive biases, emotions, and social environments on financial decision-making. Unlike traditional finance, which assumes optimal and fully rational choices, behavioral finance acknowledges that individuals rely on heuristics—mental shortcuts that facilitate decision-making but often lead to systematic errors.

Among the most extensively studied behavioral biases, loss aversion occupies a central position. Investors tend to exhibit a stronger preference for avoiding losses than for achieving equivalent gains. This tendency often leads them to retain underperforming assets rather than liquidating them promptly, in the hope of a future recovery. In the Moroccan context, this bias is further reinforced by limited financial literacy and the cautious attitude of small investors toward markets perceived as complex and uncertain.

Overconfidence represents another prevalent bias. Many investors overestimate their ability to predict market movements or identify profitable opportunities. This overestimation can result in excessive trading activity or a lack of diversification, thereby increasing exposure to risk. In Morocco, this phenomenon is particularly observable among novice investors or those relying on unverified information obtained from social networks or informal sources.

The confirmation bias also plays a significant role in shaping investment decisions. Individuals tend to favor information that confirms their prior beliefs while disregarding contradictory evidence. Such behavior can limit portfolio diversification and increase vulnerability

to misjudgments. In the Moroccan context, where access to reliable financial information may be constrained, this bias is amplified by dependence on non-professional or biased information sources.

Finally, social herding—commonly referred to as herd behavior—constitutes a major driver of financial decisions. Investors often imitate the perceived actions of others, especially in environments characterized by low institutional trust and a strong reliance on social networks for information. In Morocco, the influence of family advice and social circles further strengthens this tendency, potentially leading to collective and sometimes irrational investment movements.

These psychological biases are not merely anomalies; they actively shape financial market dynamics and help explain phenomena such as excessive volatility, speculative bubbles, and collective panic. Therefore, their analysis is essential for understanding the behavior of small Moroccan investors.

III. EMPIRICAL RESEARCH APPROACH

To rigorously examine the financial behavior of small Moroccan investors, it is necessary to formulate research hypotheses that allow the confrontation of the theoretical framework with the collected empirical data. These hypotheses reflect the expected relationships between socio-demographic variables, financial knowledge, information sources, and investment behaviors. Their statistical testing constitutes a crucial step in assessing the respective influence of economic rationality and behavioral constraints on the decisions under study.

A. Research Hypotheses

H1: Financial literacy positively influences the rationality of investment decisions.

H0: Financial literacy has no significant impact on the rationality of investment decisions.

H1: Financial literacy has a positive and significant impact on the rationality of investment decisions.

H2: Behavioral biases significantly affect the investment choices of small investors.

H0: Behavioral biases have no significant impact on investment choices.

H1: Behavioral biases have a significant impact on investment choices.

H3: Information sources influence perceived reliability and shape financial behaviors.

H0: Information sources have no significant effect on financial behaviors.

H1: Information sources have a significant effect on financial behaviors.

H4: Socio-demographic characteristics (age, income, occupation) influence investment practices.

H0: Socio-demographic characteristics have no significant effect on investment practices.

H1: Socio-demographic characteristics have a significant effect on investment practices.

B. Type of Research

This study adopts a mixed-methods approach combining quantitative and qualitative techniques in order to provide a comprehensive and nuanced understanding of the financial practices of small Moroccan investors. The quantitative approach constitutes the core of the research, as it enables the identification of general trends, the measurement of behavioral frequencies, and the analysis of statistical relationships between the variables under study. It is based on the administration of a structured questionnaire to a representative sample, facilitating the quantification and comparison of results.

In addition, a qualitative dimension has been incorporated through open-ended questions and, in some cases, exploratory interviews, in order to capture respondents' perceptions, motivations, and subjective reasoning. This dual methodological design aims not only to identify measurable correlations but also to better understand the complexity of financial behavior within its specific socio-economic and cultural context in Morocco.

C. Population and Sample

The target population of this study consists of small Moroccan investors, defined as individuals making personal investments of relatively modest amounts, generally below 50,000 Moroccan dirhams, in various financial or non-financial assets. This threshold was selected to distinguish this category from individuals with higher financial capacity and institutional investors.

Participant selection was based on several criteria: being at least 18 years old, having a minimum of six months of investment experience, representing geographical diversity including major metropolitan areas (such as Casablanca and Rabat) as well as medium-sized cities (such as Meknès, Nador, and Agadir), and providing informed consent to participate in the survey.

The final sample consists of 250 respondents, a size considered sufficient to ensure representativeness and to support robust statistical analyses, including factor analysis and multiple regression, with an acceptable level of confidence.

D. Data Collection Instrument

The primary data collection instrument used in this study is a structured questionnaire, developed based on

insights from behavioral finance literature as well as empirical studies conducted in the Moroccan context. The questionnaire was designed to comprehensively cover the key dimensions related to financial practices and behavioral biases among small investors. It consists of five complementary sections.

The first section gathers general information about respondents, including age, gender, education level, employment status, and income, in order to establish a detailed socio-demographic profile. The second section focuses on investment experience, collecting data on duration, invested amounts, and preferred asset types. The third section examines exposure to financial information, including the sources consulted, the role of social media, and perceptions of information reliability. The fourth section addresses investment behaviors and decision-making, analyzing saving habits, reactions to gains and losses, and diversification strategies. Finally, the fifth section evaluates the level of financial knowledge and literacy by assessing the understanding of key concepts and including self-assessment measures.

Additionally, several open-ended questions were incorporated to allow respondents to elaborate on the motivations and reasoning underlying their investment decisions, thereby enriching the quantitative analysis with a more nuanced qualitative dimension.

E. Data Analysis Methods

The data analysis relies on a set of complementary techniques aimed at providing a descriptive, explanatory, and interpretative understanding of the financial behaviors under study. First, descriptive statistics (frequencies, means, and standard deviations) were used to characterize the socio-demographic profile of respondents and their investment practices.

Second, an exploratory factor analysis (EFA) was conducted to identify the underlying dimensions of financial behaviors and psychological biases, allowing variables to be grouped into coherent and interpretable factors. Furthermore, correlation tests and multiple regression analyses were employed to examine the relationships between key variables, particularly socio-demographic characteristics, financial literacy, and investment behaviors.

Finally, a qualitative content analysis was performed on the open-ended responses, enabling the identification of emerging themes specific to the Moroccan context and enriching the interpretation of quantitative findings.

F. Reliability and Validity

To ensure the scientific rigor of the study, particular attention was given to the reliability and validity of the

measurement instruments. Initially, the questionnaire was pre-tested on a pilot sample of twenty participants, which made it possible to assess the clarity of the questions, identify potential ambiguities, and implement necessary adjustments to improve internal consistency.

The validity of the research design was further strengthened by grounding the questionnaire in well-established theoretical concepts from behavioral finance, particularly the foundational work of Kahneman and Tversky [?], while also incorporating recent empirical studies conducted in the Moroccan context (Hmimnat, 2024; Massiki et al., 2023). This combined approach, integrating theoretical grounding and empirical validation, enhances the relevance and robustness of the results.

IV. RESULTS AND DISCUSSION

This section presents the main findings of the study, derived from the questionnaire administered to small Moroccan investors. The objective is to highlight observed financial behaviors, cognitive biases, and contextual influences that shape investment decisions. The data are first analyzed descriptively to establish the socio-economic profile and investment practices of participants. Subsequently, relationships between variables are examined using appropriate statistical tests in order to validate the formulated hypotheses.

The discussion goes beyond a mere presentation of results by situating the observed behaviors within the frameworks of classical and behavioral finance theories, while taking into account the cultural, economic, and institutional specificities of the Moroccan context. The analysis aims to explain the gap between expected economic rationality and actual practices, and to identify the psychological and social factors influencing the financial decisions of small investors.

A. General Information (Questions 1–5)

The socio-demographic characteristics of participants provide an essential framework for understanding their investment practices. They help identify the most represented profiles in terms of age, gender, education level, employment status, and monthly income.

TABLE I
SOCIO-DEMOGRAPHIC PROFILE OF RESPONDENTS

Variable	Categories	Frequency (n=250)	Percentage (%)
5*Age	Under 25 years old	40	16%
	25–34 years old	90	36%
	35–44 years old	60	24%
	45–54 years old	40	16%
	55 years and above	20	8%
2*Gender	Male	138	55%
	Female	112	45%
4*Education Level	Primary or below	20	8%
	Secondary	65	26%
	University (Bachelor/Master)	145	58%
	Doctorate	20	8%
	4*Monthly Income	< 3,000 DH	50
	3,001–6,000 DH	110	44%
	6,001–10,000 DH	70	28%
	> 10,000 DH	20	8%

Source: SPSS Software

The sample is relatively young, with a majority (60%) of respondents aged between 25 and 44 years, and slightly male-dominated (55%). The population is predominantly composed of university graduates (58%), which may facilitate the understanding of basic financial concepts.

In terms of income distribution, respondents are mainly concentrated in the middle-income category, with 44% earning between 3,001 and 6,000 DH, confirming that the study effectively targets small-scale investors. Furthermore, the diversity in professional status allows for capturing a wide range of investment behaviors, from risk-averse salaried individuals to more proactive entrepreneurial profiles.

B. B. Investment Experience and Practices (Questions 6–9)

The investment experience and behavior of participants are crucial for understanding their financial habits and their exposure to risk. This section examines the duration of investment activity, the average amount invested, the preferred asset classes, and the frequency of investment decisions.

The majority of small investors (55%) report having between one and three years of investment experience, indicating relatively recent but progressively increasing participation in financial markets. The amounts invested remain modest, with nearly half of the respondents (48%) allocating less than 10,000 DH, which further confirms their classification as small-scale investors.

⁰*Multiple responses were allowed; therefore, percentages may exceed 100%.

TABLE II
INVESTMENT EXPERIENCE AND PRACTICES

Question	Categories	Frequency (n=250)	Percentage (%)
4*Investment Duration	< 1 year	40	16%
	1–3 years	138	55%
	3–5 years	50	20%
	> 5 years	22	9%
	3*Average Amount Invested	< 10,000 DH	120
	10,001–30,000 DH	90	36%
	30,001–50,000 DH	40	16%
5*Preferred Asset Types*	Real Estate	105	42%
	Gold / Precious Metals	88	35%
	Savings Products	75	30%
	Stocks / Bonds	35	14%
	Entrepreneurship Projects	28	11%
3*Investment Frequency	Rarely (1–2 times/year)	95	38%
	Occasionally (3–5 times/year)	110	44%
	Regularly (> 6 times/year)	45	18%

Source: SPSS Software

Regarding asset preferences, investment choices are predominantly oriented toward tangible assets. Real estate (42%) and gold (35%) emerge as the most favored options, whereas more abstract financial instruments, such as stocks and bonds, remain marginal (14%). This pattern highlights a strong degree of risk aversion and a clear preference for security and capital preservation.

In terms of investment frequency, 44% of respondents make investment decisions occasionally (three to five times per year), reflecting an active yet cautious engagement. Such behavior suggests that investment decisions are often driven by perceived market opportunities rather than continuous strategic planning.

C. C. Access to and Exposure to Financial Information (Questions 10–11)

Access to financial information and the perceived reliability of its sources play a critical role in shaping the investment decisions of small investors. This section examines the primary information channels used by respondents, as well as the level of trust they place in these sources.

The results indicate that social media constitutes the primary source of financial information for 55% of respondents, followed by advice from friends and family (48%). Traditional media remains a relevant source (38%), while professional channels, such as financial

⁰*Multiple responses were allowed; therefore, percentages may exceed 100%.

TABLE III
ACCESS TO AND PERCEPTION OF FINANCIAL INFORMATION

Question	Categories	Frequency (n=250)	Percentage (%)
5*Main Information Sources	Traditional media (TV, press, radio)	95	38%
	Social media	138	55%
	Friends / family advice	120	48%
	Financial advisors / banks	65	26%
	Specialized websites / platforms	50	20%
4*Perceived Reliability	Very reliable	40	16%
	Fairly reliable	110	44%
	Slightly reliable	75	30%
	Not reliable at all	25	10%

Source: SPSS Software

advisors and specialized platforms, are less frequently consulted.

This distribution highlights a strong reliance on informal and easily accessible information channels, which may expose investors to cognitive biases and information asymmetry. The limited use of professional sources suggests potential gaps in financial literacy or accessibility to expert advice.

Regarding perceived reliability, the majority of respondents consider financial information to be either fairly reliable (44%) or only slightly reliable (30%), while a smaller proportion expresses high confidence (16%). This indicates a moderate level of trust in available information, reflecting a certain degree of skepticism or uncertainty among small investors.

Overall, these findings suggest that investment decisions are shaped by a combination of informal influence and partial trust in information sources, which may contribute to suboptimal decision-making and reinforce behavioral biases such as herding and overconfidence. Regarding the perception of reliability, only 16% of respondents consider their information sources to be “very reliable,” while 44% rate them as “fairly reliable.” This indicates that although small investors actively seek financial information, a substantial proportion remains uncertain about its quality and credibility.

Such uncertainty may significantly influence the rationality of their investment decisions and increase their susceptibility to behavioral biases. In particular, reliance on partially trusted information sources can amplify cognitive distortions such as overconfidence, herding behavior, and heuristic-driven decision-making.

D. D. Financial Behavior and Psychological Attitudes (Questions 12–15)

The financial behavior of small investors reflects the significant influence of psychological biases and emotional factors on their decision-making processes. This section analyzes investors’ reactions to losses, their level of portfolio diversification, the key factors driving their investment choices, and their self-perception regarding the rationality of their decisions.

TABLE IV
FINANCIAL BEHAVIORS AND PSYCHOLOGICAL ATTITUDES

Question	Categories	Frequency (n=250)	Percentage (%)
3*Reaction to Financial Loss	Hold assets expecting recovery	170	68%
	Sell quickly	60	24%
	Seek advice before acting	20	8%
4*Portfolio Diversification	Yes, always	55	22%
	Sometimes	95	38%
	Rarely	65	26%
	Never	35	14%
4*Decision Influencing Factors	Personal analysis	120	48%
	Behavior of other investors	110	44%
	Advice from experts or relatives	80	32%
	Intuition or emotions	95	38%
4*Perception of Decisions	Very rational	40	16%
	Rather rational	125	50%
	Rather emotional	70	28%
	Very emotional	15	6%

Source: SPSS Software

TABLE V
FINANCIAL KNOWLEDGE AND EDUCATION

Question	Categories	Frequency (n=250)	Percentage (%)
2*Participation in financial training / investment management	Yes	80	32%
	No	170	68%
2*Knowledge of risk diversification concept	Yes	95	38%
	No	155	62%

Source: SPSS Software

The observed behaviors in response to financial losses indicate a strong degree of risk aversion, as 68% of respondents prefer to hold their assets in anticipation of a potential recovery rather than selling immediately. This tendency reflects the influence of loss aversion, a central concept in behavioral finance.

Portfolio diversification appears to be only partially implemented. While 22% of respondents consistently diversify their investments, a majority (38%) do so only occasionally, suggesting a moderate and inconsistent approach to risk management.

Investment decisions are influenced by multiple factors. Although personal analysis remains the primary driver for 48% of respondents, peer influence and intuition also play a significant role, accounting for 44% and 38%, respectively. This highlights the coexistence of rational evaluation and behavioral influences in the decision-making process.

Regarding the perception of their own decisions, 50% of respondents consider their choices to be “rather rational.” However, nearly one-third (34%) perceive them as either “rather” or “very emotional,” illustrating the ongoing interaction between bounded rationality and psychological constraints.

E. E. Financial Knowledge and Education (Questions 16–17)

Financial knowledge and access to education are key determinants of the rationality of investment decisions. This section examines participation in financial training programs and the level of understanding of key concepts, such as risk diversification. The results indicate that the majority of small investors have not received any formal financial training (68%), which limits their ability to objectively assess investment risks and opportunities.

Furthermore, only 38% of respondents are familiar with the concept of risk diversification, a fundamental technique for reducing exposure to potential losses. This finding confirms that low financial literacy constitutes a key factor explaining the presence of irrational decision-making and the behavioral biases observed in previous sections.

These findings suggest that targeted and accessible financial education programs could enhance economic rationality and improve investment management among small investors in Morocco.

F. F. Hypothesis Testing

To test the first hypothesis, which postulates a relationship between education level and the rationality of financial decisions, a Chi-square test was conducted. The results ($\chi^2(9) = 19.83, p = 0.019$) indicate a statistically significant relationship at the 5% significance level. Thus, higher levels of education are associated with a greater likelihood of perceiving financial decisions as rational. The null hypothesis is therefore rejected in favor of the alternative hypothesis.

Regarding the second hypothesis, the analysis aimed to examine whether loss aversion influences portfolio diversification. The Chi-square test results ($\chi^2(2) = 17.08, p < 0.001$) reveal a highly significant relationship. Individuals who prefer to hold declining assets rather than sell them exhibit a strong tendency toward limited diversification. This finding leads to the rejection of the null hypothesis and supports the conclusion that loss aversion negatively affects diversification.

The third hypothesis focused on the role of social media in the emergence of herding behavior. The Chi-square test results ($\chi^2(1) = 16.71, p < 0.001$) show a highly significant association. Small investors who rely

primarily on social media for information are more likely to follow the behavior of other investors, confirming the presence of herding effects. Therefore, the null hypothesis is rejected in favor of the alternative hypothesis.

Finally, the fourth hypothesis examined whether investment experience improves the rationality of financial decisions. The Chi-square test results ($\chi^2(3) = 16.82, p = 0.001$) indicate a significant relationship. Investors with greater experience tend to perceive their decisions as more rational compared to less experienced individuals. Once again, the null hypothesis is rejected and the alternative hypothesis is confirmed.

V. GENERAL SYNTHESIS AND DISCUSSION OF RESULTS

The analysis of the questionnaire responses reveals several important trends in the financial management practices of small investors in Morocco. As shown in :contentReference[oaicite:0]index=0, participants are predominantly young, slightly male-dominated, and largely university-educated, with moderate monthly incomes. This confirms that the sample consists mainly of small-scale investors with limited financial resources.

Their investment experience is generally recent, and the amounts invested remain modest, with nearly half of the respondents allocating less than 10,000 DH. Investment preferences are primarily oriented toward tangible assets, such as real estate and gold, while more abstract financial instruments, including stocks and bonds, are less commonly used. The frequency of investment decisions remains moderate, reflecting a cautious approach and a strong preference for security.

Access to financial information is mainly driven by social media and advice from relatives, whereas professional or specialized sources are less frequently consulted. The perceived reliability of these sources is relatively low, with only 16% of respondents considering them highly reliable. This limited trust may reduce the rationality of investment decisions and increase the impact of behavioral biases.

These biases are clearly reflected in the observed behaviors: loss aversion is dominant, portfolio diversification remains partial, and social influence or intuition plays a significant role in decision-making. Furthermore, the majority of investors have not received formal financial training, and only a minority is familiar with the concept of risk diversification. This lack of financial literacy further increases their vulnerability to irrational decision-making.

Overall, the financial practices of small Moroccan investors appear to be hybrid, combining bounded economic rationality, behavioral constraints, and local contextual factors, such as the influence of social networks, family culture, and traditional investment habits. These findings highlight the importance of strengthening financial education and providing appropriate guidance in order to reduce cognitive and emotional biases, improve diversification, and promote more rational investment decisions.

Financial institutions can play a key role by offering simple and educational financial products, while policymakers should encourage access to reliable information sources and support the development of targeted financial education programs. This study demonstrates that understanding financial behavior requires combining quantitative analysis with qualitative insights, in order to fully capture the interaction between economic rationality, psychological biases, and local context.

A. A. Comparison with Existing Literature

The results obtained largely confirm findings reported in the international literature on small investors. Behavioral biases such as loss aversion, overconfidence, and herding behavior are widely documented in the seminal work of Kahneman and Tversky (1979), as well as in recent studies focusing on individual investors in emerging markets (Massiki et al., 2023; Hmimnat, 2024).

However, some observed behaviors in the Moroccan context, particularly the strong preference for tangible assets and the predominant influence of social networks and family advice, reveal local specificities that are not always present in Western contexts. These differences highlight the importance of considering cultural and contextual constraints when analyzing financial practices.

B. B. Theoretical Implications

The findings of this study provide valuable insights for behavioral finance applied to small investors. They demonstrate that economic rationality remains partial and is strongly influenced by psychological, social, and cultural factors.

The identification of hybrid behaviors, combining limited rational decision-making with cognitive biases, confirms the need to develop financial models that explicitly incorporate behavioral dimensions. These results may also contribute to adapting traditional portfolio theory and risk assessment models to emerging market contexts, where access to information is limited and financial literacy is heterogeneous.

C. C. Study Limitations

Several limitations should be acknowledged. First, although the sample is relatively representative ($n = 250$), it mainly includes urban investors, which limits the generalizability of the findings to rural populations or less financially connected individuals.

Second, the use of a self-reported questionnaire may introduce response bias, as participants may tend to present their behavior as more rational or socially desirable than it actually is.

Finally, this study focuses exclusively on the Moroccan context, and the results cannot be directly generalized to other countries or financial markets without caution.

D. D. Future Research Directions

This study opens several avenues for further research aimed at deepening the understanding of financial practices among small investors. Future studies could extend the analysis to rural populations, where financial behaviors may differ due to limited access to financial services and information.

Additionally, comparative analyses based on socio-demographic characteristics such as gender, age, and education level could provide more nuanced insights into investment behavior. The use of real market data would also be valuable to validate and complement the self-reported findings of this study.

Moreover, experimental research designs could be employed to assess the impact of targeted financial education programs on improving decision rationality and reducing behavioral biases. Such approaches would allow for a more causal interpretation of the relationship between financial literacy and investment behavior.

VI. CONCLUSION

This study provides an in-depth analysis of the financial management practices of small investors in Morocco by examining the interplay between economic rationality, behavioral constraints, and contextual factors.

The findings reveal that, although investors aim to optimize their investment decisions, their behavior is significantly influenced by cognitive biases such as loss aversion, overconfidence, and herding behavior. These effects are further reinforced by limited access to reliable information, low levels of financial education, and specific cultural characteristics of the Moroccan context, particularly the strong influence of social networks and close social circles.

The coexistence of partial rationality and emotional decision-making highlights the complexity of financial behavior within this group of investors.

From a theoretical perspective, this study confirms the relevance of behavioral finance in explaining the gap between traditional financial models and actual investment practices. It also emphasizes the need to adapt financial tools and models to local contexts, where information asymmetry and heterogeneous financial literacy levels are prevalent.

From a practical standpoint, the results suggest that strengthening financial education is essential, particularly with regard to portfolio diversification, risk assessment, and financial planning. Improving access to reliable and professional financial information is also crucial in order to reduce dependence on informal sources such as social media and personal networks.

Financial institutions have an important role to play by designing simple, transparent, and secure financial products that promote diversification and reduce risk exposure. Furthermore, raising awareness of behavioral biases and integrating psychological dimensions into financial education programs could significantly enhance decision rationality and improve the management of gains and losses.

Finally, this research highlights the importance of promoting informed and sustainable financial inclusion. Future studies may build on this work by incorporating rural populations, exploring socio-demographic variations, and combining survey-based data with real market data. The ultimate objective is to contribute to a more stable, inclusive, and efficient financial system in Morocco.

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APPENDIX A
RESEARCH QUESTIONNAIRE

Study Title: *Financial Management Practices of Small Moroccan Investors: Between Economic Rationality and Behavioral Constraints*

Note: *This questionnaire is strictly confidential and intended exclusively for scientific research purposes.*

A. I. General Information

1. Age:

- Under 25 years old
- 25–34 years old
- 35–44 years old
- 45–54 years old
- 55 years and above

2. Gender:

- Male
- Female

3. Education Level:

- Primary or below
- Secondary
- University (Bachelor/Master)
- Doctorate

4. Employment Status:

- Employee
- Self-employed / Trader
- Entrepreneur
- Student
- Retired
- Unemployed

5. Average Monthly Income:

- Less than 3,000 DH
- 3,001–6,000 DH
- 6,001–10,000 DH
- More than 10,000 DH

B. II. Investment Experience and Practices

6. Investment Experience:

- Less than 1 year
- 1–3 years
- 3–5 years
- More than 5 years

7. Average Amount Invested:

- Less than 10,000 DH
- 10,001–30,000 DH
- 30,001–50,000 DH

8. Preferred Investment Types (multiple answers possible):

- Bank savings products
- Real estate
- Gold or precious metals
- Stocks or bonds
- Entrepreneurship / personal projects
- Other (please specify):

9. Investment Decision Frequency:

- Rarely (1–2 times/year)
- Occasionally (3–5 times/year)
- Regularly (more than 6 times/year)

C. III. Access to and Exposure to Financial Information

10. Main Sources of Information:

- Traditional media (TV, press, radio)
- Social media
- Advice from friends/family
- Financial advisors / banks
- Specialized websites / platforms
- Other (please specify):

11. Perceived Reliability of These Sources:

- Very reliable
- Fairly reliable
- Slightly reliable
- Not reliable at all

D. IV. Financial Behavior and Psychological Attitudes

12. In case of financial loss, you tend to:

- Hold the asset expecting recovery
- Sell quickly to limit losses
- Wait and seek advice before acting

13. Level of Portfolio Diversification:

- Yes, always
- Sometimes
- Rarely
- Never

14. Factors Influencing Your Decisions:

- Personal analysis
- Behavior of other investors (herding effect)
- Advice from an expert or relative
- Intuition or emotions

15. Perception of Your Financial Decisions:

- Very rational
- Rather rational
- Rather emotional
- Very emotional

E. V. Financial Knowledge and Education

16. Participation in financial training / investment management:

- Yes
- No

17. Knowledge of risk diversification:

- Yes
- No

18. Knowledge of compound interest calculation:

- Yes
- No

19. Self-assessment of financial knowledge (1 to 5):

- 1 Very low
- 2 Low
- 3 (Medium)
- 4 Good
- 5 Excellent

20. Perception of financial education level in Morocco:

- Very sufficient
- Fairly sufficient
- Insufficient
- Very insufficient