Economic vs. Moral: Finding the right argument for short trades

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Research shows that consumers are rarely persuaded by economic arguments for morally controversial trades, such as short trades, but may respond to moral justifications. However, consumers are hesitant accepting moral arguments from algorithms such as robo-advisors. Therefore, it poses a problem for financial institutions utilizing these algorithms as advisory services. Across two studies, our results highlight that source-message alignment is critical in shaping consumer attitudes toward morally contentious trades. Specifically, consumers are persuaded by moral arguments from human advisors but by economic arguments from algorithms. Therefore, financial institutions should consider these dynamics when crafting virtual advisory services.