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Investor Psychology Under Geopolitical Conflict: Evidence from the 2026 Iran–Israel–USA War

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Research Article

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Abstract

This mixed-methods study examines how retail investors described and responded to market uncertainty during the opening weeks of the 2026 Iran–Israel–USA war. Online recruitment produced 83 responses; 53 participants completed semi-structured interviews and subsequently completed the questionnaire, giving a final analytic sample of N = 53. The study used a sequential, qualitatively driven mixed-methods design with reflexive thematic analysis. The quantitative phase used study-specific scores derived from contextually adapted GAD-7 and PHQ-9 items, together with the Financial Anxiety Scale (FAS) and the Loss Aversion and Panic Behaviour in Investing Scale (LAPBIS). Because the GAD-7 and PHQ-9 wording was modified and the adapted versions were not formally validated, these scores are interpreted only as within-sample indicators, not as clinical measures or prevalence estimates. Mean scores were 11.5 (SD = 3.2) for the adapted GAD-7 indicator, 10.2 (SD = 3.8) for the adapted PHQ-9 indicator, 37.6 (SD = 6.2) for FAS, and 26.8 (SD = 5.5) for LAPBIS. The strongest Pearson correlations were between the adapted GAD-7 and PHQ-9 indicators (r = .72) and between FAS and LAPBIS (r = .70). Exploratory ANOVAs indicated group differences across portfolio-size and age categories. The interviews generated six themes: financial threat, increased monitoring, emotional responses, emotionally influenced decision-making, spillover into daily life, and shifts in investor self-perception. Overall, financial anxiety and investment-related behavioural responses co-occurred within this selected sample, while responses varied substantially across participants. The cross-sectional, self-selected design does not establish that the war caused the observed psychological or behavioural responses.

JEL Classification: D81; G01; G11; G41

1. Introduction

The 2026 Iran–Israel–USA war began with U.S. and Israeli military action against Iran on 28 February 2026. Contemporary reporting documented immediate disruption to energy markets: Brent crude rose sharply in the first days of the conflict, with Reuters reporting a cumulative increase of about 12% by 3 March 2026. These developments provide a clear external context for examining how retail investors experienced uncertainty (Reuters 2026). The present study, however, does not use the war as an experimentally isolated treatment. Its purpose is narrower: to document how a selected group of retail investors described financial threat, emotional responses, monitoring behaviour, and investment decisions during the period studied.

Retail investors may experience market shocks differently from institutional investors because investment outcomes are often connected to household goals, savings and perceived financial security. Prior research in behavioural finance and financial psychology suggests that uncertainty, losses and perceived financial strain can influence attention, risk perception, emotional states and decision-making (Barber and Odean 2000; Fitch et al. 2011; Grable et al. 2014; Kahneman and Tversky 1979; Richardson et al. 2013).

Research on financial crises and other large shocks has likewise shown that uncertainty can be associated with changes in financial behaviour and well-being (Brodeur et al. 2021; Goodell 2020). Yet geopolitical conflict differs from a conventional market downturn because economic uncertainty is intertwined with ambiguous information, rapidly changing events and perceived physical or social threat. This makes it useful to examine both numerical indicators and participants' accounts rather than relying on market prices alone.

The gap addressed here is therefore empirical and contextual. Existing studies provide strong foundations for understanding loss sensitivity, financial anxiety and crisis-related decision-making, but fewer studies combine these perspectives in the lived experience of retail investors during a clearly defined geopolitical shock. A mixed-methods approach can describe the distribution of reported responses while also examining how participants themselves interpreted uncertainty and adjusted their behaviour.

The study used a sequential, qualitatively driven mixed-methods design. Eighty-three people responded to the recruitment form; 53 completed the interview phase and the same 53 participants completed the questionnaire. The final analytic sample was therefore N = 53. The design is exploratory and cross-sectional. The quantitative component describes within-sample variation and associations, while the qualitative component provides contextual interpretation.

The scope of inference is deliberately limited. The study does not diagnose anxiety or depression, estimate clinical prevalence, directly test Prospect Theory, or establish a causal pathway from the war to psychological outcomes or from anxiety to investment behaviour. The study instead asks how investors described their experiences and whether reported financial anxiety and investment-related behavioural responses were associated within the sample.

The study addresses three research questions: (1) How did retail investors describe financial threat, emotional responses, monitoring and investment decisions during the study period? (2) What patterns of variation and association were observed among the study-specific psychological, financial-anxiety and behavioural indicators? (3) How did participants explain differences between reactive, regulated and relatively stable responses to market uncertainty?

The contribution is exploratory and contextual rather than population-level. By integrating self-reported quantitative indicators with participant narratives, the study illustrates heterogeneity in crisis-period investor responses and identifies associations that can be tested more rigorously in larger longitudinal studies.

The theoretical contribution is correspondingly modest. Prospect Theory and Cognitive Appraisal Theory are used as interpretive lenses for understanding loss salience, perceived threat and behavioural adjustment; neither theory is treated as having been experimentally tested by the present design.

The study uses an appraisal–affect–behaviour framework to organise the evidence. A market event may be appraised as threatening, accompanied by financial anxiety or other emotional responses, and followed or accompanied by changes in monitoring or investment behaviour. Because the quantitative measures were collected after the interview phase and no pre-conflict baseline was available, the framework is interpretive rather than causal.

Age, portfolio size and occupation are treated as exploratory sources of between-group variation. These variables may be correlated with one another and with unmeasured factors such as income, wealth, investment experience and risk tolerance; therefore, group differences are not interpreted as independent causal effects.

2. Theoretical Framework and Analytical Expectations

Financial anxiety is conceptualized here as concern or distress related to financial stability and uncertain future outcomes (Shapiro and Burchell 2012). In this study it refers to participants' reported investment-related financial concerns rather than to a clinical construct.

Investment-related behavioural responses refer to actions or tendencies such as repeated portfolio monitoring, premature selling, deviation from a pre-planned strategy, or shifts toward perceived safety. These behaviours can be interpreted through behavioural-finance research on attention, loss sensitivity and trading decisions (Barber and Odean 2000; Odean 1998).

Loss aversion, as described by Prospect Theory, is the tendency for losses to receive greater psychological weight than equivalent gains (Kahneman and Tversky 1979). The present study does not directly manipulate gains and losses and therefore does not test loss aversion experimentally. Instead, participant narratives are examined for accounts that are compatible with loss-sensitive decision-making.

Cognitive Appraisal Theory provides a complementary interpretive perspective. Individuals evaluate whether an event is threatening and whether they believe they have sufficient resources to manage it (Lazarus and Folkman 1984). In a fast-changing geopolitical environment, perceived lack of control may be relevant to financial anxiety and monitoring behaviour. Again, these processes are interpreted rather than causally estimated in the present study.

The integrated framework therefore links three descriptive elements: appraisal of financial threat, affective response, and behavioural adjustment. The quantitative data are used to examine associations among reported indicators, while the qualitative data are used to examine how participants made sense of those experiences. The framework is intentionally non-causal.

The framework also accommodates heterogeneity. Investors with different portfolio exposure, experience, financial responsibilities and perceived financial security may interpret the same market

movement differently. Such differences motivate the exploratory group comparisons reported later in the paper.

The mixed-methods design is consistent with this framework because numerical scores can show whether reported responses vary together, whereas interview narratives can show how participants understood and regulated those responses. Integration is therefore complementary rather than a test of mechanism.

The analysis was organised around one primary empirical expectation and two exploratory comparisons. The primary expectation was that higher financial anxiety would be positively associated with stronger investment-related behavioural responses. Portfolio-size and age-group differences were treated as exploratory rather than as confirmatory hypotheses.

E1: Higher FAS scores will be positively associated with LAPBIS scores within the sample.

Exploratory comparison 1: Reported psychological, financial-anxiety and behavioural indicators will differ across portfolio-size categories.

Exploratory comparison 2: Reported psychological, financial-anxiety and behavioural indicators will differ across the three age categories.

No formal hypothesis is advanced for portfolio loss because the source manuscript does not report the participant-level analysis required to test that relationship. Likewise, no formal causal hypothesis is attached to age or portfolio size because the design does not control relevant confounders.

Taken together, these expectations align the analysis with the evidence actually reported. The study tests an association between FAS and LAPBIS and reports exploratory group differences, while qualitative analysis addresses how participants explain variation in their responses.

3. Methodology

3.1 Research Design

The study used a sequential, qualitatively driven mixed-methods design in which semi-structured interviews were conducted first and a structured questionnaire was administered to the same participants afterward. The design is exploratory and cross-sectional rather than longitudinal or experimental. The qualitative strand is primary for interpretation; the quantitative strand provides descriptive and associational evidence.

The study is informed by a critical realist orientation in the limited sense that it treats psychological responses as context-dependent phenomena accessed through both participants' accounts and structured indicators (Bhaskar 1975). This epistemological position does not imply that the present data establish unobserved causal mechanisms.

Phase 1 comprised 53 semi-structured interviews. Phase 2 comprised the questionnaire completed by the same 53 participants. The quantitative instrument set included the Financial Anxiety Scale (FAS), the Loss Aversion and Panic Behaviour in Investing Scale (LAPBIS), and contextually adapted items derived from GAD-7 and PHQ-9. Because selected GAD-7 and PHQ-9 items were modified, those adapted scores are treated as study-specific indicators rather than validated clinical instruments.

3.2 Participants and Sampling

Participants were recruited through purposive self-selection sampling. A Google Form was circulated through Telegram, LinkedIn and Facebook from 1 March to 15 March 2026. The recruitment page described the study, eligibility requirements and voluntary participation, and respondents provided consent before proceeding.

The form collected demographic information and investment-related information, including age, gender, education, approximate income, portfolio size, investment experience, instrument types and frequency of market engagement.

Eighty-three responses were received. All 83 respondents were invited to the interview phase, scheduled for 16–23 March 2026. Fifty-three completed the interview and subsequently completed the questionnaire, giving a final analytic sample of N = 53. The retention rate from the initial recruitment form to the interview phase was 63.9%.

The recruitment strategy provided access to active retail investors but creates self-selection and non-response risks. Individuals who were particularly interested in, affected by or comfortable discussing the topic may have been more likely to participate. The sample should therefore be interpreted as context-specific rather than statistically representative of retail investors generally.

Because the recruitment form contained demographic and investment information, a future replication should compare the initial 83 respondents with the 53 final participants on all variables available at recruitment. The present manuscript does not contain such an attrition analysis.

3.3 Data Collection

In Phase 1, 53 semi-structured interviews were conducted through Google Meet, each lasting approximately 20–25 minutes. Interviews covered participants' investment background, experiences during the conflict period, and reflections on psychological and behavioural responses. Informed consent was obtained before each interview; participants were told that participation was voluntary and that they could withdraw. Interviews were audio-recorded with permission and transcribed verbatim.

In Phase 2, the same 53 participants completed an online questionnaire distributed on 24 March 2026 and closed on 27 March 2026. A reminder was sent on 26 March to the 33 participants who had not yet completed the questionnaire. By the closing date, all 53 participants had responded.

The questionnaire included FAS and LAPBIS together with selected GAD-7 and PHQ-9 items that had been contextually adapted to investment-related experiences during the conflict period. The adapted items were not administered as the original clinical instruments and were not interpreted using the original clinical cut-offs.

The interview guide and adaptation notes are included in Appendices A and B. The manuscript should retain the exact wording and scoring rules used in the actual questionnaire so that the study can be reproduced.

3.4 Data Analysis

Interview transcripts were analysed using reflexive thematic analysis following Braun and Clarke (2022): familiarisation, initial coding, development and review of candidate themes, definition and naming of final themes, and preparation of the analytic narrative. NVivo 14 was used for data organisation and retrieval; interpretive decisions remained with the researchers.

Quantitative analyses were conducted using IBM SPSS Statistics 28 and R version 4.3. Descriptive statistics were calculated for the four study measures. Pearson correlations were used to examine associations among the reported scores. One-way ANOVAs were used for exploratory comparisons across portfolio-size, age and occupational categories.

The manuscript reports F statistics, p-values and eta-squared values for the ANOVAs. Because participant-level data, subgroup sizes for some comparisons and complete pairwise post-hoc output are not contained in the supplied manuscript, no additional pairwise claims are made here. The inferential results are therefore treated as exploratory and should be verified against the original dataset before journal submission.

For the adapted GAD-7 and PHQ-9 indicators, internal consistency is reported descriptively. Reliability does not by itself establish construct or criterion validity for the contextually modified measures. LAPBIS is likewise interpreted as a study measure; its provenance and validation history must be documented from the instrument's original source before submission if it was not previously validated.

No multiple-regression model is used. This avoids introducing a high-dimensional model into a small, non-probability sample where age, portfolio size, experience, income and other predictors may be strongly correlated. The analysis therefore remains deliberately descriptive and associational.

3.5 Integration of Qualitative and Quantitative Components

Integration occurred at the interpretation stage. Quantitative patterns were compared with themes from the interviews to identify convergence and divergence. This is complementary integration: a qualitative account is not treated as statistical confirmation, and a statistical association is not treated as proof of a qualitative mechanism.

The integration focuses particularly on the relationship between FAS and LAPBIS. Narratives concerning repeated monitoring, emotional reactions to losses, strategy changes and deliberate restraint are considered alongside the quantitative association. The interpretation remains cautious because the design cannot establish temporal order or mechanism.

Figure 1 illustrates the sequential structure: recruitment and consent → 53 interviews → thematic analysis → questionnaire → quantitative analysis → qualitative–quantitative integration.

3.7 Use of AI tools in manuscript preparation

A generative artificial intelligence tool (ChatGPT) was used during manuscript preparation to assist with language refinement, organization, rephrasing and formatting, based on the author's research materials and instructions. The author reviewed the resulting text and remains fully responsible for the accuracy, originality, interpretation of the data, statistical results, references, and conclusions presented in the manuscript. AI was not used to generate or fabricate participant data, statistical results, or empirical evidence.

3.6 Ethical Considerations

The study reports that informed consent was obtained, interviews were recorded only with permission, participants could withdraw, and participant identifiers were anonymised. The source manuscript also states that ethical clearance was obtained before data collection.

The exact institutional ethics committee name, approval/reference number and approval date are not present in the supplied manuscript. These details must be verified against the original ethics documentation and inserted before submission; they should not be fabricated. The same applies to any statement concerning formal exemption or waiver.

Given the psychological and financial topics addressed, the final submission should also state what participant support or referral information was provided, if any, and how sensitive data were stored and protected.

4. Results

4.1 Quantitative Findings

The final analytic sample comprised 53 participants (M age = 35.8 years, SD = 6.5). Participants were distributed across three age groups: 25–32 years (n = 17), 33–40 years (n = 20) and 41–47 years (n = 16). The sample included 31 men (58.5%) and 22 women (41.5%). Mean investing experience was 6.9 years (SD = 3.8). Participants reported a mean portfolio decline of 33.9% (SD = 10.8; range = 10–62%). Because this decline was self-reported, it should be interpreted as reported exposure rather than a verified account-level return.

Table 1 presents descriptive statistics for the four study measures. Mean scores were 11.5 (SD = 3.2) for the adapted GAD-7 indicator, 10.2 (SD = 3.8) for the adapted PHQ-9 indicator, 37.6 (SD = 6.2) for FAS and 26.8 (SD = 5.5) for LAPBIS. Internal-consistency coefficients ranged from α = .81 to .89. Because the GAD-7 and PHQ-9 items were modified, these scores should not be interpreted as clinical severity categories.

Table 1
Descriptive Statistics for Study Measures

Measure	Mean	SD	Median	Range	Cronbach's α
Adapted GAD-7 indicator	11.5	3.2	11.0	2–20	0.89
Adapted PHQ-9 indicator	10.2	3.8	10.0	1–23	0.86
FAS	37.6	6.2	38.0	18–49	0.85
LAPBIS	26.8	5.5	27.0	10–39	0.81

The manuscript originally contained clinical-severity classifications for the adapted GAD-7 and PHQ-9 measures. Those classifications have been removed because the adapted measures were not validated against clinical criteria. The appropriate interpretation is descriptive variation within the study sample rather than prevalence of anxiety or depressive disorders.

Table 2
Measurement Interpretation and Reporting Limits

Measure	
Adapted GAD-7 / PHQ-9	Selected items were adapted to the investment context. Original clinical cut-offs are not applied; scores are not diagnoses or prevalence estimates.
FAS / LAPBIS	Scores are treated as study-specific indicators of financial anxiety and investment-related behavioural responses. Category labels are not interpreted as validated clinical or normative classifications.
Measurement limitation	The adapted GAD-7/PHQ-9 measures require validation for this context. LAPBIS provenance and validation status must be documented from its original source.

Table 3 reports the Pearson correlation matrix. All six reported correlations are positive; the manuscript reports $p < .001$ for each off-diagonal correlation at N = 53. The largest association is between the adapted GAD-7 and PHQ-9 indicators (r = .72), followed by FAS and LAPBIS (r = .70). These associations indicate co-variation within the sample. They do not establish causality, directionality or a conflict effect.

Table 3
Pearson Correlations Among Study Measures

Measure	Adapted GAD-7	Adapted PHQ-9	FAS	LAPBIS
Adapted GAD-7	1.00	.72	.67	.59
Adapted PHQ-9	.72	1.00	.61	.56
FAS	.67	.61	1.00	.70
LAPBIS	.59	.56	.70	1.00

Note. The source manuscript reports $p < .001$ for all off-diagonal Pearson correlations at N = 53. Correlations indicate co-variation within the sample and do not establish causality.

Exploratory portfolio-size ANOVAs were reported as F(2, 50) = 8.91, 5.84, 6.21 and 9.73 for the adapted GAD-7, adapted PHQ-9, FAS and LAPBIS, respectively. The corresponding p-values reported in the source analysis are .00049, .00526, .00390 and .00027, with η^2 = .263, .189, .199 and .280. The group means increase from the small to the large portfolio category. Because subgroup sizes and complete pairwise post-hoc output are not available in the supplied manuscript, the results are interpreted only as overall exploratory group differences.

Age-group ANOVAs were reported as F(2, 50) = 4.92, 4.11, 3.72 and 5.33 for the adapted GAD-7, adapted PHQ-9, FAS and LAPBIS, respectively, with p = .0112, .0223, .0312 and .0080 and η^2 = .164, .141, .130 and .176. The reported means rise across the three age categories. These findings are descriptive group differences; age is not interpreted as an independent causal determinant because relevant confounders were not controlled.

Table 4
Exploratory ANOVA Group Means and Effect Sizes

Comparison	Group	Adapted GAD-7	Adapted PHQ-9	FAS	LAPBIS
Portfolio	Small	9.8	8.9	35.1	24.1
Portfolio	Medium	11.7	10.4	38.0	27.2
Portfolio	Large	13.4	12.1	40.7	30.4
Age	25–32	10.2	9.1	35.9	24.6
Age	33–40	11.8	10.8	38.1	27.3
Age	41–47	12.5	11.5	39.6	29.0

Portfolio ANOVA: F(2,50) = 8.91, 5.84, 6.21, 9.73; p = .00049, .00526, .00390, .00027; η^2 = .263, .189, .199, .280 for adapted GAD-7, adapted PHQ-9, FAS and LAPBIS, respectively.

Age ANOVA: F(2,50) = 4.92, 4.11, 3.72, 5.33; p = .0112, .0223, .0312, .0080; η^2 = .164, .141, .130, .176, respectively. Subgroup sizes beyond the age categories are not sufficient in the supplied manuscript to support additional pairwise claims.

Occupational comparisons were weaker. The reported LAPBIS comparison was $F(2, 50) = 3.84$, $p = .0281$, $\eta^2 = .133$, whereas GAD-7, PHQ-9 and FAS were reported as non-significant. Because occupational subgroup sizes and the complete analysis are not supplied, this result is treated as exploratory and no substantive causal interpretation is offered.

Table 5
Exploratory Occupational Comparison

Occupation	Adapted GAD-7	Adapted PHQ-9	FAS	LAPBIS
Salaried	11.0	9.7	36.9	25.9
Self-employed	12.1	10.9	38.3	27.9
Business	12.6	11.4	39.5	29.2
LAPBIS occupation ANOVA: $F(2,50) = 3.84$, $p = .0281$, $\eta^2 = .133$. GAD-7, PHQ-9 and FAS were reported as non-significant. Exact subgroup sizes and full output were not supplied.				

The quantitative results therefore support one clear descriptive conclusion: the study measures tended to move together within the selected sample, while portfolio-size and age categories also showed overall differences. These results should not be generalised to the wider retail-investor population.

4.2 Qualitative Findings

Reflexive thematic analysis of the 53 interviews generated six interrelated themes. The themes frequently co-occurred within individual accounts, but the narratives also showed substantial heterogeneity: some participants described distress and behavioural reactivity, whereas others described restraint, stable routines or limited emotional impact.

The qualitative evidence is presented as interpretive rather than frequency-based. The quotations are illustrative participant extracts, not prevalence estimates.

Perceived Financial Threat

Several participants described the conflict as producing a stronger sense of financial vulnerability, extending beyond immediate losses to concerns about future stability.

“It wasn’t just about losing money in the market. It felt like my overall financial plans were becoming uncertain.” [P12]

For these participants, losses were interpreted as disruptions to broader financial trajectories, including savings goals and long-term planning.

However, a contrasting pattern was also evident. Some participants framed the situation as temporary or manageable, often drawing on prior market experience.

“Markets have gone through worse phases. I saw it as a correction, not something permanent.” [P27]

A smaller group reported minimal perceived threat, particularly those with diversified portfolios or lower exposure.

“There was volatility, but I didn’t feel personally affected in a major way.” [P41]

Perceived threat, then, tracked prior market experience and portfolio exposure rather than the conflict itself.

Increased Monitoring Behaviour

Repeated monitoring of portfolios and market updates was described by several participants, particularly in accounts marked by greater concern.

“I kept checking my portfolio again and again… even when I knew it wasn’t helping.” [P08]

For some, this behaviour took on a repetitive or compulsive character, suggesting difficulty disengaging from market information.

Variation in behavioural regulation was also evident. Several participants described intentional strategies to limit monitoring.

“I realised it was stressing me out, so I restricted myself to checking once in the evening.” [P33]

Others reported stable or unchanged monitoring habits, indicating that increased checking was not universal.

“I didn’t change how often I check. Maybe once or twice a day as usual.” [P46]

Increased monitoring was common but far from universal, and several participants actively resisted it.

Somatic and Emotional Responses

Participants reported a spectrum of emotional and physiological responses associated with market fluctuations. For some, these responses were intense and sustained.

“Whenever there was a big drop, I could feel it physically… like a constant tension.” [P05]

Others described more episodic reactions, typically triggered by sharp market movements.

“It was stressful on bad days, but it didn’t stay with me continuously.” [P21]

A subset of participants reported limited emotional impact, emphasizing cognitive detachment or long-term orientation.

“I was aware of the situation, but it didn’t really affect me emotionally.” [P38]

Distress was widely reported, but participants differed sharply in how intense or lasting it was.

Emotionally Influenced Decision-Making

Many participants reflected on deviations from their planned investment strategies, often attributing these changes to emotional responses under uncertainty.

“I exited some positions earlier than planned. At that time, it felt necessary, but later I realised it was more reactive.” [P14]

Such accounts indicate a shift toward short-term, reactive decision-making, consistent with elevated behavioural response scores.

However, this pattern was not universal. Some participants emphasized maintaining discipline and adherence to pre-defined strategies.

“I followed my original plan. I didn’t let the situation influence my decisions too much.” [P29]

Others described selective adjustment, combining caution with strategic recalibration.

“I didn’t panic, but I did rebalance my portfolio to reduce risk.” [P44]

No single behavioural pattern dominated; responses spanned reactive selling to deliberate rebalancing to strict adherence to plan.

Spillover into Daily Life

For a number of participants, financial concerns extended into broader aspects of daily life, including work and interpersonal interactions.

“It started affecting my focus at work. I was thinking about the market even when I shouldn’t be.” [P09]

Some also reported strain in discussions with family members regarding financial decisions.

Others, by contrast, described limited or compartmentalized impact.

“I kept it separate. Once I closed the app, I focused on my routine.” [P35]

A few participants indicated no noticeable spillover, suggesting that financial concerns remained contained.

“It didn’t interfere with my daily life much.” [P50]

Spillover into daily life was reported by some participants and absent for others, with no clear majority pattern.

Shifts in Investor Self-Perception

Changes in how participants viewed themselves as investors formed another recurring theme. Many described reduced confidence and increased caution.

“Earlier I felt confident in my decisions. Now I second-guess things more.” [P11]

For some, this shift led to more conservative approaches or reconsideration of risk tolerance.

However, these changes were not always experienced negatively. Several participants described adaptive shifts in perspective.

“I’ve become more careful, but I think that’s a good thing in the long run.” [P36]

Others reported no significant change in self-perception, maintaining continuity in their investor identity.

“My approach hasn’t changed much. I still see myself as a long-term investor.” [P47] (see Fig. 2)

Investor self-perception was not uniformly destabilised: accounts ranged from reduced confidence and greater caution to adaptive recalibration and continuity of long-term orientation.

4.3 Convergence Across Quantitative and Qualitative Findings

The two strands show partial convergence. Participants describing financial threat, repeated monitoring or emotionally difficult decisions often also appear conceptually consistent with the quantitative pattern of higher FAS and LAPBIS scores. At the same time, several participants reported disciplined strategies, reduced monitoring or limited emotional impact. The appropriate mixed-methods conclusion is therefore convergence with meaningful heterogeneity, not confirmation of a single psychological pathway.

The qualitative accounts also provide possible explanations for between-person variation, including prior market experience, perceived financial exposure and self-regulation. These explanations are hypothesis-generating; the present design does not test them as moderators or mechanisms.

Overall, the mixed-methods evidence suggests that investor responses during the study period were not homogeneous. Financial anxiety and investment-related behavioural responses were associated quantitatively and appeared together in several narratives, but the direction, mechanism and war-specific contribution remain uncertain.

5. Discussion

5.1 Interpretation of Findings and Theoretical Implications

The study's principal quantitative result is the positive association between financial anxiety and investment-related behavioural responses (FAS–LAPBIS, r = .70). The qualitative material gives this association substantive context: several participants described repeated monitoring, rapid reactions to losses or strategy changes after becoming worried about further losses. Other participants deliberately constrained monitoring or maintained their original plans. The evidence therefore supports co-occurrence within this sample while leaving the direction and mechanism of the relationship unresolved.

The portfolio-size findings are also notable but should remain exploratory. Participants in the larger portfolio category had higher mean scores across the study measures. Greater financial exposure is one possible explanation, but portfolio size is also related in ordinary settings to age, experience, income, wealth and investment style. The present data do not isolate these possibilities.

The age-group results should be interpreted in the same way. Higher means among older groups may reflect differences in financial responsibilities or exposure, but the design cannot determine whether age itself explains the pattern. The analysis is therefore useful for generating hypotheses for larger studies rather than for identifying demographic causes.

The qualitative findings prevent the numerical results from being read as a uniform crisis response. Some participants described anxiety, repeated monitoring and lower confidence, whereas others described discipline, limited information exposure or strategic rebalancing. This variation is consistent with an appraisal-based interpretation in which people can assign different meanings to the same market event.

Prospect Theory is also relevant as an interpretive lens because many accounts emphasised the salience of losses and the desire to avoid further deterioration. However, the study does not experimentally compare gains and losses and does not estimate a Prospect Theory parameter. Claims are therefore limited to compatibility with loss-sensitive decision-making rather than direct theoretical confirmation.

The study consequently makes a modest theoretical contribution: it shows how perceived threat, financial anxiety and investment-related behavioural responses can be examined together in a geopolitical context, while also demonstrating substantial heterogeneity in individual responses.

The mixed-methods evidence should not be read as proof that the war caused anxiety or behavioural change. Without a pre-conflict baseline, a comparison group, objective trading data and validated context-specific measures, alternative explanations remain plausible.

5.2 Implications for Research and Practice

The practical implications are deliberately limited. Investor education and financial communication may benefit from attention to monitoring habits, perceived financial threat and pre-defined investment plans during periods of extreme volatility. These are hypotheses for intervention research, not demonstrated treatment effects.

Future studies could experimentally test prompts that encourage investors to separate verified information from rapid commentary, reduce unnecessary real-time monitoring and revisit pre-specified investment plans. Any such interventions should be evaluated using controlled or longitudinal designs.

The interviews also suggest that some investors used self-regulation strategies such as limiting the frequency of portfolio checks or maintaining a long-term plan. These observations are useful for generating future research questions, but they cannot establish that self-regulation caused more stable outcomes.

For regulators and financial institutions, the findings support the value of clear crisis communication that explains uncertainty and the limits of short-term prediction. The study does not evaluate the effectiveness of any particular communication strategy.

6. Conclusion

This study examined how a selected group of retail investors described market uncertainty during the opening weeks of the 2026 Iran–Israel–USA war. The final analytic sample was N = 53. Quantitatively, the study measures showed positive associations, most notably between financial anxiety and investment-related behavioural responses. Exploratory group comparisons also showed differences across portfolio-size and age categories. Qualitatively, participants described financial threat, monitoring pressure, emotional responses, strategy changes, spillover into daily life and changes in investor self-perception.

The central conclusion is that investor responses were heterogeneous. Some participants described repeated monitoring and emotionally influenced decisions, while others maintained long-term plans or deliberately restricted their exposure to market information. The quantitative and qualitative strands therefore converge on association and variation rather than on a single universal crisis response.

The evidence is compatible with behavioural-finance perspectives on loss sensitivity and with appraisal-based accounts of stress, but the design does not establish a causal pathway from the war to psychological outcomes or from financial anxiety to investment behaviour.

A stronger evidence base will require larger and more diverse samples, longitudinal measurement with pre-conflict baselines, objective investment or transaction data, transparent participant-level analytical files, and formally validated context-specific measures. Future work should also test whether financial literacy, risk tolerance, investment experience and information consumption explain heterogeneity in crisis-period responses.

6.1 Limitations and Future Research Directions

First, the cross-sectional design does not establish temporal order or causality. Participants were observed after the war had begun, not before, during and after the event. Second, the study relies heavily

on self-report; portfolio decline, monitoring frequency and behavioural changes were not independently verified using transaction records. Third, voluntary online recruitment and a final sample of 53 create self-selection and limited external validity. Fourth, the adapted GAD-7 and PHQ-9 indicators should not be assumed to retain the validity of the original clinical instruments. Fifth, the provenance and validation status of LAPBIS must be documented clearly if it was researcher-developed. Sixth, the multiple exploratory comparisons and small sample require caution, complete subgroup reporting and, in future work, prespecified analyses with appropriate multiplicity control.

Future research should compare initial recruits with final participants where possible, use larger stratified or probability-based samples, collect pre-conflict baselines, include objective portfolio or transaction measures, validate context-specific psychological instruments, and test potential moderators such as financial literacy, risk tolerance, investment experience, diversification and prior crisis exposure.

Declarations

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Competing Interests

The author declares that there are no competing financial or non-financial interests directly or indirectly related to this work.

Author Contributions

Mohd Ajmal: conceptualization, methodology, investigation, data collection, analysis, writing, review and editing, and overall responsibility for the manuscript.

Data Availability

The participant-level dataset is not publicly available because it contains sensitive participant information. De-identified data may be considered for access where permitted by participant consent, ethics approval and applicable privacy requirements. The author will retain the underlying dataset, codebook and analysis syntax for audit and replication purposes.

Ethics Approval and Consent to Participate

The study reports that ethical clearance was obtained before data collection. Informed consent was obtained from participants, and participation was voluntary. The institutional ethics committee name, approval/reference number and approval date were not available in the source manuscript and must be verified against the original ethics documentation before submission.

Consent for Publication

Not applicable. No individually identifiable participant information is published.

AI Declaration

A generative artificial intelligence tool (ChatGPT) was used during manuscript preparation to assist with language refinement, organization, rephrasing and formatting based on author-provided research materials. The author reviewed and verified the manuscript and takes full responsibility for its content, data, analyses, interpretations and conclusions. No participant data or empirical results were generated or fabricated by AI.

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Appendices

Appendix A: Semi-Structured Interview Guide

Section	Question
Background	How long have you been investing?
Background	What types of investments do you hold?
Pre-Conflict	Describe your investment strategy before the conflict.
Experience	How did you react when the conflict began?
Psychological	Did you experience stress or anxiety?
Behavioural	Did your investment behaviour change?
Reflection	Has this changed your view of investing?

Appendix B: Study Measures and Adaptation Notes

Measure	Item example / reporting note
GAD-7	Contextually adapted item example relating nervousness/anxiety to the participant's financial or investment situation. Not used for clinical diagnosis.
PHQ-9	Contextually adapted item example relating loss of interest or reduced engagement to investment/financial activities. Not used for clinical diagnosis.
FAS	Study measure of financial anxiety; administration and scoring should follow the study's stated protocol.
LAPBIS	Study-specific measure of loss-averse and panic-related investment behaviour; provenance and validation should be documented if the instrument was researcher-developed.

Appendix C: Reflexive Thematic Analysis Framework

Analytic phase	Description
Familiarisation	Repeated reading of transcripts and noting initial observations.
Initial coding	Inductive coding of relevant features of participants' accounts.
Candidate themes	Grouping related codes into provisional patterns and reviewing them against the dataset.
Theme review and definition	Checking coherence, boundaries, and fit of candidate themes before final naming.
Final analytic account	Selecting illustrative extracts and integrating the themes with the research questions and quantitative findings.

Appendix D: Example Coding Table

Raw Extract	Code	Category	Theme
Checking portfolio repeatedly	Compulsive checking	Monitoring	Monitoring Behaviour
Future feels uncertain	Financial threat	Appraisal	Financial Threat

Figures

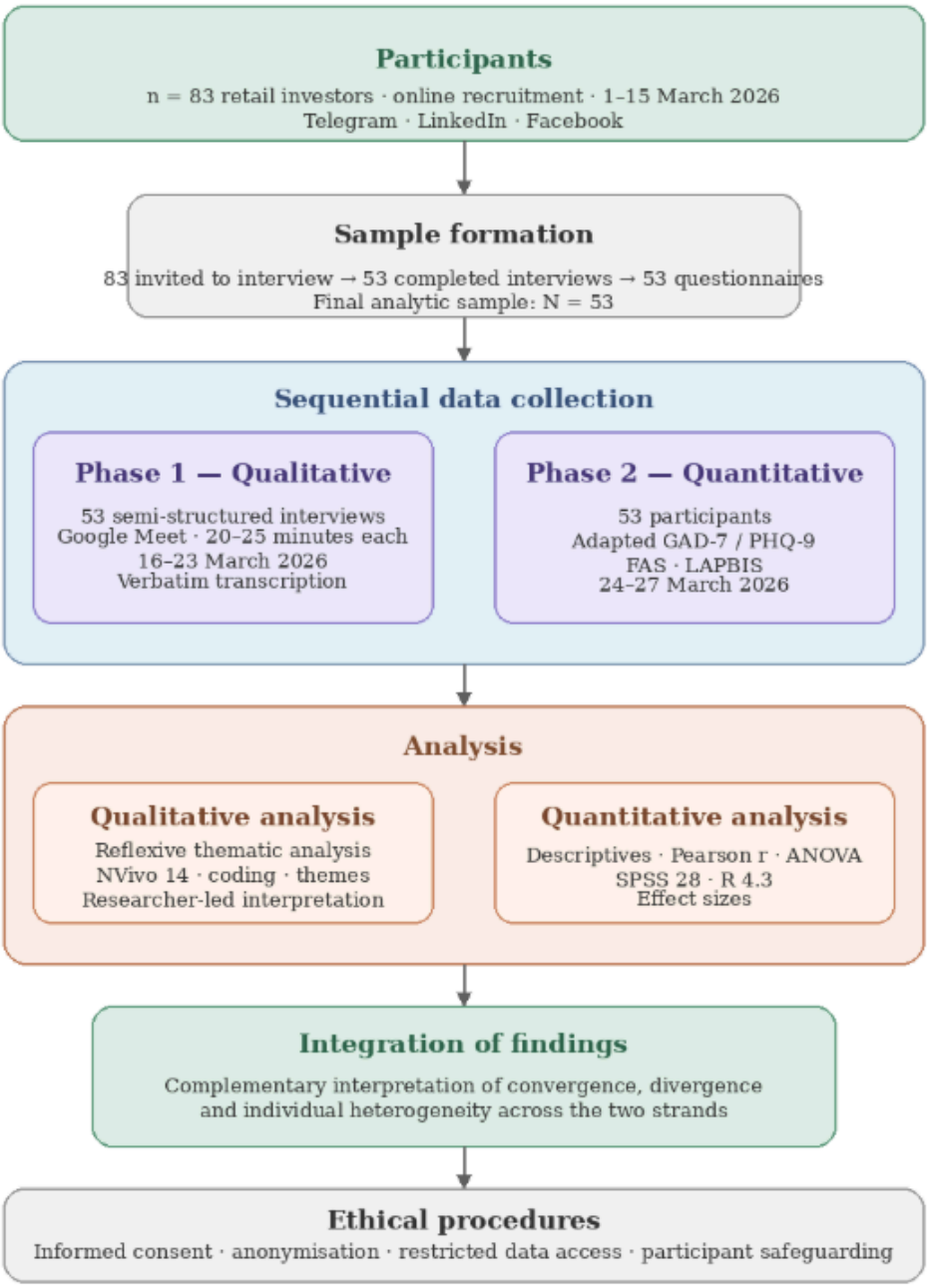


Figure 1

Sequential mixed-methods research design

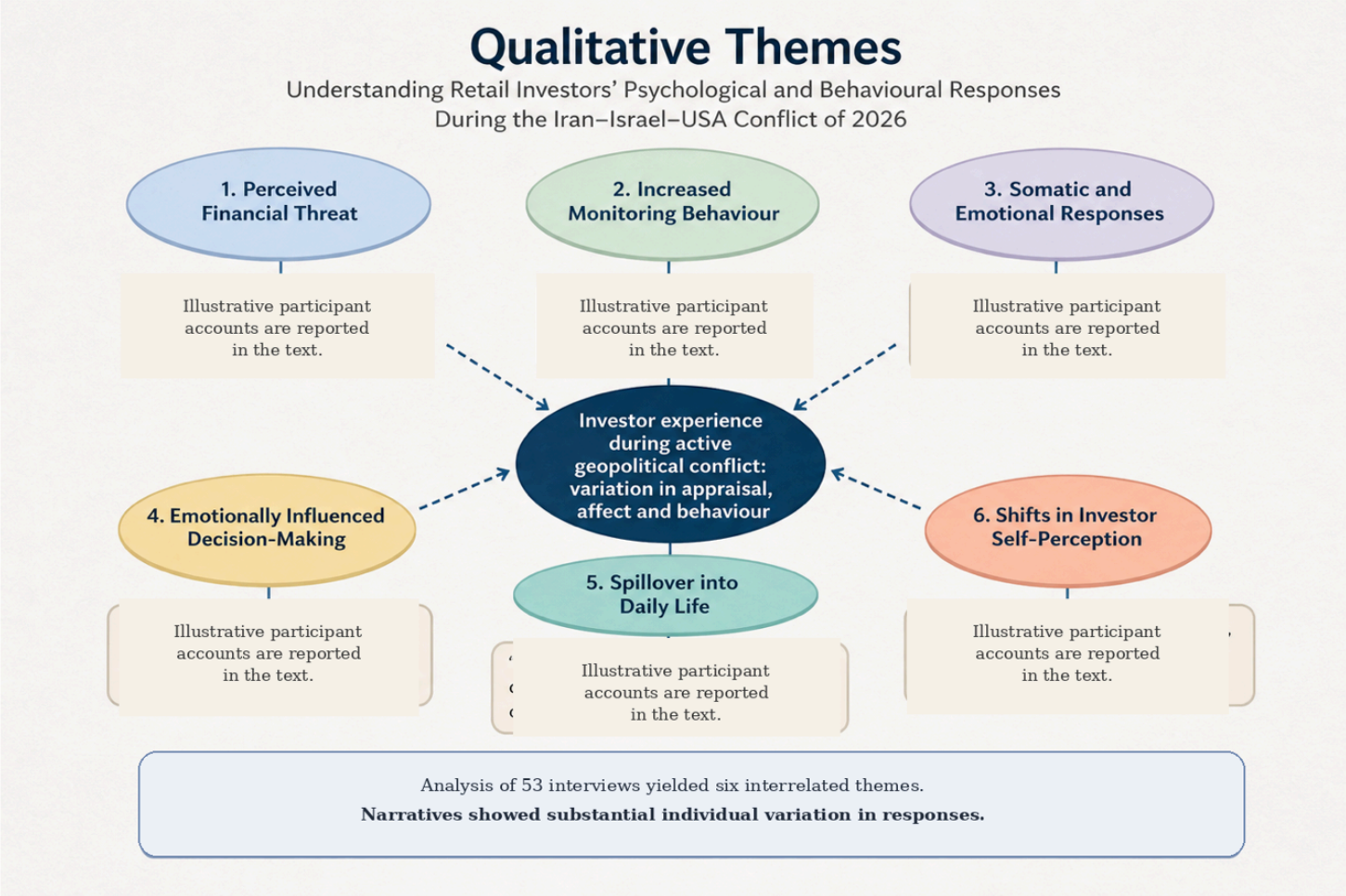


Figure 2

Qualitative themes identified through reflexive thematic analysis