Image not found or type unknown

Behavioral economics

Description

Behavioral economics studies the effects of psychological, cognitive, emotional, cultural and social factors on the economic decisions of individuals and institutions and how those decisions vary from those implied by classical theory.

Behavioral economics is primarily concerned with the bounds of rationality of economic agents. Behavioral models typically integrate insights from psychology, neuroscience and microeconomic theory. The study of behavioral economics includes how market decisions are made and the mechanisms that drive public choice. The three prevalent themes in behavioral economics are:

- Heuristics: Humans make 95% of their decisions using mental shortcuts or rules of thumb.
- Framing: The collection of anecdotes and stereotypes that make up the mental filters individuals rely on to understand and respond to events.
- Market inefficiencies: These include mis-pricing and non-rational decision making.

In 2002, psychologist Daniel Kahneman was awarded the Nobel Memorial Prize in Economic Sciences "for having integrated insights from psychological research into economic science, especially concerning human judgment and decision-making under uncertainty". In 2013, economist Robert J. Shiller received the Nobel Memorial Prize in Economic Sciences "for his empirical analysis of asset prices." (within the field of behavioral finance). In 2017, economist Richard Thaler was awarded the Nobel Memorial Prize in Economic Sciences for "his contributions to behavioral economics and his pioneering work in establishing that people are predictably irrational in ways that defy economic theory."

en.wikipedia.org/wiki/Behavioral_economics

Cognitive bias codex

Category

1. General

Tags

1. Cognitive biases
2. Decision-science
3. Dual-process theory
4. Mass psychology

Date Created
7. November 2018
Author
web45