



# BEHAVIORAL FINANCE

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## Words from the Wise: An Interview with Richard Thaler

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Richard Thaler, a founding father of behavioral finance and the 2017 recipient of the Nobel Prize in Economics, discusses his pioneering research, including how our behaviors influence decision making and investing and what to do about it. Some interview highlights include:

- A brief behavioral economics retrospective discussing how all economists, from the very early days of Adam Smith, considered the human behaviors of everyone in the economy, but then we lost sight of the human element for a while. Thaler explains how behavioral economics has once again found its place in the economist's toolkit and how it influences modern day thinking and research.
- Thaler discusses the degree to which investors are able to exploit irrational market behaviors.
- He outlines three categories in which behavioral finance can be a useful tool for improving outcomes, self-improvement; improvement of others, and investing. Thaler reminds readers of the concept of nudge and the powerful impact it has had, among many others, on helping people save more for retirement.
- Finally, Thaler shares his proudest accomplishments, his heroes, and whether he has any regrets.

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