

Documented biases in financial decisions.

Biases

Overconfidence in one's own forecasts

Anchoring on an initial number

Loss aversion — losses hurt about twice as much

Herding into consensus positions

Confirmation bias in research

Effects

Excessive trading that erodes returns

Holding losers, selling winners

Momentum and reversal in prices

Bubbles sustained past fundamentals

Knowing a bias rarely removes it. Process — checklists, pre-commitment, external review — works better than awareness.