Twitter Thread by Vidya

Vidya
@VidyaG88

1/16

Was reading upon #Biases & learnt a lot. Thought of sharing a few pointers .

Simply put Bias is a disproportionate weight in favour of or against any idea/thing in all aspects of life.

Few types of Biases (out of the many) with not so random images. :)

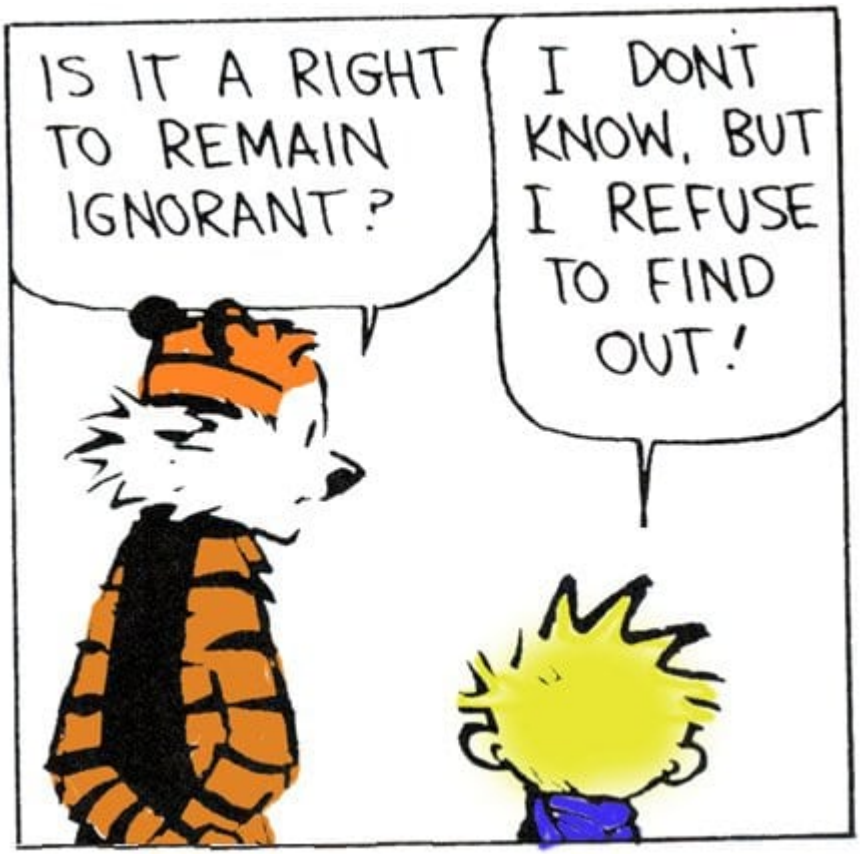
+

2/16

The #DunningKruger effect now is fairly well known , wherein people with limited knowledge overestimate their competence, whilst the actually knowledgeable question themselves often .

"Ignorance more frequently begets confidence than does knowledge".

+



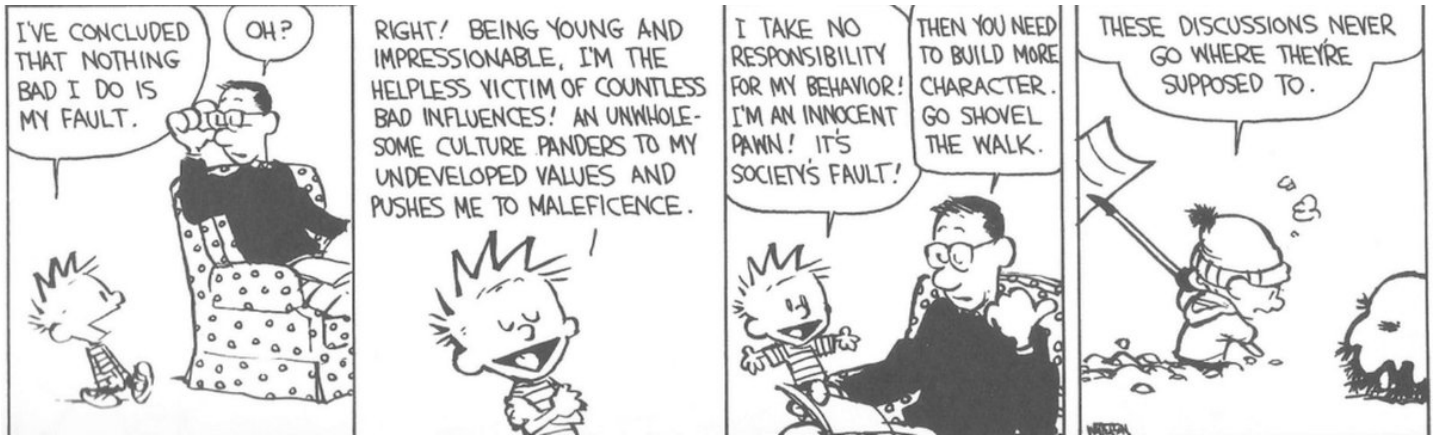
3/16

#SelfServingBias

A very interesting bias wherein we credit our successes to purely ourselves, but when things go awry we cite luck & external forces .

Rings any bells?

Basically a defence mechanism to protect our self esteem & eventually from personal responsibility.



4/16

* #ConfirmationBias *

We all favour ideas & beliefs that affirm to our existing ones' , rarely being open to contradictory opinions .

(Especially in markets !! ■) Why?

Laziness? Mental block? Ego ?

No wonder, Birds of a feather flock together ... ■



5/16

* #SunkCostBias *

As we know, sunk costs are irrecoverable , regardless of outcomes. (Eg Money expended towards R&D for a molecule

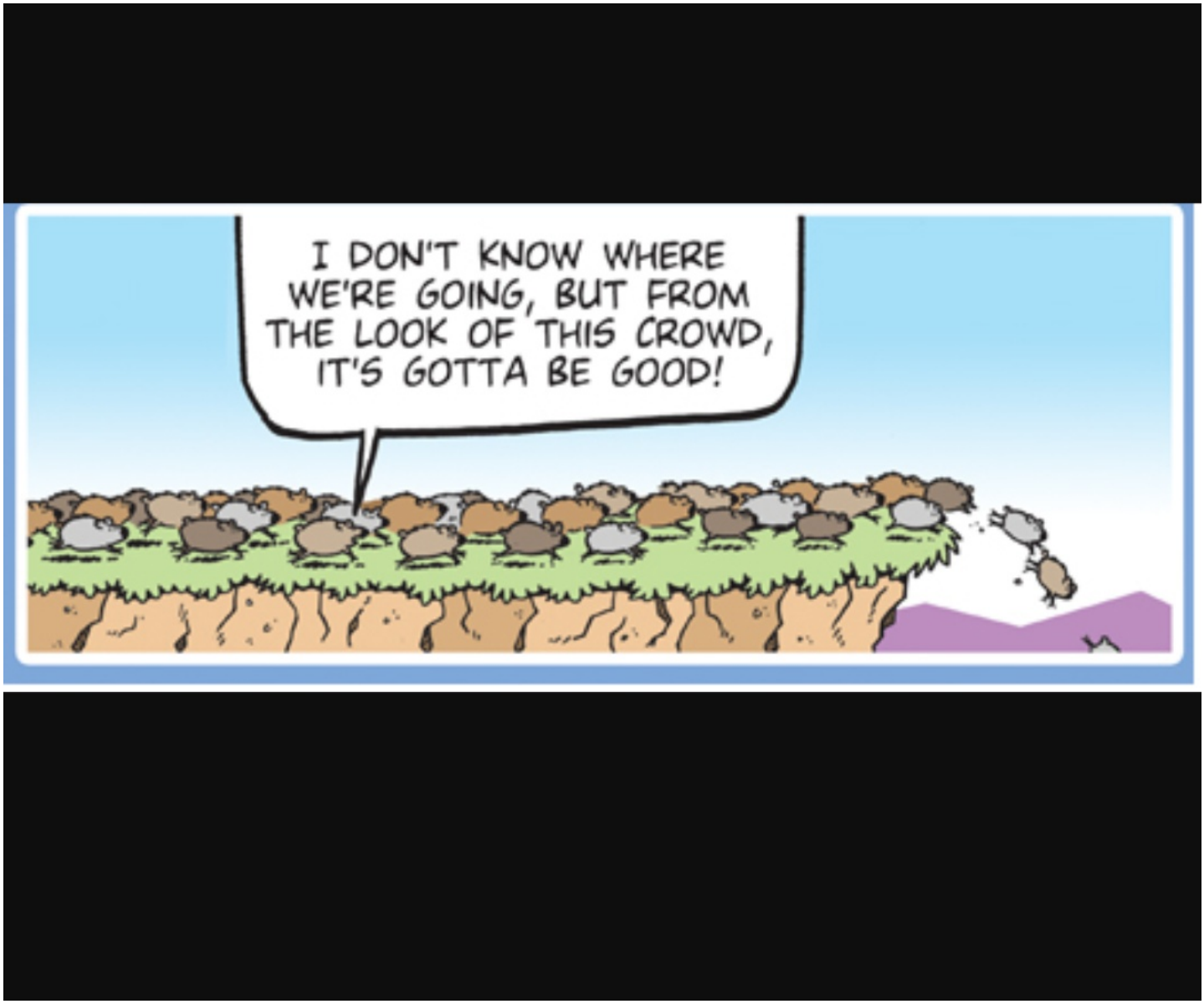
which doesn't work out)
But this actually extends in any investment we make - Time,Money, Effort, Relationships ...■
Interesting right?



6/16
Be it financial decisions, daily life decisions, our career ...
we tend to go all in because we have invested our time,energy & efforts & we PERSIST with them. The psychological blocks in the way of simply discarding our "misses" & clinging onto them is baffling.
+

7/16
* The #BandwagonEffect*
Commonly known as herd mentality wherein people do something primarily because they see others doing it,despite it not aligning to their beliefs . The best example of it being Markets :)

#SnobEffect works contrary to this .



8/16

#HindsightBias

All of us are guilty of this ! When something happens as per our claims, we tend to blurt out

"I said so ! " ■■

Things are often more obvious & predictable after events transpire.

But intially one can only offer a guess.

Often leads to overconfidence ■



9/16

* Optimistic/ Pessimistic Bias *

Basically the difference between a person's expectation & the actual outcome.

If reality is better than expected - Pessimistic Bias & vice versa.

Must say for all that positivity I exude, I actually incline toward a Pessimistic Bias! ■

+

10/16

Hence it is rightly said, "Never make decisions when sad & promises when happy."

For we tend to become victim to our emotions which makes our thinking irrational .

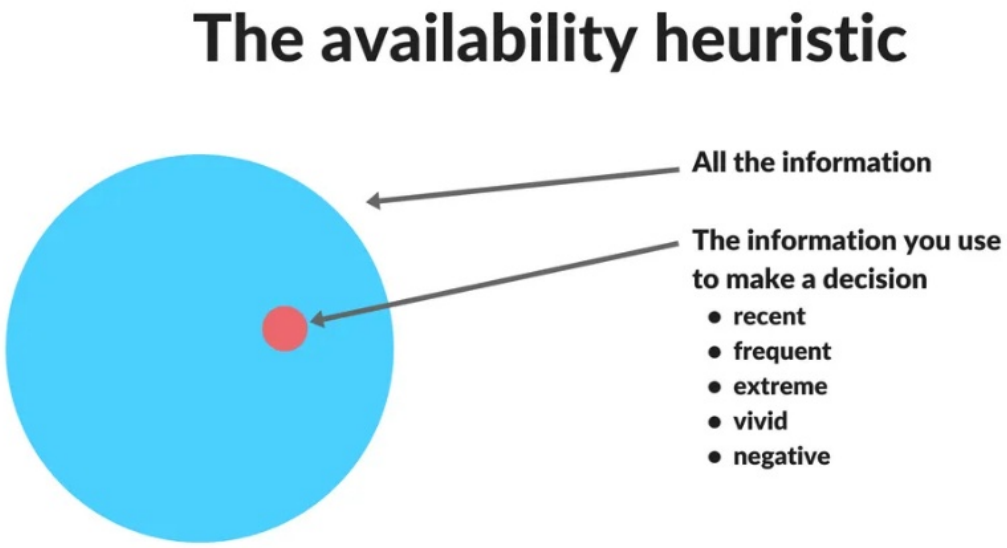
So are we rationally irrational or irrationally rational ?? ■

11/16

#AvailabilityBias

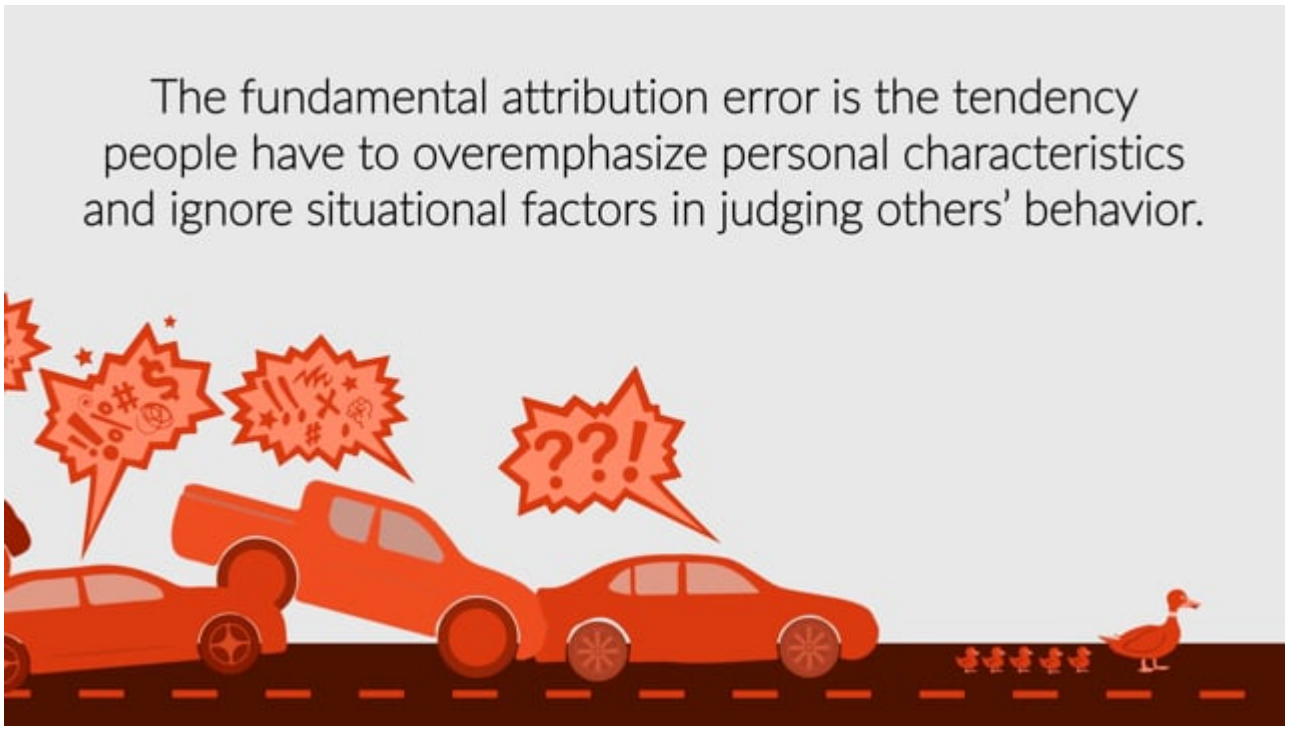
When faced with a bottleneck we tend to have this bias of leaning toward information which is readily available & retreivable from our memory ,thereby distorting our understanding of real risks . For we assume our recollections to be concise &

precise.



12/16
The #FundamentalAttributionError

As a society we involuntarily tend to do this .
A lady driving well ?
Good looking ,hence must be dumb !
Men & nurturing?
Stereotyping & failing to look at the larger picture before jumping to conclusions based on info available.



13/16

* In Group Bias *

Don't we tend to favour our known one's more than a stranger ?

I know I have done this often .

It kind of stems sub consciously .

We think we are being impartial .

It is just our love and kinship onto play here.

If not overdone , is actually healthy.

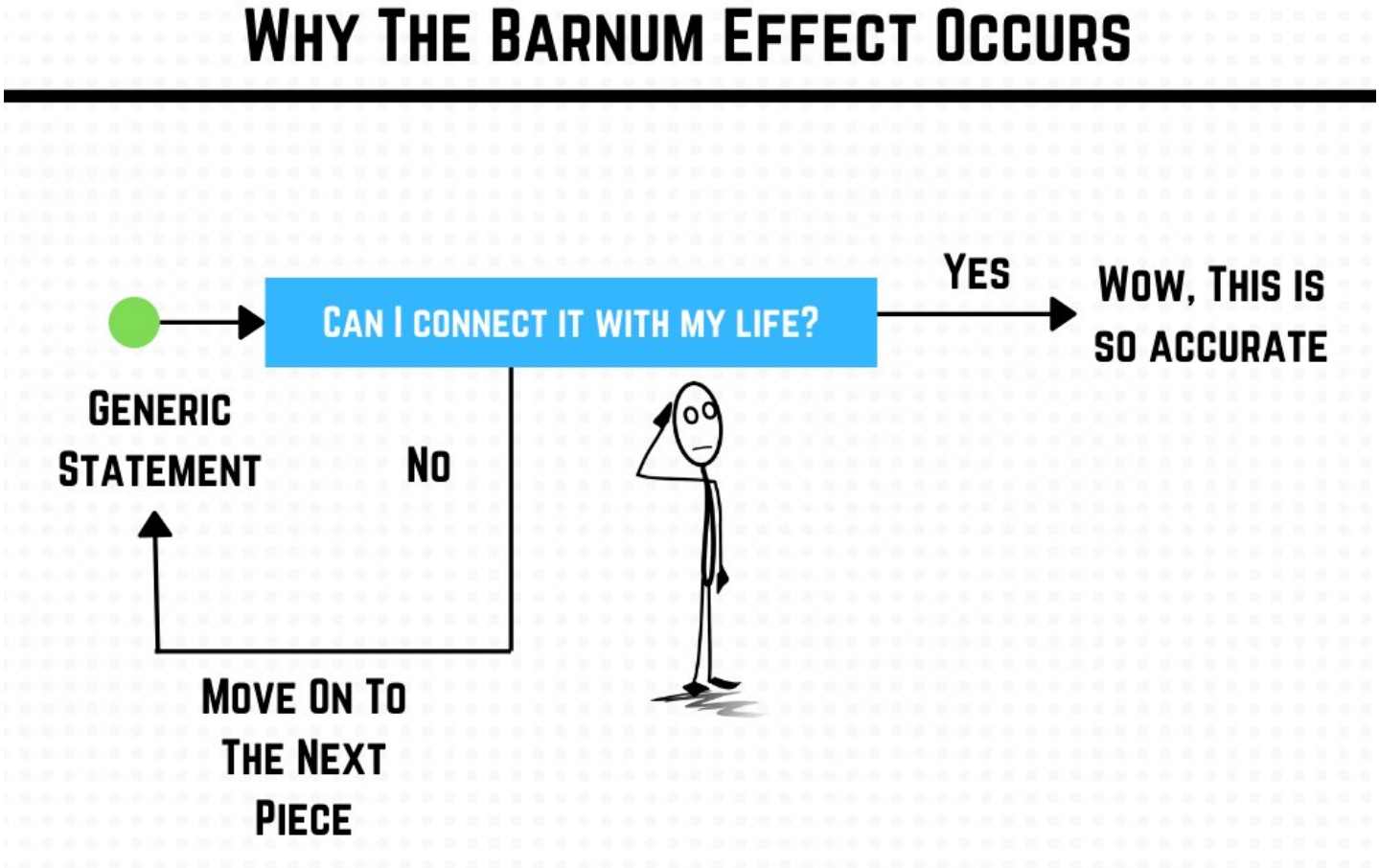
14/16

* The #BarnumEffect *

Wherein generic statements (specifically positive) also seem specific to us because of a combination of wishful thinking & hopefulness.

Often used in horoscopes, marketing & advertising . Heck even in grooming nowadays ! ■

+

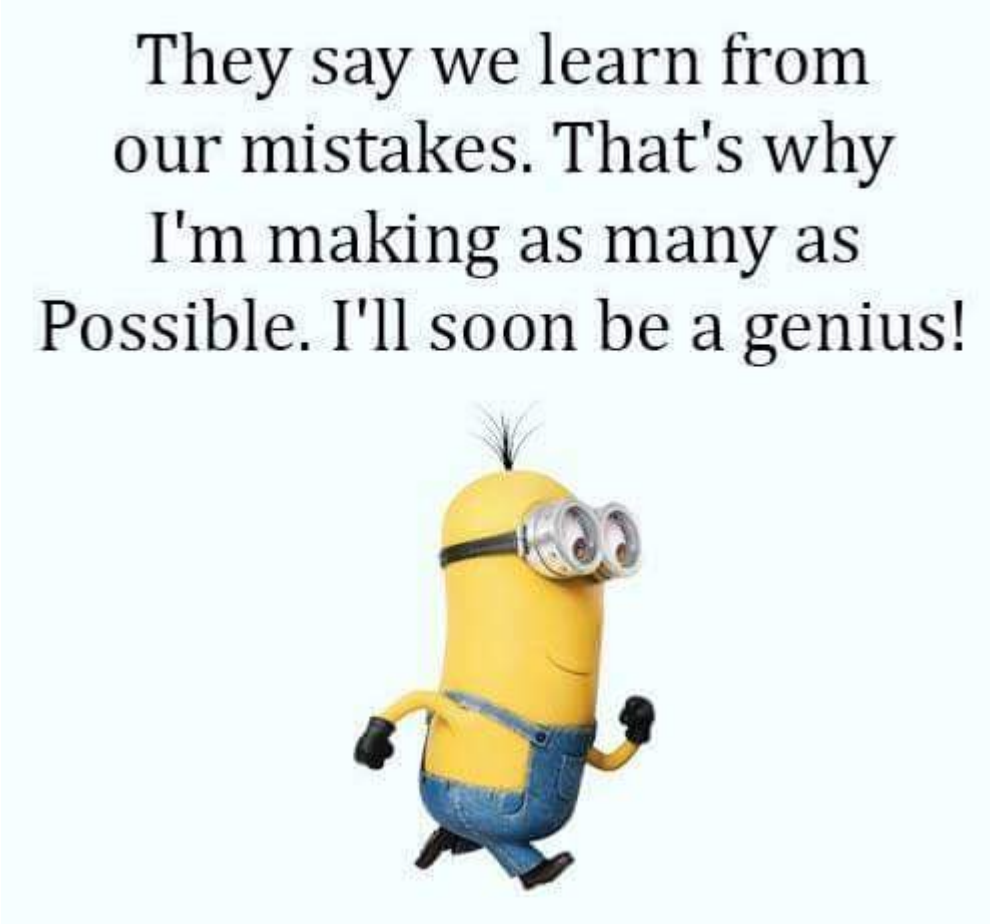


15/16

To sum it up, I guess we all have fallen prey to our biases at some point,for it is easier said than done !

But some #CriticalThinking and #ReflectiveJudgement definitely shall help us in better decision making I guess!

Afterall we all learn from our mistakes!! ■■■■



16/16

I hope this thread provided some content which might be useful for investing or life in general . .
Thanks for putting up with it ! :))

@position_trader
@Vivek_Investor
@RichifyMeClub
@ms89_meet
@safalniveshak

#investing
#LifeLessons
#psychology
#Biases