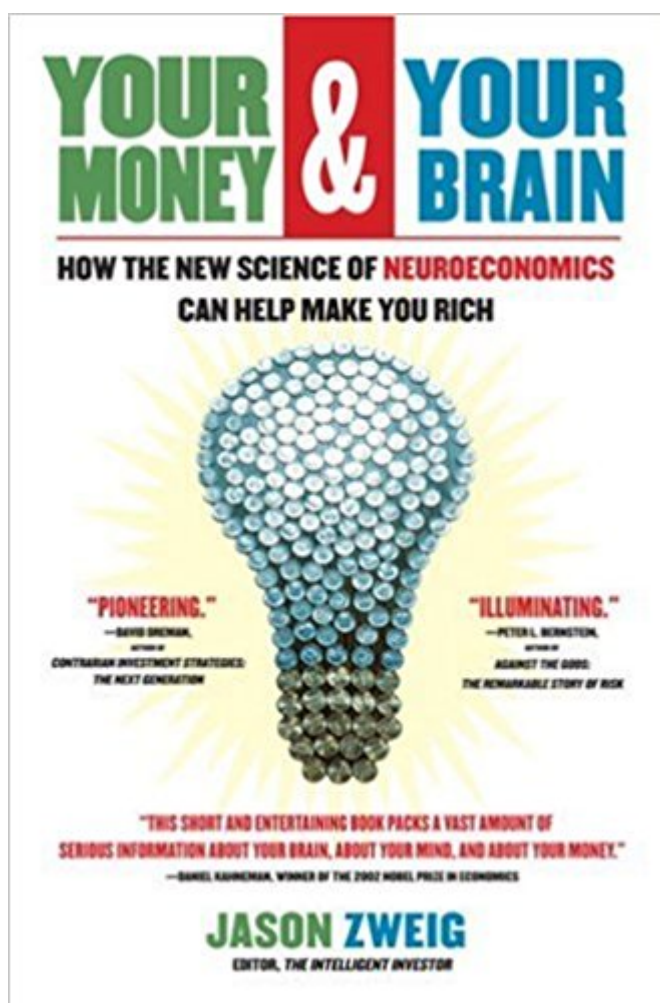


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# Your Money And Your Brain: How The New Science Of Neuroeconomics Can Help Make You Rich



## Synopsis

Drawing on the latest scientific research, Jason Zweig shows what happens in your brain when you think about money and tells investors how to take practical, simple steps to avoid common mistakes and become more successful. What happens inside our brains when we think about money? Quite a lot, actually, and some of it isn't good for our financial health. In *Your Money and Your Brain*, Jason Zweig explains why smart people make stupid financial decisions and what they can do to avoid these mistakes. Zweig, a veteran financial journalist, draws on the latest research in neuroeconomics, a fascinating new discipline that combines psychology, neuroscience, and economics to better understand financial decision making. He shows why we often misunderstand risk and why we tend to be overconfident about our investment decisions. *Your Money and Your Brain* offers some radical new insights into investing and shows investors how to take control of the battlefield between reason and emotion. *Your Money and Your Brain* is as entertaining as it is enlightening. In the course of his research, Zweig visited leading neuroscience laboratories and subjected himself to numerous experiments. He blends anecdotes from these experiences with stories about investing mistakes, including confessions of stupidity from some highly successful people. Then he draws lessons and offers original practical steps that investors can take to make wiser decisions. Anyone who has ever looked back on a financial decision and said, "How could I have been so stupid?" will benefit from reading this book.

## Book Information

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## Customer Reviews

Starred Review. It's tempting to blame your upbringing or your stingy boss, but the real culprit in your flawed relationship with money is your very own brain, argues finance writer Zweig. Combining concepts in neuroscience, economics and psychology, he explains how our biology drives us toward good or bad investment decision. Our brains are pretty self-deceptive, it turns out: we have difficulty admitting our lack of knowledge about finances; we overestimate our own wisdom and performance; and our preference for mistakes of action rather than inaction often leads us to irrational investment decisions. Most tellingly, humans believe we're smart enough to forecast the future even when we have been explicitly told that it is unpredictable. Among the book's fun facts: the MRI brain scan of a cocaine addict is virtually identical to that of someone who thinks he is about to make money. Backed by stellar research and written in an entertaining, informal style that makes a complex subject accessible to the layperson, Zweig makes clear how we can understand what our brains are doing and how to use that knowledge to get out of our own way and invest wisely. (Sept.) Copyright © Reed Business Information, a division of Reed Elsevier Inc. All rights reserved. --This text refers to an out of print or unavailable edition of this title.

Do you fret over the value of your investments on a daily basis? Do you buy stocks based on a "hunch" or a gut feeling? According to Zweig, the latest scientific evidence shows that this common behavior usually results in financial loss and is caused by the way our brain reacts when we think about money. According to recent research in the emerging science of "neuroeconomics," the pleasure center in the brain that is stimulated in anticipation of "the big payout" is the same area that is affected during sex or drug use and is responsible for the addiction to gambling. Our brains, which evolved more than 200,000 years ago to react quickly to patterns and minute changes in our environment, are not equipped to handle the randomness of the stock market; but nevertheless we attempt to create meaningful patterns where there are none and base our investment decisions on erroneous assumptions. The good news is that awareness of this phenomenon can make us better investors, and Zweig offers some simple tips to avoid the pitfalls, such as taking the long view and avoiding overtrading. Siegfried, David --This text refers to an out of print or unavailable edition of this title.

I was rather excited to purchase this book for the mere fact it was recommended by a colleague that was bragging about it. When the book arrived I didn't read it immediately, but waited about two weeks. When I started, I was a bit upset I hadn't sooner. Your Money and your Brain was an interesting read. The author insinuated that we have two brains, the reflective and intuition which

guides us to make decisions. We are too confident in our decision making and the fact is we don't know everything. Things should be thought out rather than instant instinct decisions. Well written book and the price point was adequate. My only concern is how am I going to implement the new found information to my brain and have both my brains retrained.

If you care anything at all about your money, your future and the future of your money, then you will begin to familiarize yourself with this new field of study called Neuroeconomics. It will make you realize that in order to fix your net worth, the first thing that you need to fix is not just your income but your own thinking about money. The interesting thing is that the interplay between the emotional side of the brain and money (or the perceived value of something in relation to money, a stock for instance) is actually an old subject. The "Fool and His Money" has been widely commented on by an assortment of people diverse enough to include Penn & Teller, Harry Houdini and Anton Lavey as well as Warren Buffett, Ben Graham and the other financial types that you would expect to see at the table for this topic. The difference is that now it has a name that gives it more credibility as a specialized field within both psychology and economics. The subject is old, but its serious study is quite new. Most of what you will read and hear in Neuroeconomics represents recent work. This book is an excellent place to start. Interviews with this author and related videos on Neuroeconomics can be found on YouTube. This book and those vids will give a sound introduction to this subject.

This book is not about how to use neuropsychology to make more money investing. It is about how to think more rationally about your investment decisions to stop losing money. If you are one of those who still think you can beat the market by churning your portfolio you won't like this book. If you are current on cognitive neuroscience and modern investment or portfolio theory you might find this book a bit boring and repetitive. If, however you are new to either topic you will likely find it very interesting. This book does provide specific advice at the end of each chapter in the form of guidelines to help you think rationally and avoid reacting emotionally while making investment decisions. I think these guidelines are the best part of the book and the author provides a handy mnemonic version in the appendix. I'd recommend this book to anyone trying to learn how to make good investment decisions. As a psychology or neuroscience book this one gets relegated to the "yet another gee whiz pop psychology book written by a non-psychologist." It's comparable to any of Malcolm Gladwell's books in style and readability, which is good, but it also suffers the same weakness, namely that the research and rather wild extrapolations, conclusions, and speculations

are presented uncritically. Extrapolating from animal and human behaviors in a laboratory setting to complex and highly socialized behaviors in a natural setting is difficult to justify, and determining causality in the correlations between brain activity and behaviors is still a subject of hot debate and current research. Psychology has been subjected to one fad after another over the years (the various "schools of psychology" we kindly call them in retrospect) that have had popular appeal, but no real scientific basis. Don't be fooled. Although Neuroscience is a real science the leap to claiming that this or that brain activity or chemistry explains complex behaviors of humans in dynamic social situations is not. The kindle version lacks inline references to the chapter notes (present in the print edition, I think). This not only misses one of the key advantages of eBooks but also eliminates easy access to the supporting research for the claims made. I have read other eBooks on Kindle that preserved the references as hot links to the notes and/or bibliography. I don't mind paying full cover price for an eBook if it's a decent conversion, but these kindle books have serious navigation issues even in the best conversions, so lack of hot linked footnotes and references is just about a deal killer.

The premise of the book that the way your brain works affects the decisions you make is right on target. Unfortunately, Zweig doesn't get to the point of how this might help you in your financial decisions. I found *\_Thinking, Fast and Slow\_* by Dan Kahneman, to be a more thorough guide to the topic, with more practical points as to how you may use this knowledge to your advantage. Zweig is approachable and correct, but I didn't get the tips and financial insight I expected from an experienced financial guru for the uninformed. Read *\_Thinking\_* instead.

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