



Behavioral Economics and Decision making

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Can something as “soft” as behavioral economics really modify behavior?

Calculative vs. Intuitive Choice Architecture

- Two different ways of eliciting a person's preferences for risk.
- Which (if either) is the truth?

Sources: Benartzi and Lyengar, In-Progress

Driving in Bolivia

The Stremnaya Road

The Stremnaya Road is extremely beautiful with gorgeous mountains, cliffs, and greenery. While the road offers dramatic scenery, it is considered by some the most dangerous road in the world. The combination of extremely narrow roads and tall cliffs could easily result in a deadly accident, and an average of two vehicles per month fall from the road. The danger ironically though has made it a popular tourist destination starting in the 1990s. Mountain biker enthusiasts, in particular, have made it a favorite destination for downhill biking.



The Stremnaya Road



The Stremnaya Road



The Stremnaya Road



Intuitive Design

Intuitive design is a human-centered approach that incorporates behavioral finance to address cognitive barriers in decision making.

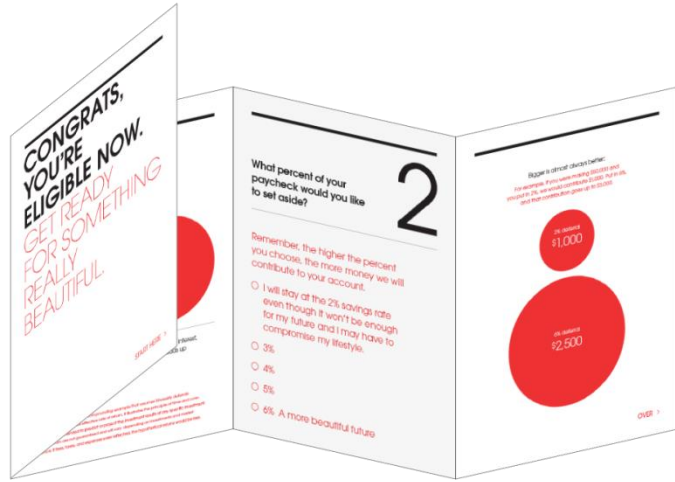
Human centered design is a process by which the needs, wants and barriers of the end users of the product are given priority in the design process.

Integral to intuitive design is reducing complexity and simplifying difficult to understand concepts so that the user feels empowered.

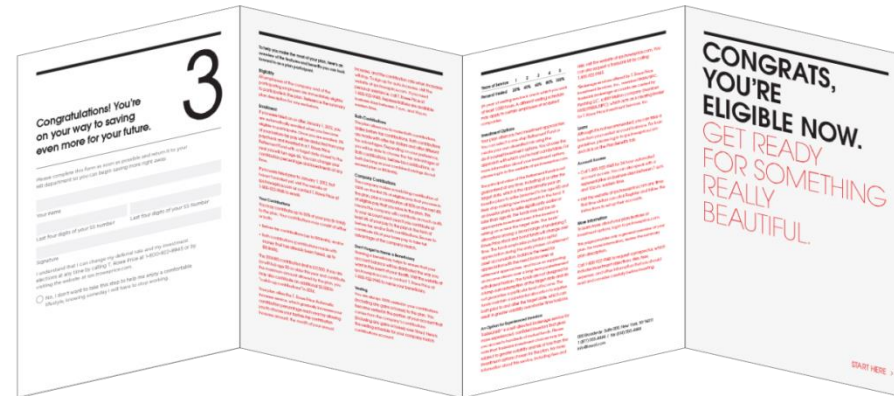
Building a Visual Vocabulary

Intuitive Design bridges the gap between the current “knowledge point”, and the “target knowledge” point.

By translating complex concepts into easy-to-understand visual stories we can quickly reduce the knowledge burden present in financial decision making.



Side A

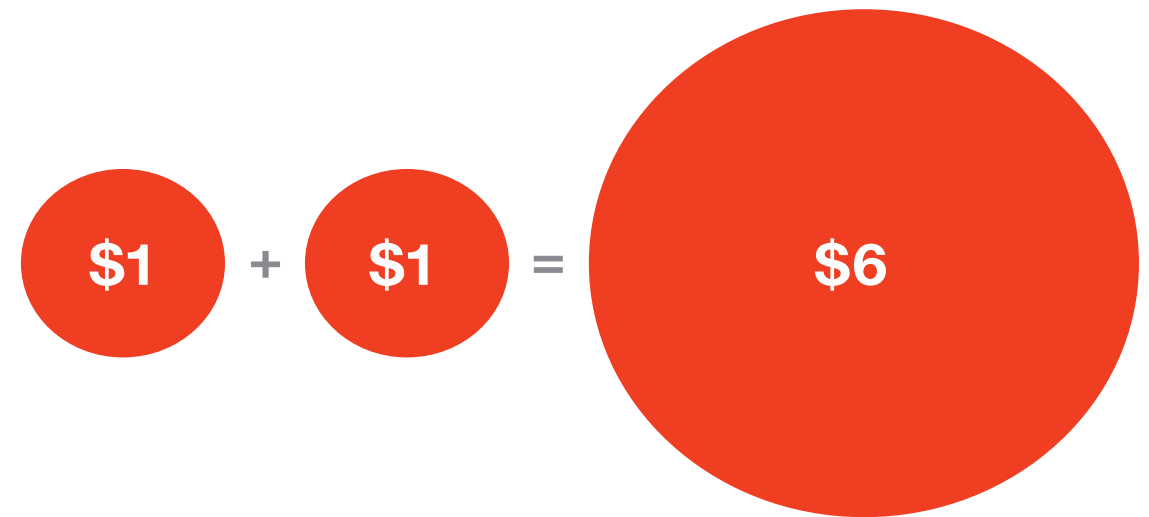


Side B

Employer Match Prospect Theory

which that a loss has a 2.25X psychological impact of a proportionate gain.

Impact of your employer's match



You contribute

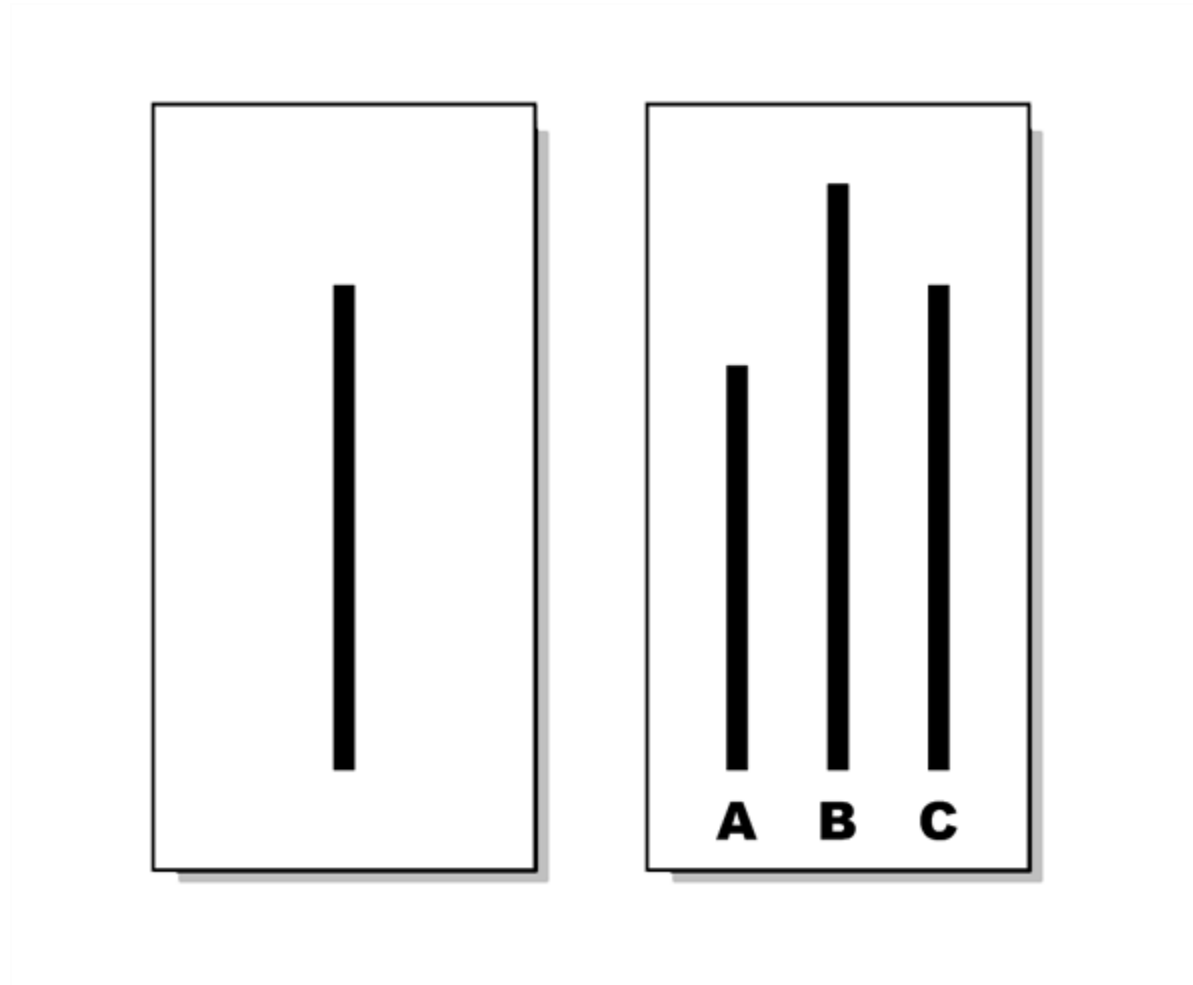
Your employer's match

With compound interest, it really adds up

Conformity: Asch Experiment

- Many people go along with the group regardless of what they themselves might think as individuals.

Conformity: Asch Experiment



Conformity: Asch Experiment

- 75% of the subjects agreed with the group at least once —even though many later confessed they knew the group's answer was wrong