

The Complete Collection Of Cognitive Biases And Heuristics That Impair

In the complex web of our minds, there are countless cognitive biases and heuristics that shape our thoughts and decisions. These mental shortcuts, although necessary for our survival, can often lead us astray. In this comprehensive article, we will explore the fascinating world of cognitive biases and heuristics, deciphering their impact on our thinking and behavior.

What are Cognitive Biases?

Cognitive biases are subtle deviations from rationality that affect our judgment and decision-making processes. They arise from the limitations of our brain's capacity to process information. Our mind constantly seeks to simplify and create mental shortcuts to navigate the overwhelming amount of data we encounter daily. However, these shortcuts can sometimes lead to erroneous or irrational s.

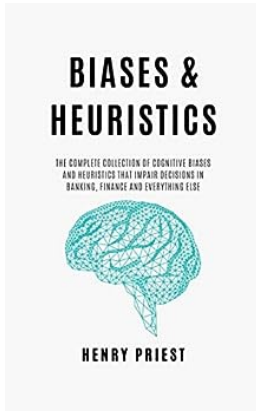
The Impact of Cognitive Biases

Cognitive biases have a profound impact on various aspects of our lives, including personal relationships, professional decisions, and even public policies. Understanding these biases is crucial for individuals and societies alike to overcome the limitations they impose on our thinking.

BIASES and HEURISTICS : The Complete Collection of Cognitive Biases and Heuristics That Impair Decisions in Banking, Finance and Everything Else (The Psychology of Economic Decisions Book 7) by Henry Priest (Kindle Edition)

★★★★☆ 4.1 out of 5

Language : English



File size	: 1163 KB
Text-to-Speech	: Enabled
Screen Reader	: Supported
Enhanced typesetting	: Enabled
Word Wise	: Enabled
Print length	: 175 pages
Lending	: Enabled



The Complete Collection of Cognitive Biases and Heuristics

1. Confirmation Bias: The tendency to seek out information that confirms our pre-existing beliefs while ignoring opposing evidence.




2. Anchoring Bias: The reliance on the first piece of information encountered when making judgments or decisions, often leading to a biased outcome.

3. Availability Heuristic: The tendency to overestimate the likelihood of events based on their immediate availability in memory.

Availability heuristic

Our brain likes to take shortcuts to solve a problem when normal methods are too slow to find a solution.

The problem with this approach is that frightening events are easier to recall than every-day events. We should be aware that alarmist news broadcasts don't help in an accurate sense of events.



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4. Loss Aversion: The tendency to prefer avoiding losses over acquiring equivalent gains.

5. Gambler's Fallacy: The belief that previous outcomes affect future probabilities, even though each event is independent.



6. Halo Effect: The tendency to let initial positive impressions influence overall judgments or evaluations.

7. Overconfidence Effect: The tendency to have excessive confidence in one's abilities or judgments.

WHAT IS OVERCONFIDENCE EFFECT



8. Framing Effect: The way information is presented can significantly influence decision-making.

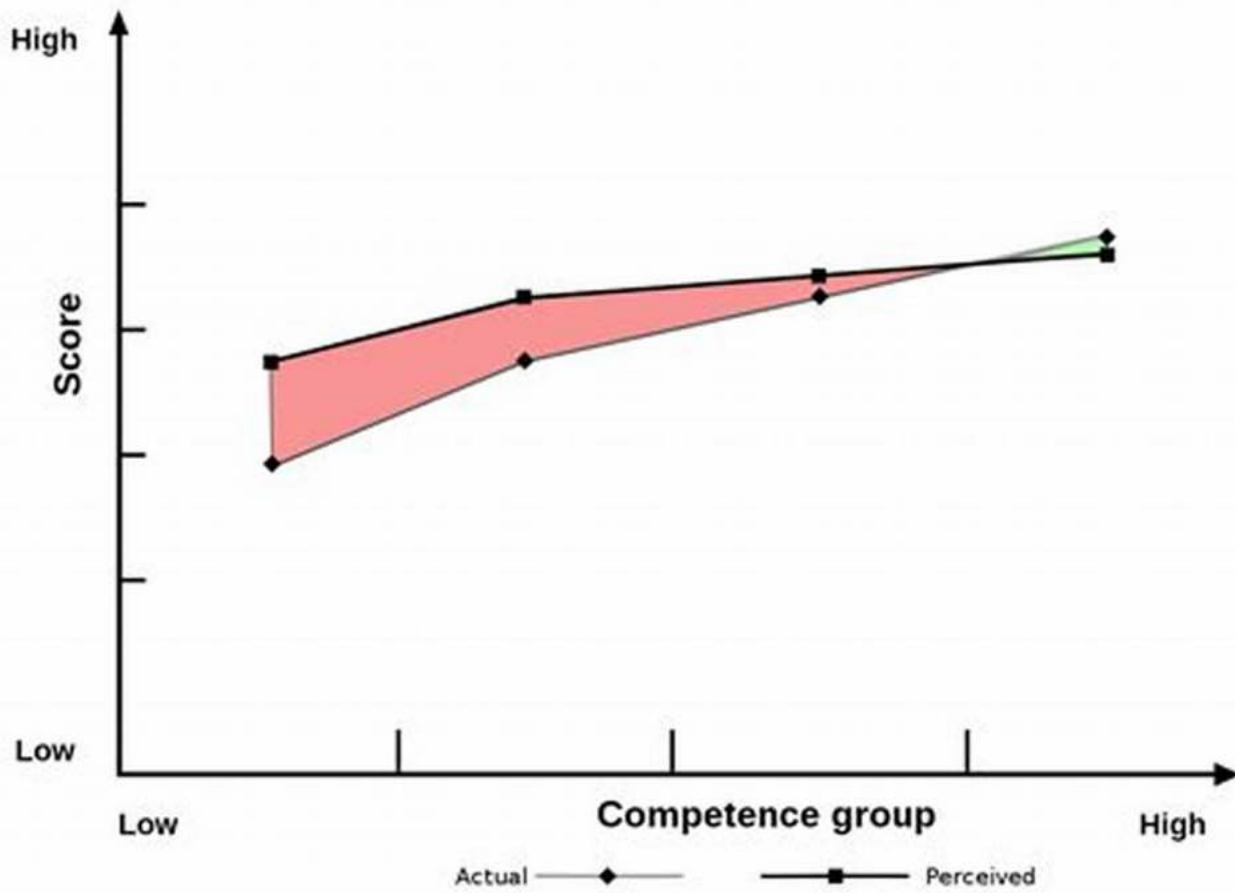
9. Sunk Cost Fallacy: The inclination to continue an endeavor due to investments already made, despite negative prospects.



10. Bandwagon Effect: The tendency to adopt certain behaviors or beliefs because others do, regardless of their validity.

11. Dunning-Kruger Effect: Incompetent individuals often overestimate their own abilities due to a lack of self-awareness.

Dunning–Kruger Effect



12. The Endowment Effect: People often value items they possess higher than identical items they do not.

13. Priming Effect: Prior exposure to certain stimuli can influence subsequent thoughts or behaviors, often without awareness.

The Priming Effect

Your mind is able to fill in missing details by matching them to existing information. It also cross-references and bounces between linked associations. This priming effect even works when you are not consciously aware of it. *For instance, you can break an object or obscure part of it, and your brain can still recognize the object.*

Be aware that seemingly subtle influences matter. If your senses



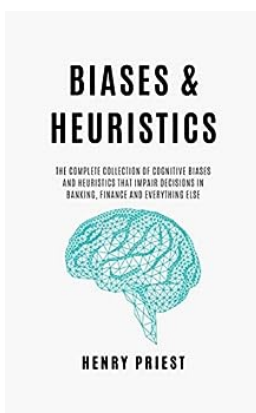
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14. Recency Effect: The tendency to remember and give more weight to recent information over earlier information.

15. Stereotyping: The act of categorizing individuals based on preconceived notions about their social group.



Understanding cognitive biases and heuristics is a crucial step towards enhancing our critical thinking skills and decision-making abilities. By recognizing the impact of these biases, we can strive to overcome them and make more rational choices. The journey towards mitigating these cognitive impairments is ongoing, but our awareness and knowledge are powerful tools in this quest.



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Powerful Hidden Forces Impair Our Decisions. Here is a Comprehensive Collection of These Hidden Forces

Are you a manager in the financial services sector, and wish to avoid a situation like the recent financial crisis?

Do you know that all of us have mental blind spots which prevent us from being rational?

If you have seen or read about the recent financial crisis that straddled across the globe and brought down some of the oldest and most venerated financial institutions in the world, then you need this book!

In this book I share authentic research findings on cognitive biases and how they impact our judgment. These are powerful biases that you must avoid in order to succeed.

Improve Your Judgment by Knowing How Biases Work

This book is a comprehensive guide on cognitive biases, with inputs from real academic research and full references.

If you are a financial sector executive and want to learn how to be improve decisions, then this book is for you.

In this book you will:

- **Identify the most powerful cognitive biases that impair financial decisions**

- Understand how cognitive biases work

- **Learn techniques to overcome them**

Here are the answers to some questions you might have about this book:

Q: What is this book about?

A: This book is a guide on how to identify cognitive biases. In this book you learn about powerful biases which afflict the world of business and banking.

Understanding how biases work (Bias-in-Action) can help avoid these biases, and at times even use the presence of biases in our competitors to our advantage.

Q: What kind of techniques will I get to learn in this book?

A: This is a comprehensive collection of all empirically proven cognitive biases that impair our decisions. In this book I bring out the most powerful cognitive biases that impair judgment. You will also get to learn about more biases that impair decisions in business and banking.

Q: Do I need to have prior qualifications before I read this book?

A: The only thing that is required is your keenness to learn. Some experience in the financial sector or knowledge of basic economics can make the grasping faster, but it is not a prerequisite.

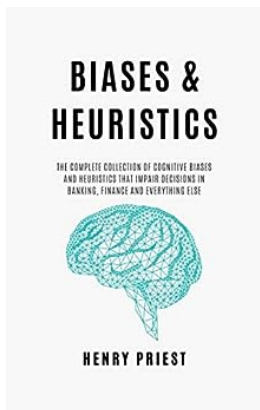
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—Kenny Williams, author of "Don't Sweat the Small Stuff"

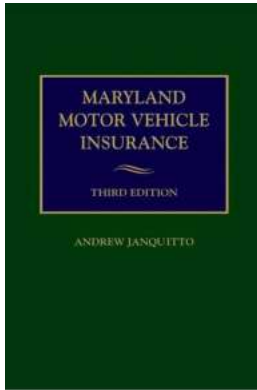
7 Battle-Tested Truths for Building a Resilient Life



SARAH PLUMMER TAYLOR, MSW
Founder of Just Roll With It Wellness

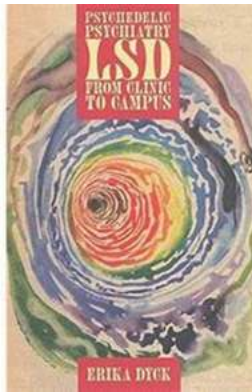
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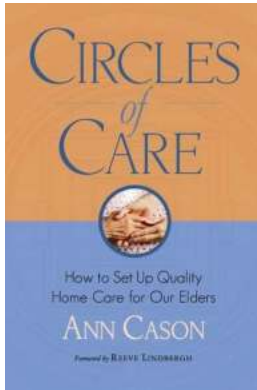
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