
This is your brain on money

By Editorial Staff Tue, Aug 26, 2014

Public television will turn its inquisitive light on the topic of behavioral finance next October 16.

On October 16, 2014, public television stations will take a light-hearted but ambitious look at the topic of behavioral finance when they broadcast “Thinking Money: The Psychology Behind Our Best and Worst Financial Decisions.”

The show “uses a mix of humor, on-the-street interviews and provocative insights from innovative thinkers to explore why we spend, save (or don’t), and how we think about money,” according to producers Rocket Media Group, the FINRA Investor Education Foundation and Maryland Public Television.

In the program, host/reporter Dave Coyne—no pun intended, apparently—travels with a video crew “from Wall Street to Main Street” to find out how “our brains — and the marketplace — maneuver to get us to spend money we shouldn’t.”

Behavioral economists have found “We all have a natural desire to buy things even though our long-term futures depend on saving, not spending,” the show’s advance publicity said. “An unrealistic optimism about our future wealth — a bias towards overconfidence — combined with an illusion of invulnerability make us not just poor savers, but more susceptible to fraud and risky investments.”

The documentary shows how natural biases affect our ability to make complex, long-term decisions. “The rational brain simply *rationalizes* what the emotional brain has already decided to do,” says noted Stanford neuro-economist Dr. Baba Shiv. “The only long-term solution for this is to make saving more sexy . . . for the brain.”

“Thinking Money” will explore these aspects of behavioral finance:

- How Americans’ increasing financial fragility has led to a boom in “downmarket” and predatory lending. Payday loan stores now outnumber all the McDonald’s, Starbucks and Targets in the U.S. combined;
- Why too many choices can be paralyzing when it comes to small and large decisions;
- How having a good “nudge” can help you achieve your financial goals;

- How “confirmation bias,” our tendency to focus on evidence that confirms our beliefs and ignore evidence that doesn’t, impacts our financial decisions;
- How employers use “choice architecture” and “the power of defaults” to encourage saving.

Rocket Media Group, LLC, is a Washington, DC-area Emmy Award-winning production company. It teamed with former *Dateline NBC* producer John Greco to write and produce the documentary. The FINRA Investor Education Foundation “supports innovative research and educational projects that give underserved Americans the knowledge, skills and tools necessary for financial success throughout life.” Maryland Public Television is a nonprofit, state-licensed public television network and member of the Public Broadcasting Service (PBS).

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