

## Economics Seminar, Indian Statistical Institute, New Delhi

**SPEAKER:** Daniel Goldstein, Yahoo! Research and London Business School

**TITLE:** The Future Face of Investing and Saving (or Technologies for Ensuring Secure Financial Futures)

**DAY AND DATE:** 3:30 PM, Tuesday, 7th September, 2010

**VENUE:** Conference Room, ISI Delhi

### ABSTRACT

Investing and saving for the future is one of the most consequential yet daunting financial decisions that individuals face. Despite the rapid growth in world financial markets and the impressive ability of IT systems to process masses of data, little technological progress has been made on improving people's financial decisions. How can technology work together with human psychology to lead to more secure financial futures?

In this talk, I present several experimental findings and technologies that have the promise of changing the way investment decisions are made. The central idea is to create decision environments that simulate future outcomes, and to have people make decisions with their eyes on the future. The main technical contribution is the Distribution Builder, a tool to both aid and understand people as they construct preferences for wealth in the future. The method enables people to build desired probability distributions of income constrained by market forces and the amount invested. In an online experiment, such probability distributions were collected from a sample of working adults, and the data were used to demonstrate reliability and predictive validity, characterize individual and cluster-level differences, as well as estimate parameters of risk aversion and loss aversion. I provide examples from other studies and technologies, all of which demonstrate how a focus on outcomes can lead to more comfortable financial future.

### SPEAKER BIO:

Dan Goldstein is Principal Research Scientist at Yahoo Research and Assistant Professor of Marketing at London Business School. His areas of research include decision making, consumer behavior, and behavioral economics. Dan's research has appeared in journals from Science to Psychological Review and been featured by The Financial Times, The New York Times, ESPN, Time and The Washington Post, as well as in books such as Malcolm Gladwell's Blink and Nassim Taleb's The Black Swan. He received his undergraduate degree in Computer Science from the University of Wisconsin, his PhD in Psychology at the University of Chicago, and he has taught or researched at Columbia University, Harvard University, Stanford University and the Max Planck Institute in Germany, where he was awarded the Otto Hahn Medal in 1997.