The Australian Finance Podcast Episode Transcript

Episode: Behavioural Investing | Dr Daniel Crosby, PhD
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Speakers: Kate Campbell, Owen Rask & Dr Daniel Crosby
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Episode transcript:

Owen:
Dr. Daniel Crosby, thank you for taking some time to join Kate and I and the show. We really appreciate it.

Daniel:
Yeah, my pleasure. Great to be here.

Owen:
Maybe just to start off with, I think a really interesting way to begin is understanding more about your road to psychology, behavioural economics, behavioural finance, and kind of everything that kind of pave the way for you to become who you are today. I was listening to a podcast that you did recently where you were interviewed on your own podcast series, in which you described the kind of the journey to making a decision between being a financial advisor and a psychologist.

Owen:
And there was a story about going to, I think it was the local library. Maybe if you can just introduce yourself, what you do today and how you came to be? How you came to make that decision, I guess in the early days?

Daniel:
I'm Dr. Daniel Crosby. I am the chief behavioural officer at Orion Advisor Technology. We're a large FinTech firm here based in the Midwestern US, I'm based in Atlanta, Georgia in the Southeastern US. But I'm the son of a financial advisor. My dad is to this day, a financial advisor. He actually got his job on the day that I was born, so he's been at this business for some time.

Daniel:
And so I grew up, I think unlike most people, certainly most Americans, I grew up talking about budgeting around the dinner table and talking about investing in shares around the dinner table, and stock picking, and saving, and debt. I like to joke, but it's not a joke. In the home I grew up in, we couldn't say the word debt because my father hated debt so much.

Daniel:
He said it was a four letter word, just like the rest of the four letter words. And so I grew up in a home where conversations around money were front and centre, which is unusual. I was sort of steeped in that. But when I went off to school, I actually had a loved one who was struggling with an eating disorder.

Daniel:
And so in the process of trying to help this loved one find appropriate treatment, check on them, support them during a time in which they were in inpatient near where I was attending university. I really fell in love with psychology, and I really fell in love with the process of doing psychotherapy. And so got a chance to observe that up close, got a chance to observe that the power of therapy, the power of clinical psychology to improve and change and shape the life of my loved one.

Daniel:
And so I was sort of torn, I had entered university with an eye to doing what my father did. I had now sort of fallen in love with psychology, so sure enough, I ended up getting my bachelor's degree in psychology. But as part of that process, I was struggling still because I was like, "Oh, is it going to pay enough? What kind of life will this provide?"

Daniel:
And my dad encouraged me to go down to the local bookstore and he's like, "Go pick up some books about investing and see if they appeal to you." And they didn't. I mean, they were quite boring to me. I picked up a couple of books about investing. I'm like, "God, this leaves me pretty dry." And so I proceeded full steam ahead with my PhD in clinical psychology.

Daniel:
Well, about midway through that clinical psychology degree, I was sort of burning out on the process of one-to-one therapy and working with thousands of patients every year, and sort of rediscovered the world of investing a little older, a little wiser. And discovered this world of behavioural finance, which was the intersection of my two great loves, which has allowed me to

think deeply about why people do the things that they do like a psychologist, but didn't require me to do sort of the stressful day in and day out of a clinical psychologist. Those sorts of two experiences shaped me greatly and sort of landed me at this intersectional sort of discipline that I work in today.

Kate:
It's a really interesting connection of two different fields. And I don't think there's many people in Australia, I haven't come across many that would actually intersect those two fields together. It's really interesting to chat to about that today. And I wanted to know generally speaking, why is it so important that consumers, retail investors, our listeners understand the way that their behaviour and emotions impacts their financial decisions in a day-to-day basis?

Daniel:
Well, it's a great question and it's one that most of us are blind to. I talked about how I grew up in this home where finance was very much top of mind, but when I was a young man and I called my dad and said, "Hey, I'm thinking about a career change." And he said, "Well, hey, there's a tonne of psychology in the work that I do." I was incredulous because I was like, "What? You're you're a numbers guy, you're analytical, you're a numbers guy, you're picking stocks, there's nothing to do with human science in that world."

Daniel:
And I couldn't have been more wrong. And the reason that it matters is when we look at the predictors of financial success, right? When we look at the predictors of whether or not people cross the finish line and reach their financial goals of the predictors of that are not what we think they are. I think most people think it's stuff like, did I have a high paying job? Did I pick the right stocks?

Daniel:
Externalities too, like what did the president do? What did the prime minister do? What did we go to war? What did the economy do? Sort of all these extra anomalies that are out of our control, when in reality, the best predictors of financial success over a lifetime is behavioural stuff. It's things like, did I stay the course over the longterm? Did I contribute a small portion of my paycheck every couple of weeks to sort of fund my future self.

Daniel:
We tend to look at all the wrong things when we're making attribution's about financial success. And so understanding that and sort of taking the power back is not only the right answer, it's an empowering answer. We realise it's not all about what the president does, or what the market does, or what the economy does even, it's really down to our decisions. And that's a powerful thing for most investors to grasp, but they don't immediately.

Owen:
There was a presentation that you did in the past, where you talked about, I think you referenced Vanguards Alpha Study, and you talked about how someone who is advised by a

financial advisor tends to do in bad times in the market crises tends to do up to 300 basis points or 3% better. But as much as 150 basis points or half of that. So at 1.5% per year, which doesn't sound like a lot, but it is, because of compound interest, we know can actually make a big difference.

Owen:
And that when most people will see a financial advisor, I guess the general consensus is not this person here is helping improve my behaviour. They're thinking that they're going to them for expertise, but I'm interested to dig into if we know behaviour is such a big element of making informed decisions that lead to better outcomes financially. We know that for sure, what are some practical steps that people can take with their money and the way they think if they're not advised?

Daniel:
The thing that I would say, I'd follow up on your commentary on financial advice. You got all those stats right, that's a great summation of that study, but you're exactly right. Most people need a financial advisor, but not for the reason that they think, right? The reason that they think they're going to a financial advisor is to pick next year's hottest asset class, or to sort of see the future economically.

Daniel:
Financial advisors are no better at that than the next person. The reason people who stay with a financial advisor longterm tend to outperform those who do it themselves is because that financial advisor has a personal and a financial incentive to keep them in their seat. That financial advisor has the voice of reason and in times of turmoil.

Daniel:
In terms of the big picture, I'm sort of giving you the answer to the test here, but if you're going to do three things right with your money, there's three E's that I think you need to get correct. The first E is education, you need to know the language of money, you need to know how compound interest works, you need to know how fees work and how they erode performance, you need to know how diversification works, you need to know how debt works.

Daniel:
You need to speak the language of basic finance and basic investing, you need some level of education. Now what's interesting about education is, you don't need to be educated up to the point where you can necessarily do this yourself, but you need to be educated enough that you know what to look for in a partner.

Daniel:
One of the most powerful forms of education is called meta knowledge, which is basically knowing what you don't know. Like I don't know anything about how to fix my car, but I know that I don't know, right? I know that if something happens to my car, I'll take it to an expert. I don't

suffer from any delusions of knowing how to fix my car, so I know when to go get help. Education is the first E.

Daniel:
The second E is environment. The environment is so critical, when you really become a student of behaviour, you start to understand sometimes disconcertingly that we don't have as much free will as we thought. And usually most of us are as good or as bad as the situation we find ourselves in, right? What does environment look like for an investor?

Daniel:
Well, first of all, it looks like your portfolio, right? It looks like having a portfolio that is diversified enough and measured enough that you can live with its ups and downs, right? If you're in a highly volatile portfolio, that's the wrong kind of environment for most people to be making sensible investment decisions.

Daniel:
And then the second piece of environment is making sure you're surrounding yourself with the right voices, through the popular media, through the news, through the financial news there's often a steady drum beat of negativity. And so if that's the environment in which we are immersed, if we're immersed in this steady drumbeat of negativity, that's going to start to erode our thinking, that's going to start to erode our willpower. And then we'll sort of make the wrong decision at the wrong time.

Daniel:
The third E is encouragement or sort of coaching, that's really where an advisor adds value, right? Because even if you're educated, even if you're in the right environment, all the research shows that things like education are actually quite a weak predictor of behaviour. When you look back on some of the studies, it's called the knowing, doing gap, like the gap between what we know we're supposed to do and what we actually do.

Daniel:
You see that at least in the US, doctors and nurses smoked cigarettes at a rate significantly higher than the general population, right? These people who all day, it's their job to tell you not to smoke, go home and then smoke at a rate much higher than the average person. They know you're not supposed to smoke, they know it's not good for you, and yet they do it anyway, because of this knowing, doing gap.

Daniel:
That encouragement is where a good advisor comes in and sort of is that last roadblock between you and a poor decision at the moment when you're feeling scared, or you're feeling greedy, or thinking of doing something with your money. Education, environment and encouragement, I think are really the three big things that that folks can get right.

Kate:

I think that's a really helpful sort of summary for people to go off. And especially that environment piece. I mean, I can't imagine how it is in the US, but in Australia, our major newspapers and online publications, they're just shouting at us every day, oh, the market went up, billions of dollars or fell billions of dollars.

Kate:
And one of my favourite lines that you'd written was that financial news is designed for clicks and eyeballs and not dollars and cents. What are some helpful ways that our listeners can stay informed and know what's going on with their finances, with their investments, but not jump at headlines and be their own worst enemy?

Daniel:
It's a great question and it's a foundational competency to get, right? If I go back to my time working with women with eating disorders, right? When I was doing this clinical work, the first thing we would do when we were working with a new client, or a new patient, is we would help to educate them about the unrealistic beauty standards of society, the unrealistic beauty standards of Hollywood, right?

Daniel:
Because they would see the end product, they would see the magazine, they would see the music video or the whatever with the flawless, perfectly put together model. And they would say, "Oh, that's not me." Right? So you're comparing every minute of your life to a highly edited highlight reel of someone else's life. It's the same thing that makes people depressed when they look at social media too much.

Daniel:
There's a lot of research now that shows that the more time people spend on Instagram and Facebook and the like, the more unhappy they become because of the same concept. What do we do to make better decisions? We have to become an informed consumer of that media. There's a couple of tips that I would set forth, the first is to evaluate the source.

Daniel:
What are the credentials of this person? Did they just find someone with good hair who could tie a neck tie and throw them on cable financial news, or does this person have a pedigree and a level of sophistication that makes them worth listening to? The second thing I would have them do is to sort of question the tone and the mellow drama.

Daniel:
I love to tell this story, I wouldn't believe it if it didn't happen to me. I won't name the channel, but I was wired up for a major international news channel and getting ready to promote one of my books when it came out. And so I'm at a studio in Atlanta, this person was in Europe. And you have a little ear piece in your ear where the producer can sort of speak to you.

Daniel:

And so it was a commercial break and they're like, "Okay, you're going to be on in 5, 4, 3." And the producer says to me effectively, don't be a nerd, give us something good to work with here, right? And in that moment, I was so shocked because I'm just like, "They don't want my experience, they don't want my education, they don't want sort of the moderate well-crafted message I came here to deliver. They want sensationalism, they want a headline."

Daniel:
You have to understand how these news sources make their money. And once you do you understand that the quote you shared is right on point. Examine the tone, question the melodrama, consider-

Owen:
Daniel can I jump in?

Daniel:
Yeah, jump in.

Owen:
Can I ask, what did you say? What did you do when that happened to you?

Daniel:
Oh, nothing. I mean, I had two seconds before I was on. So you just smile and try and give your message as best you can. But I mean, my mouth was agape, and look, to be fair I had a Glen clad suit on, I had some tortoise shell glasses. I did look probably like a nerd, I gave her every reason to suspect I would be academic and boring, but it just shows you, right? It that the way you get compensated matters.

Daniel:
And when you get compensated for clicks and eyeballs, the measured uncertain message of a doctor or an economist is not as sexy as whatever doomsday scenario is being predicted. Understand how they make money, question the tone, and then just make sure they have the right pedigree to be opining on this in the first place, because it's not always the case. I turned on the financial news the other day, and they had Gene Simmons from the band Kiss, talking about cryptocurrency. It's like, what business does some rockstar have to tell me about the blockchain, right? Turn it off, turn it off.

Kate:
I guess, anyone can become an expert nowadays with Twitter and all the other platforms. It seems like anyone can just say whatever they want. And one of the other things, once consumers have educated themselves, they've got themselves in the right environment and they've got people to encourage them along the way. Once they've got all that information, sometimes we can get to that stage where we have so many choices and options available to us, just because we've kind of learned about shares and ETFs and managed funds and in Australia superannuation.

Kate:
And then we just can't make a decision on what to do, just because we've educated ourselves to the level where we know we have lots of choices, but we don't quite know which one to choose. How can we sort of combat that and not be hamstrung by decision-making paralysis?

Daniel:
For those who want to get as nerdy as I was on my show, you can go check out a book called the Paradox of Choice, that is all about this. How more choices actually are worse for us. And they sort of immobilise us and lead us to make worse decisions. The Paradox of Choice is a great book to check out if you're super interested in this. If you want the highlight really, I would give you the following tips.

Daniel:
First, realise that inaction is a form of decision. I think oftentimes we think, well, I don't want to decide, so I just won't decide. And we feel that sort of inaction, or staying stagnant, or accepting the status quo is a form of indecision. It's actually a decision unto itself. I think first we have to accept that there's no such thing as not making a decision.

Daniel:
The second thing that I think we can do is minimise the unimportant decisions in our lives. Research suggests that we make 35,000 decisions per day. That puts it at something like 13 million decisions per year. There's no way that you can make 13 million decisions a year and have them all be tippy top there.

Daniel:
What you do, if you look at really successful people, President Obama did this, Mark Zuckerberg does this. They sort of streamlined the non-essential things in their life. Like whether it's the clothing that they wear, President Obama had seven almonds every night before he went to bed for his bedtime snack, not six, not 10, like seven almonds. He just had this routine where they had sort of streamlined the unimportant decisions in their life.

Daniel:
The other thing we need to do is to step away from the noise of our regular tasks. How often have you had a breakthrough in the shower or right as you were lying down to go to sleep, that's because you finally stepped away from the noise of your phone, your computer, your zoom calls, sort of the hustle and bustle of every day, and you gave yourself a moment of solitude long enough to step away from that noise. And the decisions sort of started to emerge, or you started to think about it new ways.

Daniel:
And then finally, set a deadline and as that deadline approaches take care of yourself. I mean, one of the things that I wrote about in The Behavioural Investor that is incredible to consider is just how something like having a snack can materially improve the way that you make a

decision. So get enough sleep, don't sort of over-index on drinking and caffeine, get a snack, take good care of yourself, set a deadline. And I think you'll get there.

Owen:
That's great advice. And some of the presentations that you've done previously allude to the fact that it's oftentimes in finance and investing, it's the simplest choices that are the most important wants to make about like lemons and scurvy being an interesting example that you brought up. There's so much there. I mean, we could talk for years about this and I know that you do on the podcast and through the books, right? You've been doing it for a long time.

Owen:
One of the things that I know that you referenced recently, and I think it was Brian Portnoy that interviewed you for your podcast. You mentioned that money is a shared narrative, and I think you got it from Sapiens by Yuval Harari, which is a really interesting book. I love it. Can you explain why money is a shared narrative and I guess just expound on that a little bit?

Daniel:
Yuval Harari, certainly didn't discover this idea, but he does get a lot of credit for popularising it. And I did love Sapiens, I thought it was a fantastic book. Basically what he talks about in there is that, shared narratives are our humankind's greatest invention, right? More than anything else, COVID aside, let's pretend we didn't live in a world with COVID, now we'll be behind a few years ago.

Daniel:
In 2019, my wife and daughter flew to Australia, right? They flew to Australia because my brother-in-law married an Australian woman. So my wife and my daughter flew to Australia, they got off the plane in Australia and presumably they bought a sandwich, or water, or a drink or whatever. And they transacted business with a person from another country who they've never met before and who they'll never meet again in all likelihood.

Daniel:
And the thing that allowed them to do that was the shared narrative, the shared fiction of money. We have all these shared narratives, like the borders of a country are a shared narrative, the laws of a religion, or a state, or a country, are a shared narrative. The sort of the rules of business, the rules of the road, all of these things are a shared narrative and they allow us to give order in form and function to our world.

Daniel:
Money is the biggest shared narrative of all, but what's interesting, and what Harari talks about is because it's a shared narrative and nothing that sort of exists in physical material form, it's subject to some sort of psychological distortions, right? Set that aside for a moment and let's visit some of the Seminole research that was done on shared narratives and peer pressure.

Daniel:

There was work done by a gentleman named Dr. Solomon Ash, that was a work that was done on conformity or sort of social pressure, peer pressure. And what he asked people to do, he showed them sort of two cards, one card had a line on it of a certain length. And then the other side of the card had three lines of different lengths, one of which corresponded to the line on the left. And he said, "Which line on the right looks the most, like the line on the left?"

Daniel:
Now, if I showed you or anyone listening to this programme this, every single one of you would get it right. Like it's as easy. I mean, it couldn't be any easier, but what Ash did was he introduced peer pressure into this experiment. The person that was being tested was not sort of in on the joke and seven people would go before them and give the wrong answer, right?

Daniel:
Let's say the correct answer is A, every one of the seven people before them that were Confederates of the experiment would say, "It's C, it's C, it's C, it's definitely C." And so by the time they get to the eighth person, 76% of the time that eighth person gave the answer C and not the correct answer A. Now that's incredible to think that something as easy as judging how long a line is could be influenced by a shared narrative, but what's even more interesting is, this was done, I think, in the '70s.

Daniel:
But what's more interesting is we can do the Ash experiment today with modern technology and look at people's brain patterns through a FMRI. And what we find is, it's not the part of the brain associated with peer pressure or group think that is lighting up when these people are getting the line wrong, it's actually the part of the brain associated with sensation and perception.

Daniel:
That should really blow your mind, it's not that these people are just getting bullied into making the wrong choice, they're physically seeing it incorrectly because everyone else saw it incorrectly. What's the takeaway of all this rambling, right? The takeaway of all this rambling is that money is a shared fiction, right? Money is something that we all agree on and so it doesn't sort of obey the rules of physics. It doesn't obey natural laws, it obeys laws of psychology. And if enough people around us are believing in something, it can work sort of the true value or the perception of that in our eyes.

Kate:
I think there's been many examples recently and just sort of that, cryptocurrency comes to mind, where people have created a shared narrative that didn't exist maybe 20 years ago, but suddenly there is this narrative now that a lot of people believe in. And so regardless of people's opinions, I think it's really interesting that construction there.

Daniel:
Now, it's in LEDtalks about the Lindy Effect, right? Which is effectively the longer something has been around the longer it's likely to be around, right? Something like the Iliad or the Odyssey,

right? In terms of literature it's been around for a long time, it'll probably be around a long time from now. Whereas today's bestseller, you probably couldn't say the same thing about.

Daniel:
What's interesting about cryptocurrency is, the longer it hangs around, sort of the longer it's likely to hang around, the more Lindy it becomes. And so, whereas I think early on in cryptocurrencies history, you could have made a case for it being sort of risky. I think the longer that it sticks around the more permanent it becomes.

Kate:
And in terms of some positive peer pressure on today's show, I was wondering if you are able to identify a few activities or sort of insights that our listeners can do to improve their sort of general investment process, whether they're investing in shares, ETFs funds, or superannuation?

Daniel:
I'd keep those three E's top of mind, right? I think if you get those three E's right, you're going to be a well set up, but I will say two additional things in addition to those three E's. I would say that in as much as behaviour is sort of the foundational layer of all this making money that we've talked about today, the process of getting to know yourself can't be divorced from the process of making money.

Daniel:
The process of going to therapy or reading books about why you do the things that you do. All of this is sort of hand in glove with this journey of achieving financial freedom. I think a lot of times people read books like mine and they go, "Oh, wow, that's totally my wife or my husband, or my partner, or that my neighbour does that silly thing."

Daniel:
Really we need to be sort of turning this back in on ourselves and realising our own shortcomings, our own behavioural hangups. And then the second thing I would tell folks, Morningstar did research a while back to try and pinpoint the number one predictor of a fund's performance. And I bet almost no one will guess what it is. Well, maybe your listeners are so dialled in that they'll get it.

Daniel:
The number one predictor was fee, right? The number one predictor was the price of the font. The lower the cost, the better on average the fund tended to do, it wasn't things like the pedigree of the fund manager, it wasn't things like last five years performance, it wasn't the style of the fund.

Daniel:
Although it's equal, fund fees tend to erode performance, so there's never been a better time to be an investor. It's never been cheaper to own the world to get exposure to the entire world in a

host of asset classes. Go learn about yourself and then go buy the world in the cheapest way possible.

Owen:
In your book, The Behavioural Investor, you talk about some psychological tendencies and you've kind of bucketed them into four big ones. Being ego, conservatives of attention and emotion, without giving too much away from the book. Can you maybe just reflect on some of the things that people can be mindful of or just give us a teaser at what those four things might be?

Daniel:
What I tried to do like you said in the book was, there's something like 200 plus different behavioural biases, and it's not a very empowering thing to say to an investor, "Look, there's 200 ways that you could screw this up." And so what I wanted to do was to kind of arrive at some meta biases, some sort of meta tendencies that dramatically impacted the way we behave with money.

Daniel:
The first one is ego, ego takes a couple of forms, but broadly it's overconfidence. It's thinking we are smarter than the next person, luckier and more prescient about the future. Overconfident people, which is incidentally just about all of us, we think we're luckier than average, we think we know what's coming down the road, and all of this causes us to do things like overtrade, or to under diversify, or to sort of do too much with our money, right?

Daniel:
I posted on LinkedIn today, it was hilarious research that was done on a list of animals. And it asked people which animals they thought they could beat in a fight, right? So it was like, "Could you beat a mouse, a cat, a dog, a bear, an alligator, like all of these things?" And they asked this question to like 2000 Americans and 2000 folks from the UK.

Daniel:
And in every case, the Americans were dramatically more confident than the Britons that they could beat up this animal, right? So there's regional incidentally, I don't think that 8% of Americans can beat up a grizzly bear, which is what the results showed. But there's regional differences, there's gender differences, men tend to be way more overconfident than women. Very consistently we find that women are better investors than men, and that men are way more overconfident. That's all sort of ego.

Daniel:
Emotion is just what it sounds like, it's just sort of letting the heart get in the way of the head when making investment decisions, letting sort of our emotions override our intellect. Attention is the process of confusing what is loud with what is likely? When you look at the brains retrieval mechanism, we know that like the way that we remember things gets coloured by a host of things, it gets coloured by the mood you're in, right?

Daniel:
It gets coloured by the order in which things occur, and one of the things that predicts very highly our ability to remember something is if it's sort of rare or scary. One of my examples, I know you guys like this example is that, four more people die every year taking selfies, many, many times more people die every year taking selfies than die of shark attack.

Daniel:
And yet anytime there's a shark attack, you hear about it on the news all across the world for six months, you don't hear about the person who sort of drunkenly stumbled into traffic trying to take a selfie, right? Even though it happens many, many times more, it's far more likely that you get hurt taking a selfie that you get bit by a shark.

Daniel:
We tend to confuse things that are improbable and sort of loud and scary with things that are likely to happen when that tends not to be the case. And then finally there's conservatism which is our tendency to have a preference for things that we know and our tendency to prefer things that feel safe. An example of this, I lived in Canada, I lived in Western Canada for about four months and it was awesome and I totally love Canada and Canadians were the nicest people ever.

Daniel:
But I was working at a bank there, and when you look at the portfolios of the people who come in, they were consistently 80 to 90% Canadian equities. Canada represents like three and a half percent of the world's equity, and yet these folks had 90% of their wealth in Canadian equities, which are like heavily skewed towards things like timber and oil.

Daniel:
And so they end up taking a very concentrated bet based on their familiarity with the economy of Canada and it ends up that you sort of triple stack your bet, right? It's like you live in Canada, you work in Canada, now you own all these Canadian stocks. You're kind of living and dying with the fortunes of Canada. And so I'm not picking on Canadians, people all over the world do this, Americans do this too. America is just a much bigger economy, so it's not quite as damaging.

Daniel:
This is something that we see people all over the world doing sort of over-indexing on industries they know, companies they know, countries they know, and thinking they're safe, because they've put all their eggs in the basket of the thing they know, when actually they're sort of multiplying their risks in a way that's not always apparent to them.

Owen:
Daniel, just to reflect on that study that you brought up before, 61% of Americans said they could beat up a goose, which is pretty interesting considering 49% say a dog, and a house cat,

69% say that they could beat up a house cat, which is interesting. I would've thought a cat is a more worthy adversary than a goose, but fascinating study, we'll put a link in the show notes for that one.

Daniel:
The study kind of blew my mind, because it was like way too low on one end and way too high on the other end, because it's like, who are the 30% of people that think they can't beat up a mouse, right? And then who are the whatever, 6 or 8% of people who do think they can beat up a grizzly bear? So it was interesting. I was less interested in the specifics of the study and more interested in the fact that Americans were always the most overconfident people in the room, which I think, it's not exactly a secret on the international stage.

Kate:
Awesome. Well, I think if this topic interested listeners, and I know probably five years ago rating the behavioural investor that really kicked off a different exploration of finance and behaviour and psychology for me, what are some of your favourite books, podcasts talks that you'd recommend diving into further that if they want to explore this topic, they can really get their teeth into?

Daniel:
I think podcasts are a great way to go. I will give a shameless plug for my own podcast that's called Standard Deviations. Nothing makes me happier in life than seeing downloads from across the world, it's the statistic I follow with the most joy every week is who's tuning in. Standard Deviations is my podcast where I talk about these things.

Daniel:
Hidden Brain is another podcast that's excellent. If you're interested in sort of brain science, if you're interested in sort of the psychology of every day, hidden brain by National Public Radio is very good. In terms of books, of course, again my books, The Laws of Wealth and The Behavioural Investor, I would read them in that order. The Laws of Wealth is more foundational, The Behavioural Investor is a little more advanced and goals on those topics.

Daniel:
If I had to pick two outside of the books that I've written, I would say that Nudge, which just came out with a new edition, Nudge is a fantastic read. And Thinking, Fast and Slow by Danny Kahneman, the Nobel Prize winner also excellent. It's very long. If you only read that, if you're really prepared to go on a journey, but Nudge and Thinking Fast and Slow were both written by Nobel Prize winning intellectual lights in this world of behavioural economics and behavioural finance. So lots of great stuff there.

Owen:
Fantastic, we'll provide links in all the show notes and we'll email them out to our subscribers as well. Daniel, we really, really appreciate you taking the time. I think it's like 6:30, 7 O'clock where

you are? It's 8:00 AM or 9:00 AM here in Melbourne. So after hours for you, we really appreciate it, man. Thanks for joining Kate and I.

Daniel:
No, my absolute pleasure. Thanks for having me.