Lecture 8: Human Foibles, Fraud, and Regulation

Economics 252, Spring 2008 Prof. Robert Shiller, Yale University

Open Yale courses

Some Principles of Behavioral Finance

- Wishful thinking bias
- Attention anomalies
- Anchoring
- Representativeness heuristic
- Gambling behavior
- Magical thinking
- Quasi magical thinking
- Attention anomalies

Open Yale courses

Yale University 2012. Most of the lectures and course material within Open Yale Courses are licensed under a Creative Commons Attribution-Noncommercial-Share Alike 3.0 license. Unless explicitly set forth in the applicable Credits section of a lecture, third-party content is not covered under the Creative Commons license. Please consult the Open Yale Courses Terms of Use for limitations and further explanations on the application of the Creative Commons license.

U.S. Agencies that Help to Control these Temptations

- Securities and Exchange Commission
- National Association of Securities Dealers, now FINRA
- Municipal Securities Rulemaking Board
- Financial Accounting Standards Board
- Securities Industry Association
- Investment Company Institute
- Mortgage Bankers Association

Open Yale courses

Key Terms

- Public vs private securities
- Hedge funds
- Market surveillance
- Insiders vs outsiders
- Tunneling
- FASB and earnings definitions
- Off-balance sheet accounting
- FDIC and SIPC

Open Yale courses

Yale University 2012. Most of the lectures and course material within Open Yale Courses are licensed under a Creative Commons Attribution-Noncommercial-Share Alike 3.0 license. Unless explicitly set forth in the applicable Credits section of a lecture, third-party content is not covered under the Creative Commons license. Please consult the Open Yale Courses Terms of Use for limitations and further explanations on the application of the Creative Commons license.