

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

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