



Beyond Greed and Fear: Understanding Behavioral Finance and the Psychology of Investing

Hersh Shefrin

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Even the best Wall Street investors make mistakes. No matter how savvy or experienced, all financial practitioners eventually let bias, overconfidence, and emotion cloud their judgment and misguide their actions. Yet most financial decision-making models fail to factor in these fundamentals of human nature. In *Beyond Greed and Fear*, the most authoritative guide to what *really* influences the decision-making process, Hersh Shefrin uses the latest psychological research to help us understand the human behavior that guides stock selection, financial services, and corporate financial strategy. Shefrin argues that financial practitioners must acknowledge and understand behavioral finance--the application of psychology to financial behavior--in order to avoid many of the investment pitfalls caused by human error. Through colorful, often humorous real-world examples, Shefrin points out the common but costly mistakes that money managers, security analysts, financial planners, investment bankers, and corporate leaders make, so that readers gain valuable insights into their own financial decisions and those of their employees, asset managers, and advisors. According to Shefrin, the financial community ignores the psychology of investing at its own peril. *Beyond Greed and Fear* illuminates behavioral finance for today's investor. It will help practitioners to recognize--and avoid--bias and errors in their decisions, and to modify and improve their overall investment strategies.

Beyond Greed and Fear: Understanding Behavioral Finance and the Psychology of Investing Details

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Ajay Shyam says

I have only recently started reading behavioral finance books to understand my own investment and trading psychological drivers and found this book to be educative. As it is research based on it required dense me to slow read it. The research is good insight into how we value market and risk but as most research is nearly 2 decade old so pre-google lead information glut age so would love to discover some more books on the subject that include the current period too.

Over all a good primer to understand why we behave in markets the way we do.

Natalie Mok says

Behavioral finance

Amit Trivedi says

A very good book for a serious student of behavioral finance. The book links many theoretical concepts with the research conducted in the field by taking real life data and examples. Very insightful

Giorgos says

Excellent book on Behavioral Finance. Needs some background on Finance theory

Tress Huntley says

A job-related read. Fairly technical, but good insight into how behavioral finance works. I took away some reasonably applicable concepts and examples, helping to inform my understanding of why the people I help do the things they do,

Kayla Slager says

Incredibly informational of the heuristics behind people, especially pertaining to trading.

Ayan Butt says

teri main pan nu.....

Zach Zhao says

A fascinating book that connects my interest in psychology with my passion in finance.

Ghifi says

this is very good and entertaining book about investment

Ishmamur Khan says

An in depth look at how some of our most important financial institutions work.

Kevin Pilot says

An excellent overview of behavioral finance. Three mains components of most behavioral finance/economics/accounting ideas are explained well; heuristic biases, frame dependence and the inefficiency of markets (I think this could be expanded to describe inefficiencies in most most "free" exchanges of anything of value). The first half of the book goes over these key ingredients to understanding this subset of finance. The second half tries to apply these ideas to the investment industry, specifically investment advisors and make a less compelling case. Overall a great book if you are interested in this subject, a little technical at times, but overall a good read. Doesn't include much on applications of game theory, or prospect theory.

Yuekun Liu says

A fantastic overview of subjects on behavioural finance. It is kind of similar to the book 'Behavioural Finance: Psychology, Decision-making, and Markets', but with more cases. It states that psychology is everywhere under the finance topic.

As the author said, he organized the subject matter of behavioural finance into three broad themes: heuristic-driven bias, frame dependence, and inefficient market.

So far, in my understanding, this world does not exist behavioural finance. Finance did not change itself. The thing is that the so called behavioural finance is a descriptive one, and the traditional theory with rigours assumptions is a normative one. Well, they are both "right". And it depends on how people define the word "truth". If reality is the truth, then clearly the finance with a psychology mask wins.

One thing interesting is that the statement that smart-money people do not try to exploit every mispricing opportunity that they see, in behavioural finance. Shefrin in his another book states one definition of market efficiency: prices are inefficient only if informed investors fail to engage in expected utility maximizing arbitrage.

I think I am still flowing on the surface of the knowledge. There are a lot of things waiting to be understood and explored.

Recommend this to any practical investors. And also recommend the book "A behavioural Approach asset pricing" by Hersh Shefrin.
