

# The Unconscious Bias Blind Spot in Financial Education Lesson Planning

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# OBJECTIVES

Explain what bias is through scientific research

Understand how it can negatively influence teaching and learning

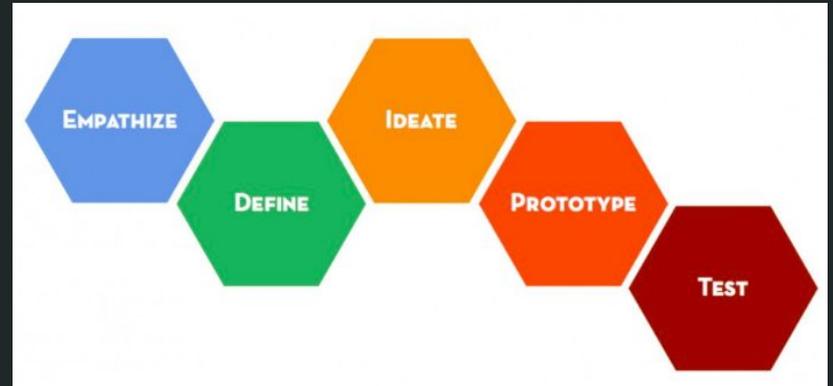
Introduce design thinking method

Commit to taking one action to mitigate bias in lesson planning



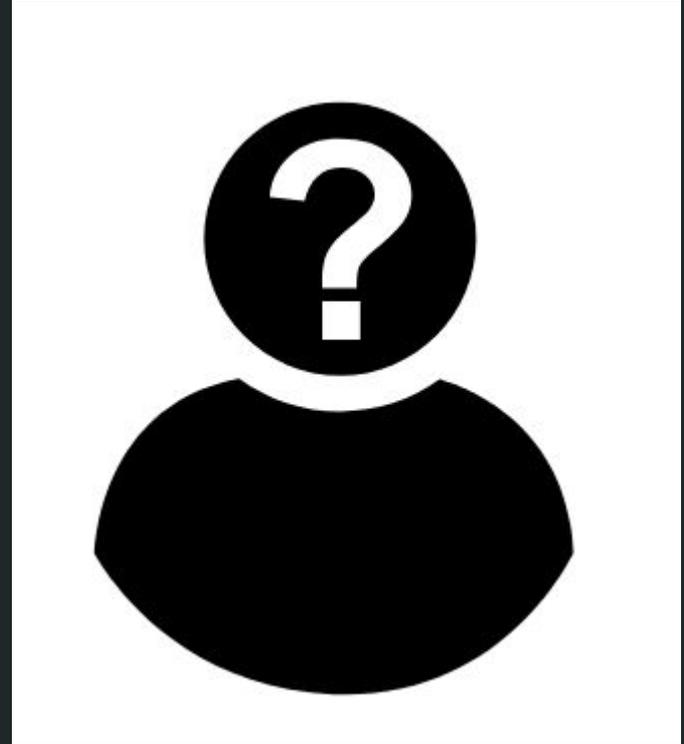
# Why us?

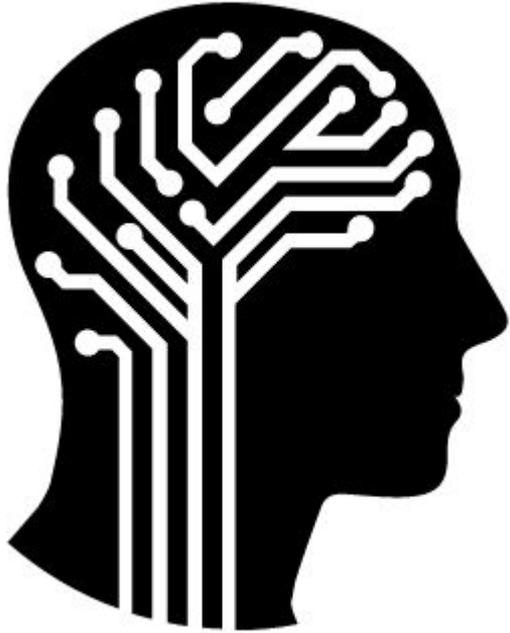
Passion, Purpose, and (em)Power



# Why you?

What do you hope to learn?





40 bits of information

99.99996%

Bias helps us  
make it through  
the day and  
leads us astray.

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YOU are biased.

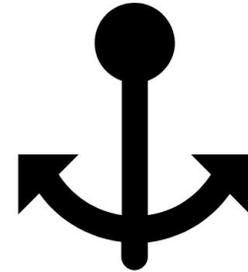
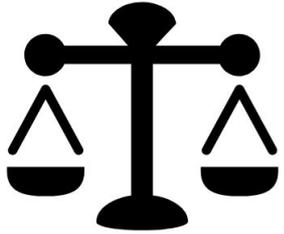
And, you are not  
a bad person.

And, it matters to  
recognize bias.

“Thaler demonstrated that mankind was afflicted by emotion and irrationality, which influences their decision making on everything from retirement savings, to health-care policy, to professional sports.”



# Common Cognitive Biases in Financial Decision Making



## NOTICE

identity, power, context

## EMPATHIZE

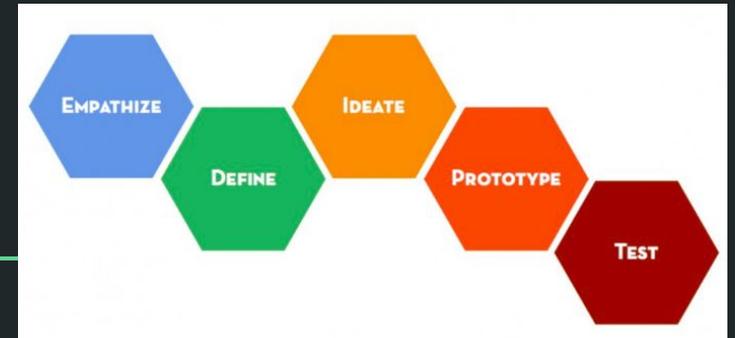
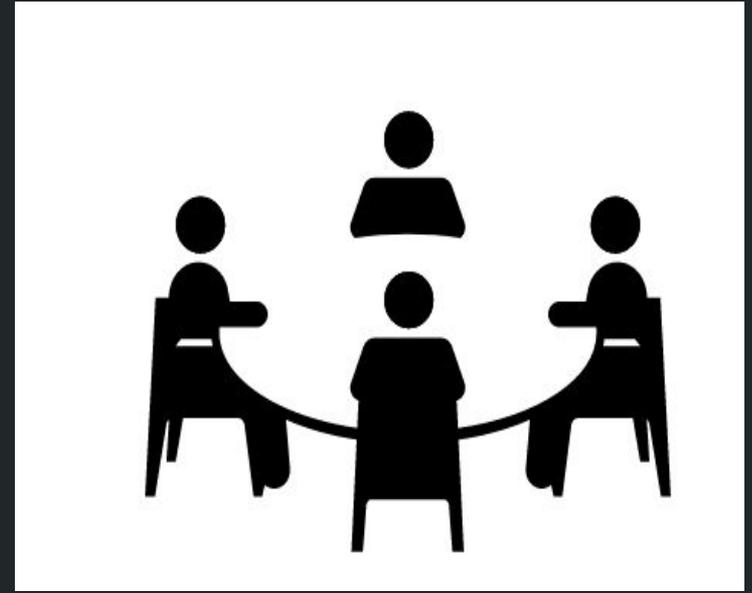
privilege + context  
student needs + teacher role

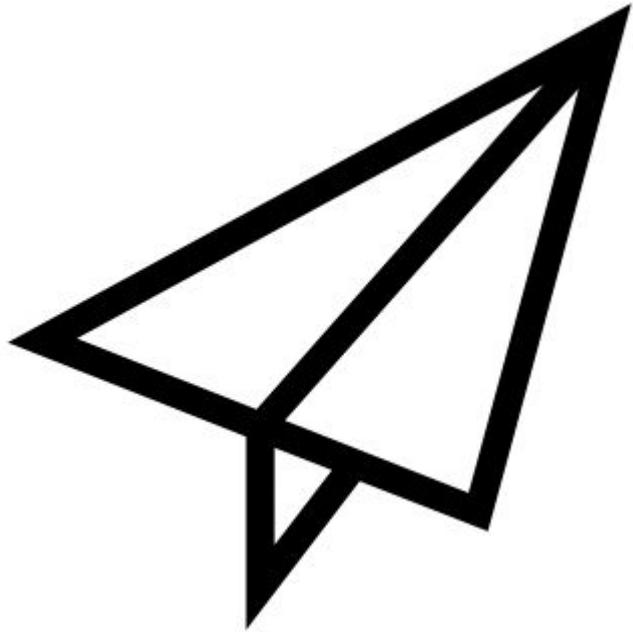
## DEFINE

content purpose  
potential common biases  
topics + triggers

## IDEATE + REDESIGN

awareness of common biases  
inclusive examples  
cognitive “bias busters”





## Questions / Comments

Commit to taking one action to mitigate bias in lesson planning.

Share your email and date.

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# Common Cognitive Biases in Financial Decision Making



**Confirmation Bias:** giving more importance to information, feedback and advice that agrees with your own tendencies and beliefs. When you ask like-minded people for feedback on an idea instead of seeking out that person who has a different perspective or opinion than you.



**Representative Bias:** using mental shortcuts to deal with large amounts of unique information. Categorizing items or making generalizations to make sense of ideas.



**Loss-Aversion Bias (regret aversion bias ) :** Holding onto something of value believing it will rebound. Often seen when a stock price drops and an investor will hold onto the stock because the investor does not want to realize the loss and believes that can sell it when it goes back up.



**Endowment Bias:** What we do own is more valuable than what do not own. Selling a house for above the market price because you believe that is more valuable than comparable houses due to your attachment. ( Similar to Loss- Aversion Bias)



**Overconfidence Bias (Self Attribution Bias) :** Believing that you have more skills, intelligence or knowledge than those around you making a different decision. Believing you will be the one who is different. Buying that lottery ticket because you will be the one who wins even though the odds of winning are extremely slim.



**Recency Bias (Familiarity Bias):** The tendency to believe what has recently happened will continue or using historical data to base future performance. The tendency to underemphasize long-term averages or trends. Forgetting the idea of “returning to the norm. The hot had fallacy: a basketball player has made the last five shots and you believe the player will make the next shot, instead of recognizing that the player will probably miss to return to the average completion rate



**Anchoring Bias:** Relying on a past experience or an initial piece of information when making a current decision. Reading that the average student debt a college student graduates with in 2018 is \$39,400, taken from <https://studentloanhero.com/student-loan-debt-statistics/>, May 1, 2018, taken on Thursday May 10, 2018

## Citations

Behavioral Bias- Cognitive Vs Emotional Bias in Investing: <https://www.investopedia.com/articles/investing/051613/behavioral-bias-cognitive-vs-emotional-bias-investing.asp>, May 3, 2018, used May 8, 2018

Psychological Biases That Hurt Investors: <https://money.usnews.com/investing/slideshows/9-psychological-biases-that-hurt-investors?slide=5>, December 12, 2016, referenced May 8, 2018

Your Brain is Hurting Your Investment Returns: <https://money.usnews.com/investing/articles/2017-04-06/your-brain-is-hurting-your-investment-returns> , April 6, 2017, taken on May 10, 2018

## Common Bias in Materials and Structure

**Invisibility:** Under-representation of certain groups, which can imply that these groups are of less value, importance and significance.

**Stereotyping:** Assigning only traditional or rigid roles or attributes to a group, thus limiting the abilities and potential of that group; denying students knowledge of the diversity and complexity of, and variations among, any group of individuals.

**Imbalance/Selectivity:** Presenting only one interpretation of an issue, situation, or group; distorting reality and ignoring complex and differing viewpoints through selective presentation of materials.

**Unreality:** Presenting an unrealistic portrayal of this country's history and contemporary life experience.

**Fragmentation/Isolation:** Separating issues relating to people of color and women (or other protected groups) from the main body of text.

**Linguistic Bias:** Excluding the roles and importance of females by constant use of the generic "he" and sex-biased words. Linguistic bias includes issues of ethnicity, culture and language proficiency as well. (Bethke, 1985)

**Cosmetic Bias:** Creating an illusion that particular texts or materials have been infused with equity and diversity when in fact minimal efforts to conduct research and address diversity throughout the entire text have been made. Shortcuts to transformations of texts include adding a few pictures and adding "special focus sections" that discuss, yet segregate information about under-represented groups with exceptional or stereotypic stories. (Sadker/Lerner, 1997)

Source: <http://www.education.pa.gov/Documents/K-12/Career%20and%20Technical%20Education/Perkins/Seven%20Forms%20of%20Bias.pdf>