

Nudge

Improving Decisions About Health,
Wealth and Happiness

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What the “Nudge” is about?

- Behavioral Economics to understand and influence behaviors
- choices, biases and the limits of human reasoning

People and Choices

- People don't choose freely, even when they think they do.
- Innate *status quo bias*
- Context matters
- Choice Architects

Choice Architect & Libertarian Paternalism

- A “choice architect” is someone who has “the responsibility for organizing the context in which people make decisions.” (p.3).
- A contradiction to “maximization of choice”

Automatic Versus Reflective Thinking Styles

- People have trouble with decisions because the brain has two distinct systems.

Rules of Thumb

- Anchoring
- Availability
- Representativeness

Dueling Decisions

- People often make mistakes, especially in complex or emotional situations.

Because people make mistakes,
organizations need flexible,
forgiving systems.

Nudges are small changes we can make to steer us in the right direction unconsciously.

- Frequent feedback
- Moving default
- Visualize implications

Nudging People about Money

- Default Retirement Plans
- Save More Tomorrow" programs
- Facilitate better investment decisions

Nudging People about Health

- presumed consent instead of explicit consent for organs donation
- Information dissemination for environmental protection

Nudging People about Social Issues

- To improve voters' decisions, make public policies transparent
- Clear, accessible information about school quality

Conclusion

“If incentives and nudges replace requirements and bans, government will be both smaller and more modest. So, to be clear: We are not for bigger government, just for better governance.”